

Stationery Market Report UK 2007-2012

A Review of the UK Stationery Market Size, Market Trends & Influences, Product Mix & Trends for Writing & Drawing Instruments, Paper/Board, Envelopes, Notebooks etc, Stationery Sales by Region, SWOT Analysis, Key Suppliers, Distribution Channel Shares & Key Player Profiles.

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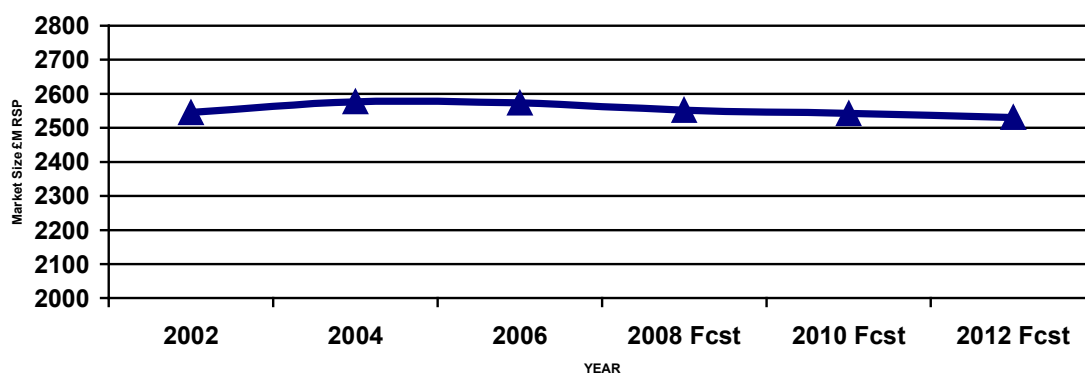
1. Introduction

MTW Research are an independent market research publisher focused on providing high quality, value for money market reports within the UK Business Products Industry. MTW Research reports are researched, collated and compiled by experienced and qualified professionals, ensuring that the information contained within the report is as accurate, relevant and up to date as possible.

MTW Research offers professional, quality market reports which are easy to read and digest and provide valuable information on which to base further research or decision-making. The reports not only provide the 'what' and 'when' but also the 'why', facilitating the development of deeper research into particular sectors by the reader.

This report reviews the UK Stationery Market since 2002 and forecasts to 2012, with the total market value illustrated below:-

Figure 1: UK Stationery Market by Value 2000-2012 (Bi-annual)



Source: MTW Research / Trade Estimates

For the purposes of this report the UK Stationery market is defined as consisting of the following:-

- **Writing & Drawing Products**
- **Paper & Board**
- **Envelopes**
- **Notebooks & Registers**
- **Other Desk Items**

Issues reviewed include key market size, trends & influences, product mix & key trends, stationery sales by region, Brief SWOT analysis, imports and exports, identification of key suppliers, share by key distribution channel, brief profile of leading stationery specialists, identification of selected stationery retailers and distributors.

The methodology for this report included primary research from manufacturers, distributors and other trade sources. This was supported by secondary research from a wide range of sources including trade journals, company reports, Companies House, Government statistics, trade associations, company websites and existing knowledge in this sector.

2. Executive Snapshot

2.1 UK Stationery Market Definition

For the purposes of this report, the UK Stationery market is defined as consisting of the following key product sectors:-

- **Writing & Drawing Instruments** – disposable & refillable pens, roller ball, ball point, calligraphy, fountain, propelling pencils, refills, felt tips / markers, technical use pens, crayons/wood pencils/pastels/charcoal.
- **Paper & Board** - Uncoated & coated paper and board for graphic, writing, tracing, copying, printing etc in rolls and cut sheets, letter cards, plain postcards and correspondence cards of paper or paperboard.
- **Envelopes** – window / non window, pocket, wallet, peel and seal, press seal, gummed seal, twin gummed, excluding padded bags.
- **Notebooks & Registers** - registers, account books, notebooks, order books, receipt books, diaries, notepads and similar items, exercise books, blotting-pads, sticky / repositionable notes, binders, folders, file covers etc.
- **Other Desk Items** - Fittings for loose-leaf binders or files, staples, letter clips, letter corners, paper clips, plastic / metal trays.

The above products are defined as manufactured for use within commercial or domestic environments, with primary applications being corporate offices, domestic use, SOHO (small office / home office) etc. The definition **excludes** products used for gift wrapping / greeting cards etc and in manufacturing for use in other applications (e.g product labelling, packaging, newspapers etc.)

In addition, the definition also excludes any associated labour activity, with market sizes provided for the material cost only, at retail selling prices. As such, activities such as overprinting, printing / typesetting, etc are excluded.

Key distribution channels which are primarily involved in the supply of these products include wholesalers, office superstores, mail order, high street stores & stationers, retail multiples, printing companies, direct supply etc. A share for these key channels is provided later in the report.

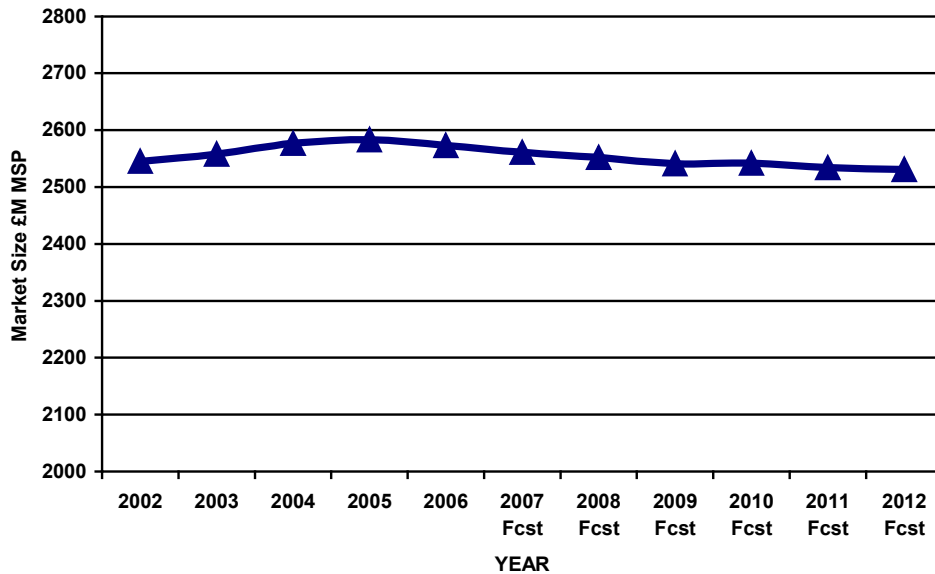
Given the wide range of products included and the large variety of end use application sectors, there are clearly some complexities in terms of market definition, and therefore quantification. The figures provided in the report should be regarded as our best estimates based on a wide range of primary and secondary research, and should be regarded as such.

2.2 UK Stationery Market Size

Having experienced relatively difficult trading conditions in recent years, the UK Stationery market is currently estimated at just over £2.56 billion at retail selling prices in 2007.

The performance of the market since 2002 and forecasts to 2012 is illustrated in the following chart:-

Figure 2: UK Stationery Market – 2002-2012 £M RSP (figures excluded from sample)



Source: MTW Research / Trade Estimates

The stationery market has remained under pressure for some time, both in terms of average selling prices and volume demand. In 2007, the market is forecast to reach a value of around £2.56 billion at retail selling prices, reflecting a nominal decline of just under x% in value since the 2006 value of £xx.x million.

The relatively positive market performance witnessed in the mid - late 90s has not been replicated in recent years, with the market having increased only marginally since 2002, by around x% in value terms. There are a number of factors which are and will continue to dampen market value growth opportunities for stationery products, primarily linked to rising raw material costs, the continued threat of lower cost imports, threat of substitutes and the development in the market of a growing number of retailers focused on the lower value end of the market.

As such, trade sources indicate that significant rises in market value are unlikely in the short to medium term, despite greater optimism in terms of volume growth. Prospects at present therefore are suggested to be lacking significant optimism, with the market value likely to remain relatively static in the medium to longer term at around £xx billion.

2.3 Stationery Market Product Mix

The following chart illustrates our estimates of the share taken by the key product sectors in the UK stationery market in 2007:-

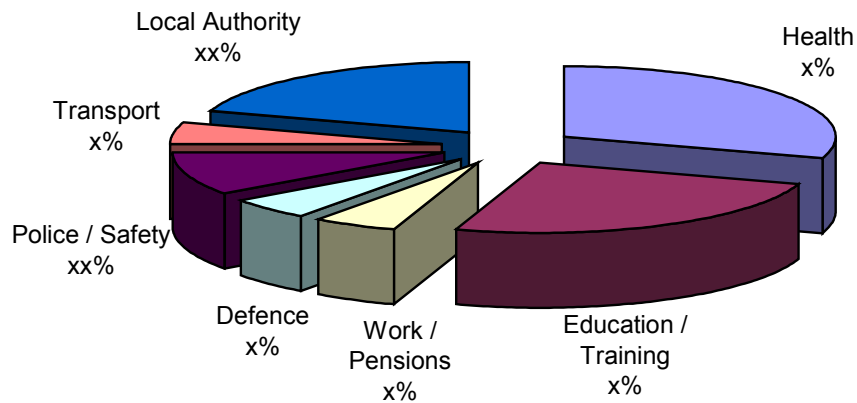
4.6.1 Stationery Sales Share by Key End Use Sector – Public Sector

The public sector is indicated to be the largest end use sector for stationery products, with health, education, defence and local authorities being primary sectors within this market. The NHS is the largest employer in the UK, with over 1.3 million staff, reflecting a significant demand for stationery products. Overall, the public sector is currently estimated to consume just over £x billion of stationery products each year.

Sources indicate that demand from the public sector has continued to increase in recent years, following substantial investment from the Government. Centrally funded public sector organisations in particular are suggested to have exhibited the highest growth in demand in areas such as Health and Education.

The following chart illustrates our estimates of the mix of stationery sales by key public sector in 2007:-

Figure 23: Stationery Sales Share for Key Public Sector in 2007



Source: MTW Research / Trade Estimates

The above chart is based on spending by the government on key public sectors and trade sources. There are a wide range of complexities in determining spend on stationery by sector and the above should therefore be regarded as indicative only.

As the chart illustrates, the health sector, which includes a wide range of primary care trusts as well as secondary care facilities, is estimated to account for around xx% of total public sector spending on stationery in 2007, reflecting a value of around £xxx million of stationery sales.

In 2005, under the National Contracts Sourcing Project, the NHS Purchasing and Supply Agency and NHS Logistics established a new national stationery purchasing agreement. The NHS Purchasing and Supply Agency stated that this collaboration would provide cost saving of just under £xx million for NHS Trusts in terms of stationery purchasing. The agreement is open to all NHS Trusts, and follows the general principles of Sir Peter Gershon's efficiency review in 2004.

The Education and Training sector is currently estimated to be the second largest driver of demand for stationery products in 2007, reflecting a value of around £xxx million at RSP. Sources indicate that this sector has also benefited from an increased government commitment to this sector in recent years. Whilst spending growth is unlikely to match those witnessed in early 2000s, there are still signs for optimism in this sector. In 1997, government spending per pupil was recorded at £2,500 and by 2010 this will reach £6,600, reflecting an increase of over 160%.

Specification and supply is typically undertaken by the DfES (Dept for Education and Skills), with a number of departments involved with the National Contracts Team having primary responsibility for national Desktop Stationery contracts, as well as Personalised Printed Stationery, Water Chillers, Fax machines and Photocopier contracts.

Spending on stationery products by the local authority sector is also significant and in 2007 is estimated to reach a value of around £xxx million at RSP.

Sources indicate that demand from local authorities rose in value terms to some extent in the late 1990s / early 2000s, though has since slowed to static demand levels of late. This steady demand is likely to continue in the short to medium term, given growing demands on local authorities for spending on infrastructure, waste management etc whilst having to limit council tax rises to around 3% per annum.

In terms of specification and supply of stationery products, local authorities are primarily able to act autonomously, though must remain within the law, financial propriety and their own standing orders established under Section 135 of the Local Government Act 1972. Sources indicate that the purchasing department within a local authority will typically operate under one of the four following approaches:-

- Authorities which allow each potential unit or department to buy for itself.
- Authorities where the unit which buys the most acts for the others.
- Authorities where a central purchasing facility provides for all units.
- Authorities where goods and services are bought through a consortium

Indications are that around xx% of local authorities make use of purchasing consortium, particularly for high volume, low sectors such as the majority of stationery products. There are typically three types of purchasing consortia:-

- **The joint committee (eg the Yorkshire Purchasing Organisation)** - A joint committee is generally a single organisation with its own staff and jointly held assets, acting in the combined interests of its members. The member local authorities usually share any profits and are represented on a joint committee they are, in effect, shareholders.
- **The private sector consortium (eg the Consortium for Purchasing and Distribution)** - A single company with shareholders. Its market is local government and the wider public sector and it offers similar benefits as a joint committee consortium.
- **The collaborative arrangement (eg the London Contracts and Supplies Group)** - A single organisation with its own staff and jointly held assets, acting in the combined interests of its members. The member local authorities usually share any profits and are represented on a joint committee. The joint committee sets policy and oversees the work of the single organisation.

4.6.2 Stationery Sales Share by Key End Use Sector – Private Sector

The following chart illustrates our estimates of the share by end use sector for stationery sales to the private sector:-

Figure 24: Stationery Sales Share for Key Private End use Sectors in 2007