



An Australian Government Initiative

**AusIndustry**  
BUILDING BUSINESS · POWERING PRODUCTIVITY



## Using brand alliances to strengthen customer value propositions

### Value propositions

One of the strongest tactics for creating a customer value proposition is exclusivity as it provides certainty to the buyer, which is a key driver in sales decisions.

In a supply chain context, alliances and partnerships with other businesses can deliver this exclusivity. As this story shows, a brand alliance provides a very powerful value proposition where the exclusivity migrates through the supply chain to the end-customer.



*Daniel and Greg are from two different companies in a supply chain that services a \$700 million domestic market for window furnishing materials. Daniel leads a team that for 36 years has been manufacturing technical fabrics for mining, healthcare, food, defence and many other industries. The business relies on 50 staff, has sales approaching \$10 million, and raw material inputs from 55 suppliers.*

*Greg is the business manager for the industrial division of a highly regarded household name – Dulux. Together, they have found a perfect match. Using Dulux chemistry, Daniel has applied his technology to provide products that match the Dulux colour palette. This allows Greg to extend his company brand into a new market and Daniel is able to leverage the*

*Dulux brand as a unique aspect of the value proposition that both he and his customers can use to great advantage.*

## The awareness and inspiration

In 2010 it became clear to Daniel that his market share was rapidly eroding; business revenue had halved due to global competition. The window furnishings market is heavily price driven and the business needed new products that had a point of difference. He settled on a strategy that relied on brand alliances. As Daniel explains, "...as a raw materials volume manufacturer our brand is fairly hidden from the market, and a brand alliance is all about creating an instant recognition for our products within another trusted and valued brand." Daniel recalls that the inspiration came while living overseas where the power of two brands working together is more prevalent.

However, brand alliances for a unique customer proposition require supply arrangements that go beyond the status of 'preferred supplier'; that is, they require exclusivity that migrates through the supply chain to the end-customer. So armed with overwhelmingly strong feedback from both existing and new customers, Daniel and Greg created an alliance focused on a new range of products, licensing rights and territorial exclusivity for wholesale customers. The unique proposition for any customer is about accurately matching interior colour schemes, which other providers of window furnishings cannot do.

## Practical steps

The alliance has taken 3 years to become reality. The first 2 years focused on building the trust in the relationship with extensive laboratory and factory trials, and the final year was all about contract development. Daniel's insights on how to make this process effective are:

1. Don't go it alone. Daniel came from a traditional manufacturing environment where a culture of intellectual property protection prevailed. However, he now believes that the more people that get involved the greater the chance of success. "Never attempt to create a product based on just your own knowledge of the market; get partner and end-customer input as soon as possible", he says. Daniel now uses extensive partnership arrangements with suppliers and customers to deliver new products, especially those with existing sales and marketing outreach.
2. Preparation. Get all your business collateral looking really polished before you go live. The path to market is quicker if your materials are ready to go. This includes working with customers to quantify the incremental market growth, using trade shows, sending samples and marketing ideas for customer feedback, and any other 'person to person' tools that the wholesale customer is likely to need.



Featuring  technology

From a Dulux perspective, Greg believes that for any SME the most critical aspect of the process is being prepared to open up your business to others. Suppliers like Dulux are there to help make their customers successful and by sharing goals it allows suppliers to understand what their customers are trying to achieve and how they can help.

There is sometimes a perceived risk with any partnership or alliance that originates from the integration or synergy of objectives between two businesses. Both Daniel and Greg do not anticipate any misunderstanding around their shared goals, which is perhaps a result of their detailed planning and execution so far. As Greg explains “...for Dulux this is a low risk venture that offers some considerable upside if the market responds positively; it is a case of nothing ventured, nothing gained.”

***“Brand alliances for a unique customer proposition require exclusivity that migrates through the supply chain”***

*Daniel Leipnik and Greg Lynch, Securing exclusivity for customer value propositions*

## Benefits



In the first year sales lifted by 30 percent, staffing increased by 15 percent and the business is now running double shifts over a 16-hour operation. Staff morale has been boosted as there is more work, more overtime and a strong brand connection for everyone involved. There is also a bigger focus on future growth with the product range going from 8 colours to 20 colours and the development of 20 new colours for an overseas market. This all means more options for the end-customer.

The other benefits are more intangible and more focused on Daniel’s wholesale customers whose revenues are typically \$30 million plus. As Daniel explains, “...the alliance allows our customers to have an enhanced dialogue with their customers, and the territorial exclusivity in our arrangements gives them confidence that they have something unique to offer, which means their sales force are motivated.” Daniel’s customers are also incentivised through the cooperative marketing and advertising material, free swatch books, point-of-sale promotional devices, opening order discounts and other support materials.

***“The wholesale customer’s sales team knows that they have something unique to sell and this is a great motivator.”***

*Daniel Leipnik and Greg Lynch, Securing exclusivity for customer value propositions*

## About Daniel and Greg

Daniel Leipnik and Greg Lynch are witness to some of the great value that resides in supply chains. The model is a first for Dulux and they now have a template for considering similar alliances with other product manufacturers. For Daniel and the team at Specialty Coatings, the approach to brand alliances provides immediate results and he has since applied it to other products, including two exclusive territory distribution agreements with a USA manufacturer and a German manufacturer.

### DuluxGroup

[www.dulux.com.au](http://www.dulux.com.au)

### Specialty Coatings Pty Ltd

[www.specialty.com.au](http://www.specialty.com.au)



Supply Chain Facilitation services are part of the Entrepreneurs' Infrastructure Programme. The objective of the Entrepreneurs' Infrastructure Programme is to drive business growth and competitiveness through support for business improvement and promoting economic growth through research connections and commercialisation of new ideas.

Supply Chain Facilitation offers eligible businesses a practical approach to developing their capabilities and improving their ability to interact with and supply into new and existing markets. Its focus is on identifying improvements and opportunities within a supply chain and delivering a tailored plan of action to best position each business for commercial success.

### Disclaimer

The Commonwealth excludes all liability to the maximum extent permitted by law for any loss, damage, cost or expense suffered or incurred arising from the use of, or reliance upon, the Supply Chain Facilitation service or any actions taken by your business in addressing issues or implementing recommendations identified as part of the Supply Chain Facilitation service, complementary services or otherwise provided separately by the Adviser or Facilitator.

The business profiled within this guide is currently not a client of the Entrepreneur's Infrastructure Programme, however demonstrates how an Australian business has taken a practical approach to a supply chain issue.