

# The way out of mature markets

Whether we like it or not, most of the coatings and adhesives markets we serve as suppliers, formulators, equipment producers and consultants happen to be in the mature stage of the product life cycle (see chart below).

Chemark estimates this stage to comprise 83% of the North American and European coatings industry combined, representing approximately \$37.4 billion of the regions total market value of \$45 billion. A total of \$37 billion worth of mature business is a large sum at risk.

We use the term “at risk” purposely but advisedly. Purposely because a mature stage is, in fact, a difficult stage to manage well, but advisedly, because it can be managed well provided it first is recognized for what it is and secondly, if YOU are creative.

What is a mature market? A mature market, as compared to the introduction and growth stages of development, is one where growth slows and hovers around GDP. In addition, margins are stabilized, but lower than the growth stage, competition increases, over-capacity is

present, the rate of value chain consolidation increases appreciably and price becomes the predominate marketing tool. All these elements cause fear and concern about the future and if we find ourselves in this mature stage, we may not know what to do about it.

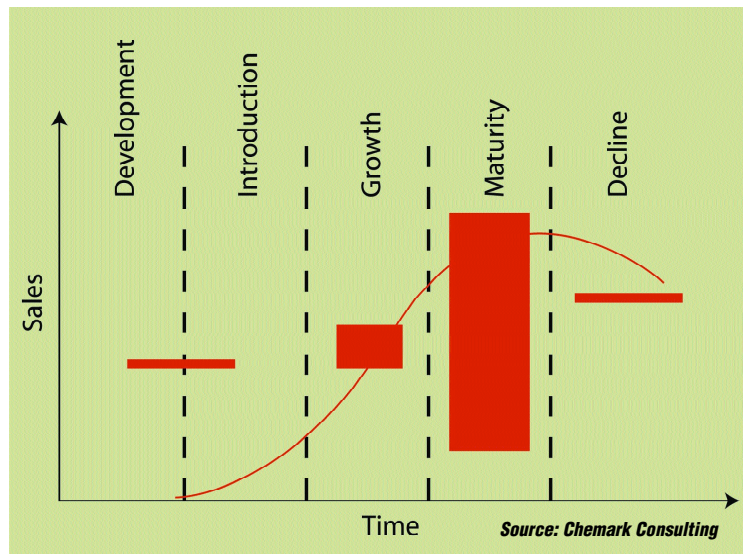
One clear-cut, but extremely difficult method for moving back from the mature stage to the more profitable emerging/growth stage is to design something entirely new to the industry or, at worst, create a major improvement in an existing business model, product, channel-to-market or package.

## DESIGN, OR RE-DESIGN, IS WHERE IT'S AT

Design success equates to repositioning oneself in the more profitable portions of the life cycle. Unfortunately, very few new designs come out of our industry directly. A notable exception would be the development of an in-tandem, two-coat electrocoat system, displacing sprayable primer surfacers with the second E-coat tank in an auto assembly line.

*Coatings and adhesives companies must think outside the box to prevent stagnating in the mature stage of the business life cycle. The first of a two-part Business Design series.*

## The Western European and North American Regional Coatings Industry



# Business Corner

## STRATEGIES & ANALYSIS

Design innovations can come from many and varied environmental roots. They can be:

- Methodical and highly disciplined;
- Creative, which denotes genius;
- Reactive, denoting knee-jerk spontaneity; and
- Pro-active, which leads the curve in disciplined thought process.

Throughout history, there can be found successful design personalities to fit each type. To name a few, Albert Einstein, Thoms Edison, Alexander Graham Bell, Harvey Firestone, Henry Ford, and FIRST NAMEWelch. From a pure design perspective, you may question those we've chosen to include in this list. However, once we have placed these personalities into their proper design personality type positions, it should be clear.

While it is admonished that Einstein, Bell and Edison were brilliant inventors, they first had to be designers in their minds. They had to envision possible end results in order to create something that did not exist before.

When we think of Firestone's tires and Ford's automobiles they must be categorizes as users of inventions that had gone before. They adapted and applied design disciplines in creating their own product.

Welch, Trump and Marriott have re-designed businesses and management practices that did not exist before they influenced these elements.

So what is the takeaway from this thought process? What can we do to improve our position along the life cycle continuum? Can we do anything to save ourselves or do we sit idle and allow the "third oldest profession" to dwindle into profit oblivion?

The challenge that lay before all of us in this, the mature world of coatings and adhesives, is to bring new thoughts and disciplines to bear from outside sources. Places such as colleges and universities as well as other industries. We need to be bold, try new things and not be afraid to take risks. After all, we're already "at risk" by standing still in the mature zone.

Tune in to part two of this series next month, in which I will discuss.....(Can you add a line or two preview?) **CW**

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