

Global, European specialty tape markets & growth opportunities

Overview:

- The worldwide tape market represents about 40 billion square metres of tape materials
- 22% of the worldwide tape market lies in Europe
- The growth rate of the tape market worldwide is ~4.5%, and demand growth is expected to continue at that level over the next 5 years
- Specialty tapes make up 14% of total tape production worldwide or ~ just under 5 billion square metres of tape materials
- Europe's share of the global specialty tape market is 24%
- The global specialty tape market has seen an annual compounded growth rate of about 4 to 4.5%; growth is expected to continue at this rate over the next 5 years
- The European specialty tape market has a 2.48% CAGR and exhibits a higher than average concentration in the medical application segment
- Growth drivers going forward include the recovery of the automotive industry and consumer confidence in retail, the use of specialty tapes as alternative methods of fixing and fastening, and the expansion of the medical/hygiene and electronics segments.

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3rd article in Afera's Sicily conference presentation series

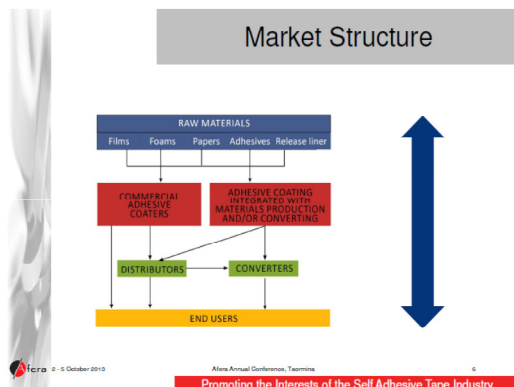
In his presentation "The Specialty Tape Market and Growth Opportunities" delivered at Afera's October 2013 Annual Conference, Corey Reardon shared the results of his extensive market research into the specialty tape market worldwide. President and CEO of AWA Alexander Watson Associates since acquiring the business in 1999, Mr. Reardon has 30 years of experience in the tape industry, having worked in product management, marketing and business development in companies such as Loparex and Avery Dennison.

AWA's *Global Specialty Pressure-Sensitive Tape Market Study and Sourcebook 2012* highlights the specialty pressure-sensitive tape market, which makes up 14% of total tape production worldwide, in terms of growth rates, volumes, materials usage and application segments. The bottom line: Europe's specialty tape market, which comprises 24% of the global specialty tape market, is poised for modest growth over the next five years, driven by the recovery of the automotive industry and consumer confidence in retail, the use of specialty tapes as alternative methods of fixing and fastening, and growth in the medical/hygiene and electronics segments.

Where the market data comes from

Founded in 1971, AWA has a unique industry focus on the coating, converting and printing markets, including all specialty paper and film-based materials that belong to these segments. The company publishes a portfolio of studies, conducts private client market research and business development support and has a conference

organisation that organises specialty industry conferences across the globe covering the specialty paper, film, packaging, coating and converting sectors.



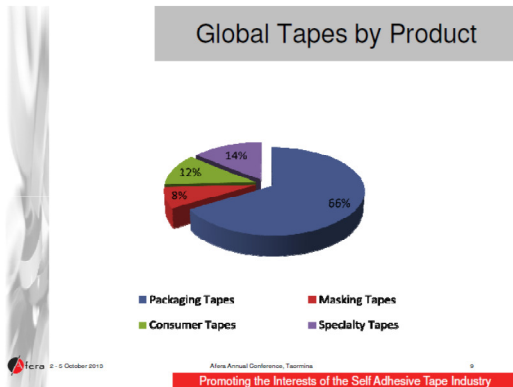
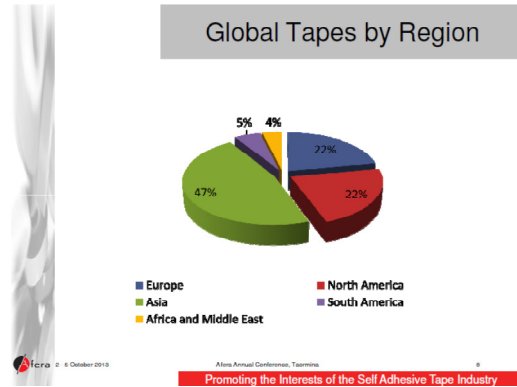
Beginning in 2003, AWA worked with Afera to issue two editions of *The European Specialty Tape Market & End-User Survey*. AWA has continually expanded its market research activities in all pressure-sensitive materials, including tapes. In 2012, the company released the latest edition of its global specialty tape market study, *The Global Specialty Pressure-Sensitive Tape Market Study and Sourcebook*. This is part of AWA's broader portfolio of pressure-sensitive material

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market studies, which include labelling materials as well as tapes, medical devices, graphic arts materials, etc.

Market structure of the specialty pressure-sensitive tape market worldwide

There are four main categories which make up the specialty tape market worldwide: Raw materials suppliers provide the inputs including films, foams, papers, foils, adhesives, resins, release liners and other components. Adhesive coaters include commercial coaters, and adhesive coaters and integrated raw materials suppliers that provide laminates, silicon coating or further converting of these raw materials into pressure-sensitive laminations. These are then supplied through distribution channels and converters where distributors and/or converters take products, and may also include further slitting, converting and gasketing as well as other operations. These materials are provided to a broad range of end-use applications to companies that buy tapes for various application segments.



Regional breakdown of global tape production

As of 2012, the worldwide tape market represents about 40 billion square metres of tape materials. This includes all tapes for all applications on a global basis. Roughly 22% of the market lies in Europe, and 22% in North America. Asia represents the greatest share of the market worldwide with 47%. South America and Africa/Middle East represent 5% and 4% of the market, respectively. The growth of the market worldwide is approximately 4.5%, and it continues to show demand growth at about that level in the next 5 years.

Product breakdown of global production volume

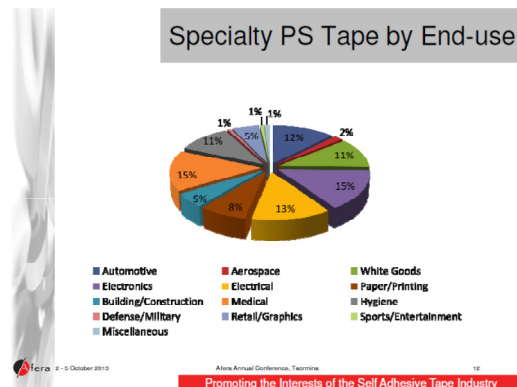
Pressure-sensitive tape volumes are segmented by reference to packaging tapes, masking tapes, office or commodity tapes, and specialty tapes. The packaging tape segment is the largest, representing the bulk of the tape market worldwide with 66% of production. Specialty tapes make up 14% of production, masking tapes 8%, and consumer tapes 12%.

Regional breakdown of global specialty tape market

In 2012, the specialty tape market represented approximately just under 5 billion square metres of tape materials. This was represented by 24% in Europe, 27% in North America, 39% in Asia, 5% in South America, and 5% in the Africa/Middle East market.

End-use breakdown of global specialty tape market

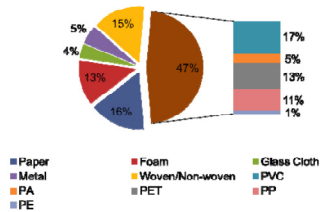
Mr. Reardon says that there are 101 ways to segment a market. In conducting their market research at AWA, they have segmented the global specialty tape market into the following end-use applications: automotive, electronics, building/construction, defence/military, aerospace, electrical, medical, white goods, paper/printing, hygiene, and sports/entertainment.



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retail/graphics, white goods, paper/printing, hygiene, and sports/entertainment, with a small miscellaneous category. The market for specialty tapes worldwide is quite fragmented. Most of the application segments are distributed fairly equally across all applications, but certain applications segments, such as automotive, electronics and medical are significantly larger.

Specialty PS Tapes Materials



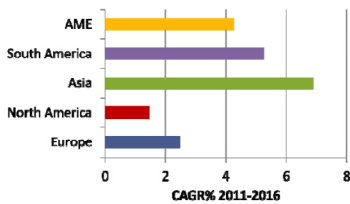
Materials breakdown of global specialty tape market

A variety of materials are used for specialty tapes on a global basis, primarily paper, woven and non-woven materials, PET, PVC and polypropylene, to name a few. Other materials such as glass cloth, foams, metals and polyethylene are also used to produce specialty tapes.

Growth rates for specialty tapes

According to Mr. Reardon, the global specialty tape market has seen an annual compounded growth rate of about 4 to 4.5%. This is higher in some application niches mentioned, such as medical, aerospace and electronics. Growth is lower in some of the more traditional application segments, such as paper/printing, retail/graphics, etc. Over the next 5 years, AWA forecasts that the specialty tape market will continue to grow at about 4-4.5% CAGR.

Growth by Region



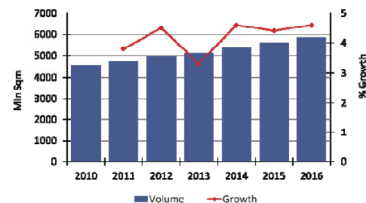
Different global regions reflect different growth rates driven by factors such as economic development, GDP, industrial output and other factors. Asia Pacific certainly shows the highest growth rate at 6.9% CAGR from 2011 to 2016. South America shows a growth rate of 5.26%, while Africa and the Middle East are at 4.27%. The mature, developed markets of North America and Europe show 1.45% and 2.48% growth respectively, with Europe growing slightly faster than the current North American market, fuelled by a high tape production in Southern Europe and developments in Eastern European markets.

European specialty tape market

The European specialty pressure-sensitive tape market is similar to the global market in terms of outlook. Furthermore, there are no significant differences across the European market from others around the world in terms of general characteristics such as growth rates, application segments and materials utilised.

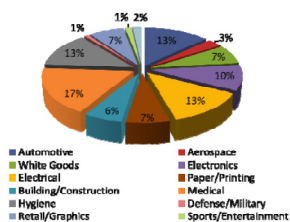
The European specialty tape market shares the same market segments and application areas as laid out above, with similar distributions of percentages of usage across the various application segments. Some applications such as medical represent a higher percentage of application use in Europe than on average around the world. This is due to the greater development of medical products in the European market as opposed to less development of those specialty tapes in the Asian market, for example.

Specialty PS Tapes Growth



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Specialty PS Tape by End-use



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going forward is a bit optimistic when measured against economic developments across Europe, but Mr. Reardon feels that this is a good estimate for the next 5 years, particularly as the European economies hopefully continue to show slow but steady recovery.

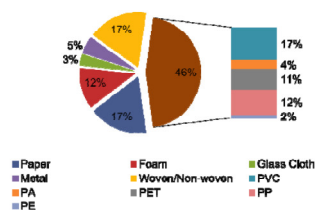
Key trends in the specialty tape market

Some of the trends observed by AWA in the specialty tape market that are driving growth:

- The recovery of the automotive sector:** A large application segment for specialty tapes, the automotive sector has seen some slowdown particularly during the global recession. This has rebounded nicely, and recovery in the automotive sector is benefiting the specialty tape market as a whole.
- The use of specialty tapes as an alternative method for fixing and fastening:** Replacing traditional fastening systems with pressure-sensitive fastening systems, new tape applications for fixing and fastening continue to be developed within the application segments mentioned above. These are proven to increase efficiency and performance while lowering production and materials costs.
- Growth in the medical/hygiene segments:** Growth in the medical and hygiene markets, particularly in Europe, is driving growth in the pressure-sensitive tape market.



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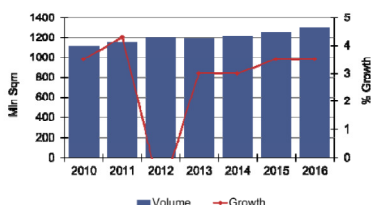
4. Returning consumer confidence in retail:

Returning consumer confidence, particularly in retail segments in some of the Central and Northern Europe economies, is driving growth in various applications for tapes across a number of application segments.

5. Growth in the electronics segment:

The electronics market is growing, and there are still some exports out of Europe supporting the electronics segment of the market. This continues to be a growth driver for the overall specialty tape market.

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Learn more

If you would like more in-depth information on the specialty tape market, AWA's *Global Specialty Pressure-Sensitive Tape Market Study and Sourcebook* is still available at an Afera Member discount of 40%.

About Corey Reardon

Corey Reardon is President and CEO of AWA Alexander Watson Associates since acquiring the business in 1999. He began his career nearly 30 years ago with Loparex (then HP Smith and Rexam Release, where he held a number of positions in product management, marketing and business development). He then joined Avery Dennison as Marketing Director for Europe until he acquired AWA.

Questions and comments?

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