

The detergent industry exists to serve the consumer by making available products that provide a consistent standard of cleanliness, hygiene and care—care toward fabrics, household equipment and the consumers themselves. As pressure in society demands maintenance of standards under increasingly difficult constraints, the need for innovation is great. The industry is well experienced in understanding direct consumer needs and delivering to meet them but is less expert in dealing with the ever-increasing and more indirect demands from society. If industry is to serve society long-term, it has to pay attention to the needs for both the physical environment and the attitudes of society. There are currently many problems that could be tackled by concerted action involving the detergents and raw material industry, government and other parties with environmental concerns. There are good examples from the past two decades of how such collaboration has worked effectively, and these demonstrate both the will and capability of industry to be part of this partnership. These are often characterized by a consensus that there is a real problem to be tackled and a concerted effort to achieve a solution. However, currently industry finds itself being asked to tackle many problems where there is no such consensus, and instead of a smooth and effective solution to real problems, one often finds conflict between industry, government and environmentalists. This is destructive and counterproductive. One needs to establish in society a set of criteria about the cost/benefit analysis of particular courses of action leading to a concrete set of priorities for tackling those problems that loom largest. Instead, from an industry viewpoint, it often seems that issues emerge and become fashionable. Then action is demanded of industry which, if resisted, will lead to a damaging dialogue in which the reputation of industry suffers further. Yet, if the pressures are not resisted, very great costs are incurred both to the industries and, ultimately, to the consumer and no substantial benefit materializes. Finding solutions to the problem requires establishing an arena in which more mutual respect is created between the potential partners, starting particularly in the relationship between industry and educators. Within industry there is also a need for clear views on the benefits of being prepared to tell the industrial case without its being blurred by individual members "jumping on the bandwagon" and adopting an opportunistic approach that further confuses the important issues in dispute.

10.4 Marketing Changes



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This paper considers two themes with relevance to the marketing of consumer products based on chemical raw materials: (a) the potential for global marketing and (b) the application of tracking research for manufacturers of materials used in detergents. This paper proposes that the best global marketing is founded on sound local practice—it may reflect worldwide or pan-European strategic direction, but has to reflect local needs and conditions. Consequently, the more successful global marketers will be those who achieve a geocentric balance between realizing the benefits of global scale, avoiding the threats of local "niche" competition, and satisfying the infinitely variable needs of a vast and disparate population of customers. The paper then examines the use of Nielsen research databases, which are available in most western economies, to identify the ways in which manufacturer, marketing and consumer preference influence the markets for raw materials in the detergent industry.

10.5 Consumer Interface: Retailing



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Retailing, the last step in the industrial process in the chain from raw material to end-user, originally was very labor-intensive with small privately owned shops, but today is characterized by larger stores, logistics and a marketing orientation and a shift to greater capital intensity. To improve the financial return on assets, a retailer needs improved control over product and asset profitability. This development helps reduce the cost of distribution and offers a lower price to consumers, but also requires efficient shelf space allocation. The detergent business is a sophisticated one, and the different detergent uses within different environments imply a continuing evolution in product formulation. The detergent industry also is capital-intensive and therefore scale of production is important. In past years, the detergent industry, being more sophisticated, usually had more negotiating power than the retailing industry. As the unit price for detergent products is relatively high and detergent usage is important to consumers, retailers considered detergents good items for advertising purposes. The consequence was that detergent products were considered a low-profit activity by retailers. But as the retailing business is becoming more sophisticated, it realizes that not only is the direct gross margin on detergent items low, it may even be a negative in terms of net profit. Retailers thus will be even more sensitive to consider any propositions able to lower logistical costs, such as concentrated formulas, compact packaging, etc.