



Newsletter

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Bulgaria

MM-Nikopol – In the Limelight

The customer open-days held recently at our Bulgarian mill, MM-Nikopol, were marked by extensive interest on the part of Bulgaria and its neighbouring countries not to mention the high number of people who attended. The Triplex cartonboard that will be a new addition to the production program merited special attention.



On July 20 and 21, 2004, around two years after take-over of the Bulgarian cartonboard mill by MM-Karton, the mill management once again sent out invitations to its second customer open-day in Nikopol.

This time the customer event was characterised by the significant increase in international interest in the production of MM-Karton in Nikopol. As a result we

were able to welcome not only participants from the home market in Bulgaria but also visitors from Turkey, Russia, the Ukraine, Moldavia, Romania, Yugoslavia and Kazakhstan. Over fifty customers in total arrived in Nikopol with the common intention of finding out more about current developments in "their" mill and of seeing for themselves the most significant improvements made in the areas of production, quality control and finishing.



Technical innovations such as the recently installed online quality control system were viewed with great interest during the latest customer open-day at MM-Nikopol.

The actual tour of the mill took place following the first part of the program during which the visitors participated in a rigorous exchange of questions and answers on technical, commercial and strategic matters with Mr. Franz Rappold, member of the Management Board of Mayr-Melnhof Karton AG, and Martin Mülhauser, Technical Director of Mayr-Melnhof's cartonboard division, who had both travelled to Nikopol for the event.

In his introductory presentation, Mr. Andreas Mayrhofer, Managing Director of the Nikopol mill, explained in depth the planned expansion of the product range along with improvements achieved in both productivity and quality not to mention recent investments that would be pointed out in detail during the following tour of the mill. *(to be continued on page 3)*



Franz Rappold

Management Board

Ladies and Gentlemen, Dear Business Friends!

The end of summer traditionally marks the occasion for a preliminary overview of the most significant developments in the year so far.

Good Market Performance

While demand in Western Europe is largely stable, Eastern European markets are continuing to develop dynamically. In Asia, however, we are reckoning with an increasing downturn in growth following on from the positive sales situation that has existed so far. In total, market performance up to and beyond the first half of the current year has therefore been very encouraging. On the other hand, with the slight upturn in business activities in industry, price increases have now been accompanying the most significant "input factors" for months. Since the beginning of the year, prices for waste paper have been at a noticeably higher level than previously. At the same time, the rise in all costs dependent on crude oil prices continues unchecked. Under these circumstances it was necessary as early as June to announce a timely and calculable increase in cartonboard prices for the beginning of September in order to get the business and a solid performance in the supply chain back onto a stable footing.

Private Consumption Continues without Sustained Incentives

Despite increasingly positive signals with regard to the development in industry, no real incentives have emerged as yet from private consumption. Discussions on extending working hours, relocation of production to the East and safeguarding of future pension payments continue to lead to insecurity and purchasing caution in consumers, who are the most important drivers of western European economies, particularly in the case of larger investments such as cars, house building, holidays. Therefore, one can only wait and see whether private demand will re-emerge since otherwise the seedling of an economic recovery nurtured up to now by industry may very easily wither again.

Problem-Solving Skill More Sought-After Than Ever

Rapid changes in the markets accompanied by the most intense competition necessitate a constant search for new and better solutions. As a result, by using comprehensive know-how, MM-Karton is developing attractive, low-cost solutions across the entire supply chain, such as those once again presented in an exemplary manner in this newsletter. We measure our success by quality assurance and increasing efficiency from the raw material to the retail customer. Reliability and predictability in the sense of a long-term partnership characterise the range offered to you as our customers. The "MMK competence" and high level of supply flexibility make it possible to offer you high-value regional and application-specific solutions and to implement timely innovations. Ask us, that's what we're here for!

The Success of Folding Cartons Requires a Solid Base

Very recently the "folding carton" has once again been able to gain ground due to comprehensive inclusion of the entire supply chain in the development of packaging solutions and the use of highly attractive product refinements. The conviction of all concerned regarding the high performance strength of folding carton packaging is more necessary than ever. However, it is only possible to maintain this gratifying development by using the latest technology in production and processing in addition to constant innovation. Therefore, it is a need of the moment to jointly set the high level of acceptance of our products on a solid foundation.

Yours cordially,

Franz Rappold
Member of the the Management Board

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The second customer open-day highlighted by the increasing attendance of international visitors.

The visitors were particularly interested and also a little surprised by the presentation of a working sample of the Triplex cartonboard/GT 3 produced in the mill for the very first time – an important step in extending the product range of this aspiring MMK mill.

The following novelties represented the highlights of the mill tour:

- The new computer-assisted control system for stock preparation
- The newly installed online quality control system
- The modernised central laboratory
- and the recently installed second cross-cutter

Finally, during an informal conclusion to the program, it was possible to answer in detail the individual queries raised by our customers. We were extremely pleased to note that a number of the customers present confirmed that they would be increasing their purchasing in Nikopol. Together with the MM-Nikopol team, we look forward to keeping you up to date with developments at this dynamic MM site on a regular basis.

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MM-Eerbeek – GC Production back up to full speed

On behalf of the entire MM-Eerbeek team, we are very pleased to announce that our Eerbeek mill fully re-started the production of all GC qualities in the middle of August following the fire that hit it in April earlier this year. We are therefore once again able to meet your orders for Albaplex, Linoplex and Greenplex in both standard or treated quality at any time and without restrictions to quality. Our sales offices are available for any question you might have regarding the well known Eerbeek product range. We will continue to keep you up to date regarding the resumption of GD production in Eerbeek.

Cartonboard sleeve for yoghurt pots (Limmatdruck AG): The silver-coloured cartonboard sleeve for the yoghurt pot suggests cold freshness as soon as you see it – a perfect interplay between colour association and product message; an excellent example of high-quality finishing on recycled cartonboard.

“Deluxe” Packaging



Packaging is an important element in product differentiation where one looks for creativity in colour, shape and material. Karl-Reiner Müller of Copaco is familiar with the latest trends in finishing.

Text: Karl-Reiner Müller

Premium packaging: the little every-day luxury that cannot and should not be ignored. These days even discounters' own brands sport gold foil, relief embossing and attractive colour combinations. “Whites” have already been history for a long time although their direct descendants are still good for the “it can't get any cheaper” signal that is admittedly popular at present. Manufacturers of proprietary brands now have a more difficult time than previously of keeping their products in the consumers' eye and, moreover, of putting the uniqueness of the range and its distinctiveness on the map. It is not only the daily battle for the ever-tighter consumer's Euro that plays a part but also the need to differentiate the diversity of products at the POS from the competitor's range. Thus the French market research institute Scope has determined that, although the actual sales area in the supermarket has increased by 10 % over the last twenty years, the number of products on offer has risen by 135 %. By comparison, the amount of time spent in the shop has dropped from 90 to 50 minutes. Therefore, the risk of simply being swallowed up in the wealth on offer has increased considerably.

Colour, shape and design enable products to stand out from the masses due to their packaging. Innovative finishing renders them unmistakable. It is not for nothing that Nestlé's CEO Peter Brabeck-Letmathe states that packaging is the most cost-effective advertising medium and is frequently underestimated as such. What are needed are packaging specialists with

Packaging

The trend:

Setting brands in their true light with highly-finished premium packaging

- It's all a matter of getting the right mix of design, colour and finishing for the product in question.
- Symbiosis of optics and haptics: appealing to the senses turns packaging into a buying experience.
- The combination of material and finishing provides that certain little extra.
- Supporting brand messages is a team effort that combines a high level of customer understanding, pro-active creativity and technical innovation
- Profitable, flexible, competitive, cost-effective: Versatile materials and new technologies in printing and finishing constantly open up new possibilities.

Innovative finishing techniques:

- Effect inks (metallic, iriodine inks, etc.)
- Metallizing and foil lamination
- Hologram foil lamination
- Hot foil stamping
- Relief embossing
- Embossing with anilox rollers
- Effect varnishes as soft relief coating
- Matt and shiny varnishes
- Perfumed varnishes
- Foil windows and transparent bubbles
- "Smart packaging elements" (data carriers such as RFID's for identification and also for acoustic effects)
- Security features to combat counterfeiting of products

the know-how to take brand worlds to the consumer. The questions that must be asked when starting on the development of every package are: What does the brand stand for? What is its message? How can the packaging communicate this? Therefore, the task is to find the right mixture of design, colour and finishing that lends the brand a clear, harmonised and individual appearance.

Packaging Development: Research Laboratory and Creative Authoring

Here is where the packaging manufacturer occupies a key role. In some respects he is simultaneously the research laboratory, experimental studio and efficient industrial manufacturing facility. Unique solutions demand that one goes beyond the standard and the normal. In the packaging partnership, as practised in the Copaco Group, the packaging manufacturer's product development department takes over quite a significant role, which is that of an adviser as to how a packaging design characterised by product marketing can be implemented technically and cost-effectively. By no means a role that allows one to wait until the customer comes up with his own ideas. Added to this one must always question what is already in place, such as:

- Why not varnish first and then print?
- What happens if I combine conventional printer's inks with special effect inks and varnishes (e.g. metallic)?

- How can I combine different finishing techniques most effectively?

Being a packaging manufacturer these days means travelling along new paths for and with the client without being blinkered.

Packaging Goes High-Tech

Creativity and its technical implementation come at a price. Therefore, it is not only staffing costs in the development areas but also constant investments in modern machine concepts that are required for the implementation of individual packaging solutions. One of the prime examples of this is the 15-unit offset printing machine by MAN-Roland in 72 x 104 cm format recently installed at the premises of Copaco member, Rob. Leunis & Chapman Group. Crossing the boundaries previously set by technology and economic viability, and opening up new routes in the finishing of packaging; these are the breeding grounds on which new brand successes flourish.

Packaging Touches the Senses

There is hardly any medium other than packaging, particularly cartonboard packaging in this case, that is as predestined to beat a path for the brand product into the consumer's perception at a time when it is flooded with visual stimuli. It is not for nothing that packaging is also called "a touchy-feely advertising gimmick".

Packaging

Packaging appeals to several senses. The customer looks at it and he picks it up which means he experiences it both visually and haptically. Aroma and acoustic stimuli even if not widespread are nevertheless technically feasible. There is an enormous hidden potential here that is simply waiting to be utilised. In this case it is by no means merely the stimulus itself but also toying with the expectation, with the unaccustomed, which is utilised for product differentiation in packaging.

Examples

A typical example of this is the switch towards colour and shape in pharmaceutical and medical products that have previously been packaged to produce a sober, scientific appearance. Just look how much more appealing the mediven product family appears to be when placed in an appropriate counter display in an attractive colourway.

The silver-coloured cartonboard sleeve around the yoghurt pot suggests cold freshness as soon as you see it – a perfect interplay between colour association and product message.

“What you see is what you get” – a one time advertising slogan for the first PC programs with user interfaces – is even more applicable today in the campaign sector where it is a question of attracting consumers by using packaging. Whether it’s a shower gel with window and decorative varnishing both shiny and matt, or picking up the typical triangular product shape for Toblerone in colour and with a window clearly signalling a special presentation as mini chocolate bars.



New product form for Toblerone (Zeiler AG): The attraction of this packaging is its combination of the classic triangular shape as the brand image element with an attractive printed picture and a clear window to show off the new mini Toblerones.



Mediven packaging with counter display (August Faller): A new colourful approach for medicines and medical products. Over-the-counter items increasingly stand out compared to their previously sober appearance.



Karl-Reiner Müller has been managing director of Copaco in Mainz since 1987 and, together with his team, looks after the communal activities of the alliance partners. Prior to this he was employed for 10 years in the management of associations connected with paper processing following a degree course in business administration at the University of Mannheim. In addition to his company duties, Karl-Reiner Müller is also a committee member of Pro Karton Deutschland and sits on the panel of Interpack committees.

News in Brief

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News from the Cartonette

Frohnleiten

Adjustments were made to the stiffness values of the following grades (improved L&W stiffness cd and reduced L&W stiffness md, with unchanged geometric averages) in order to fully utilise the technical facilities of the KM3

GD2	Multicolor Mirabell	above 380 gsm
GT2	Multicolor Belvedere	above 400 gsm
GD3	Multicolor Spezial	above 320 gsm
GT3	Ecoprint	above 320 gsm
GD3	Deltaprint	above 320 gsm

In the course of these adjustments, the thickness values were also increased in Multicolor Mirabell (GD2) and Multicolor Belvedere (GT2) above the 350 gsm weight range.

Neuss

In line with improvement of the stiffness values in Frohnleiten, the technical values of the Multicolor Mirabell (GD2, above 380 gsm) and Multicolor Spezial (GD3, above 320 gsm) grades were correspondingly adjusted to the values in Frohnleiten.

The Cobb values (top side and reverse side) were corrected and the proportion of recycled fibres was altered in the following grades: Astracolor Mirabell (GD2), Multicolor Mirabell (GD2), Multicolor Spezial (GD3), MM-Topliner (LIN), MM-Liner (LIN).

Deisswil

The bulky bookbinding board grade (GK) has been extended by the 1620 gsm and 1650 gsm weights.

Nikopol

The thickness and stiffness value of the Nikopol grades were re-adjusted following several months of closely observing the technical production data.

The topline has been changed to H₂O₂ bleached, deinked post industrial waste (PIW) in the Nikoprint (GD3) and NI-Liner (LIN) grades. As a result these grades also exhibit improved brightness (79 %).

Detailed information may be found at:
www.cartonette.com

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Affair of the Heart: Emballissimo for Packaging of Lindt Chocolateskug

The annual awards of Printissimo and Emballissimo took place during a festive ceremony held in Vienna on May 4 2004. The prize of the Austrian paper industry Austropapier for innovative and high-quality printed products and packaging solutions was awarded in four categories in each case. This time the Emballissimo in the "folded" category went to the exquisite packaging of Lindt & Sprüngli's chocolates. The cartonboard for the unusual heart-shaped packaging was supplied by Mayr-Melnhof Karton and the packaging was manufactured by Mayr-Melnhof Packaging Austria.



zoom Children's Exhibition

Fun and Games with Cartonboard

"Europe – Pretty Wild". The zoom Children's Museum in Vienna's museum district presented a children's exhibition under this heading from March to August 2004. MM's cartonboard also took part.

Within the framework of the exhibition, children learned all sorts of interesting facts and information about Europe through play. Several varied play and learn stations led the way through the interactive exhibition. At one of these stations cartonboard from Mayr-Melnhof came into use – the material needed for this was sponsored by our mill in Frohnleiten.

In the year of the biggest expansion in the history of the European Union with the addition of ten new member states and against the background of debates about a European constitution, the children's exhibition at zoom went on the hunt – on the hunt for the substance of an abstract concept which children in particular often find very difficult to understand.

In the exhibition's seven activity stations children were able to feel their way towards Europe through play and exploration, to develop an understanding for the diversity of cultural and natural manifestations the continent has to offer and to conquer Europe with their own creativity. Every one of the exhibition's stations was creatively designed by young artists. Naturally enough, it was impossible

for cartonboard not to be in evidence: printed craft sheets illustrated famous European buildings, flags from different countries were stamped onto sheets of cartonboard, cartonboard was used to create amusing animals and much, much more. The exhibition was a complete success with over 40,000 enthusiastic visitors.

"In the 'Europe - Pretty Wild' exhibition, cartonboard is not only used as a creative medium but also becomes a direct element of the young visitors' experiences and memories. Cartonboard is used to create imaginative flags and crests and it is also used to fold colourful dragonflies and bats that the children can take home with them", says Kathrin Oder, curator of the zoom exhibition. Yet again one can see from this example that cartonboard as a product is not only perfectly suited to the manufacture of folding cartons but also has a multitude of other uses too.



Cartonboard being stamped with colourful designs



Amusing cartonboard animals