

BYK-Gardner Mini-Catalog Test

Presented by Michael Gogoel

VP & GM BYK-Gardner USA

May 26, 2004



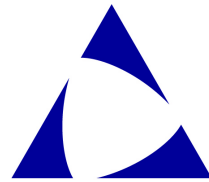
Key Figures (million USD)

| | 2003 | 2002 | 2001 |
|---------------------|-------------|-------------|-------------|
| Sales | \$3,282 | \$2,959 | \$2,538 |
| Return on Sales | 21.2% | 20.2% | 19.4% |
| Number of Employees | 10,492 | 9,853 | 9,122 |

Quandt



ALTANA



ALTANA

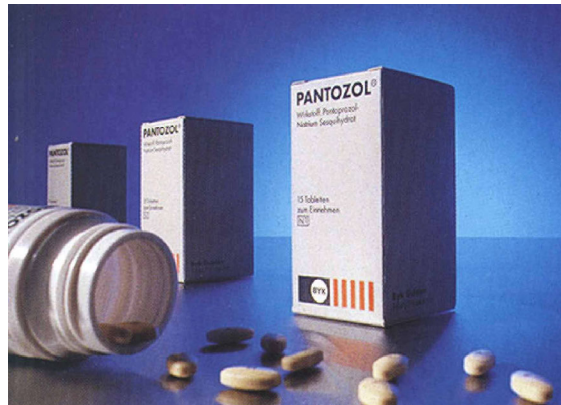
Holding Company

Pharmaceuticals

ALTANA Pharma

Chemicals

ALTANA Chemie



ALTANA Chemie AG

Additives & Instruments BYK-Chemie GmbH

Paint additives

Plastics additives

Instruments

Coatings & Sealants ALTANA Coatings & Sealants GmbH

Packaging Coatings

Industrial Coatings

Electrical Insulation ALTANA Electrical Insulation GmbH

Wire Enamels

Impregnating Resins

Compounds

BYK-Gardner



QC solutions for coatings and plastics



Business Characteristics

- Capital Equipment
 - Price range \$4000 to \$25,000
 - Sales cycle time 6 months to 2 years
 - Instrument lifetime 10 to 20+ years
- Market
 - Niche market
 - Resistant to change
 - Majority of customers buy once every 5 to 10 years
- Sales Process
 - Generally lead driven
 - Too costly for salesperson prospecting

Media Tested

- Three different market specific versions were produced and distributed through the following media
 - Card Decks
 - Trade Journal Insertion
 - Direct Mail to Active Customers
 - Direct Mail to Inactive Customers
 - Distribution at Trade Shows

Goal

- Test if this medium could be effective to stay “Top of Mind” at customers that we cannot visit or call regularly
- Generate market awareness of brand
- Develop leads and be able to track results
- Test which media gave the best response
- Sell directly and indirectly
- Prospect for and develop new customers
- Test as an alternative to trade journal advertising
- Test as an alternative to sending a full line catalog

Process

- 550,000 total catalogs distributed
 - 225,000 in card decks
 - 250,000 in trade journals
 - 75,000 to in-house list via direct mail
 - 25,000 to active buyers
 - 50,000 to inactive buyers
- 3 different market specific versions coded by catalog#
- Track response by:
 - catalog code
 - market
 - media
 - orders generated, quotes generated, response rate
- All distributed within a 3 month period
- Offer of a free gift to respond - no purchase necessary

Results

- Response rate from in-house lists outperformed all other channels, in # leads generated, value of orders produced and ROI
 - Orders from mailing to the in-house list are projected to produce more than 2 times the profit needed to pay for the program
 - Active customer response rate 4.5%
 - Inactive customer response rate 0.7%
- Trade Journal insertion produced a 0.3% response rate
 - Intangible “top of mind” effect hard to quantify
 - Still better than standard display advertising - many products exposed to the customer instead of just one
 - Best response rate was 0.8%
- Card Decks produced a 0.3% response rate
 - Response varied considerably from deck to deck
 - Markets where a large variety of products could be used by the customer produced a greater response - average 1%
 - Markets where only a few products were applicable produced an extremely low response - <0.1%

What Did We Learn?

- Mini-catalog works well with our in-house lists as:
 - an avenue to introduce new products
 - a customer reactivation tool
 - a cost effective alternative to sending a complete catalog to customers who don't have the potential to use all of our products
- Mini-catalog works well in trade journals and card decks as:
 - an alternative to trade journal display advertising
 - a new customer acquisition tool in markets where potential customers can use a large percentage of the products we offer
- Mini-catalog didn't work well:
 - In "fringe" markets as a new customer acquisition tool