

# **Buyer-Seller Viewpoint Analysis**

## Paper and Biorefinery Conference



Graz, May 31<sup>st</sup> 2017



- Management consultancy specialized in the pulp, paper and packaging manufacturing industry
- Focus on sustainable performance improvements
- Interdisciplinary and collaborative project approach
- International team of industry experienced consultants
- Primarily top tier paper & packaging companies among client base (>€ 1bn in revenue)
- Vienna office founded in 2006
- US operations started in 2010
- Projects in more than 30 countries



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# Objectives of the buyer-seller viewpoint analysis

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## Evaluation of collaboration in the forest-based industry

- Market
  - Insights into perceived market developments in the forest-based industry
- Collaboration
  - Currently practiced and aspired forms of collaboration
  - Collaboration performance of the forest-based industry compared to other industries
  - Perceived benefits of, and barriers to collaboration



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**StepChange Consulting conducted this analysis by surveying conference participants and additional other industry experts**

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## Respondents came from a variety of backgrounds

## Demographics

### Demographics



- More than 100 survey participants
- Focus on conference participants and additional industry experts

### Participants by functions



- 59% sellers
- 25% buyers
- 16% other

### Participants by industry segments



- 47% suppliers and service providers to the forest-based industry
- 38% producers of pulp, paper & packaging
- 15% other interest groups of the forest-based industry

### Market overview

Current and aspired forms of collaboration between buyers and sellers

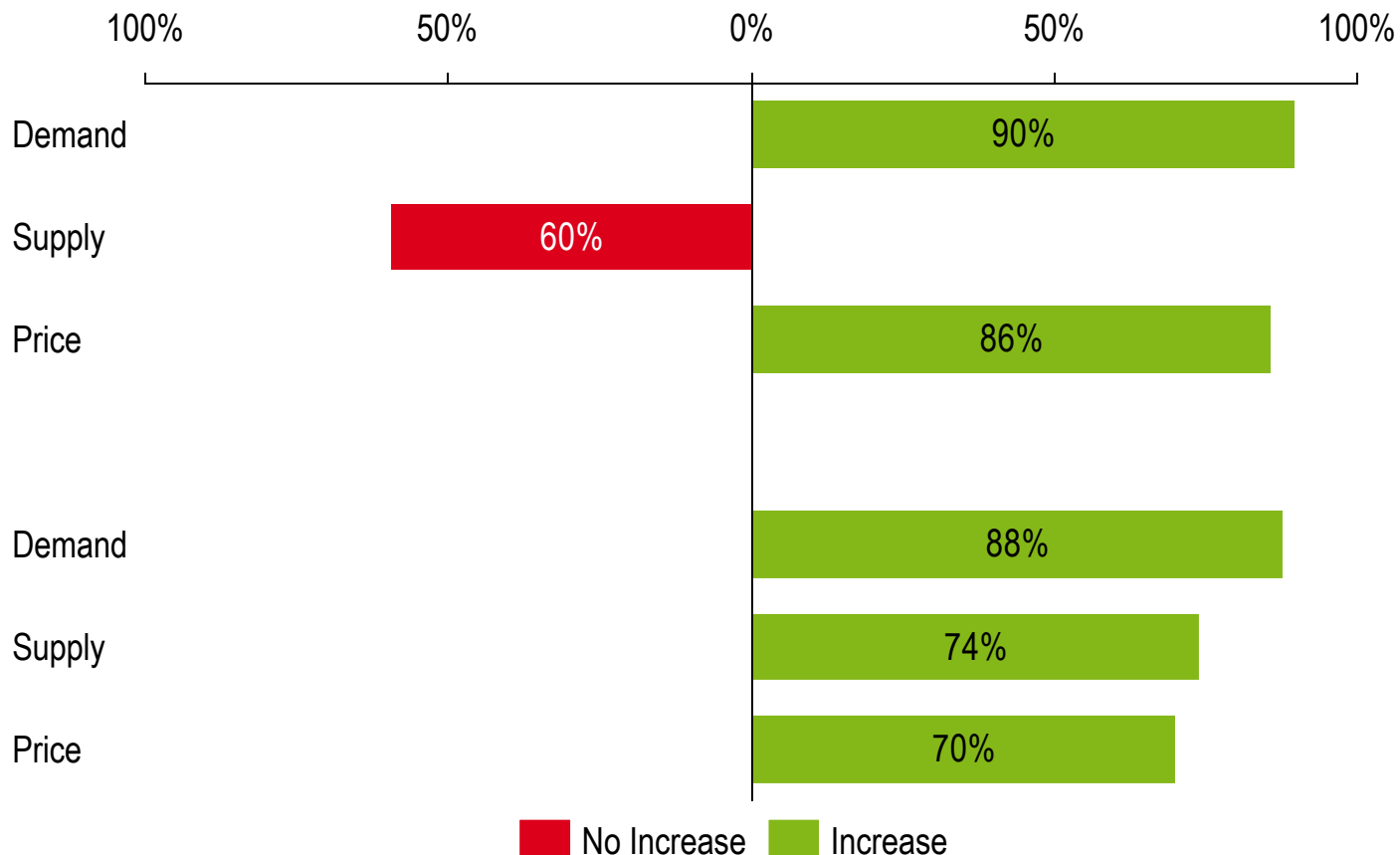
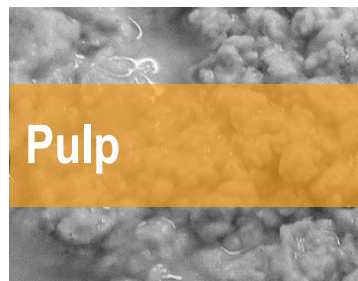
Collaboration: Benefits and barriers

Key take-aways

# Wood demand expected to increase, supply with different trend. Demand, supply and price for pulp expected to increase.

Until 2020 I expect demand/supply/price to increase (all respondents)

Market Overview

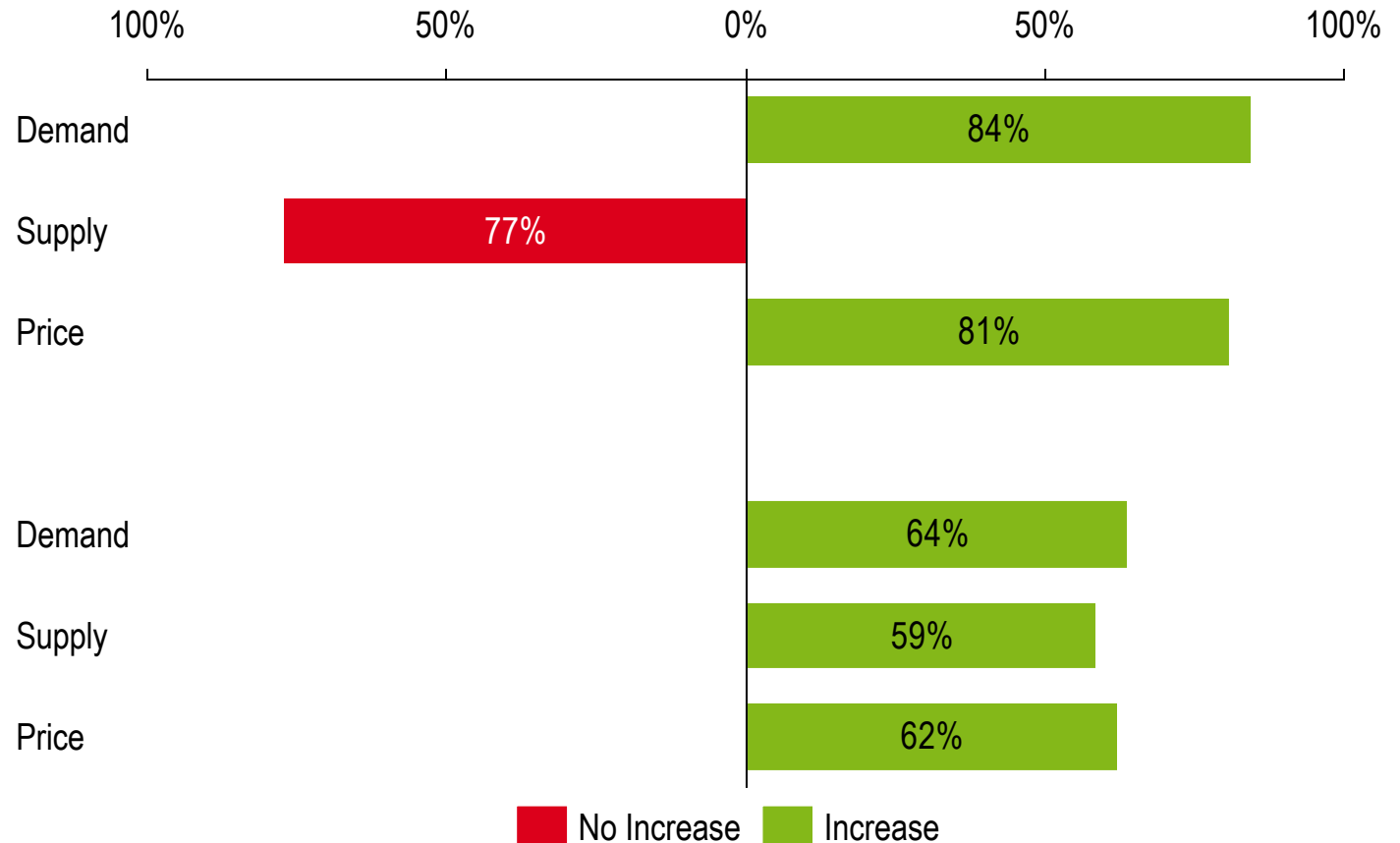


If you are a wood buyer... Are you ready for a potential margin squeeze?  
If you are in the pulp business... How do you handle the pulp paradox?

# Recovered paper demand anticipated to rise, no increase in supply. Demand, supply and price for chemicals expected to increase.

Until 2020 I expect demand/supply/price to increase (all respondents)

Market Overview

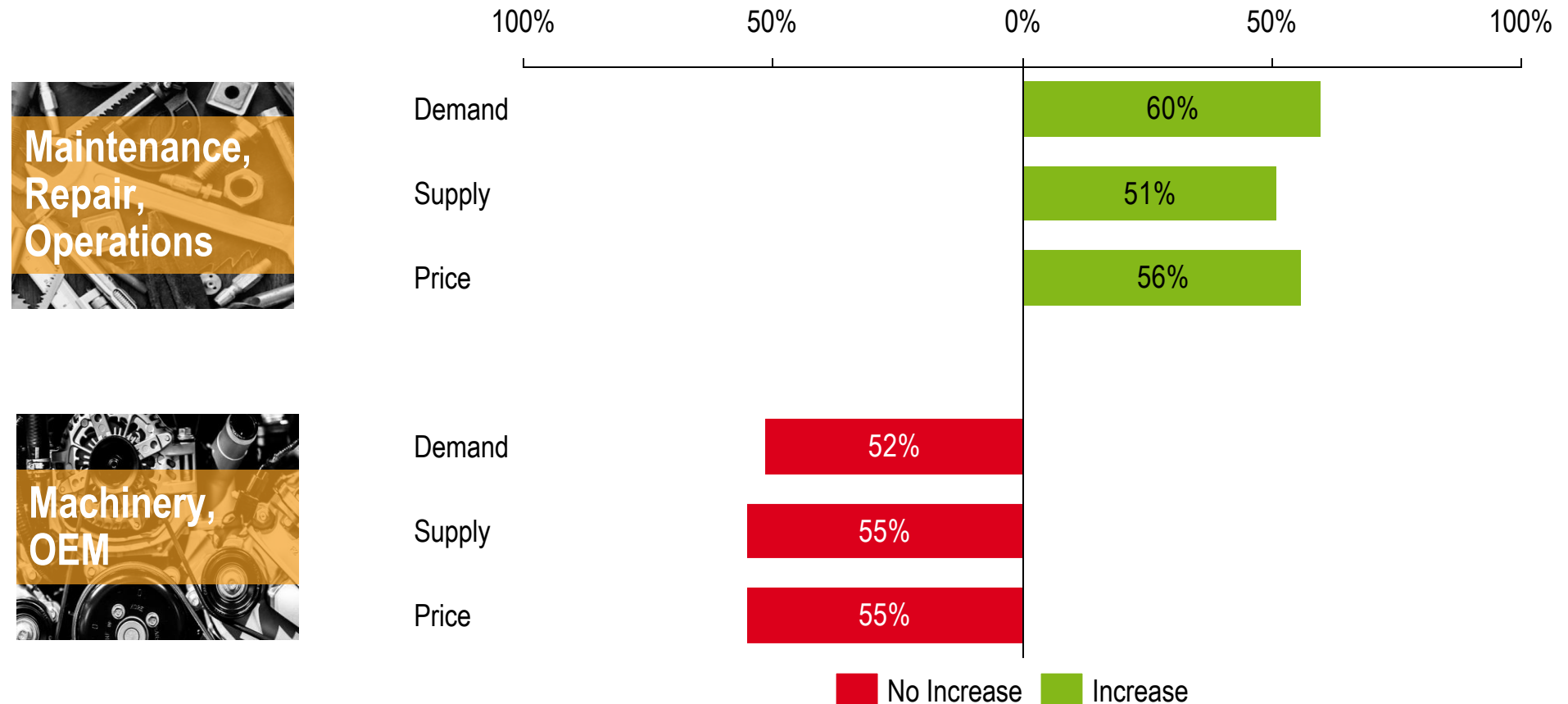


If you use recovered paper... Have you considered all possibilities to reduce risk?  
If you buy chemicals... Are you prepared for price increases?

# Balanced views on future market developments for MRO and machinery

Until 2020 I expect demand/supply/price to increase (all respondents)

Market Overview



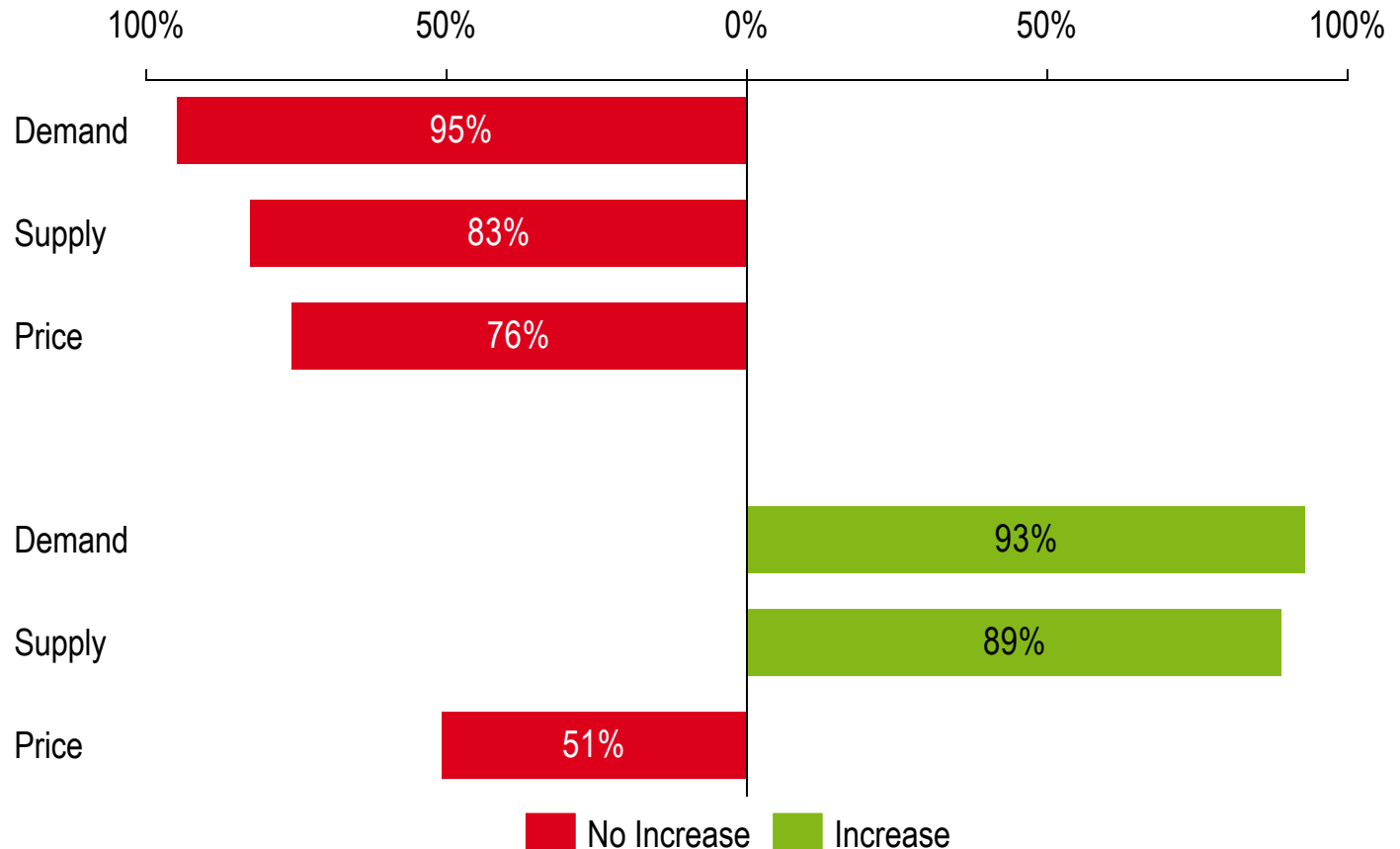
 If you are in MRO or machinery/OEM business... Are you prepared for differentiation?



No market growth expected for graphic paper. For packaging paper, respondents expect demand and supply to increase.

Until 2020 I expect demand/supply/price to increase (all respondents)

**Market Overview**



If you are a graphic paper producer... What do you do to improve your cost base at lower utilization rates? If you are a packaging paper producer... Are you ready to manage pricing?

Market overview

**Current and aspired forms of collaboration between buyers and sellers**

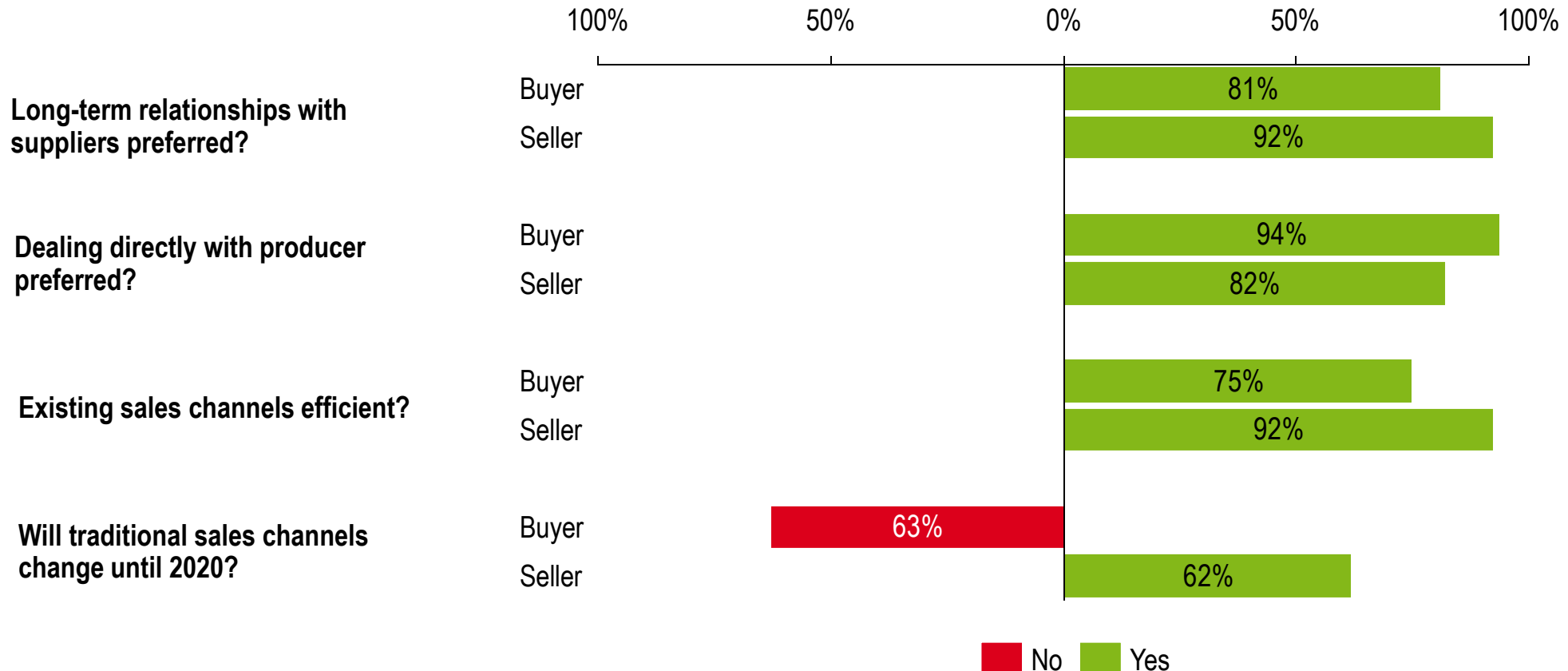
Collaboration: Benefits and barriers

Key take-aways

**Direct, long-term relationships are the preferred mode of interaction in the forest-based industry. Sales channels considered efficient.**

**Relationships and sales channels (buyers/sellers only)**

**Sales Channels**

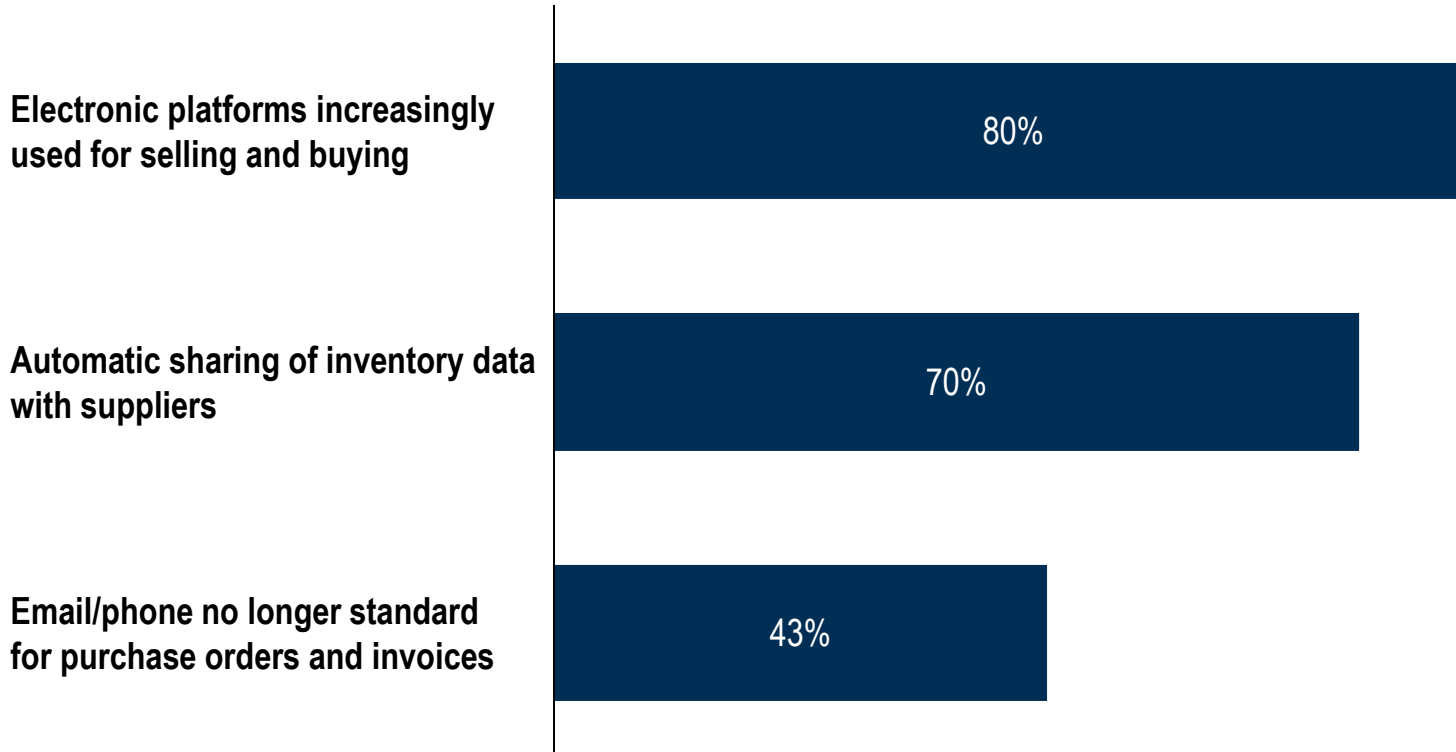


**If you are a buyer in the pulp and paper industry... Sales channels might be changing faster than expected. Are you ready for these changes?**

# The change in sales channels is thought to be driven by electronic platforms and the automatic sharing of inventory levels

If you expect sales channels to change, how will they change?

Sales Channels



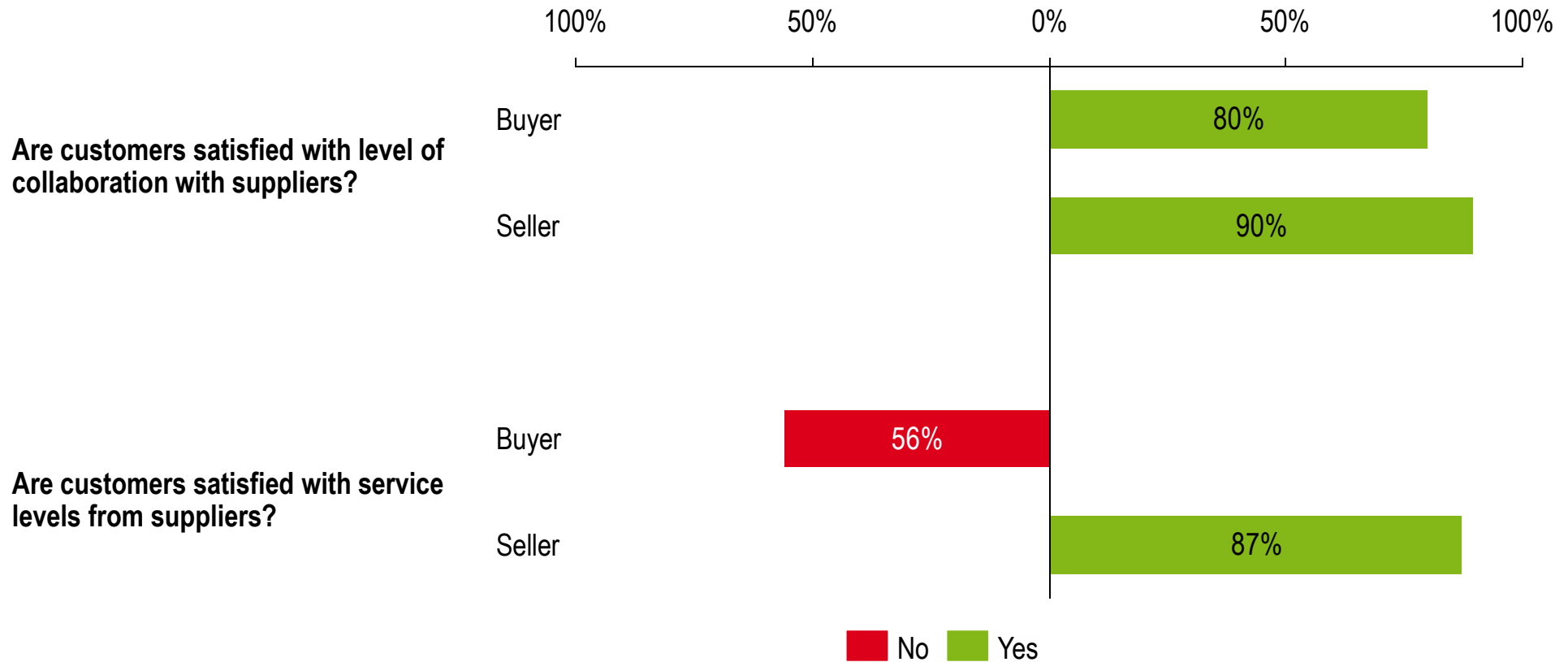
Is your organization ready for selling and buying via electronic platforms? Are you working on possibilities for automatic sharing of inventory levels with suppliers?

Multiple answers allowed

# Buyers and sellers satisfied with levels of collaboration. Sellers significantly overrate customers' service level satisfaction.

## Satisfaction levels in the industry (buyers/sellers only)

### Collaboration

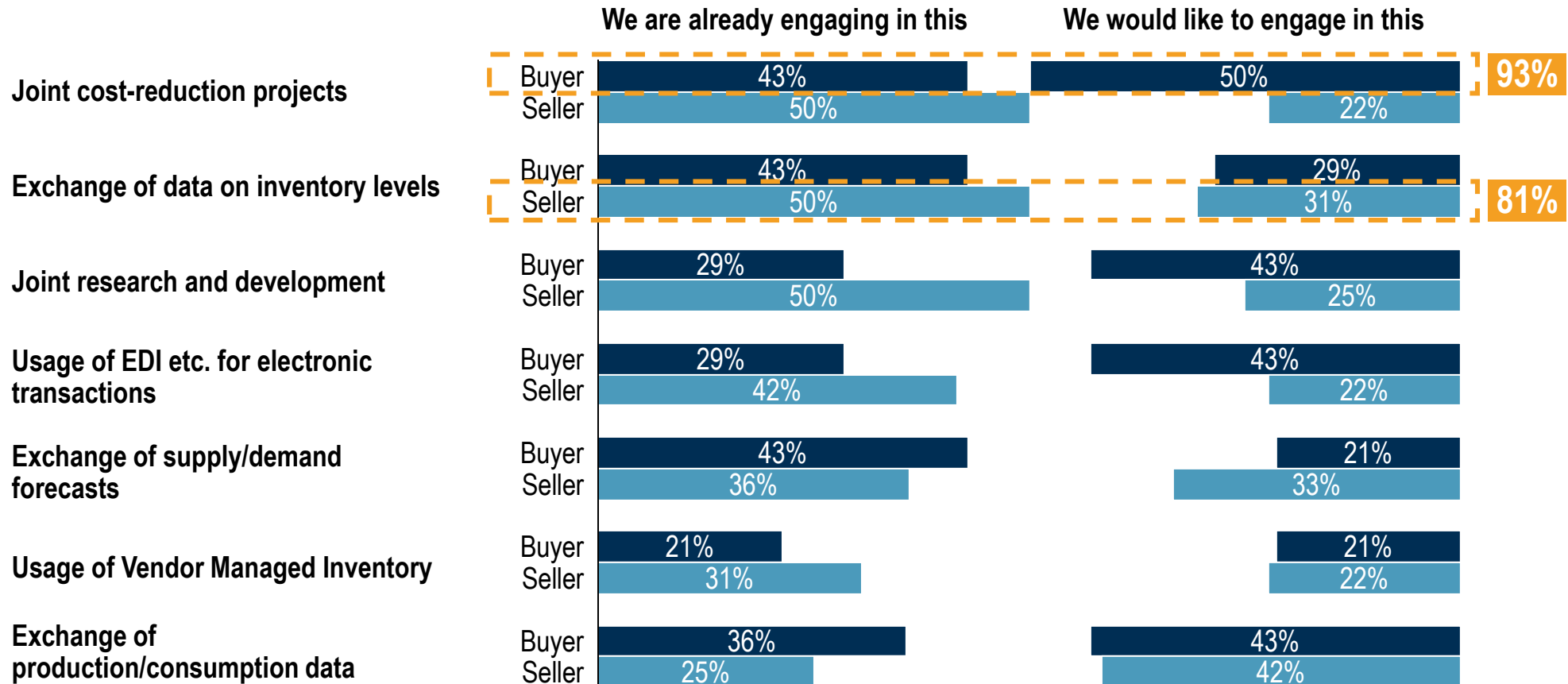


If you are a seller in the industry... Attention: it seems you are over-rating the level of satisfaction of your customers! Are you asking for customer feedback and acting upon it?

# Overall, sellers are more actively engaged in collaboration, and buyers show willingness to engage in collaboration

## Rate the level of collaboration with suppliers/customers

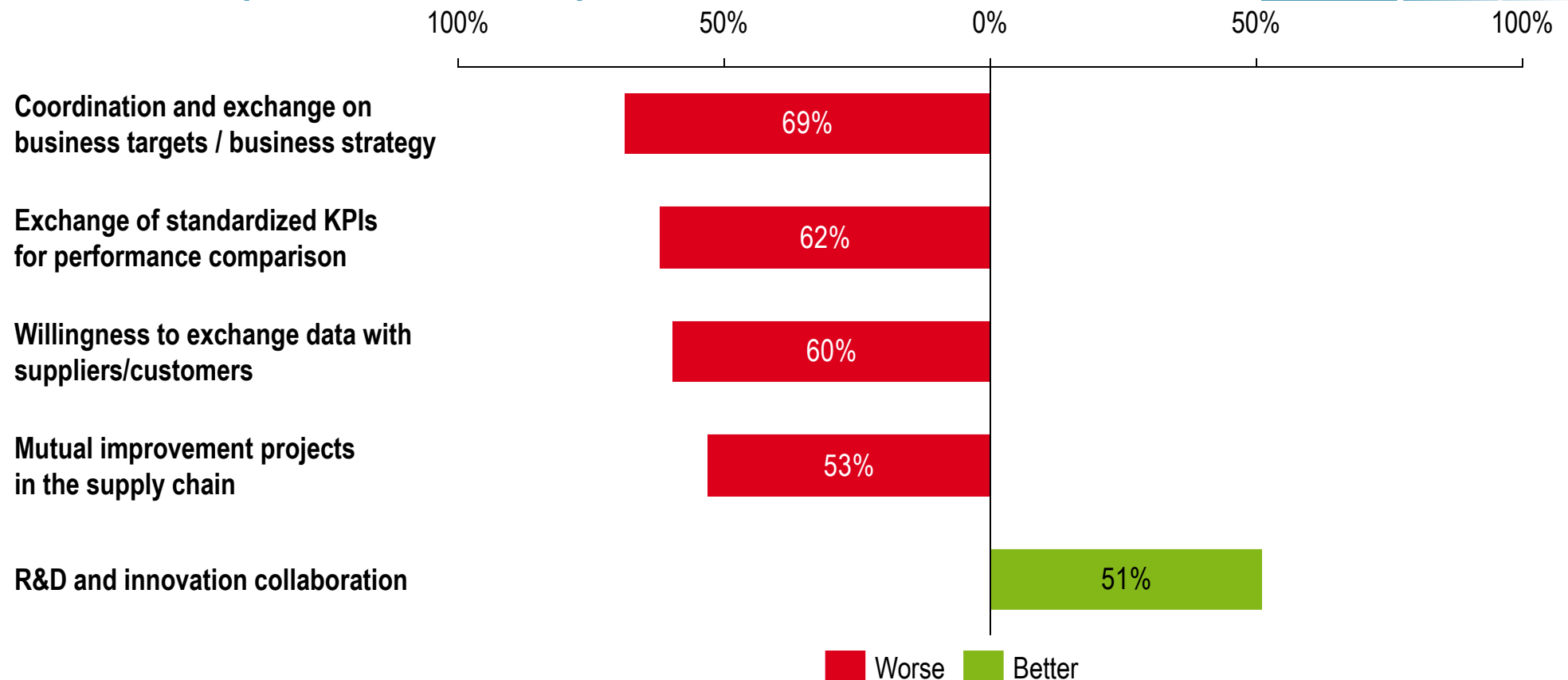
### Collaboration



Are you ready for joint cost reduction projects, and for data exchange?

# Regarding collaboration, the forest-based industry is perceived to be performing worse than other industries, except for R&D

## Collaboration performance in comparison to other industries



The industry has a critical view on its collaboration performance... Are you already taking action?

All respondents. Multiple answers allowed.

Market overview

Current and aspired forms of collaboration between buyers and sellers

**Collaboration: Benefits and barriers**

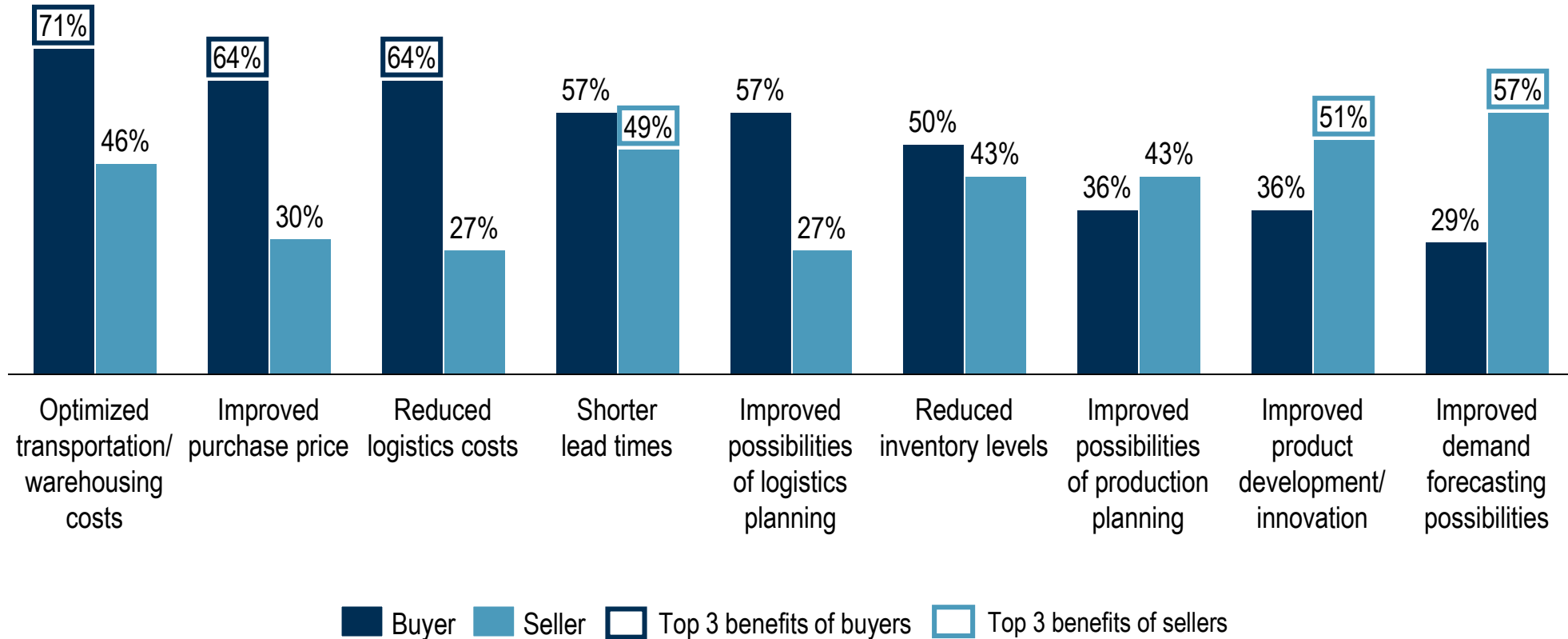
Key take-aways



# Buyers perceive overall higher benefits from collaboration compared to sellers

## Main benefits from collaborating with your suppliers/customers

### Benefits



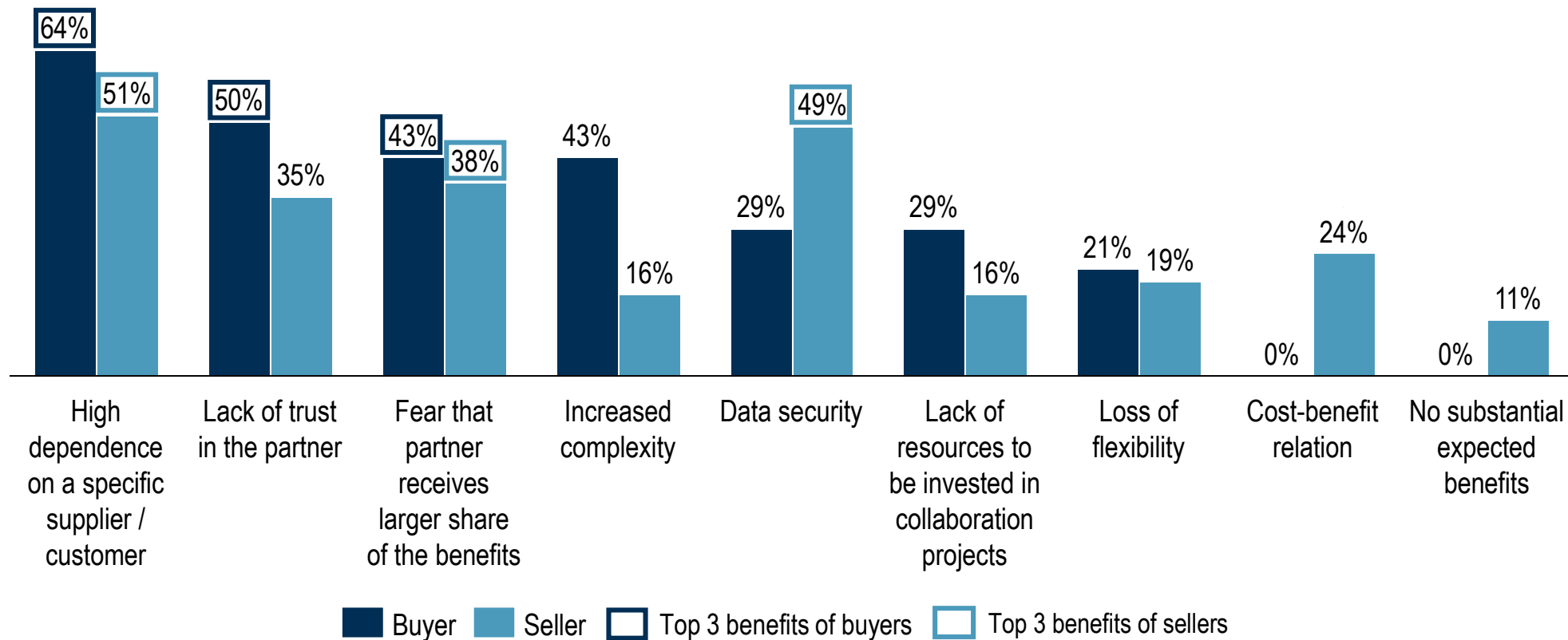
**Sellers don't perceive reduction of logistics costs as a major benefit. If you are a buyer, how do you share benefits to improve overall supply chain competitiveness?**

Multiple answers allowed

# The main barriers to intensifying collaboration were named as high dependence on a specific partner as well as lack of trust

## Main barriers to increasing collaboration with suppliers/customers

### Barriers



**Buyers, overall, see higher collaboration complexity compared to sellers. If you are a seller... How are you handling complexity? If you are a buyer, how are you handling data security?**

Multiple answers allowed

Market overview

Current and aspired forms of collaboration between buyers and sellers

Collaboration: Benefits and barriers

**Key take-aways**

### Perceived future market developments and collaboration

### Findings

- Demand and prices for all raw materials expected to grow, especially fiber-based raw materials
- No demand, supply and price increase for graphic paper expected
- Demand & supply for packaging paper expected to grow, price development expectations ambivalent
- Overall, sales channels seen as efficient by sellers and buyers – but more sellers anticipate changes
- Overall industry sees itself lagging behind other industries in terms of collaboration
- Key benefits: Buyers perceive overall higher benefits from collaboration compared to sellers
- Key barriers: Dependency on specific partner, lack of trust, unequal distribution of benefits, data security
- Engagement in collaboration higher on sell-side compared to buy-side, whereas the willingness to collaborate is high on buy-side

### Considerations

- Overall, the pulp, paper and packaging industry is one, big, interconnected supply chain. Improvements and innovation will only come from successful collaboration.
- Risk of further margin squeeze due to respondents' expectation for increase in raw materials demand and price. Proactive profit improvement initiatives necessary.
- IT platforms, concepts and capability largely exist – more intense utilization of these enablers required to capture benefits
- Elimination of potential barriers to collaboration requires comprehensive calculation of business cases, management of complexity and data security
- Mismatch on perceived service level satisfaction can be addressed through a set of transparent and common KPIs and structured communication/feedback processes

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# Thank you!

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- This presentation will be made available online:  
[www.stepchange.com/publications](http://www.stepchange.com/publications)
- For questions regarding the study, please contact:  
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