

CEO winner Pratt sees bright future for corrugated behind ‘digital revolution,’ sustainability

SAN FRANCISCO, Oct 6, 2020 (Fastmarkets RISI) - Fastmarkets RISI's 2020 North American CEO of the Year Anthony Pratt today emphasized a growing importance for corrugated packaging in today's highly-energized e-commerce world, and said the chief challenges for the business are to "relentlessly" lower cost and be sustainable. He termed sustainability a "defining trend that will shape America's paper industry."

Pratt, the Executive Chairman of privately-held Pratt Industries in the USA and Visy Industries in Australia, made his comments today after being presented the RISI CEO award for North America. He's the 17th recipient since 1999. Pratt was chosen as this year's winner by industry analysts. Fastmarkets RISI CEO Dan Klein presented the award to Pratt at the all-virtual event. Pratt then followed with comments and answered several questions.

"Our customers know that they're minimizing both their cost and environmental footprint without sacrificing performance" by using corrugated boxes, Pratt said.

"Customers like Domino's who use our 100% recycled paper boxes for their pizza boxes are walking the circular economy talk: Wastepaper one day, a pizza box the next, recycled feedstock the next," he told 200 attendees.

He added: "So we, as an industry, are fortunate to be smack dab in the middle of the world's two big revolutions (today): sustainability and the internet."

Pratt added that he expects that by 2030, half of all restaurants will home deliver their food, on the heels of what the novel coronavirus has already caused globally. He cited "internet food" as from grocery and e-commerce type giants Walmart and Amazon, meal kits and subscription services, and "aggregators" such as Uber Eats. These will be main demand channels that will continue growing for corrugated boxmakers, he said.

"Eventually, 80% of the food we buy will be delivered to the home," Pratt said. "It will take a long time but will eventually happen."

"The corrugated box is the only way to travel," Pratt said. "Corrugated is a brilliant product."

He said the box is the "best balance between protecting the product inside" and based on cost.

The main, ongoing challenge for corrugated packaging is to be the "packaging of choice rather than plastic or other" substrates, Pratt said.

Further, Pratt said the "digital revolution" will lead to customized boxes digitally printed for each customer and to "make every box unique." Digital printing already has started in North America, at a relatively slow pace, according to industry contacts.

"On the marketing side, the digital revolution is going to touch every company in every business. The corrugated industry has to adapt and thrive in the digital economy," Pratt told the attendees.

He said these changes are similar to what occurred with his grandfather. His grandfather Leon in 1948 decided that corrugated boxes could replace wooden pallets for transporting oranges. He started up a box plant in Australia and Visy was born. A key was that the box was lower priced than the wooden pallet, Pratt said.

Pratt's business model today focuses on making 100% recycled-content boxes mainly out of low-cost mixed paper and integrating the board to Pratt's own box plants, which in some cases includes corrugators right next to the board machine that the company calls "milligators." His goal is to not landfill the recyclables used to make board, to reuse mill rejects to create energy at mills, and to benefit climate change with his company's manufacturing footprint. He even has mentioned "lights out" manufacturing plants to save on energy use and cost.

Australian born and the richest man in Australia, Pratt's US company started up 30 years ago and was later the 47th largest US boxmaker in its early stage of development. Today, the US unit is the fifth largest containerboard and boxmaker in North America operating five containerboard mills. Pratt US started up two new 100% recycled-content linerboard machines in 2015 and 2019 in Indiana and Ohio, respectively.

RISI's 35th annual North American forest products conference continues today and finishes up tomorrow afternoon.

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