



# 2020 STATE OF THE INDUSTRY: FOLDING CARTONS ON THE FRONT LINES

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**Packaging** Impressions

# 2020 State of the Industry: Folding Cartons on the Front Lines

In a year of twists and turns for all industries, folding carton printers and converters have tirelessly worked to get products to consumers and keep employees safe.

BY CORY FRANCR

In a year where companies across countless industries have faced the challenge of getting business done with their entire staff working from home, the folding carton segment of the packaging industry has had to contend with just the opposite.

When COVID-19 quickly evolved from a mysterious new virus wreaking havoc overseas to a full-fledged pandemic bearing down on North America, package printers faced the initial challenge of setting up a safe work environment for their production employees to keep the presses running, while mitigating the risk of infection.

“You can’t print boxes from home,” states Ben Markens, president of the Paperboard Packaging Council.

As the association has worked to keep its members connected and informed during this unprecedented time, Markens says that folding carton converters were able to quickly adapt to the evolving new reality presented to them, and keep up with production with limited interruption.

With measures in place including face masks, physical distancing, and an emphasis on cleaning and disinfecting, the essential products folding carton printers produce are still getting into consumers’ hands, despite daily life in the plant looking quite a bit different.

“People have to go in,” Markens says. “Once [printers] figured out the masks, the handwashing, and the distance — including physical barriers like plexiglass and other things — there have been relatively few transmissions within the factory.”



Image courtesy of Paperboard Packaging Council.

Graphic Packaging International received the 2019 Package of the Year award in the Paperboard Packaging Council’s annual competition.



From left, Jess Hernandez, president; Juan Roque, VP of sales; and Henry Serrano, CEO; all of Vista Color, celebrate the company's first BOBST PER diecutter.

*Image courtesy of Vista Color.*

## FACING THE PANDEMIC HEAD ON

Despite the fact that people need to be present in the plant to print and convert folding cartons, in the early days of the pandemic, it was not always a given that employees would be able to come in.

For example, in March when the initial shutdowns and quarantines took place, deciphering who could be considered an “essential” employee allowed to go into their places of business was not always intuitive. As Kevin Karstedt, CEO of industry consulting firm Karstedt Partners, explains, some folding carton employees resorted to carrying printed letters from their companies in their cars, so if they got stopped on the way in, they could prove their essential status.

But even when it became established that the printing and packaging industries were essential businesses that play an undeniably important role in getting products and supplies into the marketplace, employers were not always certain as to which, and how many employees would be able to clock in. With kids sent home from school, elderly parents in need of care, and the myriad other new obstacles people were presented with, Karstedt explains that managers had a logistical hurdle to contend with when it came to scheduling. Additionally, he says, for those who were able to come in, safety precautions made it so even the simple act of entering the building presented some unprecedented difficulties.

“Now I need to rearrange my business to accommodate people coming in,” Karstedt says. “Even to the shape of first and second shift. I’m going to have first shift stop, and then an hour later start second shift because I have to have an hour in between to clean the equipment.”

One example of a folding carton company that took immediate action to reduce the spread of the virus is Vista Color, a Miami-based firm specializing in packaging for the food, pharmaceutical, cosmetics, health and beauty, and cannabis segments. When the pandemic first reached the U.S., Vista Color was working its way back from another virus — one that CEO Henry Serrano says infected the company’s computers as a result of a cyber-attack.

Now with a biological virus on its way, Serrano says Vista Color wasted no time putting together an internal pandemic response team that came up with a plan to keep the company's employees safe at work.

"We did social distancing and had masks for every employee," Serrano says. "We started taking hygiene measures and other early incremental steps. We eliminated touchpoints, including time clocks that went to face recognition."

But even with strict protocols in place, COVID-19 still found a way into Vista Color when 20 employees tested positive in July. Serrano says that luckily the cases were all mild, and while the company did have to endure a period where it was operating below its capacity, it has since ramped back up to full speed as the affected employees recovered.

"We took a hit in July," Serrano says. "But we did contact tracing and we were able to get back to full capacity in August."

Yet another challenge of the pandemic however, is that while employees may have had clearance to come into work, questions quickly arose as to whether there would be interruptions in the supply chain as a result of the pandemic. For example, Jay Willie, executive director of the Independent Carton Group, an association of 20 independently owned and operated folding carton companies, says that in the early days of the pandemic, some converters stocked up on paperboard out of concern that it may not be easily accessible in the future if there was an outbreak at a supplier's facility. Anticipating increased demand for packaging as consumers stocked up on products for their own homes, Willie explains that converters wanted to be ready. As it turns out though, supply chain interruptions were minimal, and converters quickly reverted to their typical buying procedures.

"Even though our members knew that they were going to have plenty of business or even increased business ... they wanted to make sure they could get materials," Willie says. "I think once companies started adapting to operating within the safe guidelines and got some confidence, it led to normal ordering."

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**- Henry Serrano  
CEO  
Vista Color**

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Members of the Independent Carton Group met in Park City, Utah, in early March, right before the COVID-19 pandemic struck North America.

*Image courtesy of Independent Carton Group.*

## A DEMAND FOR THE ESSENTIALS

According to ongoing research being conducted throughout the pandemic by NAPCO Media and the PRINTING United Alliance (the parent organizations of *Packaging Impressions*), the shutdowns have led to steep sales declines across most segments of print. Packaging meanwhile, has also taken a hit, but to a much-lesser degree. For example, survey respondents from the packaging industry indicated that in mid-April, on average, they had experienced a sales decrease of 15.3%. Meanwhile, by July, that decrease had shrunk to 1.4%.

Among the reasons the packaging industry has been able to successfully weather the storm is that numerous market segments saw an increase in demand because of the pandemic. As shutdowns began to take hold across the country, consumers were faced with significant interruptions to their daily lives, not knowing how accessible brick-and-mortar retail establishments would be, or when they would be able to go out to a restaurant for a meal.

As a result, an expected increase in demand in the food and beverage segments kept folding carton converters busy, but as the pandemic continued, Karstedt says there have been increases in some unexpected areas as well. For example, with hair salons closed, Karstedt explains that demand for items such as at-home hair color kits went up. Similarly, do-it-yourself home maintenance products saw a spike as quarantined consumers tackled those lingering at-home projects.

With an increase in demand for products needed to sustain life at home, other segments, including non-CPG sectors did see a hit. For example, Markens explains that food service packaging saw a decline as schools and universities sent students home.

“High schools and colleges are not serving meals, so they don’t need all their foodservice stuff,” Markens says. “Our local schools are giving kids breakfast and lunch who need it, but they’re not doing anywhere near the volume they used to.”

Another area that has seen a dip is high-end cosmetics, Willie says. With the pandemic limiting the frequency of consumers going out and meeting up with friends and family, he says the assumption is that less product is being used. Folding cartons are often the package of choice in this segment with their ability to accept high-end embellishments such as foiling and embossing, so converters specializing in this area have taken somewhat of a hit, Willie explains.

“My assumption is there’s a lot less social interaction so people aren’t using as much product,” he says. “With cosmetics, you can buy them online, but I think more so it’s something you like to go into the department store in front of a mirror and test with an expert there.”

Serrano says that in some instances, customers in the cosmetics space just needed to find a new way to sell their products to get back up to full speed. With brick-and-mortar retail sites closed, getting products into e-commerce streams helped resuscitate the demand for packaging.

“We saw, for example, a customer manufacturing beauty products like nail polish who needed new ways to sell because retailers were closed,” he says. “Some customers found new channels to sell their product, specifically Amazon. Some customers took a dip and then came back up.”

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**– Jay Willie  
Executive Director  
Independent Carton Group**

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## TECHNOLOGICAL INNOVATION ON THE WAY

While COVID-19 has led to significant changes at home and in the workplace, it has also largely ground business travel to a halt. With 2020 poised to be a year jam-packed with product launches at trade shows and other industry events, folding carton printers were ready to investigate the technology that would help propel their businesses into the future. But despite the cancelations and postponements of in-person events, Karstedt says equipment innovation is largely continuing unimpeded, and to expect an increase in investment as the pandemic subsides.

In particular, Karstedt says that in this time of fluctuating and unpredictable run lengths, the advantages of digital printing have become increasingly apparent, and a variety of solutions are on the cusp of hitting the market. On the inkjet side, he points toward the Koenig & Bauer Durst VariJET 106, an inkjet press utilizing Durst technology, within the Koenig & Bauer Rapida 106 offset platform. Additionally, Karstedt says to keep an eye out for the HP Indigo 35K digital press — the evolution of the Indigo 30000 model — which implements the new LEPx liquid electrophotographic technology. On the embellishment side, Karstedt also recommends keeping an eye on the digital technology MGI has in store.

“If [printers] have a digital press and they can take these even moderately long runs or moderately short runs that would normally go on a litho press, and take those over and produce them on the digital press, it’s freeing the analog press to do what it’s better at, and to do those longer runs,” he says. “It’s almost like there’s more kinds of runs, and having the flexibility of a digital press has really helped.”

But while digital printing technology is expanding its adoption across the folding carton segment, conventional offset presses are experiencing enhancements of their own. Willie explains that ICG members that have invested in digital are not doing so as a replacement for offset, but rather to supplement the strengths that conventional printing provides. And as conventional printing continues its evolution into further automation and efficiency, folding carton printers are actively looking to evolve with the technology.

“The makeready speeds, setups, and the run time speeds keep increasing,” Willie says. “You have to be up with the technology if you’re going to compete in the market. So there’s still a lot of capital equipment expenditure on the sheetfed conventional lines, and the diecutters and gluers that go with it.”

In addition to solving brand needs for efficiency and packaging innovation, Markens says folding carton converters are also bringing an innovative mindset to the issue of sustainability. Brands and consumers are becoming increasingly concerned about the environment, Markens says, and are pursuing ways they can decrease the quantity of plastic waste being created.

He says that browsing store shelves with a critical eye can be an enlightening experience for people to realize how much plastic is being utilized in packaging. Finding ways to replace plastic with paperboard can help brands achieve sustainability goals, Markens says, and converters that come to the table with innovative solutions can be the ones selected to make that happen.

“People are understanding that value is created by coming up with ways to solve problems with paperboard,” Markens says. “It’s potentially the greatest growth opportunity for our business if we can figure out how to replace single-use plastics with recyclable paperboard.” ●



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## Packaging Impressions

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