

**BETTER MARKETING –
“BE ALL THAT YOU CAN BE”**

***Value-based Marketing and the Industrial
Maintenance Coatings Project***

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“Be all that you can be” – a popular military slogan that serves as a lead-in for a discussion on value-marketing for the industrial maintenance painting contractor. Value-based marketing is simply marketing based on the perceived value of your offering as seen by *your customer*. Value-based marketing forces you to think outside of your internal cost sheets and see the world through your customer’s eyes. While fierce competition can sometimes undermine value-based marketing, most often it can be an effective way to differentiate your offering from your competitor. With two easy steps you can improve your marketing efforts so that you can “Be all that you can be” to your customer by bringing them value and giving them a reason to choose you.

The first step in creating value is to identify your customer – the person making the final choice to use your company. In most industrial maintenance projects this will be a plant or facility engineer. The significance of this type of buyer is that they are usually technically oriented and the decision-making process will be fact and data based. This is to your benefit because the technical buyer will make the decision based on the facts and details of your bid. This brings us to step 2, which is to quantify the benefits of your offering *as seen by the customer*.

Industrial maintenance painting is done for one reason – to protect the valuable assets of the facility owner. Therefore, the value that coatings bring to the owner is protection that prevents more costly and extensive repairs and replacements due to corrosion. In a sense, painting can be thought of as an insurance policy. Each coating project is a “premium” that is paid to prevent excessive losses in the future. Corrosion engineers know the correlation between the corrosion protection a coating can provide and its economic benefits, usually in terms of repaint cycle (time between repaints). Knowing the total cost of a repaint, it is a relatively easy exercise to determine the optimum time to repaint. The same analysis can be used to make a comparison between alternative contractor bids – assuming there is a perceived difference by the customer. Your task as a marketer is to show that choosing your company will bring value in the form of reduced repaint cycle costs. This does not mean (and should not mean!) that you must be the lowest bid price.

Let’s look at a simple hypothetical comparison of two paint contractors. Contractor A and Contractor B have quite different bids



prices (applied cost to the customer per square foot). If the customer makes the decision based solely on the bid price, Contractor B would be awarded the bid with a 28% lower price. Yet a simple value analysis shows equal value to the customer when the *initial* repaint cycle is considered. Contractor A has chosen to use a higher quality paint with higher price, but greater durability. The higher quality brings value to the customer by increasing the repaint cycle 2 years for Contractor A over Contractor B. An even more in-depth analysis shows Contractor A has substantially more value when *lifetime* costs are considered. What was originally a 28% lower *price* advantage for B has turned into a 26% *value* advantage for A. Perhaps Contractor A has left money on the table and should bid higher on the next project!

Table 1 Example of Value in the Protective Coatings Market

System	Initial Painting			Lifetime		
	Paint price (\$/gal)	Installed Cost (\$/ft2)	Initial Life Expectancy (years)	Cost/year/ft2	Number of paintings (including touch-up)	Total Lifetime Cost (\$/ft2)
Contractor A	\$26.00	\$3.10	7	\$0.44	5	\$9.35
Contractor B	\$19.00	\$2.22	5	\$0.44	7	\$12.72

This simple example is intended to get you to think creatively about the difference between your price and the customer's value. The ability to quantify value can be difficult in highly specified jobs and bid situations. In these cases competition can seriously undermine any opportunity to create value in a job based on customer benefits. Furthermore, the plant engineer often uses specifications to describe in great detail the requirements for the job so that all contractors are bidding on the same set of conditions and have a "level playing field". In this case, creating value by deviating from the specification is usually not allowed. This is where quality workmanship, timely completion of projects and other elements of service can bring value to the project. These are factors that may be assumed to be equal among all contractors, but in fact are usually quite variable. As a marketer you should try to quantify these intangibles in your offering in a way that the customer can use them in his decision making.. Showing examples and case histories of how your company can bring these to the project can make the difference in getting the job, and possibly getting it at a premium over the lowest bidder.



Just remember “IQ” – *identify* your customer and then *quantify* the value you bring that customer so that you can “be all that you can be” to that customer!

About The Author



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Michael joined ChemQuest in 1999 after 17 years with DuPont Automotive, where he was Business Manager, Light Industrial Coatings. Prior assignments were in marketing and product management positions with DuPont in the Refinish automotive and fleet aftermarket business. His automotive experience also includes sales and technical experience in the engineering plastics markets. He holds a B.S. in Chemical Engineering from Kansas State University. Contact Mike at (302) 235-2217 or mbrown@chemquest.com



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