

*A Deep Dive into Packaging Business Strategy  
to Extend its Lead In Market Dominance Amid Tense Competition*

*In our everyday life, we come into contact with various packaging materials from squeezing a toothpaste tube, opening a wrapped food packages to buying goods wrapped in packaging made from diverse materials. The faster paced lifestyle drives the needs for more convenience. As a result, the global demand for packaging has increased substantially, especially in fast food and e-commerce industries.*

The anticipated growth results in rising fierce competitions between existing players and newcomers that continuously compete to dominate the market. Among them is **SCG** that has transformed from “**Paper Business**,” which is facing lessening demand for printing and writing paper, into “**Packaging Business**” with the aim to become Total Packaging Solutions Provider since 2015 and has continued to sustain growth with multiple business expansion through its investments and acquisitions across ASEAN region.

“At present, Packaging Business of SCG can produce a total capacity of 2.5 million tons of packaging paper. If excluding China, SCG is the leading company that reaches the highest production in ASEAN. We gain a 22-25% market share in each country. Thai operations have a production capacity of 1.8 million tons while Vietnam and the Philippines’s production capacities made 500,000 tons and 200,000 tons respectively. Vietnam and the Philippines are the huge active market with strong growth potential driven by over a hundred million people with high purchasing power and a thriving industrial sector.”

“We also acquired food packaging business in Malaysia aimed to satisfy the needs of the large fast-food chain such as McDonald's and acquired a majority stake in Fajar, a leading paper and packaging business in Indonesia. The goal of acquisitions is to deliver total packaging solutions ranging from product packaging, plastic wrap, and logistic packaging on top of design and packaging printing to satisfy the ASEAN customers with SCG products and services as we stand as Total Packaging Solutions Provider,” **Mr. Tanawong Areeratchakul, President of Packaging Business at SCG**, outlined the business growth prospect.

### ***Developing Business Strength From Inside Out to Cope with External Challenges***

Although there are external factors affecting business operations spawned by the US-China trade war which push the production out of China to ASEAN, SCG aims to seize manufacturing relocation opportunity, therefore the development of the company's capability begins in prospect to better meet the customer demands. A series of efforts include the adoption of digital technology and product development and total service solutions in 3 dimensions: 1) Delivering product presentation with effective channels to reach the largest audience, customers who need packaging for domestic trade and those for export purposes; 2) Staff capability improvement; 3) Product design and material selection service to meet the customer needs by organizing an annual packaging design competition to empower young designers.

### ***Digital Technology, Key Element for Enhanced Competitiveness***

SCG adopts digital technology to increase Packaging Business' competitiveness and to meet customer demands better. Meanwhile, it can also be further explored and developed into new solutions.

Mr. Tanawong said in this matter, "SCG leverage digital technology in an extensive range of functions from improving the predictability of machine maintenance without disturbing operations to enhancing the ability to inspect machine spare parts of each plant to help eliminate unnecessary purchases to achieve better precision and prevent avoidable loss of resources.

To resolve the incoherence issues caused by multiple plant areas, diverse customer needs and different sales representative in widespread areas, digital technologies are implemented to close the gap and deliver concordant information to all parties in order to plan better strategies to fit the customer needs. Besides, this approach helps streamline cost and logistics management. The adoption of digital technology in Vendor Management can help calculate the production capacity to meet the inventory stock or demands and can be developed into new solutions as well.

### ***Pushing Circular Economy to Achieve Efficient Resource Usage***

Packaging Business, SCG, strives to develop innovation to achieve the highest resource efficient utilization, minimize, extend, or reuse the resources in line with Circular Economy under the "SCG Circular Way" practice.

"We have both raw pulp materials and plastics that can produce products like paper straw or paper bag to cut the use of single-use plastic. 95-98% of paper packaging can be recycled in new productions in which such an effort comes close to achieve the circular economy goal. The production of Green Carton which not only reuses used paper scraps but also adds coating technology to provide improved durability with less raw material applied."

Although plastic is regarded as the packaging material that can extend the product life with maximum efficiency, the proper plastic collection management is required to enable easier recycling. Therefore, we increase the “mono-material” plastic packaging to 40% of all plastic packaging production. We use the same materials to generate Multilayer Laminated: Mono Material where the products employ the same quality level but can be easier recyclable. This is in line with the company joining CEFLEX (A Circular Economy for Flexible Packaging) to deliver products, services, and solutions and develop more eco-friendly packaging.

*“Moreover, we reached out to many partners and encouraged concept adoption. We collaborated with Tesco Lotus to collect used carton boxes and transform them into paper bags. We have expanded the collaborations to 3 more companies. SCG also works with clients to develop fibro zeal paper bags that employs anti-humidity with increased recyclability. SCG also promotes the circular economy concept among employees in order to push forward ideas to customers and foster waste management efforts in the community surrounding the plant.”* President of Packaging Business, SCG, explained the company’s strategies for effective implementation for the circular economy.

#### ***Trends and Growth Opportunities for Packaging Business in the Future***

Mr. Tanawong concluded, “In the future, the demand for pulp paper will not fall but instead be converted into other forms. As a result, businesses need to generate a broader range of products i.e., creating dissolving pulp from eucalyptus plantations to produce rayon fibers as cotton replacement for textile industry; hygiene paper for hygiene products; product for rising demand market i.e., easy-to-open packaging, or medical packaging i.e., adult diapers for seniors on top of trends of more convenient packaging i.e., smaller packages for smaller items such as packaging for one banana, and packaging to meet an increasing demand for fast-food packaging due to the hustling lifestyle. As a result, flexible packaging and rigid plastic packaging vigorously thrive in the food and beverage business. In addition, customer product i.e., cosmetic and Industrial packaging i.e., tray in the phone boxes are expected to grow further.”

*All these strategies are commitments of Packaging Business, SCG, with a mission to nurture continued growth. The Company is expected 5-7% growth in 2019 by focusing on building greater growth in the region to beat the country’s growth rate with the accelerated development of competitiveness through digital technology on top of achieving goals to meet the customer needs through product development and total solution under the circular economy concept to create opportunities amid current and future challenges.*

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