

Dupont has designs on fashion essay



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DuPont (www.dupont.com) Fibres Division was wondering: could carpets move 'up-market' into the fashion-conscious world typically associated with clothing and furniture? The long-time market share leader in the carpet industry, DuPont was searching for new ways to expand in a slow growth market, which had been growing at approximately 5% per annum over the period 1990-7 and was predicted to remain level or even decline in following years. Earnings were down by 1.7% as of 31 March 1998 for DuPont fibre operations, and the carpet industry was flat.

In addition, in the residential segment of the market, DuPont needed a way to differentiate its nylon fibre carpets from increased competition, including the strong challenge of Amoco's new polypropylene fibre carpets. The carpet industry can be divided into three end-use segments: * Commercial carpets for offices, hospitals, hotels, schools, government facilities and industrial sites * Contract residential carpets for large residential purposes like apartment complexes or subdivisions * Residential carpets for homes. DuPont estimated that 30% of carpet sales were from new residential construction, and the other 70% were from replacement purchases. In addition to different end-use segments, each segment's consumers were quite different from the other segment's consumers and each segment was serviced through different channels. Interior designers, architects or specifiers for their clients typically bought commercial carpets.

They had to be durable and, especially for some end-uses like hotels, fashionable. Contract residential carpets were bought by designers or by the contractor who typically focused on price and durability. The residential segment differed from the other two because the purchaser was also the

end-user. Typically, the householder purchased carpeting from a retail outlet in order to create the atmosphere wanted in their home.

In a recent trade journal article of Buildings, carpet industry experts were quoted as saying that 'retail stores (are) an important and effective component of the retail (environment)'. Ninety-seven percent of all carpeting is produced from man-made fibres derived from petroleum. The leading fibre in the industry has been nylon, which was invented by DuPont in the 1930s. Though the leader in the industry, DuPont was challenged by other high quality nylon producers, like Monsanto, Allied, and BASF, and a host of generic low-end fibre producers. DuPont had 27% of the global nylon market and 58% of the nylon-6/6 market (the most advanced nylon fibre). Fibre producers sell their output to carpet mills that then produce the carpeting.

Until the 1980s, competition in the residential segment was based on the technical qualities of the fibres, the mill price of fibre, and reliability in shipping, none of which directly affected the consumer. As such, the industry tended to be very production oriented. In the early 1980s, a major breakthrough benefiting the consumer emerged, stain resistant carpets. By applying a chemical coating to the carpet fibre during production, the carpet was protected from permanent staining arising from most household soiling agents. Stains could be wiped off the carpet, thus alleviating the concern many people had about entertaining or 'living' on their carpet. The four major fibre producers quickly announced their versions of the stain resistant carpets in an effort to remain competitive.

Amoco also entered the market when it announced a 'new revolution in carpeting', carpets made from polypropylene (PP) fibres rather than nylon. As a fibre, PP is inherently stain resistant, thus it offered the best overall protection from stains and it costs less to produce than nylon. However, it did not as readily accept dyes as nylon, nor was it as soft to the touch, thus making it less fashionable. As such, PP initially had difficulty entering the residential segment, but was well received by the commercial segment.

Approximately 24% of the total US carpet fibre market is PP. In the mid-1980s, technical advancements in dyeing allowed Amoco to seriously compete in the residential segment. Their objective was to lead the introduction of PP fibres to the residential market and they were strongly committed to doing just that. DuPont, who desired to be the unquestionable leading fibre producer to the residential segment and relied more on marketing than other companies, seemed to sense the threat of PP towards nylon fibres when it purchased Hercules fibres, a large PP extruder. However, DuPont believed that nylon was still the fibre for residential carpets and was determined to let the consumer cast the deciding vote.

DuPont believed that the consumer needed to be given a greater role in the carpet industry and it believed it could use its well-respected company name to attract consumers. As such, DuPont created the first fibre-producer backed carpets, DuPont Stainmaster carpets, which carried a guarantee backed by DuPont on stain resistance, wear and anti-static, and was branded as a DuPont carpet. The results of the programme were highly successful with DuPont creating high brand recognition among consumers, the first time this had ever been achieved by a fibre company, thus differentiating it from

the other fibre producers. DuPont took its Stainmaster carpet business and converted it to a premium carpet brand by increasing prices and reducing its distribution channels. DuPont spent over \$10 million on television advertising beginning in 1995. A survey conducted by Video Storyboard Tests, Inc.

rated the DuPont Stainmaster television commercial the fourth 'most popular television commercial'. Based on its success with DuPont Stainmaster, the industry leader decided to forge new ground. For most of its history, the residential segment had typically been the most blasé segment of the carpet market. Styles tended to be simple, colours passive, and features uniform across all competitors in the industry.

Technically, industry players maintained that differences did indeed exist, but in the words of one industry analyst, 'The differences were there in style and fibre quality, but the householder out shopping for carpet did not really know or care, they only like what they could see and feel.' As such, DuPont wondered if the styles and designs so popular in the commercial segment could be transferred to the residential segment. Was the average household willing to make carpeting more than just a backdrop for other furnishings? If the programme were to be successful, it would mean further differentiation from other nylon fibre producers by creating a new segment based on fashion and status for residential carpets, increasing brand awareness among consumers for DuPont (resulting in increased demand for DuPont fibres), and bringing in a new dimension to residential sales which would be difficult for PP carpets to duplicate and would solidify DuPont as the leader in the residential segment. However, it would be an expensive undertaking, involving a significant amount of publicity and risking its reputation with its

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major fibre clients. In addition, if DuPont were to proceed with the Designer Collection, it would have to move fast. The largest trade show in the industry, in which the companies announced their major designs and programmes for the coming year, was due in three months.

If DuPont wanted the Designer Collection to have a maximal impact, it would have to have carpet samples and promotional materials ready for distribution at the show, and their marketing programme in line to begin shortly thereafter. Thus, the go or no-go decision would have to be made within six weeks. References DuPont 1997 Annual Report. DuPont Quarterly Report, 31 March 1998. Gregory Morris, ' DuPont Canada brings on nylon-6/6 expansion', Chemical Week (29 April 1998): 19.

Marc Reisch, ' New texture in carpet fibres', Chemical ; Engineering News 76(4) (26 January 1998): 20-1. Andrew Wood, ' DuPont wants to hitch up nylon's performance', Chemical Week (29 October 1997): 42. [www. dupont. com](http://www.dupont.com)