

Shelf marking can be hard.

We can help.

See article and Product Spotlight inside for information.

Spinnaker Coating Newsletter

Committed to providing every customer the best service in the PS industry

2011 in Review

From Spinnaker's standpoint, the U.S. economy in 2011 was middling at its best moments, disappointing at its worst. The words I would use to describe it are "choppy" and "uninspiring." Based on available statistics, Spinnaker's volume gains in 2011 over the prior year continued to outpace the PS industry average, albeit not at as high a rate as 2010 vs. 2009. In general, I believe that Spinnaker's outperformance of the market over the last two years is attributable to our continued and relentless focus on our mission of providing unparalleled service to all of our customers - regardless of size.

As to the macro outlook, I personally believe that we are not going to see any significant,

sustained growth in the world economy until two things happen: 1) European Union members take sufficient action until the markets believe that they have done enough to avoid a financial collapse. (My guess is that they will get to that point because the alternative is so unpalatable); and, 2) our own government in Washington gets its act together. My view here is that, at best, this will only happen if the people speak with a clear voice in 2012 as to the direction in which we want to take our country.

That having been said, I remain very optimistic about Spinnaker's future. We have shown significant growth over the last two years, and we expect it to continue. To facilitate that growth, we are investing in

infrastructure, primarily by increasing the number of regional slitting and distribution centers ("SDC") we operate. By the end of the 1st Quarter, we will be opening a new SDC near Atlanta to enable us to do a better job of servicing the growing southeast market. Early in the 2nd Quarter, we will open a company-operated SDC in the Los Angeles area, replacing a fine relationship we have had with a contract slitter in that market. In both cases, these new SDCs will enable us to do a better job of providing timely delivery on a broader array of products to our customers in those regions, in a more cost-effective manner.

We are always looking for your ideas as to how we can do a better

job of servicing your needs. Late in the 1st Quarter, we will be conducting the *Ultimate Question* survey, which will give our customers a formal opportunity to tell us how we're doing and the significant things they feel we could do better. If you can't wait, just send anyone on the Team an e-mail with your thoughts - good or bad!

On behalf of everyone at Spinnaker, I thank you for your business and wish you and your family a happy and prosperous New Year.

Lou Guzzetti, Chairman & CEO

Sales Team Expands

Customers quickly tell their suppliers when they are delivering value, and they do it with their check books. Customers want to derive greater value from their suppliers and will increase their purchases from those that deliver it.

We are pleased to report that Spinnaker's 2011 roll sales volume is up nearly 10% compared to the prior year, in an industry that showed

virtually no growth in 2011 vs. 2010. In addition, the good word about Spinnaker is spreading since we are now serving far more customers than we ever have. We also expect additional volume growth in 2012 as we open a distribution center in Atlanta, and expand our service and available products on the West coast. In order to meet our service standards and provide you the personalized service you expect, we have expanded our Sales Team. Heather Bell, Diana Elie, Craig Morgan, and Liz Muncy will be reaching out to label converters asking how Spinnaker can help them be more successful.

Mission Statement

To be the provider of choice of pressure sensitive roll and sheet products to customers who value a supplier who invests the time to get it right.

Our success will be achieved by:

- Working with our customers to understand their needs and offering tailored solutions that provide a competitive advantage
- Delivering quality products our customers can count on every time
- Supporting our customers with responsive, personalized, and professional service and technical expertise

Spinnaker Coating is committed to being a trusted supplier who offers our customers fast, practical solutions to their changing business needs

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Can we help you? Call our Technical Consulting Hotline @ 877-210-5104 with *your* questions today.

Shelf Marking Applications

Shelf marking labels are a vital necessity in almost any retail establishment for several reasons. First, they inform the consumer of product attributes in a way that is generally more uniform, and thus easier to spot, than the product label itself. Anyone who has tried to pick out one specific type of peanut butter or tomato sauce on the grocery shelf, among many varieties that are similar looking, can relate to this. Second, shelf marking is normally the only place where the product's price is displayed since on-product price labels are no longer used in most retail environments. Finally, shelf marking acts as an aid to those who are re-stocking shelves, allowing them to put the right product in the right place. So, effective shelf marking must be plainly legible, reasonably durable, and stick reliably while still retaining the ability to be

removed and replaced periodically.

Some shelf markers are simply cards that insert into fixed, on-shelf holders. But, most are pressure sensitive for reasons of functionality, reliability, and ease of use. Some of the critical features necessary for shelf marking are the ability to hold up to light abrasion, the ability to stick to shelving materials that may be slightly dirty or have residue from previous labels, and the need to remove cleanly after a period of time. The use of household chemicals by store employees to clean shelving also requires that shelf marking materials have some chemical resistance, meaning that films are the material of choice for these types of applications.

Another situation favoring film face materials

is refrigeration. Since some shelf markers are used in refrigerated settings, films are a necessity to be able to hold up to condensation, and a cold-temperature adhesive is generally required.

Clearly, the desired life of the shelf marking label plays a key role in the selection of pressure sensitive materials. For instance, shelf marking in the hardware section of a store will not change very often and may require a high-performance product, whereas the labels used in the seasonal department of a store will change at least several times a year. Some are in place for only days or weeks. This impacts the necessary durability of the facestock and the selection of the adhesive, since removable adhesives vary in terms of how long they will remain cleanly removable

without delaminating or leaving adhesive behind. In addition, shelf markers are commonly flexo printed with fixed information such as store colors or logos, and variably printed locally with product and price data, so the type of variable printing that is being done (thermal transfer, direct thermal, laser) is an important fact to know.

As with all applications, shelf marking must be thoroughly tested in the actual end-use environment as much as possible to detect the materials' reactions to phenomena such as extreme temperatures, moisture presence, variable printability, the type of racking material being labeled, and the surface texture of that racking.

Trucking change is coming

During a recent meeting with our distribution partner, Rockfarm Logistics, we discussed changes that are coming to the shipping industry. We wanted to share one that will impact all of us.

The LTL (less than truckload) industry has generally utilized a system of freight classes to describe goods shipping between shippers and consignees. As a critical component of a carrier's pricing with a shipper, freight classifications have recently begun trending toward density (pounds per cuft) as a critical component of a shipment's classification. Much like what you may find with small package shipments, dimensions of each package takes into account the overall length, height, and weight of each shipment. Unlike a small package, LTL density calculations take into account any dead space attributed to special pallet sizes, stacking, and other packaging characteristics.

With emphasis on density as a primary costing consideration, LTL carriers are also accounting for market trends in shipment handling requirements and retail-ready packaging that demands deliveries be made without damage and ready for store shelves. As a result, LTL shipments are lighter in weight due to packaging and the use of carrier enhancements with trailer decking and racking.

LTL pricing is now becoming focused on the "ideal" shipment type as defined by dimension and weight. An ideal shipment, (40x48x48 @ 1000 lbs.) becomes the basis for their line haul networks and costing structures.

Specialized handling requests

such as "Do Not Double Stack," specialized pallet sizes, and packaging requirements will all impact future pricing structures that LTL carriers will have in place with their customers. To manage and monitor density impact carriers have begun implementing the use of systems to evaluate and measure density for each shipment.

What does this mean to all of us? As these changes take hold, we will need to look at packaging and change accordingly. We will all need to be aware of both the height of a skid and the fact that a single roll on a skid may increase the shipping charges.

Change is coming and we wanted you to be aware that we are working diligently to keep abreast of them and offer you the best options, so that we are not caught by surprise.



PRODUCT SPOTLIGHT Shelf Marking Labels

When your customer calls you with a shelf marking label opportunity, relax . . . you are only dealing with hand-application of labels onto shelves that might be dirty, contaminated, cold, or moist -- no worries, right?

With film facestocks, we recommend our B-92 removable adhesive since its aggressiveness provides good performance in spite of dirt and debris often seen on shelving. For paper facestocks, B-91 is a good option for indoor retail marking. For laser applications, HTR-1 also works in these situations. In colder application temperatures (below 40°F), a permanent is often the only option because a removable usually won't adhere at low temps. Of course, testing is crucial since on some substrates this may build to permanence or cause adhesive transfer in some cases.

Well, honestly, this can seem complex and daunting. That's why your Spinnaker Sales Representative or Technical Consultant is here to guide you! Call them today -- they can help you choose a material that's right for your particular situation, which may include some of these popular items from our Trimless program:

For room temperature applications:
3.0 mil Matte White Polypropylene / B-92 / 50#
3.3 mil Durable Polypropylene / B-92 / 50#

For refrigerated or freezer applicatons:
3.0 mil Matte White Polypropylene / B-122F / 50#
60# Premium Semi Gloss / B-91 / 40#
DiversiPrint® / HTR-1 / 3.5 mil

For samples or pricing, please contact your Sales Representative.

In the Words of our Customers

“When I call Spinnaker I get a reaction. When I call other suppliers sometimes they just don't call me back or when they do it takes a week. They won't tell me anything and there are just so many levels to go through.”

- Jamie, OH



Resolutions for 2012

The Spinnaker team is committed to:

- developing even stronger relationships with you
- opening our two new sites in Atlanta, GA and Berea, CA
- being your technical and product resource for every application
- growing our celebrated Trimless list with unique and specialty items
- always providing you the best customer service in the industry

All of us at Spinnaker wish you, our valued customer, a very happy and prosperous new year!