



THE MARKET

There are 7.2 million households in Australia of which 24 per cent have undertaken an interior painting project in the past 12 months and 14 per cent have painted the exterior of their home.

In 2000, the total Australian architectural decorative paint market accounted for 115.5 million litres of solvent and water based paint. The architectural and decorative segment of the paint market comprises retail sales to household consumers and trade sales to tradesmen and master painters with the two segment accounting for 48 per cent and 52 per cent (2000 data) respectively of the total architectural and decorative market sales. In 2000, the retail segment accounted for just over 56 million litres of paint.

The industry remained highly competitive through the five-year period from 1995-99. Coupled with the lack of domestic growth traditionally expected in a mature industry, and the generally flat residential dwelling construction market, further rationalisation took place to improve profits and reduce competition. Dulux Decorative Division (an Orica business) is the dominant company in the category.

The paint season tends to be between September and Easter to coincide with warmer weather and holidays. Weather conditions have a significant impact on the paint market, particularly the demand for exterior paints. The paint market is also affected by trends in housing construction and renovation as well as consumer confidence in the economy.



ACHIEVEMENTS

When Australians think paint, they think Dulux. The Dulux name is recognised by more than 80 per cent of Australians. Dulux has earned its reputation through its commitment to research and development and its emphasis on high quality products.

This commitment was confirmed in 2000 with the opening of Dulux's new \$12 million research and development facility in Melbourne.

Dulux employs more than 70 scientists and specialists who work on developing the next generation in surface coatings.

HISTORY

Over the past 40 years, Dulux has made some of the most significant contributions to the paint industry. For example, in the 1960s Dulux launched the first water-based paints. This new type of paint was much easier to apply than solvent paint and is, in part, credited with the continuing strength of the Do-It-Yourself paint market in Australia.

In the 1970s, Dulux improved its water-based paints to meet consumer demand for durability and stain resistance. This led to the introduction

of Weathershield® X10 with its 10-year guarantee and Wash & Wear 101® with its patented stain-resistant properties.

Wash & Wear 101 is regarded as one of the most successful product launches in Australia. In-depth understanding of the market, a strong communication package and an outstanding, differentiated proposition that addressed a key consumer need resulted in substantially increased market share. Wash & Wear 101 also set the standard for all other interior topcoat paints.

Further developments included Dulux Mouldshield®, a revolutionary polymer latex that was very stable and able to provide superior performance with high levels of mould inhibiting zinc oxide. This product solved yet another problem for the DIY painter.

Dulux is also renowned for its outstanding customer service, consistently winning Supplier of the Year Awards from its major customers. In fact, BBC introduced a Supplier of the Decade Award specifically to acknowledge Dulux's performance over 10 years.

THE PRODUCT

Dulux offers a comprehensive range of high quality prepcoats, interior topcoats, exterior topcoats and specialty paint products at the premium end of the market. The principal Dulux manufacturing plant is located in Brisbane. Dulux recently committed \$15 million to further upgrading the plant.

RECENT DEVELOPMENTS

Dulux is an entirely Australian-owned and manufactured brand. In July 1997 ICI Australia Limited became an independent company when its British parent divested its majority shareholding interest in its Australian operations. To recognise the new independence the company name, ICI Australia Ltd, was changed to Orica Ltd in February 1998.

Orica is the largest chemical company in the region, employing 10,000 people around the world. Orica manufactures and markets industrial and specialty chemicals, agricultural chemicals and fertilisers, explosives and mining chemicals, plastics and paints.

Through its Consumer Products Division, based in Australia, Orica manufactures a comprehensive range of paints and is Australia's largest manufacturer and supplier of surface coatings. With manufacturing sites and a world-class paint technology centre in Australia (plus sites in New Zealand, Fiji and Papua New Guinea), Dulux is recognised as the cornerstone of Orica's paint business and the number one brand in the industry.

Dulux continues to lead Australian (and even international) decorator trends. For example, paint is no longer just about colour. It is also about texture. Special effects products, such as Dulux Suede™ and Dulux Tuscan™, are a growth opportunity and the range of "effects" applicators and educational tools continues to grow to support this strong decorator trend.

Niche products for children's bedrooms are also attracting attention in the US, UK and Australia. The launch in Australia of "paint that magnets stick to" under the Dulux Wonderwalls® label has redefined walls as "artistic space" for kids and revitalised this segment of the market. (Topcoat for interior walls or ceilings represents 55 per cent of painting occasions in Australia with bedrooms accounting for half those projects).

DIY painters also want more help with colour scheming, so Dulux has launched MyColour™, state-of-the-art colour visualisation technology that can be accessed over the web (www.dulux.com.au) or purchased on CD.



This versatile decorator system allows DIY painters to select from a variety of exterior houses and interior rooms including bedrooms, bathrooms, living rooms, kitchens and lounges. They can view those rooms from different angles, add the floor covering of their choice (carpet, tiles, floorboards), furnish the room (and change the colour of the furnishings) and change the lighting from day to night.

With over 800 colours to choose from, including a number of specialist palettes such as the Dulux Effects™ range, Wonderwalls and Traditional colour palettes, Dulux MyColour is a complete home decorating service on a disc.

In 2001, Dulux launched the next generation in colour durable paint for exterior application. Thanks to the exclusive Dulux Chromamax™ pigment-rich bases DIY painters are able to confidently select the latest in deep, rich colours for exterior and interior use.

PROMOTION

As market leader, Dulux always aims to dominate share-of-voice in the paint category. The consistent use of television advertising has contributed to Dulux's sustained share-of-mind. Increasing interest in home decorator programs has resulted in additional exposure of the Dulux brand and its products. Dulux is regularly featured on top rating programs such as *Changing Rooms* and *Our House*.

In addition, Dulux spends millions of dollars every year providing colour chips and colour cards to consumers via hardware stores and paint specialists. More than two thirds of paint buyers use colour cards or chips to make their selection. About one-third of DIY painters use sample pots. Dulux was the first brand to introduce and promote sample pots on a national basis.

Some of Dulux's most popular and effective campaigns include the "Sorry" commercial for Wash & Wear 101 which propelled the product to market leadership in a matter of months, and the series featuring a young couple in the process of renovating a rundown home. This campaign effectively empathised with the most common feelings people have about painting, trepidation and satisfaction. The result was a strong consumer association with the brand and its values.

BRAND VALUES

Brand tracking consistently confirms that Dulux is regarded by Australian DIY painters as the most innovative paint



company offering a quality range of paints, including the most washable and scrubbable interior paint.

Consumers also regard Dulux as the leading brand of paint. The brand has strong family values and is a respected and trusted brand. This image is reflected in the well-known and much-loved "Dulux Dog", the Old English sheepdog, which has been associated with the brand since the 1960s.

THINGS YOU DIDN'T KNOW ABOUT DULUX

- The well-known Dulux tagline, *Worth doing, Worth Dulux®* was first introduced in the 1970s.
- The Old English sheepdog is so solidly entrenched as a branding device that many people refer to the breed as "Dulux dogs". All but one of the dogs featured in the advertising campaigns have been breed champions and five have won a "Best of Show" prize.
- There are approximately 1200 jelly beans in a 4-litre can of Dulux Jelly Beans (one of Dulux's very successful promotions).
- In-store colour tinting was introduced in the 1950s.

