



WRITING THE FUTURE

How did things end up in the pen and ink sector in 2005? And what's new in 2006.

JANE SMITH reports.

Last Autumn, we put together our feature on writing instruments from talking to leading manufacturers. The distinct message that came back was that in this very crowded, competitive market there were signs that consumers were prepared to look at trading up away from entry level, own brand and Far East imports. There was also a great feeling of optimism that the consumer wanted to be educated and presented with clear choices in terms of quality, innovation and price point.

This month we have gone back to see how last year ended and this year has begun.

"Last year was a challenging one for sales in writing instruments" says Jamie Faulkner, marketing director of Sanford UK. Total sales were down by 8.4% to reach £180.6m, compared with £197.1m in the previous year, and while volume grew by just 0.4% over the period, this was driven largely by loose product, according to figures from research house GfK.

To be fair this news is typical of the whole industry. Trading conditions in 2005 were very tough indeed, with so many categories reporting significant sales shortfalls, some in double-digit percentages. The signs are that this >>



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will continue through 2006. So how is the mood among manufacturers and how can resellers make the most of the opportunities that do exist?

According to Faulkner, retailers have all too frequently focused their offering on entry level products. "In striving to offer the lowest price to consumers, retailers experienced a short term volume sales boost, but this tactic has encouraged consumers to trade down."

Our observation is that this is true of all channels and categories. Tough market conditions often lead to such short-term tactics but we should all resist the temptation. At the end of the day the only winner will be the consumer. To add value back into the category it is important to embrace the brand manufacturer's efforts to bring innovation and new products, added features and sell these benefits on to the end user.

We believe that brands are relevant to consumers, as is evident from the significant shift back to brands seen in other sectors. The grocery sector for example has recognised this with the proportion of own label offerings falling dramatically over recent years and a marked increase in brand choices. Surely it's only a matter of time before this becomes the case with stationery and that has got to be healthy for the industry as a whole. Even in b2b there are the definite signs of consumers being ready to pay a little more for a product that performs and feels better. So where to look for opportunities?

Within existing business it's time to go back to the good old-fashioned approach of demonstrating and sampling new, innovative products. You'll find plenty of support from manufacturers who will jump at the chance to communicate with your end users to convince them to buy

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their brand. Look to see what your customers currently buy and what they are paying. Find a couple of products to take in to show them what they could buy.

For example, Sanford has brought out a raft of new products under Papermate, Berol and Parker Brand names, all with added value features such as the Papermate Auto Advance introducing the next generation of self-advancing mechanical pencils, or the Flexgrip Gel which builds on the success of the Flexgrip Ultra range and combines gel ink technology and with a fresh feeling design.

In terms of building new business manufacturers have been working hard to identify and develop products specifically meeting niche needs and brand new market sectors.

One example of this is the BeGreen range from Pilot. Designed to appeal in the high street as well to environmentally conscious businesses, this is a complete range of products made from 70%+ recycled materials. Ranging from highlighters to markers and pens, this will surely provide a great opportunity for many of you.

Uni-ball is also keen to break new ground and have been busy looking at emerging markets. Clare Gibbard, Uni-ball marketing manager told us, "This year, the leading brands in the writing instruments market are noticeably investing in their relationship with the consumer in order to drive interest and pull through sales. A new breed of eight

to ten year olds that are looking for ways to bridge that gap between childhood and the teen years has opened up a 'tweens' market ripe for 'latest craze' products. Uni-ball is intent on capturing this market for its customers with its new Scribble Squad range of character gel pens."

Again, worth a look for any of you retailers out there.

Now, talking of new markets, if you've not heard already, the art and crafts market is being talked about by everyone and is being hailed as a fast growing opportunity that the office products industry could potentially tap into.

Gibbard says, "There has been a noticeable increase in demand for writing instruments in the art and crafts market. Our Posta and Paint Marker ranges are already benefiting from this and we are looking to capitalise on this growing interest by improving our product offering for this market and supporting stockists' growth."

Other manufacturers agree. Berol, the UK's No1 recognised childrens' brand and recognised in the education sector has recently launched a new retail range of arts and crafts products. They believe there is a market potential exceeding £10m. There are six new Berol art and crafts products in the new range, which complement Berol's existing retail handwriting and colouring products.

Maybe it's time for you to revisit your sales of writing instruments and see where you could maybe trade up or open up new sales potential. There is still a great deal of energy coming from the brand leaders of this sector. Even though market conditions are tough there is still enthusiasm and the belief that education, communication and innovation will persuade consumers that it is worth paying that little bit more. ■