



non-stick coatings

## POSITION PAPER #2 – MAY 2010

### **“DO NONSTICK COATING BRANDS MATTER TO CONSUMERS?”**

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In the 1970's, market researchers who were first tasked with answering the above question were baffled, because they found it impossible to scientifically test the difference between branded and unbranded coatings since both appear as a small part of cookware that has its own (more powerful) brand. For this reason, the researchers weren't interested in looking at actual sales data between the companies that used branded coatings versus unbranded ones. So, in a display of splendid creativity, the academic researchers created written questionnaires and phone surveys in which they asked people to *imagine* that if a certain piece of cookware was given to them, would they could choose a famous branded coating or an unbranded coating? In these surveys, people universally chose a branded coating. So, coating brands were deemed to “matter.” This was a bonanza for the maker of the famous branded coating, who enjoyed very brisk sales (and who, coincidentally, had also financed the marketing research...more on that later.)

Then in the early 1990's, a certain American manufacturer of nonstick cookware wanted to retest the conclusion about branded coatings in the “real world.” This intrepid company took a given line of their cookware at a given price, and from one year to another they replaced their famous brand name coating with an unbranded one. Sales didn't decline. In fact, they actually went up (we can vouch for this because we supplied the unbranded coating). No one could figure out why. The academics said maybe the economy was much stronger in the second year which explained the higher sales. But sales went up the next year also. By this point, we had stopped paying attention to any research reports as our company had selfishly adopted the slogan “When it comes to nonstick coatings, we believe the best brand name is your own.” Over the next 5 years, we converted most American cookware and bakeware companies from branded to unbranded coatings. And again, sales in the industry never declined. Perhaps coating brands really don't matter that much after all.

### **The plot thickens**

Still, today many people around the world still use branded coatings, and many companies swear by them. If you ask 10 marketing managers in the housewares industry about branded coatings, you are likely to get 11 different answers. Everyone has an opinion, so in this paper we will restate ours for the record: GMM's view is that nonstick coating brands DO NOT matter to consumers.

For those who know us this isn't much of a surprise. But in an effort to persuade we will share our thinking in greater depth. Let's return to that market survey back in the 1970's where people universally preferred a famous branded coating. What is the "famous branded coating" we keep referring to? Of course, it is DuPont's Teflon. Teflon is far and away the most famous brand in the nonstick coating industry. Teflon is undeniably iconic as a great consumer product. Teflon is legendary even within American political lore due to Ronald Reagan who was known as the "Teflon president", because nothing ever seemed to stick to him. Hats off to DuPont (a great company by any measure), for inventing it.

But how can it be that consumers clearly prefer Teflon when asked, yet do not back up this preference with their wallets? Let's assume pricing has nothing to do with this phenomenon. What could explain the paradox? One potentially insightful answer can be found by looking at the *Database of American Brand Eponyms*. This list rates products which, due to their longstanding consumer awareness and success, have transcended their category and are now used as a noun, verb, or adjective:

<b>BRAND</b>	<b>OWNING COMPANY</b>
1. <b>Xerox</b>	Xerox Corporation
2. <b>Kleenex</b>	Kimberly-Clark
3. <b>Scotch-Tape</b>	3M Corporation
4. <b>Band-Aid</b>	Johnson and Johnson
5. <b>Popsicle</b>	Good Humor
6. <b>Saran Wrap</b>	Dow Chemical
7. <b>Velcro</b>	Velcro Industries
8. <b>Styrofoam</b>	Dow Chemical
9. <b>Escalator</b>	Otis Elevator
10. <b>Teflon</b>	DuPont
11. <b>Thermos</b>	Top Thermo
12. <b>Hi-Liter</b>	Avery Dennison Corporation
13. <b>Frisbee</b>	Wham-O Manufacturing Company
14. <b>White-Out</b>	BIC Corporation
15. <b>Q-Tips</b>	Chesebrough-Ponds

Now we're getting somewhere. Look over all of the names on this list. Every one of them is an utterly common household name, yet they are ALL are privately owned brands. Just by hearing any of these names, you can instantly picture what the product looks, feels, smells, or tastes like. Yet, ask yourself a simple question: When you say "Xerox it", or "Do you have any Scotch-Tape?" or "Is there an escalator?" or "Can I have a Band-Aid/Popsicle/Kleenex"....do you REALLY care if you get the "branded" version of this product? Most people don't. If your friend asked you to "toss a Frisbee," would you retort with "But is it a REAL Frisbee as manufactured by Wham-O Manufacturing , or is it an equivalent circular aerodynamic plastic disc?" Odds are you wouldn't care one bit because everyone just "knows" what a Frisbee means to them. Now, if someone called you up one night and asked if you wanted your hypothetical cookware coated with "Teflon" or "a generic coating," what do you think you'd say? Odds are you'd say "of course I'd prefer the Teflon" and hang up the phone.

However, if you watch real people in a real cookware retail store perusing the aisle (and we have actually done this), they pick up cookware, admire the design, test the weight in their hands, and check the price. Rarely, if ever do you see them rubbing the interior nonstick coating or even looking at it. To many, the pan is either coated or it isn't. *Our research suggests that consumers look at specific nonstick coating brands (Teflon and others) the way they look at Frisbees, Velcro, or Saran Wrap...everyone innately knows what the product is supposed to do, and no one cares about specific brands because the attributes are so well known.* And since our unbranded coatings are just as good (if not better) in nonstick performance than branded coatings, consumers are very wise in their blissful ignorance. This also explains why sales don't suffer when coating brands are eliminated.

### **Just call it "X-flon"**

Yet, today many cookware companies still use branded coatings. And there are no shortage of fancy coating brands. On Google, we typed in "nonstick coating brands" and in less than 2 minutes came up with the following Teflon alternatives in a neat list: Greblon NewTec, Greblon Ceram, DURIT ResistPRO, DURIT, Xylan, Quantum, Quantum2, QuanTanium, Eterna, Excalibur, Eclipse, Greblon Stonehedge, Greblon Compound, Resist, DURIT Protect PRO, DURIT Select PRO, Corflon Ultra, Corflon Concept, Ilaflon Resist Plus, Ilaflon Select 3000, Ilaflon Select 1000, Xynflon, Stonex, Chemlon, Marrlite, Fusion, Duramax, Duraslate, Duraceram, Tri-Tanium, Duraflex, Yuloflon, Daikin, Skandia, Thermolon, Silverstone, Supra, Xtra, ScratchGuard, Autograph, Classic, Slipflon, FlowEase, FlexSlip, and PaoFlon.

Looking at the huge list above...can *anyone* blame consumers for being numb to the differences between nonstick coatings?

Ironically, even DuPont faced a problem with the eponymous usage of the Teflon name (i.e. the Frisbee problem) in the 1980's and 1990's when the company introduced Silverstone, Supra, and ScratchGuard, higher quality coatings which were far, far better than original Teflon from a quality standpoint. One would expect that consumers would pay attention out of respect for the actual inventor of "real" Teflon. So what happened? Those new brands got lost in the "nonstick name black hole" and were eventually shelved. Like the proverbial phoenix, the Teflon name has risen from the ashes and today all DuPont coatings of every quality level are under a broad "Teflon" umbrella because the company acknowledged the reality of consumer perception. Though we applaud them for this recognition, we ask if this re-branding translates to higher client sales? If it didn't work 15 years ago, to us it's hard to see how it works now. Another way of framing the question is to ask if you could convince someone that your new invention consisting of a circular aerodynamic plastic disc called Brisbee was different than a Frisbee? It's doubtful. This point brings us, finally, to our key advice to cookware clients:

**TAKE THE MONEY YOU SAVE BY USING AN UNBRANDED COATING, AND INVEST IN BUILDING YOUR OWN BRAND. WHEN YOUR COOKWARE BRAND MEANS SOMETHING TO THE CONSUMER, THEY WILL BELIEVE AND TRUST WHAT YOU TELL THEM ABOUT THE NONSTICK COATING YOU USE.**

For instance, our research suggests that consumers assume that the more expensive the cookware, the better the nonstick coating will be. And though that assumption is patently false, many cookware

companies continue to monetize this misperception because of their high quality brands while weaker branded companies using great coatings go bankrupt because they can't compete at Wal-Mart. Beyond this, nonstick coatings are so good these days (see "How good is good enough?" from April 2010) that a small improvement in nonstick coating quality will be meaningless to consumers unless that increase is communicated to them through a cookware brand they already trust.

We know that the above advice is provocative, and that many people in the coatings and cookware industry (and purveyors of marketing research) would vehemently disagree with us. In this, we are reminded of a famous and wise quote penned by Upton Sinclair: "It is difficult to get a man to understand something when his salary depends upon him not understanding it."

### **Put your money where your mouth is**

We humbly challenge anyone to provide us with credible data that shows that a branded coating on a given piece of cookware makes a material difference in sales over an extended timeframe. As a matter of fact, last year GMM leadership seriously considered offering the following (rather cheesy) deal to prospective clients that currently use branded coatings: Switch to an unbranded GMM coating for one year, and if you can demonstrate to us that you lost ANY business from your retail client base because of the loss of coating brand equity, we will supply you FREE coatings for the following 12 months.

Sounds crazy, doesn't it? In the end, we decided against the promotion because we did not want to create an incentive system that rewarded the loss of business, or in the worst case scenario caused someone to purposefully "engineer" a sales dip because of the prospect of a year of free nonstick coatings (in some cases millions of dollars.) But the principle is clear: We believe that coatings simply can't manage the heavy lift of differentiating one brand of cookware from another, and that data to the contrary is most likely influenced by "rebate programs", "ad dollar support" and other unpublicized agreements that skew retail sales. And by the way, let's not forget that French company that *makes and uses their own unbranded nonstick coatings* while deploying a phenomenal cookware marketing campaign. How are they doing? Last we looked, they are the world's largest cookware company.

We do offer a caveat on all of this: If there is a true technical breakthrough in the industry, one that involves infusing actual PTFE into the cookware surface, or that combines inorganic coatings with PTFE to form a super-hard, super release system, then all bets are off. That new brand will matter very much because it's a real game changer.

But until then, we have to acknowledge reality not as we wish it to be, but as it is. And in this reality, when friends have asked what we do for a living, and when we say "my company makes non-stick coatings," the normal response from them is "Oh, you mean Teflon?" For the first few years of this, it was very hard not to correct them. After a few years, the easiest thing to do is just smile and nod (and think of Frisbees).

Respectfully,

**GMM NONSTICK COATINGS RESEARCH TEAM**