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STATIONERY - ADDING VALUE TO PAPER

The Indian Paper Industry has for long been identified as a producer of 'commodity' products, 'Branding' seldom received due importance. Stationery is contiguous to retail, where 'branding, is paramount.

Mr L M Thapar, a doyen of the Indian paper industry, once remarked "Given the changing landscape of the Indian economy, it is only logical to focus on the retail market in the country".

The national market for stationery products is estimated to be Rs. 11,000 crore, and growing annually at approximately 20%.

Paper-based stationery has a dominant share (About 70% of the industry's revenue is through the sale of paper office stationery products) comprising of : writing pads, exercise books, memo pads, notebooks, account books, diaries, wrapping paper, calendars etc. including envelopes used to pack documents.

BILT ventured into the paper-based office stationery segment 15 years ago. Since then it has built many mega brands (Royal Executive Bond, BILT Copy Power, BILT Image Copier, BILT Matrix) that have become an integral part of office stationery today. In the process, it has also transformed the Indian Paper Industry from its traditional commodity market mindset to one with a brand orientation.

ITC is another strong believer in the future of this business. It made its first foray in 2002, with its brand 'Paperkraft' followed by 'Classmate'. At present only 30 per cent of the notebooks business is branded, of which ITC claims the largest share of 15 per cent. According to Mr Chand Das CEO of ITC - Stationery Business "This industry (education stationery business) has been sleepy for long. It's now coming of age. We are seeing lots of global interest." ITC expects its business to grow at a CAGR of 25 per cent over the next five years.

Besides paper companies, another significant player in the stationery business is Navneet Publications. This family owned company has been in the publishing business since 1959. In 1993, it started with exports of Stationery products after establishing state-of-art manufacturing facilities. It soon launched its paper stationery products for the domestic market and today it has established itself as one of the largest paper stationery brands in India.

GLOBAL SCENARIO

The global scenario is not all positive. In the matured markets of US and Europe, demand has been falling for the paper and board stationary segment (the largest sector). East European countries still show promising growth opportunities.

The Asia-Pacific region, powered by rapidly growing markets, including Australia, China, India, Korea and Taiwan has been seeing steady growth and is projected to grow at the overall compounded rate of 6.5% through 2015. India and China are two of the biggest manufacturers of stationery in this region.

WHAT ARE THE GROWTH DRIVERS?

Despite the onset of the digital age, demand for writing and marking paper and instruments continues to grow worldwide. Large-scale usage of electronic gadgets has opened up altogether new and profitable vistas - computer stationery and the home-office stationery market, - to name a few.

India is an emerging economy with a huge population base. There are an estimated 250 million students studying in 1.5 million schools in India. A sizeable contribution of around Rs 40 billion comes from notebooks alone.

UPMARKETING

Stationery is as much an object of desire as any other consumer goods.

The desire to use expensive stationery is on the upswing despite the advent of tablets and hand-held devices, changing the way people communicate. 'Premiumisation' is the new mantra.

The challenge lies in building a differentiated and superior product in every category and at every price-point. 'Stationery' must primarily be able to satisfy the 'consumer status expectations' in this segment.

Shailesh Karwa, co-chief executive officer of Staples Future Office Products Pvt. Ltd, says there has been an influx of brands in the luxury category and the premium is growing faster than the mid-to-low-priced brands.

"People want to appear more professional," says a major Retail Consultant "As they move up the socio-economic ladder,

INDUSTRY NEWS

IPMA (The Indian Paper Mills Association) gave away the following annual awards at their recently held AGM:

Mill of the Year : Tamilnadu Newsprint & Papers Ltd.

Energy Conservation Award : BILT (Unit : Chandrapur) & JK Paper (Unit : CPM)

Environment Award : ITC Ltd.

the consumption of stationery, which is a utility product, is becoming more expensive. It's more about the brand and being conscious about what you are seen with."

At the same time International schools and other premier educational institutions are driving the growth of premium school stationery.

There is also an increasing shift towards 'greener' and more sustainable products.

For 'green' procurement the UN Environmental Protection Agency (UNEP) has laid down guidelines called '*Sustainable Procurement Guidelines for Office Stationery*'. Importance is being attached not only to the ecological orientation of the individual products but also to their production and sourcing.

Some of the key features are:

- Paper must be made from 100% recovered paper fibers with a minimum of 50% post-consumer recycled fibers.
- The ecological criteria must meet standards equivalent to the German Blaue Engel, the European Ecolabel, the Nordic Swan, the Austrian Ecolabel, the Eco Mark Japan, Ecologo or the Thai Green Label or equivalent, directly related to the product or production process.
- The brightness level must be <90 according to ISO 2470:1999 or equivalent. (A brightness level of above 90 would mean that the paper is treated with optical brightening agents.)
- The bidder shall provide proof from an independent third party certification body that the manufacturer of the product complies with the international working standards (ILO Core Conventions) throughout the whole supply chain.

DESIGNER NOTEBOOKS

'Moleskine' is a name, which now enjoys a cult following supported by worldwide communities of enthusiasts who write, sketch, paint and draw only on Moleskine notebooks. The notebooks are made with acid-free paper.

Paper for the premium range is FSC certified. All suppliers are selected after careful screening of their quality standards. Labour and environmental fairness criteria are included in specific clauses of the suppliers' agreements.

'Paperblank' is another brand, synonymous with 'designer diaries'. It is not surprising that the private user segment already accounts for 32.5 percent of EU stationery consumption.



STATIONERY AS GIFTS

It is becoming more common to see items of stationery, such as notebooks, writing instruments and binders, being adapted to include striking or eye-catching designs. This has pushed stationery towards the 'gift' sector and away from its solely practical use. Complete sets are available as presents - cards, books and confectionery - with combinations also in demand e.g., matching invitation cards, placemats, etc.

CONCLUSION

Key Note is a market intelligence provider. In their report '*Stationery (Personal & Office)*' they predict the following for India & China:

- India has experienced large domestic growth in demand for stationery especially in industries such as computing and IT, benefitting from the fact that multinational companies are increasingly using India as an outsourcing hub.
- China has been one of the world's leading exporters of stationery and is expected to overtake the US as the world's largest stationery market within the next few years.

QUOTABLE QUOTE	"The illiterate of the 21st Century are not those who cannot read and write but those who cannot learn, unlearn and relearn." - Alvin Toffler	
SCRABBLE	What does SOAT stand for? (Hint : Paper Test) First correct answer will win a Parker Vector Roller Pen (Maximum two prizes for one person in a year). Email your answers to snippets@wirefabrik.com by 20 th April, 2013.	
WINNER MAR'13	Mr. Manjunatha N., Technical Manager, ABB Ltd., Raman Boards, Mysore-Ooty Road, Thandayapura, Mysore-571302 Answer : <u>S</u> <u>R</u> <u>B</u> : SULFATE REDUCING BACTERIA	
?QUIZ	Forming fabrics of high caliper are not recommended for high speed (> 1000 m / min.) paper machines. Why? Email your answers to snippets@wirefabrik.com by 20 th April, 2013.	
WINNER MAR'13	Mr. K. G. Potnis, Manager QC, Pudumjee Pulp & Paper Mills Ltd., Thergaon, Chinchwad, Pune-411033, Maharashtra Quiz : Which of the following polymer products can be suitable as a : 1) Coagulant 2) Flocculant a) Low MW high cationic charged b) High MW medium cationic charged c) High MW non-ionic d) Low MW low cationic charged Answer: 1)Coagulant : a)Low MW high cationic charged; 2)Flocculant : b)High MW medium cationic c)High MW non-ionic	
 Prizes	1. Best / first correct answer received will win one-year subscription to IPPTA Journal (Maximum one prize for one person in a year). 2. Best of the 12 monthly winners in a year, will win one-year subscription to Paper 360^o Magazine, USA.	
 Heavenly Path	Man to Sadhu baba, "Baba, my wife troubles me a lot. Please tell me a way out". Sadhu baba, "Do you think if I knew the way, I would have become a sadhu"?	
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