

PAPER COMPANIES ADOPT SOPHISTICATED TECHNIQUES TO WIN CUSTOMERS



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MARKETING EFFORTS TAKE PAPER FROM COMMODITY TO BRAND NAME STATUS

WHAT DO PAPER AND WATER HAVE IN COMMON? Well, up until recently, both were basically treated as commodities. Water was water and paper was paper. Enter: Perrier, Evian, and other companies. Through their marketing efforts, they transformed bottled water into recognized, sought after, brand name products.

Likewise, paper companies are using a full range of marketing techniques to establish brand recognition, attract customers, and enhance the efforts of their sales forces. At the same time, they are adapting to the opportunities and challenges of a rapid succession of mergers and acquisitions, as well as increasing and expanding uses of the Internet.

Old standards—sample books, design contests, and direct mail campaigns—are still useful sales and marketing tools, but today's companies are also making use of the Internet and customer relations to call attention to and gain loyalty for their products.

Sometimes a clever gimmick is enough to start with. Potlatch, for example, recently added a matte grade to its "McCoy" family of coated papers. It's being promoted to printers and designers as a cost-effective, high brightness (96), premium text and cover stock with a "soft, painterly surface."

A paper sample brochure asks, "Have you seen Matte McCoy?" It treats "Matte" as a person being described by friends and relatives in terms that convey the qualities of the paper. Matte's grandpa, for example, says "When Matte was young, he obeyed whoever was in charge, played well with others, stayed consistently amiable, and was generally very low maintenance...Not like all them other little sheets..."

Another way to promote a product is to enlist support from the target audience and to provide useful information to that target audience.

Gilbert Paper (a Mead company) worked with a number of design firms to put together a discussion about how corporations manage their annual report communications. The dialogue with five designers (part of a continuing series), with a portfolio of examples from each firm, was then printed on a sampling of Gilbert papers. It, along with other booklets and samples, can be ordered from Gilbert Paper's web site (www.gilbertpaper.com).

It pretty much goes without saying these days that a company will have a web site. Both Potlatch (www.potlatchpaper.com) and Gilbert have web sites designed to appeal to the creative mind.

Potlatch combines whimsy and practical information on its web site. You can locate paper merchants by state, calculate the approximate amount of paper to order for a project, order publications, check paper specifications, link to sites to learn origami, and even discover the 10 "true" paper tests ("3. Have Bill Clinton and Ken Starr each grab a corner of it and let them go.").

Gilbert's site uses a diner motif, with comic relief provided by hosts "Gus" and "Ruth." The site includes ordering options, questions answered by designers of the day, and a graphics gallery with short biographies of designers with examples of their work created using Gilbert paper.

Yupo Corporation, a Japanese company whose mill in Chesapeake, VA, produces synthetic paper, also took a more creative approach in designing its web site (www.yupo.com). Plates fall from the top of the screen and align themselves in a circle. Visitors then select those that match their interests (designers, printers, distributors). Printers, for example, can then get technical data for YUPO paper, including chemical resistance and thermal properties. On the lighter side, the site includes games and examples of creative work that use the company's paper.

“Our product is very different,” said Paul Mitcham, the company’s marketing manager. “If our web site is like those of other paper companies, then it defeats the purpose,” he said.

On the surface, though, Yupo is very much like other paper manufacturers. Most of its product is sold through paper merchants, not directly to end users (printers and publishers), Mitcham noted.

Yupo uses a wide range of promotions. Those range from print advertising in printing and design publications to direct mail and booths at trade shows. They also use a public relations firm (A.B. Isackson) for press releases and media support. “All together, it seems to work,” Mitcham said.

Earlier this year, Yupo started a program involving printers to help expand the market for its synthetic paper. By joining “Team Yupo,” printers with an interest and ability to print on YUPO paper can receive personalized training, technical support, and sales leads.

Although a Japanese-owned company, there is an understanding that doing business in North America is different from in Japan, Mitcham said. To carve out a market share, the U.S.-based marketing team needed flexibility and the power to initiate creative programs. “Fortunately, our parent company recognized the need for this creative freedom,” he noted. That freedom helps make it easier and quicker to get things done.

MORE THAN MEETS THE EYE

To the average web-surfer or art director, Plainwell Inc.’s home-on-the-web (www.plainwell.com) is almost plain compared with those aimed at designers. It offers a choice of company history, some quarterly reports, and a few news items. You can also choose between paper and tissue to find a basic catalog of information about the brands the company produces. But, for those who have the magic “key” the site reveals itself to be a vast, evolving sales and marketing resource.

When Plainwell set up its web site, it targeted merchants as its primary audience for additional services, said Cliff Jones, director of business planning and development in the specialty papers division. Features merchants gain access to after entering their account number include the following:

- a full selection of samples, both plain sheet and demonstrating a range of uses
- inventory specials—close-out and overstock items available at up to 40% discount
- complete inventory listing, updated hourly, at four Plainwell distribution centers
- status reports on their orders, updated every evening, along with carrier, tracking, and contact information
- sales performance reporting data, and
- photos and short biographies of Plainwell’s customer service people.

Plainwell recently entered into an alliance with Printer-Alliance.com, an Internet purchasing site in which about 300 U.S. printers participate. Those printers have access to the full selection of samples and the same inventory specials available to merchants. They also have access to a merchant locator to help determine who serves their area. In addition, they can also check whether a merchant stocks or has access to an item they might like to order.

Plainwell will be adding other enhancements to the site over the next several months, including activity tracking capabilities, Jones said. Plus, Plainwell will continue to use target direct mail and email to printers and graphic designers.

A MARKETING AGENCY’S PERSPECTIVE

Plainwell, like many companies, has used an outside agency to help it market and gain recognition for its products. The marketing agency it turned to—FH&K—has represented a number of paper companies, including Champion, Buckeye, Kimberly-Clark, Appleton Papers, and Manistique Papers (Kruger).

The primary goal of any marketing effort should be to generate leads for the sales force, said Mike Kruse, president and CEO of FH&K (www.fhkinc.com). He recommends that companies take an ROI approach to marketing and try to assess the cost per lead. The basic formula for doing that is to take the total amount spent on marketing, add in the cost of the sales force, including overhead, then factor in the total number of leads generated and the percent converted to sales.

The job of an agency is to offer expertise on where to spend promotional money most effectively. FH&K provides a “roundhouse” approach to marketing, analogous



to the railroad service yards where engines are tuned up and fitted to perform at peak performance and then sent out on the right track.

In practice, that means the agency draws on its expertise in market research, advertising, interactive media, promotion, public relations, media planning and buying, direct marketing, telemarketing, and sales support to develop a strategic marketing plan for a client.

Technology has brought significant changes to today's market, Kruse observed. The personal computer and digital presses have significantly changed purchasing habits for coated and office paper, he noted. Small and mid-size printers can run small print runs economically, so they have less need for a large inventory of paper. Jobs that might have gone to a printer in the past, are now being produced on office computers and printers.

That has also shifted the focus and approach for marketing paper. Art directors now are more creative, but they have also become more technically inclined. And, while merchants are still a significant audience, the people who actually use the paper are also gaining more attention and influence.

The Internet has gotten a lot of attention as a vehicle for companies to market themselves and their products. Initially, companies may have started a web site simply to have a presence on the Internet, without a clear plan for what else they may have wanted to achieve with the site or a clear target audience for the information. Companies are becoming more savvy about the potential of the Internet. A good marketing firm can help companies determine how to position themselves on the Internet, to move beyond the basics of company fact sheets, financial reports, and press releases.

The Internet allows one-on-one marketing, though it's still a long way off from fully realizing that potential, Kruse noted. Through e-commerce, it is also opening new avenues for dealing and interacting with customers. Kruse cites JuneBox.com as a good example of a vertical Internet "portal," a web site that sells multiple products to one market—teachers.

Even with all the Internet and technological whiz-bangs, marketing efforts should not overlook more established methods for promoting products, Kruse emphasized.

Traditional advertising—newspaper and magazine ads, radio and television spots—give a company credibility, because they cost money. In contrast, nearly anybody can have a web page, at almost no cost.

The number one vehicle for advertising the Internet and attracting people's interest to web sites is traditional media. You still have to create an awareness, Kruse said. People still get magazines and read magazines. The question now is how targeted to be and which channels to emphasize.

MERGERS, MARKETING, AND MORE

What happens when two companies merge? Do they continue to market and produce all the brands and varieties of papers each had carried?

Yes. No. Sometimes. Sort of.

International Paper (IP), in its acquisition of Union Camp, had to deal with that question, and it's repeating the exercise with its recent acquisition of Champion.

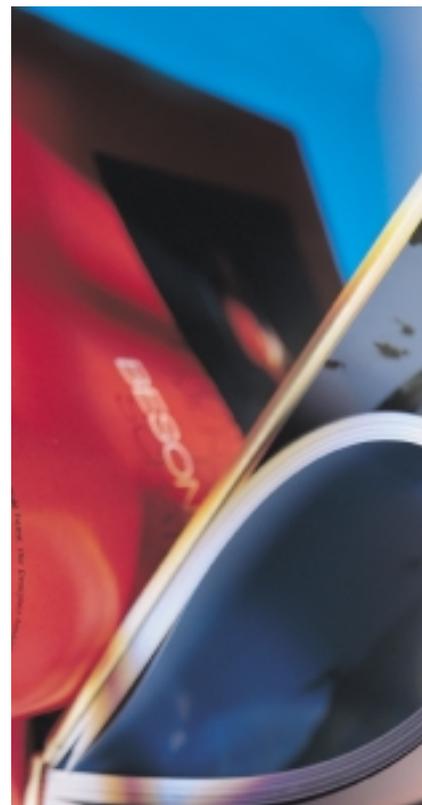
Even before a merger gets serious, the prospective owners evaluate the existing product portfolios of the two companies to see where they complement each other and where they overlap. In the case of IP and Union Camp, the product lines meshed quite nicely, said Bob Fitzgerald, IP's director of marketing, office and consumer paper. Union Camp had the Great White recycled and Crayola-licensed brands; IP had the Hammermill, Jet PRINT Photo, and Invent It brands, among others.

On the consumer side, IP would have three brands crafted for distinct audiences, Fitzgerald noted. The Crayola brand had ready appeal for kids 6- to 10-years old. The Invent It brand served as an all-purpose paper bought by moms, while dads were targeted to buy Jet PRINT Photo.

On the business side, a renewed effort was needed to bolster brand identity. The previous Union Camp management had deemphasize the recycling heritage of Great White, Fitzgerald said. Building on the results of consumer research, IP took the view that it would be better to differentiate Great White as a high quality recycled paper particularly suited to the small office/home office (SoHo) market, added Jim Timmes, brand manager for Great White.

During the research process, one of the participants also commented that a great white shark would be a good symbol for the paper. The marketing team thought it was a great idea and have incorporated a shark and the recycled symbol as part of future packaging for Great White paper.

In evaluating the Hammermill product line, the marketing team found that it had a well established brand. Hammermill papers, dating back to 1898, conveyed a sense of longevity



and trust, said Don Starver, Hammermill brand manager. But a fresh approach to marketing the paper, especially on the Internet, seemed warranted.

Through research into consumer perceptions, IP found that people didn't understand "paper speak," Starver said. A brightness of 94 was a meaningless specification to the average consumer. They'd pick up a package of paper and think, "this doesn't feel like 20 lbs." So IP shifted from marketing paper by specification to looking at how consumers buy paper—by what they want to do with it.

The Hammermill web site (www.hammermill.com) illustrates the new approach. It's organized to emphasize the ways that a visitor to the site might want to use Hammermill paper for various office and business applications. The site also includes tips and resources for creating effective business documents.

IP's efforts have been to transform paper from being a commodity to differentiating its products as brands. Although the IP and Union Camp brands meshed well, some culling was needed. In the jargon of the business, that meant weeding out some of the stock items (SKUs) within the line-up for each grade.

Ken Haldin, media relations at Georgia-Pacific (www.gp.com), provided an overview of that forest products company's approach to marketing its products. G-P, currently working to acquire Fort James, is both huge and diverse. Its products range from pulp and paperboard to fine papers and tissue, to chemicals and building materials.

To call attention to the many household products the company produces, G-P launched a national campaign this spring using two television commercials. The commercials provide visual support for G-P's new theme, "We make the things that make you feel at home." At the same time, the company revamped its web site to make it easier to use and more useful.

Because of the diversity of its products, and the differing target audiences, each of G-P's various divisions is responsible for allocating dollars and developing cam-

paigns best suited to its potential customers. Even web site content is developed separately by each division. Some sections tend more toward product specifications and ordering information. Other sections, such as consumer tissue, gypsum, and building products, focus on consumer interests and the reasons or ways they use the products. All three include things consumers can do or make in a "project section" of the web site.

Through www.gphealthsmart.com, a separate web site, the tissue side provides educational information "to raise awareness of the use of paper products as a first line of defense against accidental contamination from germs in the home." It includes teaching guides and materials, a "virtual" home showing where germs are commonly found, and promotional information.

In June, G-P announced the launch of a new and improved (meaning thicker and softer) Angel Soft toilet tissue. The marketing effort included press releases, national advertising campaigns, and consumer testing and promotions.

One of the tie-in programs, sponsored by G-P's Angel Soft, will honor five "Angels in Action"—children under the age of 12 years who have performed heroic or courageous acts. Ceremonies will be held in New York City during October 2000.

G-P has relabeled its office papers to make the corporate brand more prominent, whereas in the past, the product names were given more emphasis. In July, G-P announced an alliance with Xerox to produce and distribute Xerox brand commodity multipurpose papers in North America. "Our research tells us," Haldin said, "that buyers of office papers consider the Xerox name a highly valued brand name." The move is in line with G-P's efforts to focus on value-added products, as does the acquisition of Fort James Corp.

Fort James, established in 1997 through the merger of James River and Fort Howard corporations, is one of the world's largest tissue producers, with such recognized brands as Quilted Northern toilet tissue, Brawny paper towels, and Dixie plates and cups. The company also produces food wrap products and office printing and copying paper.

Assuming the acquisition of Fort James clears all the remaining hurdles, G-P will have to decide how to merge the two companies' product lines, which to prioritize, and even which to eliminate, much as it did when Wisconsin Tissue became part of the company. It will also gain a substantial European presence, with similar, and yet distinctive marketing challenges to address. TJ

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