



Because paper is good...

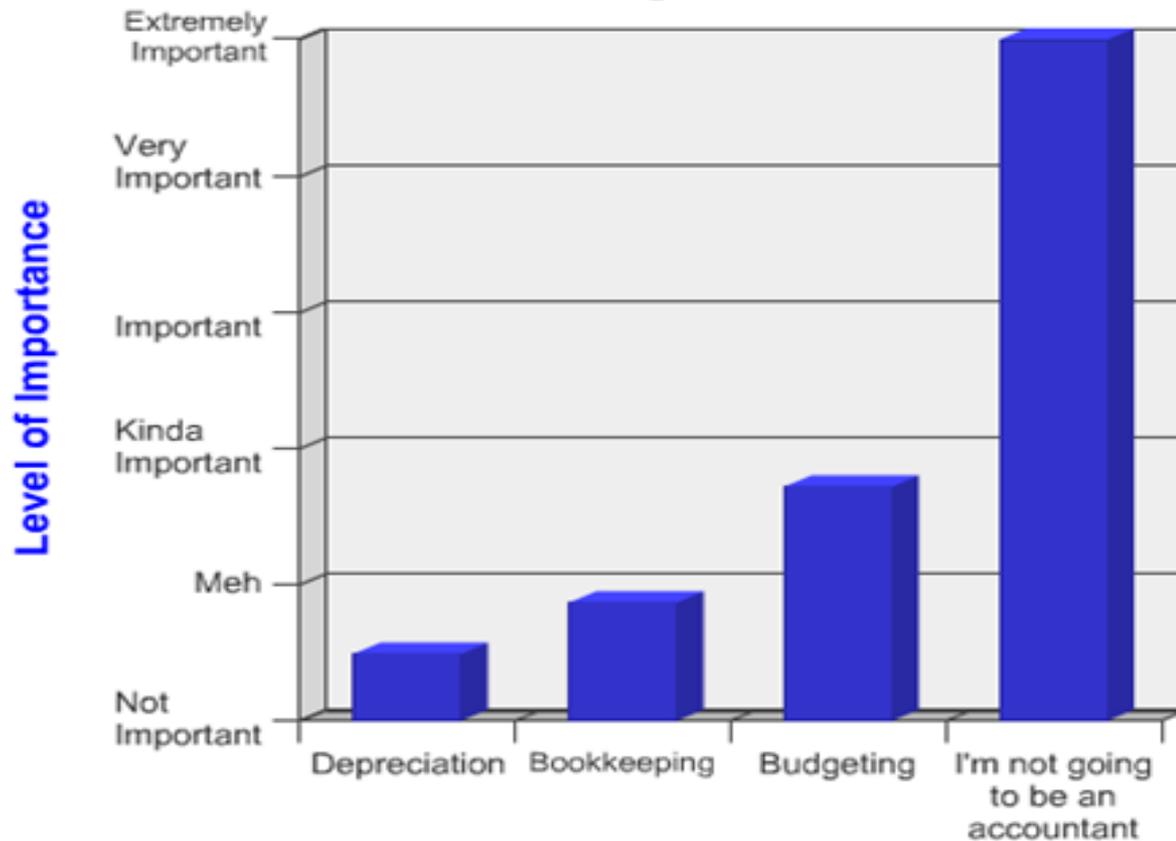
Sappi Fine Paper Europe

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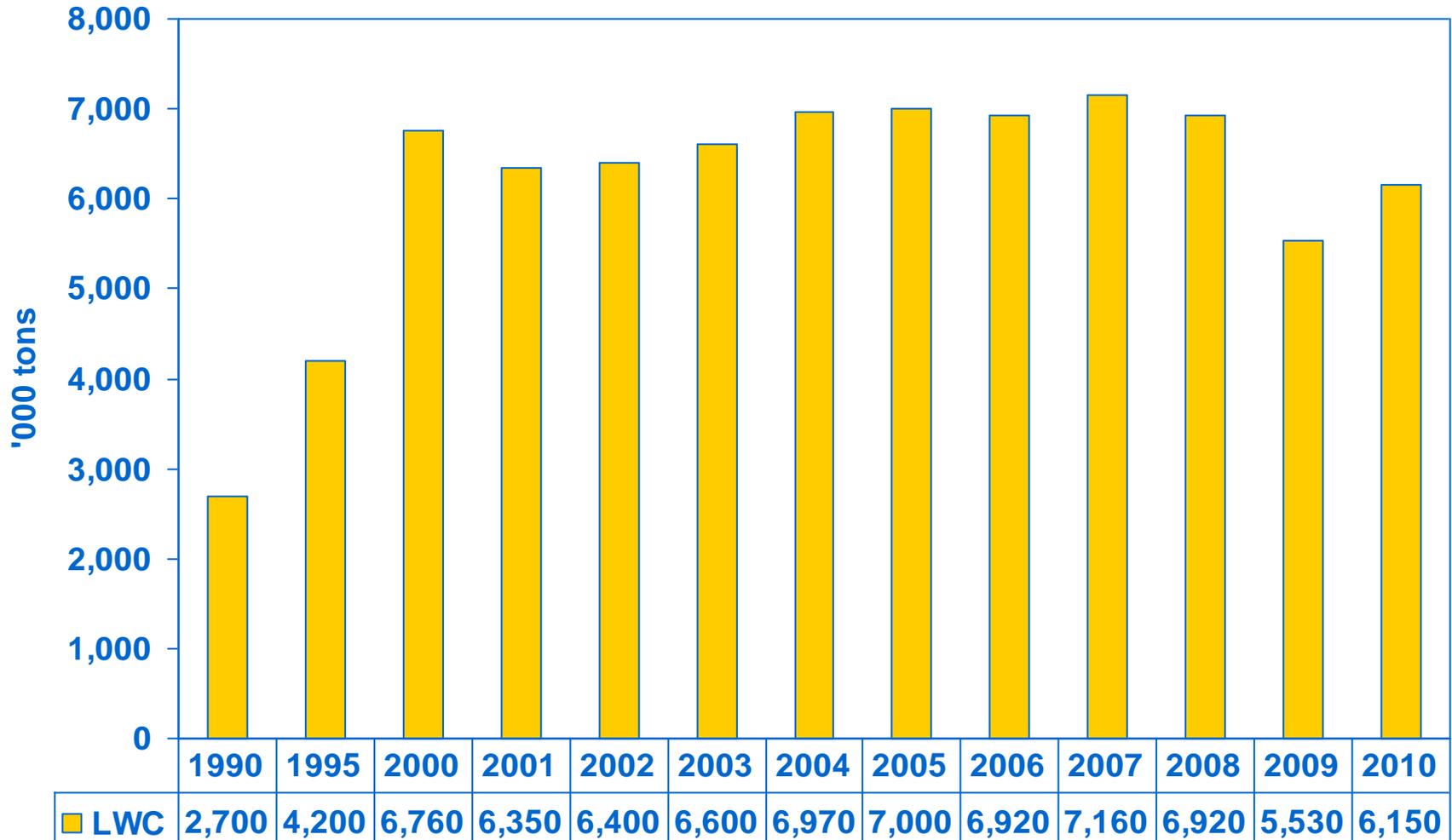
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What I learned in Accounting Class vs Level of Importance

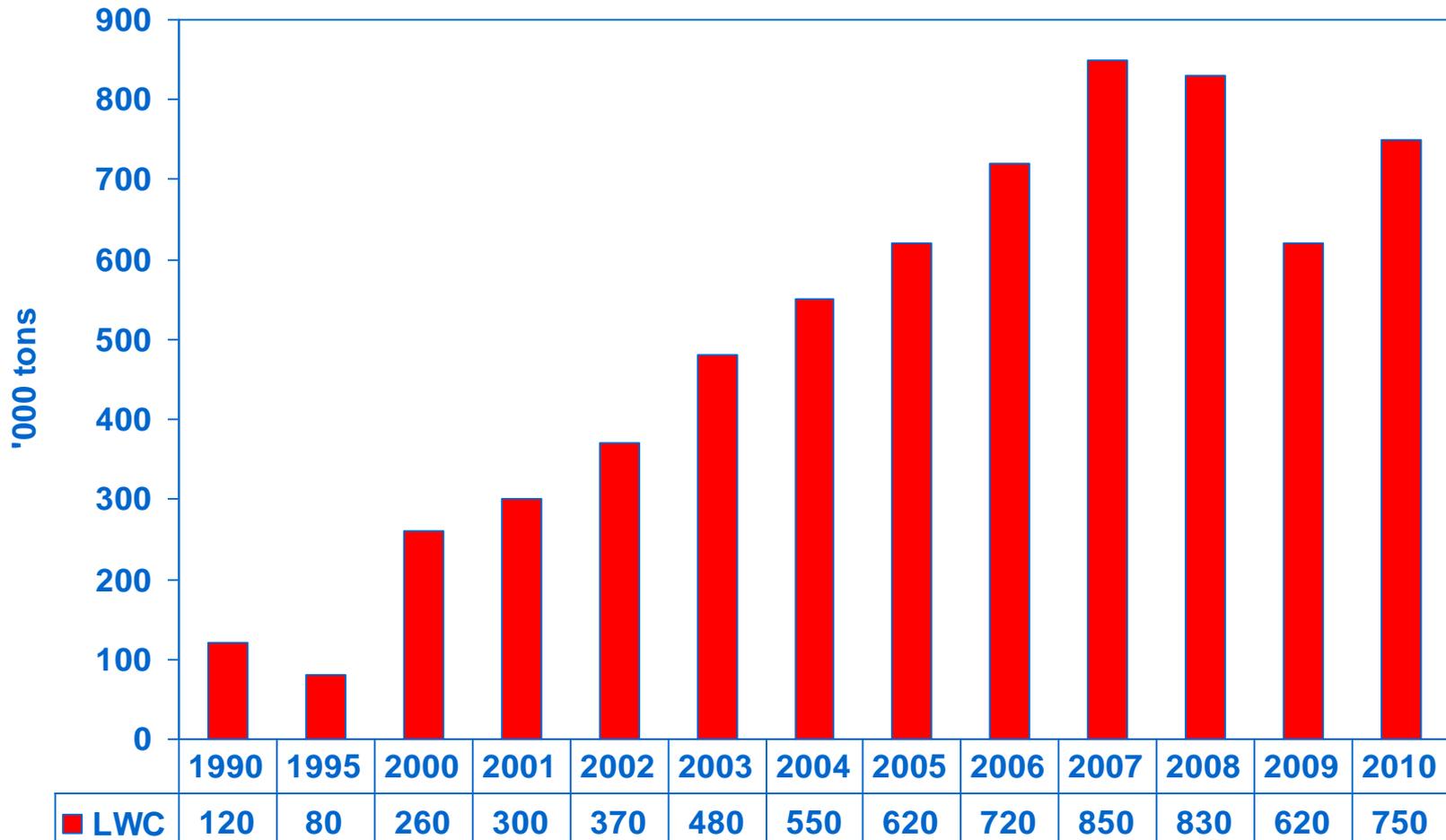


What I learned

LWC deliveries to Western Europe



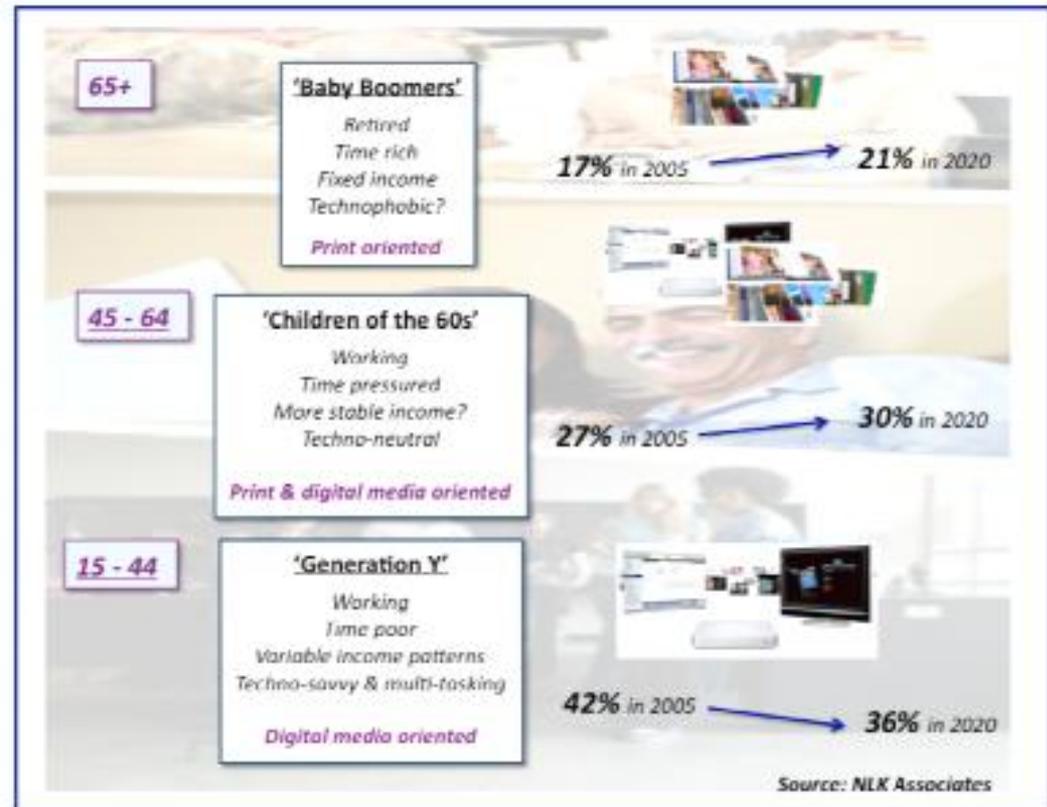
LWC deliveries to Eastern Europe



General trends

People factor

- It is people who are entertained or informed by media and at whom advertising media is directed, whether it's print based or digital media. They make the choices.
- Highly important and not to be under-rated.
- Embraces the importance of different age group segments, where we live, how we will work and spend our leisure time.
- By 2020, different segments (generation Y + baby boomers) will impact demand for print and paper media.
- People factor is also the hardest of all key demand factors to forecast.



General trends

Environment

- The **green** agenda has grown - becoming even more influential
 - example “French government to reduce its paper consumption by half by 2020”.
- The growing importance of consumers and their awareness and environmental concerns may prove to be important over the coming years.
- Developed economies lead - but developing economies looking to export are embracing environmental issues.
- During recession, environmental/green issues have taken a secondary priority - cost is number one
 - For now, the three R's are reduce, reduce, reduce: less fibre, lower basis weights, less paper
 - Growing awareness of consumers leads to: reduce, reuse, recycle.
- Demand will reduce as a result of environmental pressures.



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- Pixels will start to replace print - but by no means all of it.
- Against the background of future digital media development (e.g. mobile advertising), the outlook for paper and printed media, which is two-dimensional, static and non-interactive - at least in the way digital media is - might appear bleak.
- For many developing economies adoption of e-technology is likely to be rapid and will 'leap frog' paper based alternatives.
- Digital printing accelerates due to improved technology, cost reduction, and environmental drivers.
- Greatest potential for new product development will come as a result of the rapid advances being made in new substrate technology = combination of the best of paper with the interactive capabilities of digital media.
- Even before 2020, new alternative printing substrates (e-paper), some of them fibre-based or fibre-containing, will be established as commercially viable options for 'print' media.

End use application trends

2008 - 2020

Newspaper Inserts

- as newspaper circulations decline, inserts (CWF) migrating to magazines, MC takes part of it
- tendency to shift from newsprint to uncoated mechanical - attract readers

Magazines

- will suffer from the impact of digital media and to some degree from growing environmental pressures
- however still regarded as a reliable and influential advertising medium. Threat from on-line isn't that strong (for the near future)
- Special Interest doing better than General Interest but not enough to correct overall trend

Books

- erosion of non-fiction by electronic publications
- key issue : functionality vs. cultural & traditional values. Printed books have a strong cultural and traditional connection with readers. Books are personal. Can be offered as a gift = positive perceptions

Catalogues

- with rise in internet home shopping, print catalogues are changing but not disappearing
- symbiosis between e-technology and a paper product (e.g. Ikea Catalogue). Printed catalogues help to push the brand/message. However not enough to compensate the impact of e-technology

Direct Mail

- internet stimulates direct mail (e.g. after visiting website, you will receive vouchers, samples)
- consumers demand greater environmental responsibility and hate "junk" mail
- products need to be capable of taking conventional and digital print

Corporate Communications

- annual reports partly going to Internet, lower pagination for cost saving reasons, pdf versions
- trends in annual reports has been offset to an extent by increases in company brochures

Market drivers publishers

Trends

- Magazine market losing share of the advertising market in every region (North America, Europe, Asia Pacific, South America, Africa/ Middle East).
- Problems caused by the economic downturn & rise of online advertising. Internet overtook magazines - online will continue to expand.
- Result: magazine closures, declining number of titles, cost cutting, restructuring their business.
- Magazine publishers responses :
 - Increase focus on cost savings (lower grades, lower base gsm)
 - Developing online & mobile activities on their own
 - If proven successful, online/mobile platforms will provide new ways to reach and strengthen relationships with readers & enable publishers to provide new advertising solutions.

Market drivers printers

Trends

- Paper still an integral part of promotional media but increasingly shift to non-print media.
- Increase of bankruptcies.
- Revenue growth ! - profit is 2nd priority.
- Environmental credentials increasingly important.
- Printed products imports from Asia.
- Structural demand reduction
 - Hardcopy & email will decline in favour of mobile communications.
- Printers responses
 - Increase focus on cost savings (lower grades, lower base gsm)
 - Increased focus on integrating digital print.

- Desire for companies to get closer to customers has strengthened with recession - benefited promotional print.
- Successful brands using media mix - i.e. digital and print media-branding
experts recognise tactile advantages of paper and also that multimedia
approach to marketing is still critical for sales.
- Digital print, personalisation and customer targeting improving effectiveness
of printed media.
- Paper information considered to be more trustworthy.

Share of total adspend by medium (%)

	2008	2009	2010	2011	2012
Newspapers	25.0	23.0	21.6	20.3	19.2
Magazines	11.6	10.4	9.8	9.3	8.8
Television	38.0	39.2	40.3	40.7	40.8
Radio	7.7	7.6	7.3	7.1	7.0
Cinema	0.5	0.5	0.5	0.5	0.5
Outdoor	6.7	6.6	6.7	6.7	6.6
Internet	10.5	12.7	13.9	15.4	17.1

Source: ZenithOptimedia

To reach an audience of 50 million it took

- PRINTED BOOKS 350 years
- NEWSPAPERS 90 years
- RADIO 38 years
- TELEVISION 17 years
- INTERNET 2 years
- FACEBOOK Few months



Effect of paper and print quality on reader perception

- 47 different studies done
- Over 3500 people interviewed

Main findings

- Readers process a publication as an entity where both visual and tactile properties affect the appeal, quality impression and brand image
- Even small differences in paper and print quality can change the story and impression that a magazine picture or ad creates
 - Process control and colour management are essential when you want to create the targeted impression or send the correct message to the reader
- Paper affects perception often on an unconscious level
 - Readers do not necessarily pay attention to paper directly, but it still affects indirectly, e.g. by creating a fresh general look or by making impressive colour reproduction possible

Main findings

- Readers perceive different papers in a similar way in Western and Central Europe
 - However, their preferences depend on how well they think that each paper fits the style and purpose of the publication
- Readers do not evaluate ecological impact only based on the material or production of a magazine, but also on how it lends itself to longer-term use → durable is ecological
- Print media has sensory, emotional and cognitive advantages that can be developed further to strengthen the relationship with readers
- Younger readers are a demanding audience when it comes to the sensory properties of the products that they consume

Paper affects emotional response and impressions

■ Aim:

- To find out, if paper affects the basic emotional response (how pleasant and activating) and impressions that printed images create in readers' mind

■ Results and conclusions:

- Magazine pictures printed on a brighter and glossier paper are felt to be more pleasant and activating
- Brighter paper creates e.g. a more luminous and modern impression
- Less bright paper creates e.g. a soft and cosy impression
- When considering the targeted look of a magazine, paper is a factor that affects the overall impression and appeal of a magazine

Reader vs. professional perception of paper

■ Aim:

- To study how readers and publishing or printing professionals see the role of paper in a women's magazine

■ Results and conclusions:

- When evaluating only the visual or tactile impression of different paper grades, professionals and readers have similar preferences
- However, in a more realistic situation (visual and tactile evaluation at the same time), there are some differences
 - Professionals emphasise the importance of visual properties that they found important: e.g. paper brightness for modern and high quality impression
 - Readers value a good combination of visual and tactile properties: a magazine also needs to be easy to handle and flip through
- The look and feel of a magazine need to be in balance with the content and style
- Readers see a durable-feeling magazine as ecological: it is not just a disposable commodity, but lasts many readings and can be given further to friends

Strengths of print media (vs. electronic media)

■ Aim

- To find out, why young people would rather read a printed magazine than a magazine on a screen (a pilot study)

■ Results and conclusions

- Print media has specific competitive advantages
- Following dimensions underline the strength of print media, and should be developed further to make good use of its special characteristics:
 - Preservation and creation of cultural meaning
 - Relevant structure
 - Securing good ergonomics
 - Excellent usability
 - Support for everyday relaxation
 - Support for personal information management
 - Allowing personal rhythm
 - Enhancing the feel
 - Securing everyday life compatibility

Interaction of magazine style, content and paper

■ Aims:

- Does the style and content of a magazine have an influence on paper preference?
- Does paper affect the perceived style of a magazine?

■ Results and conclusions:

- Paper should be in harmony with the style of the magazine
- In design magazines, paper brightness is essential and creates a fresh impression, but paper can be either glossy or matt; a poor paper choice erodes the design style
- In general interest magazines, the paper choice can either improve or deteriorate the impression that the style creates; too high gloss impairs readability
- 'Gossip' magazines are expected to be glossy, a matt paper makes the style seem old-fashioned; paper brightness makes the content seem modern and calms down fragmented layout

Does age affect evaluation of paper?

■ Aim:

- Finding out, if younger and older readers have different preferences and perceptions of paper in a women's magazine

■ Results and conclusions:

- Paper preferences among different age groups are very similar
- Brighter paper qualities, glossy or matt, are the best liked, while yellowish-looking is the least liked in a women's magazine
- However, the opinions of the younger respondents (20-40 years old) are bolder and more critical than those of the older ones
- Younger respondents e.g. state more strongly that a paper does not fit the magazine, or that it creates a cheap or old-fashioned impression
- Young consumers seem to be a very demanding audience when it comes to the sensory properties of magazines

Strengths of print media (vs. digital media)

■ Aim:

- To find out what young adults value in print magazines (vs. digital magazines)

■ Results and conclusions:

- Consumers felt that the primary source of content should be a print magazine
 - However, web pages give variety to the content (discussion forums, competitions, customer service)
- Paper magazines are not read only out of habit
- Print magazines have strengths that can be utilised better and developed further to find the role in the media mix
 - E.g. The visual look, emotional value & personal feel, good structure, print's fit in everyday life, support for thinking and memory

Strengths of Printed Magazines

Relaxation

"Paper is silent."

"I read articles on various topics preferably in a more relaxed position and state of mind."

Usability

"You can get back to old matters later on without the need to start the computer."

"Paper version doesn't have lag."

Everyday life compatibility

"Paper version is easy to carry with you, e.g. in your bag."

"Part of internal decoration."

"Possibility to read the magazine on a pier, in a car, on the sofa."

"Expresses something of my identity & image for others."



Strengths of Printed Magazines

Structure

"Easier to focus on contents."
"Paper magazine is easier to read because it's concrete."
"Easier to get an overall picture. "

Personal rhythm

"Nice to start reading when you don't need to open the computer."
"It's easy to interrupt and continue reading later on."

Emotional value and personal feel

"I spend enough time by the screen otherwise already."
"They're somehow 'fancier' than web magazines (you get everything for free in the web)."
"Paper magazines come by post specifically for me."
"The feeling of different paper types."



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figyelmüket!

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