

Customer & Market Due Diligence of EOL Packaging Equipment Manufacturer: Establishing Equipment Landscape, Competitive Positioning, And Ability To Scale

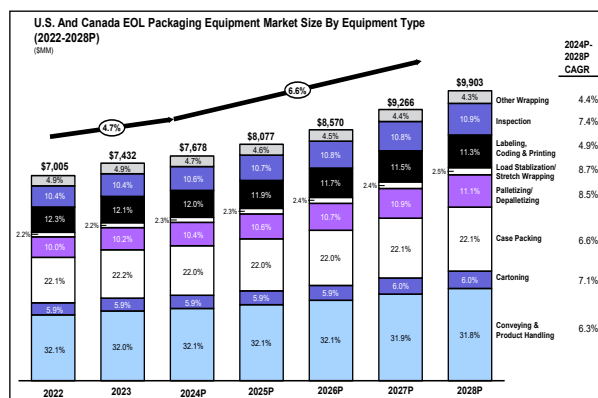
The Challenge: Our client, a mid-market PE firm, was evaluating an investment in an end-of-line (EOL) packaging equipment platform formed through the acquisition of 4 OEMs. While the target was benefiting from the automation trend and had strong capabilities across multiple equipment types and end-markets, the client was concerned about the target's competitive positioning and ability to scale and compete with larger integrated OEMs. As such, the client engaged Gotham to conduct a 3-week customer & market due diligence to: (1) validate the market size and the growth outlook for EOL packaging; (2) assess the target's competitive positioning across products and end-markets; (3) understand customer buying behavior and industry structure; (4) identify whitespace and cross-sell opportunities; and (5) evaluate the size and dynamics of aftermarket parts and services.

OEM Platform Scalability Assessment: Gotham undertook a comprehensive and multi-faceted effort that involved:

- Conducting 62 anonymous interviews with manufacturing, engineering, and maintenance personnel at customers, OEMs, distributors, and system integrators to: assess equipment needs by end-market and buyer type; understand purchase triggers, vendor selection, and brand perception; and evaluate aftermarket behavior, including service needs, parts replacement cycles, and OEM vs. third-party parts and services preferences
- Building a comprehensive EOL equipment and competitor database to: map capabilities by speed, format, and automation type; segment competitors by product and end-market focus; and assess the target's portfolio breadth, coverage, and whitespace and cross-sell opportunities
- Leveraging industry data, trade sources, and Gotham's proprietary knowledge base to define the value chain structure, automation technology trends, and market size/growth by equipment and by end-market
- Developing a bottom-up model to estimate the size and growth of the aftermarket parts, service, and retrofit market.

The \$7.7B EOL Packaging Market Is Showing Strong Growth At 6.6% CAGR

The growth in the EOL packaging equipment market is driven by SKU proliferation, labor constraints, rising wages, and sustainability pressures, with automation penetration expected to reach ~75% by 2028. Food & Beverage is the largest end-market (59% of the market), with Food growing at 7.4% CAGR and Beverage at 5.3%. Other high-growth end-markets include Cosmetics/Personal Care (8.9%) and Pharmaceuticals (7.8%), while Industrial, Household, and Agricultural Chemicals represent slower-growing, lower-spec use cases. The target participates in ~73% of the EOL packaging equipment market (\$5.6B), with offerings in robotic palletizers, stretch wrappers, case packers, and cartoners, which collectively are expected to grow at 6.9% CAGR. Further, for the target, a large whitespace remains in adjacent equipment categories, including shrink wrappers and bundlers, labelers and coders, and inspection systems.



Highly Fragmented Market Due To A Variety Of Equipment Types And Technologies Serving Specific End-market Needs

The EOL equipment landscape is segmented by breadth of equipment and technology offering and end-market specialization, with 100+ OEMs active across segments. Players range from full-line players (both integrated line OEMs and consolidators) to niche EOL specialists, such that players include multi-category EOL OEMs and standalone specialists focused on a single category. Full-line players tend to focus on turnkey projects, while EOL specialists differentiate through product expertise, customization, and service capabilities. Our PE client's target competes most directly with EOL specialists and encounters limitations vs. larger full-line players. For new line builds (~50% of demand), customers either source integrated lines or select best-of-breed equipment and rely on system integrators or internal engineering teams for layout and installation. Replacement purchases skew heavily toward the original OEM, reinforcing the importance of installed base, existing relationships, and aftermarket capabilities. Vendor selection is driven by performance, reliability, and aftermarket support – price and total cost of ownership are typically secondary considerations.

\$2.9B Aftermarket Segment Represents A Highly Profitable, Underdeveloped Growth Lever For OEMs

Aftermarket services present a significant opportunity for OEMs, as customers often prefer working with OEMs due to their equipment familiarity and parts compatibility. However, many smaller OEMs lack the scaled infrastructure to deliver timely service across geographies. Service capabilities are increasingly becoming a driver of consolidation, as larger platforms are better positioned to offer national technician coverage. As robotic systems become more prevalent, technical skillsets are becoming more transferable across equipment types, enabling scaled OEMs to deploy service teams across geographic regions and expand service revenue at acquired businesses. Beyond services, parts and retrofits remain a highly profitable source of incremental revenue, with proprietary parts enabling OEMs to maintain a recurring revenue stream. Even in generic parts categories, OEMs can capture sales if they are priced within a competitive range. Retrofit demand continues to rise, driven by aging installed bases and CapEx-constrained customers seeking to modernize lines without full equipment replacement.

The Outcome: Gotham developed a robust picture of the EOL packaging equipment market and competitive landscape by equipment type and by end-market, providing our client with a clear, fact-based view of the target's competitive positioning in existing categories and whitespace opportunities. This clarity, along with the aftermarket opportunity, allowed our client to develop confidence in the platform's ability to scale and pursue the target aggressively.