Carton sector keeping busy

Carton manufacturers and suppliers are having a busy year but are weary of possible tax rises. *Waqas Qureshi* finds out how trade is shaping up.

How has trading been this year?
What is your company forecast for the full year 2024?

David Woodyatt, FC Cartons: 2024 has been exceptionally busy and very positive. Lots of new opportunities from existing and new customers – high volume of interest and tight deadlines. Innovation and the scope for thinking outside the box has never been greater. We have been very prudent with our forecasts but if the current levels of activity continues it could prove to be a good year, however we are now very concerned about the autumn budget and the impact it could have on the very fragile upturn the economy has seen to date.

Giles Foden, Quantum Print and Packaging: It was a good trading year through acquiring new customers plus organic growth. Turnover expected to be 10% up on 2022/2023.

Abi Curtis, Blisters: The tweaks that we made to our plans at the end of last year are certainly paying off. We're in a much better place with regards to our projected profit compared to 2023, even though we have still invested in machinery and people. We're looking forward to a financially strong 2024.

What's has been your strategy for 2024?
Capital expenditure, new staff, expansion etc.?

David Woodyatt: A cautious approach after the downturn the industry experienced in the first half of 2023. We continually invest in our capital equipment portfolio. We have achieved our 2024 goals with additions throughout our production facility – especially within our innovation capabilities, so we're ready for the future as the industry looks to circular economies.

Giles Foden: We have taken on more staff to help with increased production demands.

Abi Curtis: We've bought three new pieces of kit to make operations even more efficient, including an over wrapper that can handle print registered shrink film, an L sealer for current and new customer requirements, plus another case taper. The strategy this year has been to reduce operational waste, reduce our overheads and consumable spend by better negotiations, and to ensure that we're getting our 'aces in their spaces', a term that the team use to ensure that we have the right people in the right roles.

A Tetra Pak carton filling line

Innovation and the scope for thinking outside the box has never been greater
David Woodyatt, MD FC Cartons

COMMENT

Finding ways of developing more efficient processes for packaging is still one of the biggest challenges facing the food industry, with some products such as dairy still sold in packaging derived from non-renewable sources. Wider awareness of the environmental impact of our food system is also continuing to grow. British consumers are becoming increasingly motivated to reduce their plastic usage, with one YouGov survey finding that 82% are now actively trying to reduce the amount of plastic they throw away. As expectations around the materials used in packaging evolve, the industry must address its packaging choices as part of its net zero transition.

Innovations such as aseptic processing and carton packaging can play a critical role in global food systems by extending the shelf life of perishable foods – such as milk and other dairy products – and allowing ambient distribution without the need for refrigeration or preservatives. Each layer in an aseptic carton package serves a specific purpose, shielding contents from light, oxygen and microorganisms. This multi-layer design ensures food safety, quality, and integrity over an extended shelf-life. Most importantly, these cartons protect perishable food, without the need for preservatives or energy-intensive refrigeration.

Mustan Lalani, Sustainability Director North and East Europe, Tetra Pak

What new print and other technology has caught your eye?

David Woodyatt: I would have to say materials and barriers, the industry continually strives to deliver solutions and has made outstanding progress in providing plastic alternatives for retailers – we

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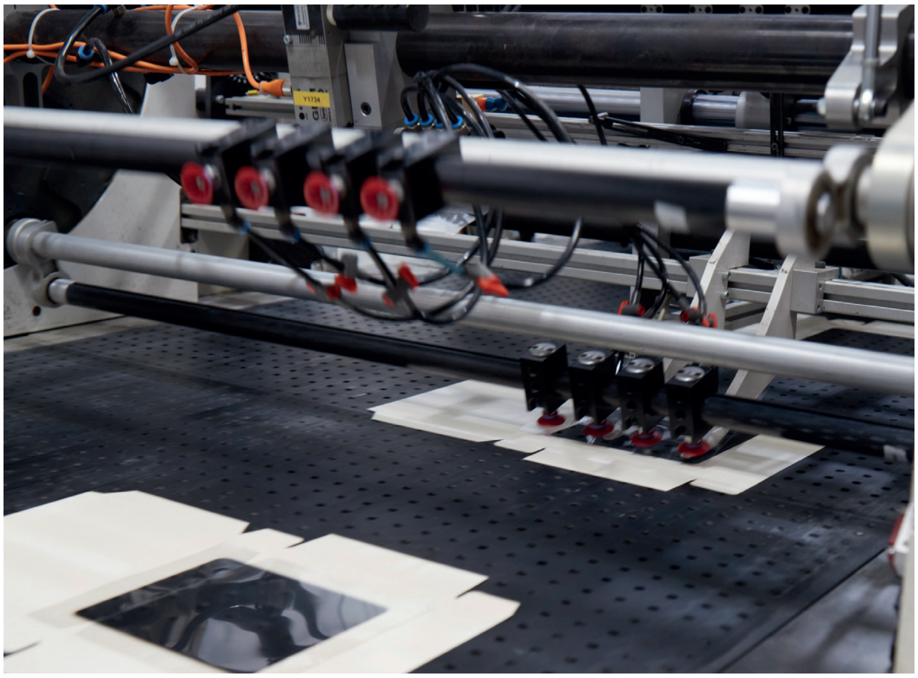

FC Cartons says it is continually investing in its capital equipment portfolio

Quantum Print and Packaging site in Wednesbury, near Birmingham

just need them to take the ‘environmental leap’. Print in the fluted sector continues to be an area which is developing, with the quality of print advancing.
Giles Foden: Some of the Landa kit looks interesting as we assess more digital options for the future.
Abi Curtis: I’m fascinated by AI. I think it will pay a large part in our industry in the future, however, we’re not seeing that yet. I’m very interested to see how that will develop, whether that be within new machine technology or customer ordering.

What are the main challenges that you are facing? Operational/energy costs? Materials costs and supply chains? Staffing? Sustainability demands?

David Woodyatt: We were well placed with our fixed contract – however when that came to an end we faced a 100% rate increase! Which was extremely challenging. We have been able to renegotiate but have still faced a significant rate increase. Material supply and pricing structures remain fragile due to global pressure with unrest in Europe. Supply chain fluctuation in the Far East can cause rapid change in the UK. Recruitment for expansion is extremely challenging. The autumn budget needs to provide confidence, the future of our business is in the development of its people and those associated costs need to be transparent. On sustainability, more retailers are looking for sustainable packaging, which is positive. Many companies within the carton sector are making giant strides to improve sustainability, which includes carbon neutral status and providing materials which are suitable single use plastic replacements, they are 100% recyclable and reusable and can readily be recycled in any paper waste stream, or can degrade in compost or landfill conditions, back to natural fibres without any harm to the environment or if it ends up in our oceans, it will harmlessly break down to natural fibres. These materials are now available and satisfy these requirements.

Carton packs at Blisters’ Somerset factory

Giles Foden: Energy prices are still a concern as well as the unknown taxes the budget may bring. Additionally, raw material prices seem to be volatile again.
Abi Curtis: We have been having a few staffing challenges over the last few months, with it becoming a little more difficult to obtain good temporary staff, but I know other businesses are going through similar, if not a little worse. The financial pressures are exactly the same as they were last year with high national minimum wage increases, energy increases, consumable increases, where some customers are not able to accept a price that reflects the cost of these things, as their product then isn’t financially viable with the supermarkets.

How are you expecting the upcoming packaging EPR changes to affect the cartons sector?

David Woodyatt: In theory, the legislation will increasingly favour recyclable materials – the easier packaging is to reuse or recycle, the lower the cost to producers. So let’s hope we see the continued development and outstanding progress in providing 100% recyclable and reusable packaging. As a business we have always taken our responsibilities seriously, we endeavour to maximise what we can do to support the supply chain & the environment by all of our business practices so we only see these changes as an opportunity for further development of our business.
Giles Foden: I view it as another tax on what is already the most sustainable form of packaging. These costs have to be passed on which will only fuel price increases and inflation. Packaging waste is an issue but I’d like to see local authorities being more proactive in recycling too.
Abi Curtis: It is dfficult to say, as most of us know how much our businesses recycle per year, but this will add in cost to our businesses. Each affected business will need extra resource to compile and report on the data required as well as having to pay the fees. Don’t get me wrong, I am very committed to making sure that my business recycles as much as possible and to try and neutralise our carbon footprint, however, it’s the consumers that we need to focus on. This scheme, in my opinion, will not ensure the consumer does that. ■

THIS MONTH’S INDUSTRY EXPERTS

DAVID WOODYATT is managing director of FC Cartons, a BRCGS-compliant company with PEFC certification, providing die-cutting and creasing, window patching, pick and place, folding, gluing tray forming and nesting finishing solutions to the carton, print and packaging industries.

GILES FODEN is managing director of Quantum Print and Packaging. The Midlands-based business was established 24 years and currently operates from a 30,000 sqft factory. It is a solid board carton manufacturer using both litho and digital print processes, supplying start-up business through to blue chips.

ABI CURTIS is chief executive of Blisters, specialists in creative packaging and contract packing. Based in Somerset, Blisters offers services in a number of areas including cartons, labelling, automatic shrink wrapping & decorative shrink sleeving, and contract packing and packaging services.