

# Sticky Situation

## A Look at the European Adhesives and Sealants Market

**Mind The Gap** – Within the universe of trademarks, there are two worlds that coexist in near total isolation. There are marketing managers, advertising people, sales specialists who tend to live in one world while the trademark attorneys and officers in the industry, specialists in the Trademark Offices and in the courts operate in the other world.

By taking the subject matter even further and considering both the trademark searches and market research, one notices that these two disciplines are even more separate in the business world despite sharing common points. All important aspects for each discipline are in the hands of specialists who work on their own. A market- and customer-oriented trademark management, however, should ideally bring the two areas together. Such a goal is attainable in the modern world of globalized business with the support of existing knowledge sharing instruments - if those involved really want it.

With this in mind, we have attempted to use a holistic view of both trademark searches and market research based on the example of adhesives and sealants in Europe. Following are the results of this analysis. It compares the number of registered trademarks with corresponding suppliers' market shares and draws conclusions.

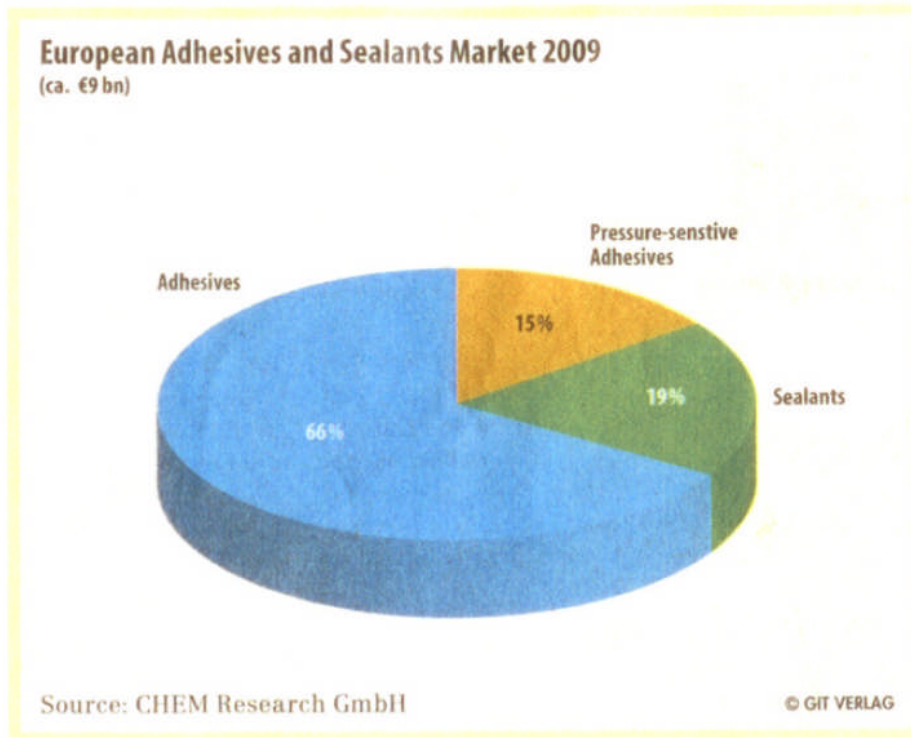
### The Adhesives and Sealants Market

Adhesives and sealants are used in a multitude of industrial market applications aside from building, construction and consumer demand. According to the classification of end uses and products developed by industry associations, such as the Association of European Adhesives and Sealants Manufacturers (Feica) und the Adhesives and Sealants Council (ASC), there are at least 100 adhesive and sealant market end uses that are recognized worldwide. Each bonding and sealing operation represents a particular market segment.

Within the adhesives market, pressure-sensitive adhesives represent a particular group of products and end-uses. This market is characterized by the importance of captive adhesive production, i.e., the producers of self-adhesive tapes and labels manufacture about 40% of their adhesive requirements.

The adhesives and sealants market is a dynamic one that keeps developing and expanding from its number of market applications. Despite the demand contraction of about 12% between 2008 and 2010, the European market will resume an average growth exceeding GDP from 2010. New bonding operations are developing from the increasing use of diversifying assembly materials (e.g., composites, engineering plastics, aluminium, etc.), and the general downsizing trend in consumer goods (e.g., mobile phones, PCs). Furthermore, the tightening environmental regulations related to energy conservation (i.e., improved thermal insulation) and the effort to dampen noise and vibration in durable and consumer durable goods is driving the demand for sealants.

When considering the European market, there is still a difference in the demand for adhesives and sealants between the fairly mature EU-15 and the new EU-12 states. The demand in the latter countries enjoys attractive growth as a result of developing infrastructure and increasing industrial production. The new states' current 25% share of the EU-27 demand for adhesives and sealants is gradually shifting at the expense of the more established EU-15 markets.



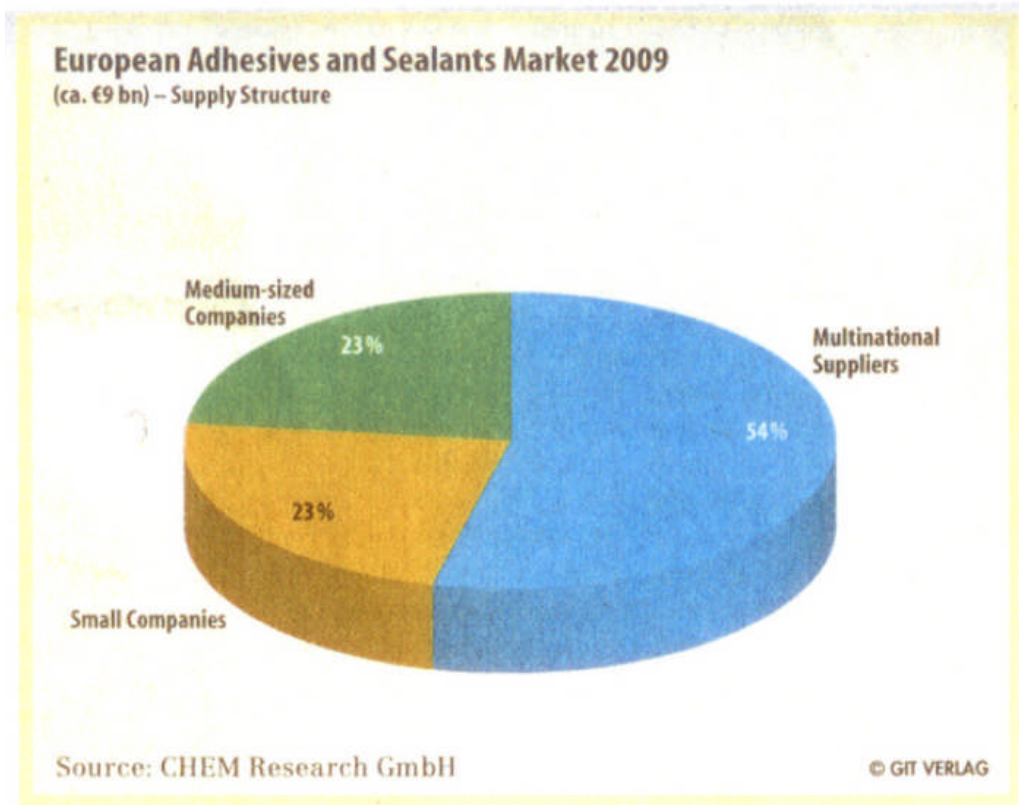
### Suppliers

About one dozen global players serve more than 50% of the European adhesives and sealants demand. The group of international suppliers active in Europe includes Henkel-National Starch, Bostik (Total), Dow-Rohm and Haas, HB Fuller, Sika, Forbo, 3M, Momentive, Dow Corning, Tesa and Avery-Dennison (Zweckform).

Next to the leading multinational suppliers, about 20 medium-sized and more than 100 smaller producers of adhesives and sealants compete for market share. The

independent small- and medium-sized enterprises (SMEs) defend their market position through specialization, strong customer focus, niche exploitation and quick reaction to market changes.

Furthermore, the business potential resulting from market developments and the emergence of innovative market applications justifies new company start-ups.



### Trademark Searches

The trademark searches were conducted in December 2009 via Cedelex Profisearch. A search was conducted for the German (D), International (IR) and Community Trademarks (CTM) of the above mentioned leading suppliers of adhesives and sealants in the International Classes of Goods 1, 16 and 17. Following is the exact definition of these three classes:

**Class 1:** "Chemicals used in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; manures; fire extinguishing compositions; tempering and soldering preparations; chemical substances for preserving foodstuffs; tanning substances; adhesives used in industry."

**Class 16:** "Paper, cardboard and goods made from these materials (included in class 16); printed matter; bookbinding material, photographs; stationery; adhesives for stationery or household purposes; artists' materials, paint brushes; typewriters and office requisites (except furniture), instructional and teaching material (except apparatus); plastic materials for packaging (included in class 16); printers type; printing blocks."

**Class 17:** "Rubber, gutta-percha, gum, asbestos, mica and goods made from these materials; plastics in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, not of metal." Adhesive papers, foils and films can be specified as well in Class 17.

A trademark search by class of goods relative to the leading adhesives and sealants suppliers yielded a stock of more than 2,400 trademarks in power in Europe - a business value of nearly €5 billion (table 1). The comparison between the suppliers' share of trademark stock and their competitive sales in the relevant market (based on adhesives and sealants sales turnover) shows similar patterns.

**Table 1: Leading Adhesive and Sealant Suppliers' Trademark Stock by Class (Europe, end of 2009)**

	Number of Trademarks	%
Class 1	1.141	46.5%
Class 16	860	35.0%
Class 17	453	18.5%
Sum	2.454	100.0%

**Table 2: Trademark Stock in Power and Competitive Market Shares 2009**

Adhesive and Sealant Producers	Trademark Stock by Class			Share of Relevant Market
	Share of Class 1	Share of Class 16	Share of Class 17	
Henkel AG & Co. KGaA incl. National Starch	65%	70%	60%	59%
HB Fuller	4%	1%	1%	4%
Bostik	7%	4%	6%	10%
3M	3%	4%	8%	3%
Sika	3%	1%	3%	8%
Dow Chemical incl. Rohm & Haas	9%	2%	6%	4%
Forbo	2%	1%	2%	4%
Momentive	<1%	<1%	2%	2%
Dow Corning	1%	<1%	3%	3%
Tesa	5%	9%	5%	1%
Avery Dennison-Fasson	<1%	7%	4%	2%
<b>Sum</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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