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The North West Company: Cross-Enterprise Strategy



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Silicones Simplified

XIAMETER®

from DOW CORNING

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Problem Definition

- Managers nervous about Xiameter's sustainability in changing market
- Eroding first-mover advantage
- Emergence of new competitors who

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Company Overview

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Dow Corning

- Dow Chemical Company + Corning Glassworks
= Dow Corning in 1943
- 40% market share in 2006
- Silicone-based products with applications in construction, aerospace, etc.
- Reputation for strong service solutions and commitment to innovation
- Originally organized into 6 Industries and 4 corporate functions

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New Segmentation Scheme

- Significant changes in market in 1990
- Appointed task forces after 5th year of stagnating performance in 2001
- Trend towards commoditization and overserving customers
- Identified 4 new needs-based segments

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Xiameter

- Launched in 2002 to better serve Price Seekers segment
- Low-price, "no-frills" offering through online ordering interface
- Significant cost savings through light organization allow for lower prices with an acceptable margin
- Highly successful from 2002 - 2005

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Problem Definition

- Managers nervous about Xiameter's sustainability in changing market
- Eroding first-mover advantage
- Emergence of new competitors who offered a wider range of products and included service solutions through online ordering systems

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Strategic Decision

1. Do nothing
2. Abandon low-price strategy
3. Add more products
4. Sell Xiameter
5. Add non-silicone products produced by third-party suppliers

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