



ZEREX Antifreeze/Coolant

Challenge: During his tenure, Lou Basenese acquired the ZEREX brand for BASF Corporation from Conoco. The ZEREX brand had a long “storied” history. At its peak, ZEREX was the leading brand of antifreeze/coolant. However, after 3 different divestitures of the brand, it had reached an all time low of 4% market share. The assets of the ZEREX business were acquired for \$3.0 million. The key challenges the business faced were:

- Inefficient distribution system of 34 warehouses and 4 bottling locations
- Poor customer service
- Poor brand awareness/acceptance
- Poor sales penetration
- Commodity pricing to the trade
- No ancillary products
- Mature, flat market

Actions: Under the leadership of Lou Basenese the following actions were initiated and implemented by management:

- Distribution system was optimized by closing 31 warehouse locations and 3 bottling locations. The business operated efficiently with 1 bottling facility and 3 distribution warehouses
- The customer service operation was reorganized. The business engaged Federal Express to train all customer service manager and employees.
- In order to support the brand and increase awareness, A “bare bones” budget of \$500,000 covered promotional activities in NASCAR racing, the North American Pro Skiing Tour and a semi-national advertising campaign
- The sales force was reorganized. Accomplished automotive aftermarket sales people were employed to manage a network of “A & B” type manufacturer reps and food brokers.
- An aggressive sales plan was executed to pursue all distribution channels
- Prices were increased to the trade effective placing the ZEREX brand at a 50 cent premium above Peak, Texaco and Shell but at 30 cents below Prestone
- A full line of ZEREX accessory chemicals was introduced to the market

Results: The following results were achieved:

- The business realized a \$3 million savings by optimization of distribution system
- The customer service reorganization netted a 50% reduction in turnaround time on orders
- ZEREX brand achieved a 65% unaided brand awareness by consumers
- All ZEREX products were fully leveraged into all channels of distribution; auto, club, food, drug, hardware, mass merchant

- ZEREX brand achieved a 34% market share by Year 6. The brand was a strong #2 brand behind Prestone who had fallen to a market share of 36% from its 64% share
- ZEREX won several POPAI packaging awards
- ZEREX had become a dominant supplier in a mature, flat market
- Due to BASF's desire to exit consumer products businesses, the ZEREX brand was sold to Ashland Oil for \$150 million

ZEREX Antifreeze/Coolant Market Share

