

Monsanto

FROM (NAME & LOCATION) J. H. Orem - General Offices - B3NC

DATE

March 3, 1976

CC

SUBJECT

ADHESIVES MARKET 1975
SANTICIZER 160

REFERENCE

TO

J. A. Cannon - 1730
J. R. Darby - 1730
A. G. Eades
M. W. Farrar - R2E
E. H. Fording
W. E. Maledon
J. M. VanGelder

While consumption of polyvinyl acetate emulsion adhesives in 1975 decreased 17%, down 36M pounds resulting in 4M fewer pounds of plasticizer use, Santicizer 160 sales decreased only 300M pounds. The S-160/I rose to 38.5% (old computation method would have shown 61.5%), an increase of 16%.

Gross profit on these sales reached \$698,000, an increase of \$29,000 from 1974. Reviewing the total movement of Santicizer 160 in the U.S., we find the Adhesives Market:

consumed 10.6% of the pounds,
provided 11.9% of the sales dollars, and
yielded 17.7% of the product's gross profit.

The total 1975 customer "acquisition/conversion" program resulted in new Santicizer 160

sales of 575,000 pounds,
volume of \$225,000, and
gross profit of \$60,000.

Our techno-marketing estate is in adequate shape to support additional initial thrusts by field sales and distributors.

The market appears poised for a 25% increase in 1976 which will result in a total plasticizer use of ca 26M pounds. With a targeted Santicizer 160/I of 40%, this will yield sales of 10.5M pounds.

Attached is the complete 1975 report.

J. H. Orem

JHO/gls
attachment

DSW 586790

STLCOPCB4092124

SANTICIZER 160
& THE U.S. ADHESIVES
MARKET - 1975

SALES

1975 closed at a strong pace. Santicizer 160 sales reached 8118M pounds; this compares very favorably to our 1974 sales of Santicizer 160 and blends of 8443M pounds. There were no sales of Santicizer 160 blends into this market place in 1975.

Compared to 1974, and to budget, Santicizer 160 was:

	<u>Actual '75</u>	<u>Actual '74</u>	<u>A/B</u>	<u>'75/'74</u>
Pounds	8118M	8443M	83.0%	96.2%
Dollars	2574M	2148M	111.3%	119.8%

Of great importance, the combination of being positioned with the right adhesives manufacturers and the acquisition/conversion program directed at dibutyl phthalate enabled us to make a significant improvement in the Santicizer 160/Industry position.

<u>Santicizer 160/I</u>	<u>Prior Method*</u>	<u>New Method*</u>
1975	61.5%	38.5%
1974	53.1%	33.2%

*Conversations within this market have convinced us to adjust the plasticizer concentration from the previous 7.5 phr to 12 phr; in both cases this is computed on 100% solids polyvinyl acetate resin use as reported by SPI for adhesives.

Another indicator leading us into an optimistic outlook for 1976 is our continually improving average monthly sales rate.

<u>1975 Quarter</u>	<u>Average Pounds per Month</u>
I	575,000
II	655,000
III	728,000
IV	748,000

The big six customers for 1975 accounted for 86% (86.8% in 1974) of our Santicizer 160 sales into their market as shown below. For comparison, I have listed their 1974 purchases of Santicizer 160 and its blends.

<u>PVAC 5+4 Adhesives</u>	<u>Plasticizer Use</u>
<u>1974</u>	<u>1974</u>
212,043 M lbs	15,900
<u>1975</u>	<u>1975</u>
175,935 M lbs	25445
	2112

	1975 (M lbs.)	1974
National Starch	2766	2943
H. B. Fuller *	2555	2892
Borden	546	716
Tanco	470	224
Evans Adhesives	374	446
United Resins	287	109
	6998	7330

** include Pailly*

PROFIT

Gross profit from the sales of Santicizer 160 into the adhesives market reached \$698,000, a margin of 27.1%. In 1974, the gross profit on Santicizer 160 and its blends sold into this market was \$669,000. During the year, the average selling price in adhesives increased 6.3¢ pound; for all other Santicizer 160 sales, the selling price increased 5.9¢ per pound.

SANTICIZER 160 (1975)

	<u>Pounds</u>	<u>S.P/lb.</u>	<u>Volume</u>	<u>Gross Volume</u>	<u>Profit % Sales</u>
Adhesives	8,118M	31.7¢	\$ 2,574M	\$ 698M	27.1
Other Markets	68,787M	27.8¢	\$19,125M	\$3,252M	17.0
Total	76,905M	28.2¢	\$21,699M	\$3,950M	18.2

The adhesives market in the U. S.:

- consumed 10.6% of the Santicizer 160 pounds,
- provided 11.9% of the Santicizer 160 sales dollars,
- yielded 17.7% of the product's gross profit.

CUSTOMER ACQUISITION

During the year, four manufacturers converted to Santicizer 160 for their polyvinyl acetate emulsion adhesives: Envelope Adhesives, Roman Adhesives, Titan Adhesives, and Wilhold Glue. Two other manufacturers, Tanco Adhesives and United Resins made significant increases (+370,000 lbs.) in their Santicizer 160 purchases by replacing plasticizers such as dimethyl phthalate and Benzoflex 9-88. This combination, new customers and further conversions by existing customers, brought in new Santicizer 160

sales of 575,000,
volume of \$ 225,000, and a
gross profit of \$ 60,000

TECHNO-MARKETING ESTATE

Basic information has been developed by Application Research to support initial thrusts by field sales and distributors. Further MTS work will be done for individual customers as specific needs are identified and potentials defined.

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FORECAST

Business has definitely improved. NOTE: all Santicizer 160/I estimates will now use 12 phr plasticizer (rather than the 7.5 phr that had been used) based upon SPI statistics for vinyl acetate monomer used in adhesives. Below are the 1975 final numbers and the quarterly forecast for 1976.

(M POUNDS)						
1975 ACTUAL				1976 FORECAST		
Qtr.	PVAc	Total Plas.	S-160	PVAc	Total Plas.	S-160
I	37,000	4,400	1,726	52,000	6,200	2,400
II	44,000	5,300	1,963	58,000	7,000	2,800
III	49,000	5,900	2,185	58,000	7,000	2,800
IV	46,000	5,500	2,244	52,000	6,200	2,500
	<u>176,000</u>	<u>21,100</u>	<u>8,118</u>	<u>220,000</u>	<u>26,400</u>	<u>10,500</u>
Santicizer 160/I = 38.5%				Santicizer 160/I = 40.0%		

notes 3/8/76
 ① Jim Cooper will be
 heliwer with 15-20% many
 now 1.16 25% is admixt?
 J. H. Orem
 ② Emulsion mix (55% solid) in
 18.5¢/lb wet
 ③ quantity of dry polyurethane
 9.2¢/gal @ 25¢
 ca 1,100

JHO/gls

POLYVINYL ACETATE ADHESIVES

M Pounds

20

19

18

17

16

15

14

13

1

2

3

4

5

6

7

8

9

10

11

12

Month

1974

1973

1975

1975

1973

1974

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