

Stationery & School Supplies



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China manufacturer profiles

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STATIONERY & SCHOOL SUPPLIES

Supplier capability in China

EXECUTIVE SUMMARY

China makers of stationery and school supplies are fortifying their export capability as they prepare for an upturn in coming months.

Most companies anticipate overseas shipments to grow in 2010 as the global economy stabilizes and foreign buyers spend more on their product sourcing.

Manufacturers are strengthening their export competence mainly through design diversification. This is done either by branching out to related stationery products or making existing models more distinctive via novelty add-ons.

An increasing number of suppliers are also directing their R&D efforts toward compliance with international safety standards such as the Consumer Product Safety Improvement Act of the US or CPSIA.

To meet this regulation, companies are purchasing raw materials such as pigment from reputable providers and requiring submission of safety data sheets. Third-party testing for EN 71, ASTM and RoHS conformance is also conducted on request.

The following are some of the key trends we see in China's stationery and school supplies industry:

- The use of environment-friendly and standards-compliant materials will top the R&D initiatives of most makers. Pens made with biodegradable straw and cassava, as well as paper-based products that contain recycled or straw fiber are gradually gaining traction.

- Colorful embellishments and bright shades will continue to enliven simple items such as punchers, paper clips and staplers, some of which have beads and floral prints on the body.

- Suppliers will either increase quotes in coming months to compensate for margin losses or keep them steady to maintain their pricing advantage over competitors. For many companies, reductions are not feasible

at this point, as doing so will narrow their profit further.

- In the next 12 months, more makers will revert to North America, which was the worst hit by the economic downturn. In fact, 40 percent of suppliers featured in this report point to this as their most important target market.

The scope of this report includes ballpoint and gel pens, drawing, coloring and painting materials, file folders and holders, highlighters and markers, paper clips and fasteners, paper-based products, pencils, school bags, and desktop supplies such as staplers and punchers.

For each category, the report describes the latest design trends and materials. Key factors that influence the price and quality of low-end, midrange and high-end releases are discussed as well.

The Supplier Survey details the projections for the next six to 12 months in terms of export sales, capacity expansion plans and product development focus.

The Industry Overview section discusses the current state of and the key issues surrounding China's stationery and school supplies industry.

Reflecting the industry structure, more than 90 percent of the companies interviewed for this report are mainland-China owned. The rest consists of enterprises with Taiwan or Hong Kong investors.

Further, the majority consists of manufacturers with direct export rights, with almost half shipping at least three-fourths of their output to overseas buyers. They also boast more than a decade worth of experience in the line.

Close to 50 percent of featured suppliers are based in Fujian province, which is China's largest manufacturing base for stationery products. Guangdong and Zhejiang provinces, and Shanghai are the other key locations.

In this report

- 26 in-depth company profiles
- 14 additional suppliers
- 100 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For each company profile, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in-person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capabilities of each supplier.

All suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

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INDUSTRY OVERVIEW

For most stationery and school supply makers in China, the gloomiest phase of the global recession period is over. This supposition is based on higher buyer inquiries and bigger orders companies received in the second half of 2009 compared with the first six months of the same year. Further, many of them foresee shipments to pick up faster in 2010. In fact, the majority of suppliers interviewed for this report anticipate exports to grow 10 to 20 percent in the next 12 months.

Most makers in the industry underscore product diversification as crucial to staying ahead. With overseas demand and market conditions getting better, China companies are gearing up to offer buyers broader design selections.

This trend is evident across the main segments in the line, namely writing instruments, notebooks and pads, and drawing and coloring materials. For example, some ballpoint pen manufacturers are now offering gel ink versions and pencils, while notepad suppliers are trying their hand at calendars and greeting cards. Companies are also making their releases more distinctive to attract buyers. For simple items such as paper clips, they are adding novelty cartoon accents to increase differentiation.

Normally, suppliers do not set up additional equipment during product range expansions. Instead, they either function as a trader for the new line or subcontract to specialist manufacturers. This enables them to avoid high investment in necessary factory upgrades.

Companies also form partnerships with makers that have complementary businesses. Working as a group during sales promotions, such alliances started in Ningbo, Zhejiang province, last year. They are expected to grow in number and spread to neighboring cities in coming months.

While still in the process of recovery, many China suppliers carry out R&D

initiatives that do not require hefty budget to minimize their cash flow. In the school bags category, for instance, enhancements focus on color, print patterns and other minor modifications.

Stronger R&D focus

Regardless of size and specialization, stationery makers in China are giving R&D more importance to cope with the slowdown.

For writing instrument suppliers, design work emphasizes barrel shapes and colors, as well as functionality. Aside from the traditional tubular construction, the latest models come in bullet, lipstick, cartoon, animal, flower and spiral forms. The housings are made of PVC, PE and PP, and the ink can be locally sourced or purchased in South Korea, the US and Germany.

A number of large companies are developing new mechanisms that improve writing performance. Some makers, for instance, have come up with highlighters that dispense ink only when the release button is pressed, and feature replaceable cartridges. Both styles minimize ink consumption, and therefore are deemed environment-friendly.

Suppliers of notebooks and pads, on the other hand, highlight paper quality and shape. Many of the previous designs were made of 80gsm regular paper. Recent items come with colorful fluorescent sheets and have a density of up to 100gsm.

Supplier summary

| | |
|---------------------|----------|
| Suppliers surveyed | 26 |
| Export sales | \$89.7mn |
| Export ratio | 75% |
| OEM business | 67% |
| Capacity utilized | 63% |
| Annual R&D spending | \$11.7mn |
| Full-time employees | 7,274 |

Data: All surveyed suppliers

Die-cut memo pads that resemble flowers and other novelty figures are gradually surpassing typical square or rectangular versions in terms of output. Models with the sheets stacked at various angles to form spirals and slopes are offered as well.

In the drawing and coloring materials segment, wider color options and safer components are stressed.

Product development for crayons zeroes in on creating more hues. While most sets still consist of six to 64 shades, a number of companies offer ensembles with up to 128.

New color pencils, meanwhile, incorporate thicker leads. Typical releases use 2.63mm diameter graphite, while others employ 3 to 3.88mm versions. Suppliers also add carboxymethyl cellulose to the lead composition to prevent dusting.

More makers take 'green' route

In addition to model upgrades, R&D is directed toward ensuring compliance with international standards, which have grown more stringent as key

Major customers

| | |
|-------------------|--|
| Guangyuan | Disney, J.C. Penney (US); Tchibo (Germany) |
| Quanzhou Best | Target, Disney (US) |
| Quanzhou Sandoo | Disney (US), GDC (Japan) |
| Shenzhen Cailang | Wal-Mart, CSS (US); L'Oreal (France) |
| Shenzhen Cailiang | Rahma Advertising (UAE) |
| WAP | Carrefour (France) |
| Wenzhou Forest | Wal-Mart, Target, Big Lots (US); Daiso (Japan) |
| Xiamen Idea Star | Snoopy, Nike, Barbie (US); Reebok (UK) |

BH Bags Mfg Co. Ltd

BH manufactures 160,000 pieces of stationery and school supplies, 90 percent of which are school bags. The rest is desk and school supplies. All products are for overseas markets. A huge amount of the orders comprise OEM, while 20 percent are ODM.

Forty percent of exports go to North America, and another 40 percent are sent to the EU. Eastern Europe, the Asia-Pacific region and the Middle East are secondary markets.

The line accounts for 40 percent of the company's total annual sales of \$5 million. About \$400,000 is allocated

for product development yearly.

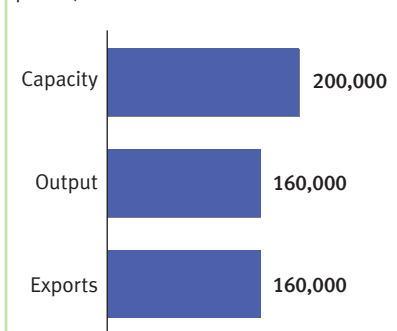
Out of BH's 250 full-time employees, four are in the R&D team, whose focus will be on environment-friendly models.

The company runs 400 sewing and two cutting machines, and an in-house printing facility in its 2,400sqm factory.

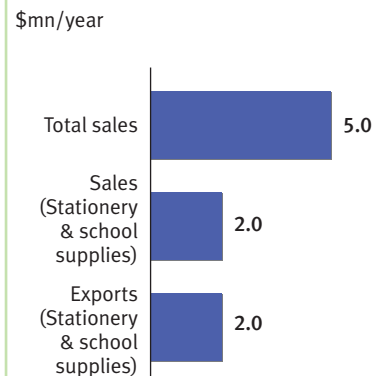
BH plans to improve operating efficiency to raise export capability. It will also increase capital expenditure up to 50 percent in the next 12 months, anticipating overseas sales to grow between 10 and 20 percent within the same period.

Profile

Production



Sales



Contact details

Business contact

WU Baohua

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Fax

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E-mail

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URL

www.globalsources.com/bh.co

Address

Beifeng Industry Area, Quanzhou, Fujian, China

Company facts

| | |
|-----------------------------|----------------------|
| Year established | 2005 |
| Business type | Manufacturer |
| Company ownership | Mainland China-owned |
| Head office location | Quanzhou (Fujian) |
| Number of factories | 1 |
| Factory location(s) | Quanzhou (Fujian) |
| Total factory area | 2,400sqm |
| No. of full-time employees | 250 |
| No. of R&D/design staff | 4 |
| No. of QC staff | 15 |
| Annual sales (all products) | \$5.0mn |
| Annual R&D spending | \$400,000 |
| ISO certification | No |

Sales & output: Stationery & school supplies

| | |
|-------------------------|--|
| Annual sales | \$2.0mn |
| Share of total sales | 40% |
| Annual export sales | \$2.0mn |
| Total monthly capacity | 200,000 pieces |
| Average monthly output | 160,000 pieces |
| Capacity utilized | 80% |
| Average monthly exports | 160,000 pieces |
| Export ratio | 100% |
| OEM % of exports | 80% |
| ODM % of exports | 20% |
| OBM % of exports | — |
| Other products made | Cooler, duffel, hand and shoulder bags |

Capability

Production checklist

| | |
|-----------------------------|-----|
| Makes tips in-house | No |
| Makes lead in-house | No |
| In-house printing facility | Yes |
| Ink-injection machines | No |
| Cutting machines | 2 |
| Plastic-injection machines | — |
| Paper clip forming machines | No |
| Paraffin-pigment mixers | No |
| Sewing machines | 400 |

Exports by product

| | |
|---------------------------------------|-----|
| Writing instruments | — |
| Drawing, coloring & painting supplies | — |
| Paper-based products | — |
| Filing & presentation materials | — |
| Desk & school supplies | 10% |
| School bags | 90% |
| Sets | — |

Exports by market

| | |
|-----------------|-----|
| North America | 40% |
| European Union | 40% |
| Europe (non-EU) | 10% |
| Asia-Pacific | 5% |
| Middle East | 5% |
| Other | — |

Survey

- **Export prices**
Stayed the same
- **Export sales**
Increase 10-20%
- **Target market**
North America
- **Capital expenditure**
Increase up to 50%
- **Major challenge**
Price competition
- **Export capability**
Improve operating efficiency
- **R&D focus**
Environment-friendly models

Popular export models



School bags

| | |
|-----------|--------------|
| Model | BH-L0910 |
| MOQ | 1,000 pieces |
| Packaging | PP bag |
| Delivery | 30 days |
| Price | • |

Description: Trolley school bag; 600d PVC; 180d polyester lining; zipper closure; one compartment; five outer pockets; 31x14x39cm



School bags

| | |
|-----------|--------------|
| Model | BH-0606 |
| MOQ | 1,000 pieces |
| Packaging | PP bag |
| Delivery | 30 days |
| Price | • |

Description: School bag; microfiber; sponge bottom; 180d polyester lining; zipper and press buttons closure; one compartment; four outer pockets; 30x15x40cm



School bags

| | |
|-----------|--------------|
| Model | BH-0607 |
| MOQ | 1,000 pieces |
| Packaging | PP bag |
| Delivery | 30 days |
| Price | • |

Description: School bag; microfiber; sponge bottom; 180d polyester lining; zipper closure; one compartment; four outer pockets; 30x15x40cm

• Information not disclosed

PRODUCT GALLERY

School bags



BH
(profile page 40)
Model: BH-L0910
MOQ: 1,000 pieces
Packaging: PP bag
Delivery: 30 days
Price: •
Description: Trolley school bag; 600d PVC; 180d polyester lining; zipper closure; one compartment; five outer pockets; 31x14x39cm



BH
(profile page 40)
Model: BH-0606
MOQ: 1,000 pieces
Packaging: PP bag
Delivery: 30 days
Price: •
Description: School bag; microfiber; sponge bottom; 180d polyester lining; zipper and press buttons closure; one compartment; four outer pockets; 30x15x40cm



BH
(profile page 40)
Model: BH-0607
MOQ: 1,000 pieces
Packaging: PP bag
Delivery: 30 days
Price: •
Description: School bag; microfiber; sponge bottom; 180d polyester lining; zipper closure; one compartment; four outer pockets; 30x15x40cm



BH
(profile page 40)
Model: BH-0608
MOQ: 1,000 pieces
Packaging: PP bag
Delivery: 30 days
Price: •
Description: School bag; microfiber; sponge bottom; 180d polyester lining; zipper closure; one compartment; three outer pockets; 30x15x40cm



Huanghua
(profile page 48)
Model: HH1702
MOQ: 1,000 pieces
Packaging: Polybag
Delivery: 30 days
Price: \$1.85
Description: School bag; microfiber; zipper closure; one main and three front pockets; full printing on front pocket; 28x35x10cm; EN 71



Huanghua
(profile page 48)
Model: HH1714
MOQ: 1,000 pieces
Packaging: Polybag
Delivery: 30 days
Price: \$2.10
Description: School bag; 600d PVC; zipper closure; one main and three front pockets; full printing on front pocket; 28x36x11cm; EN 71

• Information not disclosed

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