



# Assessment of North American Specialty Paper Markets

Business Development Advisory — “Finding Growth in Mature Markets”

## Why Buy This Study?

This is the first ever in-depth study of the North American specialty paper market and its numerous segments. As paper markets and applications continue to evolve, fragment, consolidate, and in some cases, disappear; suppliers to these markets must develop new strategies to be successful in the future. This study will help companies:

1. Segment and quantify key market, product, and end use categories
2. Identify the major threats and growth opportunities
3. Assess the impact of future technology / process / market developments
4. Provide information to support investment decisions
5. Provide direction for product development initiatives
6. Evaluate category supply and value chains
7. Anticipate changes in end user needs, product requirements, and usage patterns
8. Forecast changes in demand, supply, price, and technology
9. Provide an independent, expert opinion to balance against internal assumptions.

## Study Background

This landmark multi-client study of the highly fragmented specialty paper market examines in detail this important segment of the industry and identifies likely developments and future growth opportunities. As paper usage continues to evolve and substitutes gain a higher share of market, there will be significant shifts in product / grade demand over the next five to ten years. It is critical for suppliers to make the right investment and development decisions to succeed as these changes take place.

The \$8.0 billion specialty paper segment is characterized by small end use markets, niche applications, a fragmented supply base, widely varying growth rates, relatively high substrate pricing, and demanding customer requirements.

There are many different ways to define specialty papers. For the purposes of this study, we have used a broad definition which includes freesheet paper grades that have at least a 15% price premium versus the standard grade or are specifically designed for a particular customer or end user group.

These grades fall outside of the mainstream paper categories and, in total, represent a large market amounting to about 8.2 million tons of North American demand in 2005. For the seven grade segments included in this study, this production base represents about 22% of the total combined grade volume.

The following table shows the standard paper grade categories that are included in the study scope. It also indicates the percentage of the total grade volume identified as “specialty” volume.

Market Study Scope	
Excluded Grades	Included Grades (% Specialty)
Newsprint	Cotton Fibre (100%)
Uncoated Groundwood	Packaging and Industrial (73%)
Coated Groundwood	Kraft Paper (71%)
Bleached Board	Bristols (48%)
Containerboard	Uncoated Freesheet (22%)
Recycled Board	Coated Freesheet (11%)
Other	Tissue (5%)

The study identifies and evaluates 47 individual paper grades across these grade categories with a supply base that includes over 90 producers, 151 mills, and 289 paper machines in North America.



#### BDA Qualifications / Expertise

BDA's principal, **Frank Perkowski**, has over 25 years of experience within the paper and packaging industry in senior management and marketing positions with leading industry suppliers. This includes direct experience in tissue, printing papers, converting papers, nonwovens, and packaging. As a consultant, Frank has worked on over 100 related industry consulting assignments helping clients solve a wide range of business and market-related problems.

BDA was founded in 2002 and is focused on identifying and developing growth opportunities for its clients. The company and its affiliates have conducted a wide range of studies across most major and many minor segments within North American paper, packaging, and specialty markets.

By providing independent / expert opinions based on actual industry experience and knowledge, BDA has helped clients leverage their unique capabilities to identify and capture growth opportunities within their target segments.

## Supply Base / Technology

### Focus

The North American paper industry has gone through a major restructuring in recent years. This restructuring is particularly evident among companies competing in the specialty paper segment.

We forecast that industry structure and ownership changes will continue and will have a dramatic impact on the specialty paper supply base over the next five to ten years. Technology developments, changing end user requirements, the continued growth of substitutes, and the lack of investment in some segments of the industry will create new opportunities and threats for existing suppliers of these grades.

A primary focus of this study will be to assess the existing supply base and identify future opportunities and threats. Specifically,

1. What companies, mills, and paper machines are participating in the various grade and market segments and who are the share leaders?
2. What are the major paper-making and converting processes utilized across the various segments and how will changes in market demand affect the growth of these processes
3. What new technologies will be in demand and who is likely to benefit in the future? What are the major threats and opportunities?
4. How will the specialty paper supply base change and what will be the impact on producers?

## Market / Product / End Use Focus

The focus of this study is on small volume, specialized, niche paper products, applications, and markets that fall outside the mainstream paper industry segments. These grades are often developed jointly with individual customers to meet highly specific end use applications.

Each of these grades was evaluated in terms of historic and forecasted demand, growth rates, pricing, supply base, key dynamics, major applications and major sub-segments. Based on this analysis, the study uncovered grades that are declining by as much 4% per year while others are growing by 8% or more per year.

Market Study Segmentations	
Market	Application
Packaging	Advertising / Promotion
Printing	Building Papers
Technical	Communication
	Consumer Packaging
End Use	Food Processing
Business Papers	Foodservice
Commercial Printing	Industrial Packaging
Product Identification	Labeling
Product Packaging	Product Component
Sanitary / Hygienic	Sanitary / Hygienic
Wrapping Papers	Tape

The table above outlines the major market, end use, and application segments identified. By evaluating each grade individually and by segment, the major risks and opportunities become apparent.



## Study Methodology

BDA uses a combination of information sources to analyze markets, assess the supply base, and develop market forecasts.

Since limited public information exists on many of these market and product segments, BDA triangulates and reconciles available information and uses analytical tools to develop credible estimates. We also rely on field audits and internal, market, and supply base contacts to provide market information. Proprietary information obtained in private studies is not used in multi-client studies.

## Key information Sources

1. Personal interviews and discussions with industry participants including producers, distributors, end users, converters, suppliers, and other intermediaries.
2. Field audits and in market observations
3. Internal databases and analyses including historical and current shipments / demand, market / product data, end use consumption data, industry trend and performance data, and detailed supply, production, and process capability information.
4. Public information sources including company publications and releases, association data, industry reports and presentations, trade literature, government data, market surveys and special reports.

## Specialty Paper Grades

All specialty paper grades were categorized as packaging, printing, or technical grades as shown below

### Packaging Papers

Active / smart paper  
Barrier coated  
Carrier base  
Coating base  
Colored kraft  
Decorative tissue  
Extensible kraft  
Extrusion laminated  
Food packaging  
Foodservice papers  
Gift wrap  
Heavyweight papers  
High strength paper  
Hygienic paper  
Industrial wrapping  
Label facestock  
Laminating base  
Lightweight papers  
Release base  
Security papers  
Twisting paper  
Vegetable parchment  
Wallpaper base  
Waxing base

### Printing Papers

Artist papers  
Carbonless  
Color Inkjet paper  
Color Inkjet paper  
Color laser paper  
Construction papers  
Direct thermal base  
Lightweight papers  
Photographic base  
Premium cover  
Premium text  
Professional papers  
Security printing paper  
Specialty coated  
Translucent papers  
Writing papers

### Technical Papers

Absorbent base  
Asphalt saturating base  
Décor laminate paper  
Electrical papers  
Filter base stock  
Latex saturating base  
Phenolic saturating base

## Specialty Paper Study Table of Contents

1. Executive Summary
2. Introduction and Background
  - A. Scope
  - B. Methodology
  - C. BDA Qualifications
  - D. Contingencies
3. Industry / Market Structure
  - A. Market Definition
  - B. Study Terms and Definitions
  - C. Market Size and Overview
  - D. Segmentation
  - E. Industry Structure
4. Demand Trends / Dynamics
  - A. Market Segments
  - B. Paper Grades
  - C. End Use Markets
  - D. Applications
  - E. Opportunities
  - F. Threats
5. Specialty Grade Review
  - A. Specialty Paper Summary
  - B. Packaging Paper Grades
  - C. Printing Papers
  - D. Technical Papers
6. Supply Base
  - A. Paper Producers
  - B. Paper Processes
  - C. Converting Processes
  - D. Channels
  - E. Technology Developments
  - F. Pricing
  - G. Investment and R&D
7. Outlook
  - A. Paper Industry
  - B. Paper Grades
  - C. Specialty Markets
  - D. Specialty Grades
  - E. End Use Applications
  - F. Supply Base / Technology
  - G. Pricing / Costs

## 8. Appendix

**171 Total Pages**  
**95 Charts and Tables**  
**6 Appendix Exhibits**

## About BDA

BDA is an industry oriented management consulting firm focused on helping companies in mature markets identify and develop effective growth strategies. Founded in 2002 by Frank Perkowski, the company's services fall into three main areas that include:

1. **Strategic Industry / Market Studies.** These studies involve analyses related to industry markets and business strategy. Examples include market assessments, opportunity screenings, new business feasibility studies, due diligence, market research, and capability assessments.
2. **Supply Chain Optimization Services.** These services are designed to help companies throughout the supply chain maximize value. For suppliers, this includes studies that help to better understand customer needs, competitive positioning, and market growth opportunities. For buyers, this involves evaluating supply alternatives and identifying the most efficient / lowest cost supply options.
3. **Growth Strategy Development.** A major focus is helping companies in low growth / mature industry segments transition their business to take advantage of new / alternative growth opportunities. Services include opportunity identification and development, market assessments, change management, and in-house training / facilitation.

## Order Information

The base price for one hard copy of this study is **\$4,200**.

The study is available in either a hard copy or PDF version at the same price. Payment in the form of a check or wire transfer is due prior to report delivery and upon receipt of a BDA invoice. This signed order form can be faxed to BDA at 770-650-8145 or sent via email to BDA at frank@bd-advisory.com. Please indicate your purchase selection below along with identification information and your signature and forward to BDA. Section sales will be considered. Call for details.

Base Study Price for 1 Copy incl. S&H.....\$4,200

Add ( ) Extra Hard Copies @ \$100 each.....

Indicate Version desired: Hard Copy \_\_\_\_\_ PDF \_\_\_\_\_ Both \_\_\_\_\_

Final Study Cost including S&H.....

Buyer Signature \_\_\_\_\_

Buyer Name \_\_\_\_\_

Company Name \_\_\_\_\_

Company Location \_\_\_\_\_

Phone # \_\_\_\_\_



Business  
Development  
Advisory

1307 Hatton Walk  
Marietta, GA 30068  
Phone: 770-643-9081  
Fax: 770-650-8145

