Trends in White Linerboard Market – On the Way up?

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Metsä Board
Metsä Board – a **Leading European Producer of Premium Fresh Fiber Paperboards**

- Strong market position
  - #1 in folding boxboard and white kraftliners in Europe
  - #1 in coated white kraftliners globally
- Our customers are brand owners, retailers, converters, corrugated box manufacturers and merchants
- We deliver to over 100 countries
- Sales of USD 2.1 billion
- 2,350 employees

**Folding boxboard in Europe**
- Total capacity 4.2M tons
- 35%

**White kraftliner in Europe**
- Total capacity 2.3M tons
- 32%

Metsä Board
Global **White Linerboard** Market is 11 Mt/a

Global **coated** white kraftliner market 1 Mt/a

Global containerboard market is **176 tons/a**, of which:

- **White linerboards** 7%
- Brown kraftliner 17%
- Brown testliner 37%
- Fluting 39%

Source: Metsä Board estimates
Global Supply of White Linerboard

- Tight market for white kraftliner (fresh fiber-based), only minor net capacity increases announced
- Stronger capacity increase in white testliner (recycled fiber-based)
- New entries by graphic paper producers. The weakening market attracts conversions from graphic paper to containerboard
Market Drivers for White Linerboard
The Changing Retailing Landscape

- Hypermarkets to remain the biggest channel worldwide, but reducing dominance
- Discount and convenience stores the fastest growing brick and mortar stores
- Many different packaging solutions for different channels

➢ Discount stores are a strong driver for colorful floor & pallet displays as well as shelf-ready packaging
Retail-ready-packaging Captures Attention and is Cost-efficient

- According to a study by POPAI in 2014, 82% of purchase decisions are made in-store.
- High-quality graphics on corrugated packaging capture consumers’ attention on shelf.
- Retail-ready-packaging
  - Reduces labor and handling costs.
  - Enables stacking of packages on the floor to save space.
Growing E-commerce
— Why White Boxes?

• Branding of the packaging to evoke emotions and build customer loyalty
  – First impressions are quick to form, but slow to change

• Unboxing experience is a powerful branding tool
  – “Unboxing” videos can get millions of views on the Internet
    ➢ Free advertising

• Personalization of e-commerce boxes to differentiate from big volume operators
  – Personalization supported by advanced technology in digital printing for corrugated
Adoption of Digital Printing Driven by…

- Shorter print runs
  - Versioning, seasonal products, private labels
  - Personalization - a way to interact with the consumer
- Reduced time to market
  - Short-term campaigns
  - Last-minute demand changes
- Technological development
  - Improved quality enables serialization of barcodes & printing of digital watermarks directly on corrugated
  - New, high-speed water-based inkjet machines to compete with flexo and offset
Conclusions

- Mid-term average growth rates for white linerboards estimated be to 3–4%/a
- Main demand drivers are:
  - The expansion of discounters and consequently increasing usage of retail-ready packaging
  - Technological advancement in digital printing, enabling personalization and versioning of products at more competitive costs
  - Customized solutions in e-commerce to improve unboxing experience and let the packaging represent the brand

White linerboard market is on the way up
Examples of inspiring & innovative designs
Spirit Cartons made of White Kraftliner

Simple, stylish microflute designs

No printing – only black & silver or gold foiling
A new opening experience thanks to the unique opening mechanism
E-commerce ‘Arrow box’

A surprising opening experience thanks to the colorful artwork
‘Stretching Inner Part’
– the Winner of Better with Less – Design Challenge 2018

A microflute construction that can replace bubble wrap
Make the most of Metsä Board