


Management Briefing Report and Press Release

Price IS Important: So, how can I avoid competing on price?

It's official - price is important to all buyers!

Ian Telford, Global Purchasing Director (Raw Materials, Trading, Packaging, Corporate Services, External Manuf. and IT), The Dow Chemical Company, confirmed as much to a packed audience at ECMSA's and MarketAbility's recent Management Briefing in Zürich, Switzerland. The good news for marketers and sellers alike – it's not the only game in town. Yes, price is always going to be an important consideration to any buyer, Telford reiterated, but he also hinted that there are other factors that buyers MUST also consider. The buyer must also satisfy the needs of her or his clients, the production, technical and business leaders within the corporation. Buyers often do not have the ultimate say in what to purchase, nor when and how much to purchase; these criteria are mostly dictated by the client. But the buyer may not wish the seller to know that and will deploy a multitude of techniques to avoid declaring any risks and weaknesses in her or his negotiating position. The onus, then, is upon the seller and marketer to observe and LISTEN to the purchaser in order to ascertain the true facts of the situation.

John Stokoe, Senior Consultant, Deloitte, confirmed another widely held belief that all chemicals and plastics products are heading unavoidably towards commoditisation. "It is merely a matter of time," advised John, "but calculating that time frame and exploiting the non-commoditised period is the true challenge for marketers and sellers in the chemicals and plastics industry, for that is where they can make their profits and realise the return on their investments."

Providing valuable services is another way to capture additional value from customers and to avoid the inevitability of price competition. Creative development of new services is the direction preferred and adopted by Distrupol, the specialised plastics distribution arm of Univar Europe. Thomas Andersson, Leader of Distupol's Marketing Impact team in Europe explained the novel e-Marketing channel of Distrupol,  , an e-Marketing channel that offers

- Extended reach

- Low cost to serve

- The ability to effectively prospect

through the application of leading edge technology aligned with pure marketing principles, and which delivers faster than 'traditional channel' growth rates and significantly higher return on sales ratio. Based on the experience with an actual example, Thomas demonstrated a 73% increase in sales and 166% improvement in gross margin within an rolling twelve month period.

Phil Allen, CEO MarketAbility, challenged the gathered cross-section of chemicals and plastics marketers, sellers and commercial leadership to look beyond the obvious and adopt more enlightened marketing strategies. "if you always do what you've always done, you will always get what you always got...if your lucky". "I don't like to rely on luck," claimed Phil. "This industry creates a huge amount of value for its customers and then proceeds to give that value away. Commercial Management must lead the way by discovering markets or parts of markets where they can develop and sustain a leadership position. It is rare in this industry that a single company can dominate the market or even a specific product category. But companies can discover market segments where they can develop a leading or even dominant position.

Dow Corning has shown with its creative and enlightened Xiameter business model that it is possible to invent a NEW business model that delivers value to both customer and supplier and that is profitable." The challenge is to look beyond the obvious and the previous practice to don a new pair of spectacles – customer's spectacles – and try to see things from the customer point of view. Customer value is the basis of market success and business profitability.

Once a company has discovered the basis for a profitable business, then they have to build a position of strength and be able to defend it. Paul Hague, Managing Director, B2B International provided the final pieces of advice to the audience at the management briefing. "Sustainable differentiation is built in the brand. A brand is something that is UNIQUE by definition. Building a brand is not just about logos and ads but about obtaining a position in people's minds. A brand attracts new customers to the brand and it creates loyalty amongst customers. Measuring the value of brand can be achieved by simple trade-off questions. Building the brand requires a focus on the touch points that are distinctive to our brand and that matter to the customer."

A lively discussion stimulated by the papers continued well into the closing apéro and networking session. Can branding really be applied to chemicals and plastics products? Customers still know that it's the same molecule they are buying whether it's from Dow or BASF or Huntsman. But customers DO have preferences and DO demonstrate loyalty to longstanding suppliers of good quality products and services.

The challenge then is how to quantify and capture that value – two of the topics picked up by Phil Allen and Paul Hague during the second day of this event we they led the assembled group through an interactive workshop to learn some key tools, techniques and tips to help them NOT to compete on price. "We do not sell products, we sell a complete OFFERING made up of Product, Service and Intangible elements each of which contribute to the overall unique selling or value proposition." Customer value should be the basis for developing a market segmentation around which to build and deliver those differentiated offerings. The marketer and seller also has at her or his disposal a number of pricing strategies that can be adopted to capture the value from a specific market opportunity for instance to skim or to penetrate, to bundle or un-bundle.

The programme was very well received and appreciated by the highly attentive and involved audience:

"This was a most valuable two-days, with a host of stimulating and useful ideas, tips and tools, which I will go away and try to use in my business." Marketing Manager, Dow Chemical.

"I learned some very valuable insights, which I can use in my own market segments." Strategic Product Manager, Baker Petrolite.

"It is essential to understand your customers well and to have sufficient knowledge of their needs." Senior Adviser, SABIC.

This popular workshop will be repeated due to strong demand on Monday and Tuesday, 23rd – 24th May, 2005 in Copenhagen, Denmark. For further information please contact MarketAbility or ECMSA

Management Briefing: Expert Speakers Panel



John Stokoe, Senior Consultant, Deloitte

John is still very active in the chemicals industry after a distinguished career, which saw him move from marketing, sales and business analysis at Petrofina to Union Carbide business management and ultimately President of Union Carbide (Europe) from where he retired to escape the clutches of the Dow Chemical Company. He spends most of his private time in the South of France



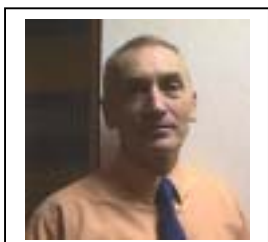
Thomas Andersson, Head of Impact Marketing Team, Distrupol Europe

Thomas heads up the Impact marketing team for Distrupol, one of Europe's leading polymers distributors and part of Univar, the world's largest chemical distributor. He joined Distrupol as Commercial Director for the Nordic region, where he led the company's growth from greenfield to market leader. Now based in the Netherlands, he is at the forefront of Univar's eMarketing.



Phil Allen, CEO, MarketAbility

30 years of hands-on marketing and sales experience in multi-national corporations including Albright & Wilson Ltd, Bayer AG, English China Clays, Hilti AG and The Dow Chemical Company. Since 1997 Phil runs his own marketing excellence practice, MarketAbility - creating value for clients by helping them to apply marketing excellence and customer value management to their businesses. Co-authored "Value-Based Marketing for Bottom-Line Success: 5 Steps to Creating Customer Value" Dec 2002.



Paul Hague, Managing Director, B2B International

Expert on industrial marketing and branding. Author of 14 books on marketing and market research. Consultant to Shell, Air Products, Dow, Intel, International Paper, Corus. Day job – CEO of a specialist business to business market research agency based in Manchester, England. Leading expert on branding and brand equity.



Ian Telford, Global Purchasing Director, Dow

Ian has enjoyed a 20 year career in sales and marketing with The Dow Chemical Company. He developed one of the chemical industry's most successful e-businesses, e-epoxy.com. In Feb 2004 Ian became Global Purchasing Director, with responsibility for a 6 billion EURO spend and a group of 60 people. Fluent in enough languages to be dangerous, Ian is a serial intrapreneur who takes calculated risks in business to change the game.



Fred Du Plessis, Managing Director, NDC International and President, ECMSA

23 years of business development experience in the international Chemical and Life Sciences Industries. Experience was gained in developing products, markets and businesses from scratch in highly competitive markets. Participated in the development of over 100 international chemical and life sciences projects. Has lived and worked in South Africa, the UK and Germany

Diary Dates

ECMSA Collaborative Events

Make a note in your diary today or register your interest with
ECMSA

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| STOP PRESS Strategies in China - The Chemical Industry and its Customers | 15th March, 2005 Representative Office of the German Federal State of Baden-Württemberg in Brussels, Belgium. | Jointly sponsored by ECMSA, Cefic and CWD |
| ECMSA/MarketAbility Management Briefing and Interactive Workshop | 23rd-24th May, 2005 Copenhagen | Strategic Marketing and Planning latest thinking "How NOT to compete on Price" |
| ECMSA/EMP Management Briefing and Interactive Workshop | 28th – 29th September, 2005 Birmingham or London, UK | Strategic Marketing and Planning latest thinking "Competitive Intelligence" |
| ECMSA/WinOvations/AIQS Profiting from Innovation Miniconference | 2nd – 3rd November, 2005 Barcelona | Innovating with Commodities Innovating with People Innovating - the external perspective New business models for successful Innovation |

Diary Dates

MarketAbility Workshop Weeks

Make a note in your diary today or register your interest with
ECMSA

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| STOP PRESS Marketing and Sales Academy Workshops by MarketAbility in collaboration with Third Eye | 2nd – 4th May, 2005 Knowledge Village, Dubai, United Arab Emirates | Value-based Marketing for Profitable Growth Market with Intelligence Customer Value Management Target the right customers: Segmentation Creating Customer Value Differentiation & Pricing for Commodities Differentiation & Pricing for Specialities Effective Marketing & Sales Implementation Key Account Management |
| | 11th – 14th Sept, 2005 Knowledge Village, Dubai, United Arab Emirates | |
| STOP PRESS Marketing and Sales Academy Workshops by MarketAbility | 6th – 10th June, 2005 The Marketing Centre, Wädenswil, Zürich, Switzerland | Value-based Marketing for Profitable Growth Market with Intelligence Customer Value Management Target the right customers: Segmentation Creating Customer Value Differentiation & Pricing for Commodities Differentiation & Pricing for Specialities Effective Marketing & Sales Implementation Key Account Management |
| | 7th – 11th Nov, 2005 The Marketing Centre, Wädenswil, Zürich, Switzerland | |