

cc: JHBaird
JMLipton
JBlackwell
LHPapineau
JEKramer
RFMahlberg
RNSelby
RJBuch
SFWest
RPRogers
RUTobar
KLNeynaber
RHAkins (3)
FBBredimus (3)
EEJaffe (3)
EWStewart
RJFahl
VWBurins

January 18, 1980

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CD&P DEPARTMENT
DISTRICT MANAGERS
ASST. DISTRICT MANAGERS
COMMERCIAL ASSISTANTS
SALES REPS (BY DIRECT MAIL)

Attached is your copy of our January Newsletter. We have highlighted some of the key points in our 1980 business plan and we hope to be able to review these plans with you, in detail, early in February.

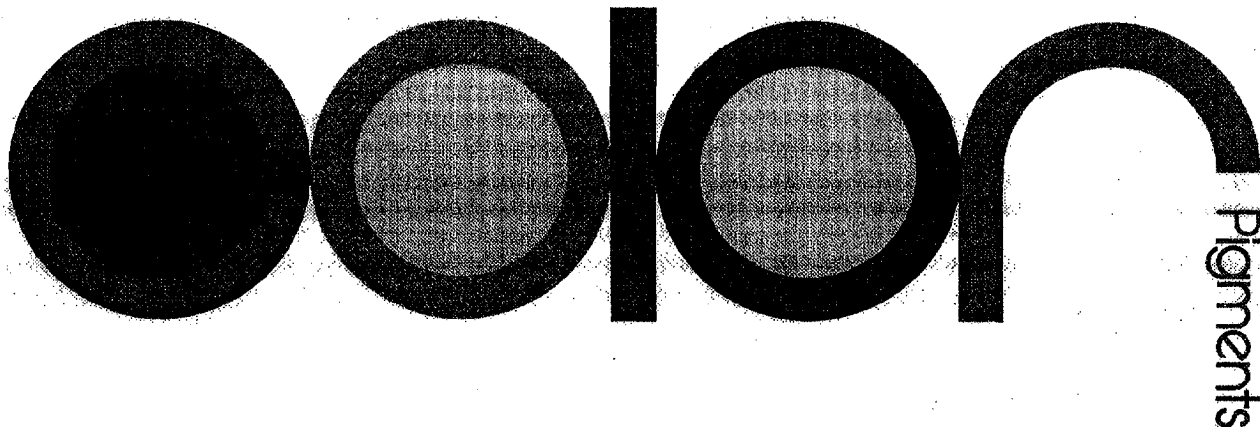
Please keep in mind that we are anxious to receive items from you that you believe would be of general interest to others for inclusion in our Newsletter. This letter will only be as good as our combined efforts make it.


J S. THACKRAH

Att.



PIGMENTS



COLORED PIGMENT PRODUCTS DIVISION
JANUARY NEWSLETTER

HIGHLIGHTS

Colored Pigments posted record earnings in 1979 thanks to everyone's efforts. In 1980, we expect to maintain 1979 earnings levels in a recession year by selling the same number of total pounds while raising prices enough to cover increased costs. Our sales effort is designed to increase market share at major accounts with key products. Our marketing plan will be issued soon and will be reviewed with each district early in the year. Key elements of our program include:

- Improvement of service levels by:
 - better communications
 - more inventory of key codes
 - successfully introducing managed distribution
- Increased inorganic sales to companies formerly supplied by American Cyanamid by:
 - negotiating contracts with large consumers
 - holding lead chromate seminars to help customers operate within the government regulations
- Increased Quinacridone penetration in automotives by:
 - introducing new pigments (transparent red QA, brighter gold QA)
 - improving export sales effort (Japan & Europe)



- Increased market share of "Watchung" red in plastics by:
 - promoting RT-870-D as best Red 2B for plastics
 - developing resin-bonded product as in molded plastics
- Increased sales of floc-resistant CPC blues by:
 - issuing sales aid showing Du Pont's leadership in this area
 - maintaining adequate supply levels to cover all current business plus any new business

SUPPLY

Most of our supply problems are now behind us with adequate inventory to meet any sales needs. Inventory levels for key codes are being increased to allow much improved service levels for 1980.

PRICING

Our recent inorganic price increase is in place with Ciba-Geigy, effective 1/14/80, and Harshaw, effective 2/4/80, following. We will deal with the need to adjust our timing to conform to Ciba-Geigy and Harshaw where necessary.

At this time, we do not intend to meet the prices of less quality conscious inorganic producers like Reichold, Mineral Pigments and Wayne.

We do expect cost pressures to continue in 1980. As illustration, Du Pont's 1979 costs increased as follows:

Basic materials	+64%
Chemicals	+18%
Hydrocarbons	+63%
Energy	+24%

At this time there is no evidence that this upward spiral is decreasing and we expect heavy pressures in the organic pigments sector over the coming months.

CONTRACTS

The Colored Pigment Products Division encourages the use of long-term contracts for selling high volume, commodity-type colored pigments. A procedure for handling these contracts was issued to the districts on 1/3/80. We are currently processing contracts for renewal with the following companies:

	<u>Product</u>
Ampacet	Inorganics
Benjamin Moore	Organics
Bennett	Organics
Custom Chemical	Organics
Inmont	Inorganics
Mobil	Inorganics
Sherwin-Williams	Inorganics
Tenneco	Organics
Valspar	Inorganics

PRODUCT DISTRIBUTION

We have experienced very significant improvement in the operation of the Edison Warehouse and in the managed distribution program from Edison. A very large percentage of our customer shipments have been moving directly from Edison. Since we have about one half of our inventory in other warehouses, Edison's stock turnover has been much greater than any district warehouse. In order to continue improving our service, we have begun to increase the proportion of our stock to Edison and plan to reduce district warehouse stock in proportion to its use.

COMMUNICATIONS

We invite you to call any of us on any pertinent marketing information that you encounter on color.

N. D. CASSEL