



# COMPETITIVE AND PROMOTIONAL VIABILITY OF COPPER APPLICATIONS

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IWCC Meeting – May 8<sup>th</sup> to May 11<sup>th</sup> 2011

## RESEARCH OBJECTIVE

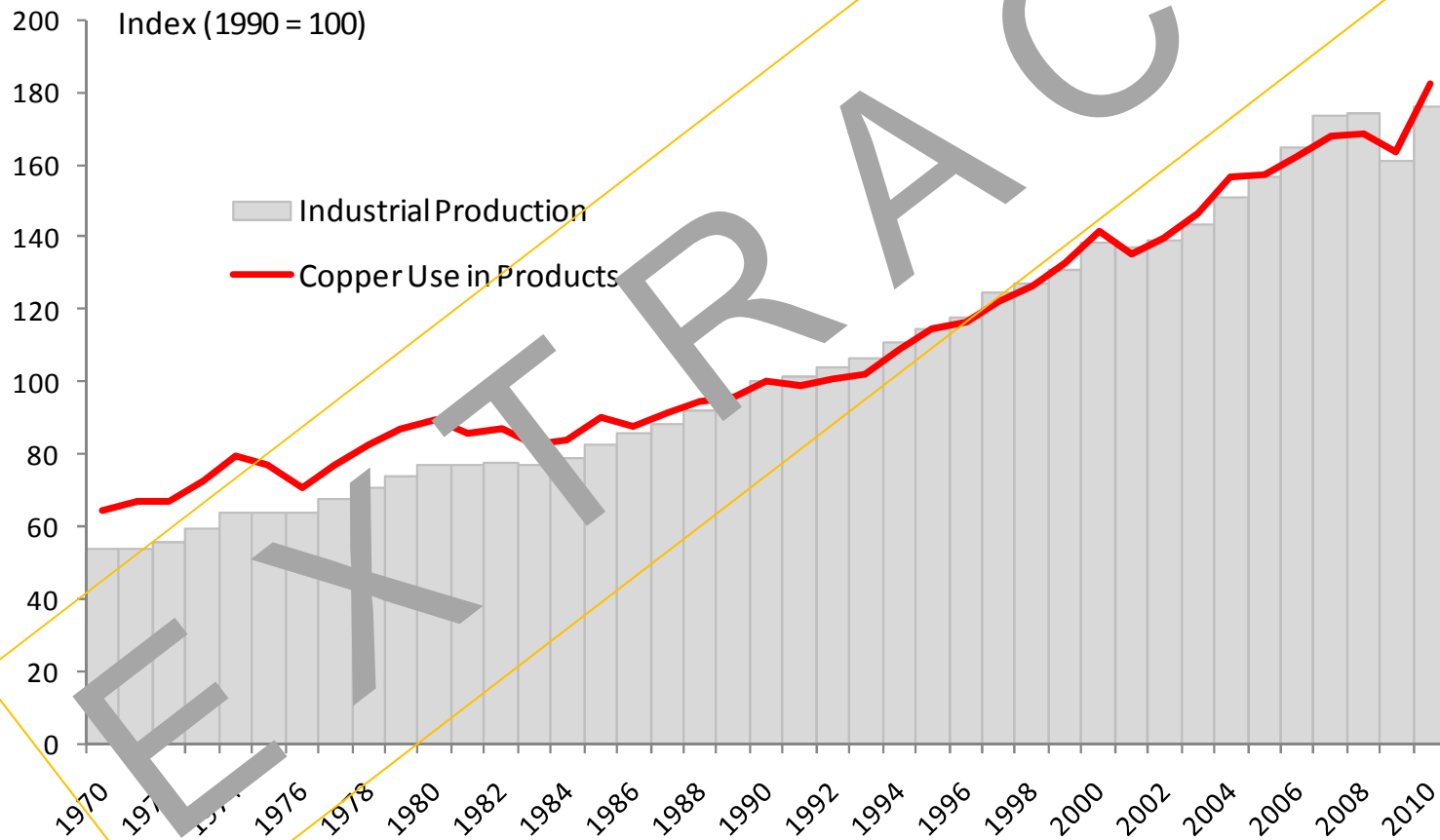
- Assess the competitive and promotional viability of copper taking into account:
  - The relationship between copper use and economic trend
  - Buyer priorities in product purchasing
  - Whether attributes not related to relative material cost of copper can secure markets
  - Specific technology and market opportunities & threats
  - Individual market segment dynamics
- Use the analysis to:
  - Identify market segments most suitable for promotion
  - Assess implications for the promotion message



# ECONOMICS & COPPER PRODUCTS MARKET TREND

*LONG TERM RELATIONSHIP TO IP*

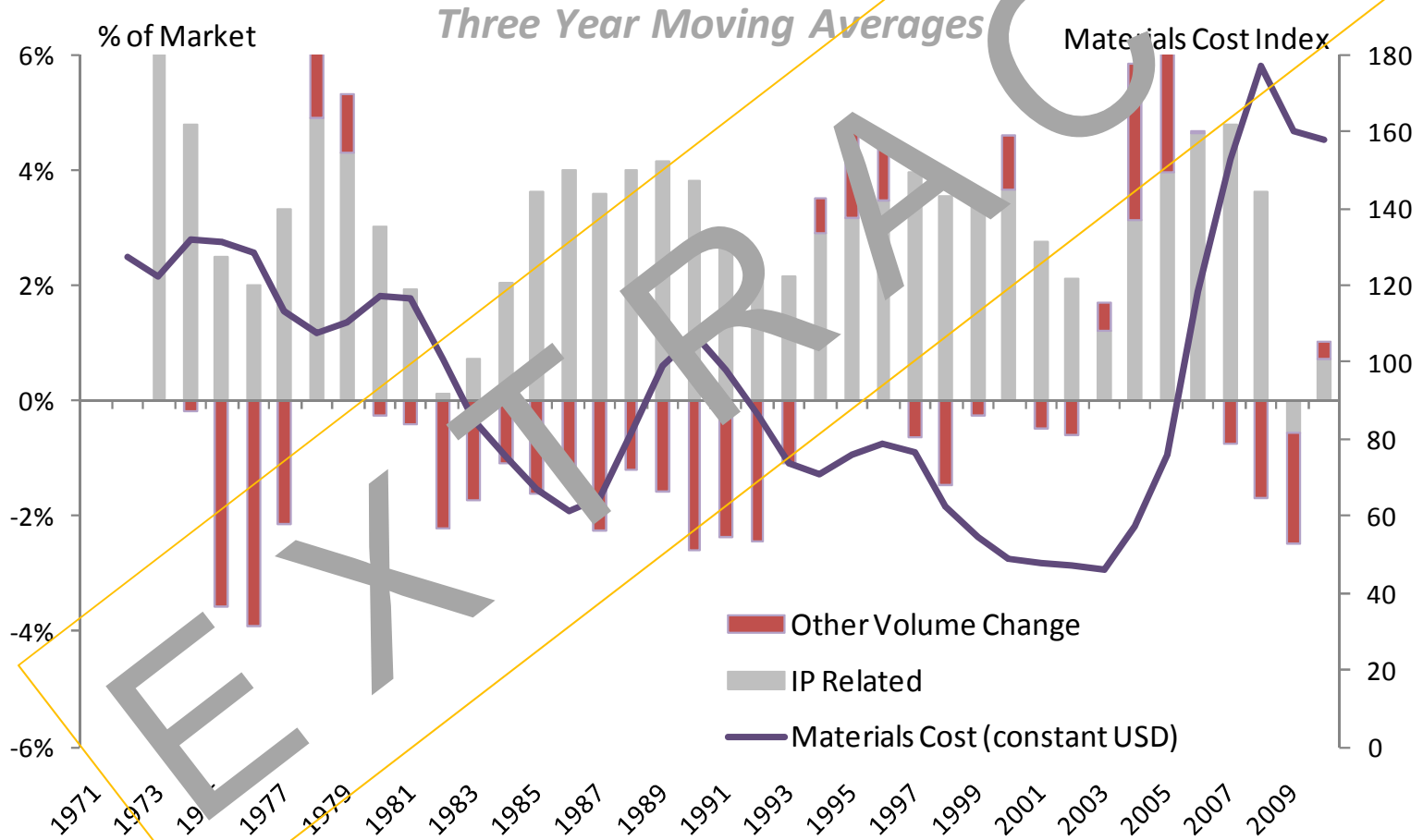
## Copper Use and Industrial Production 1970-2010



# DIVERGENCE OF CU USE FROM IP IN THE PAST

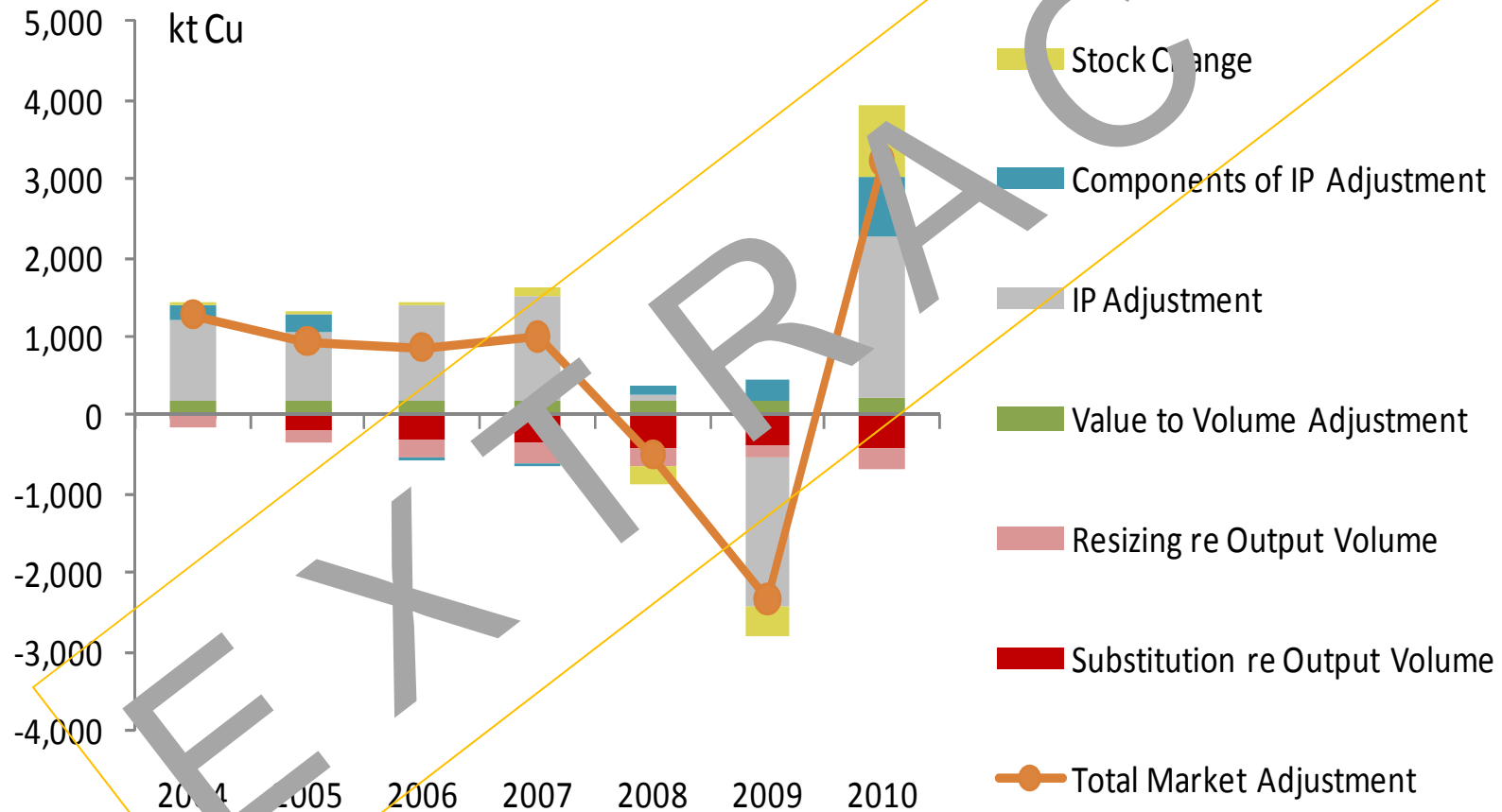
*MATERIAL COST HAS BEEN ONE FACTOR, BUT SO HAVE OTHERS*

## Market Volume Change Relating to IP and Other Change 1970-2010



# BASIS FOR DIVERGENCE FROM UNDERLYING ECONOMICS

*NET CHANGE IN CU USE HAS 6 ELEMENTS, ALL ARE IMPORTANT*



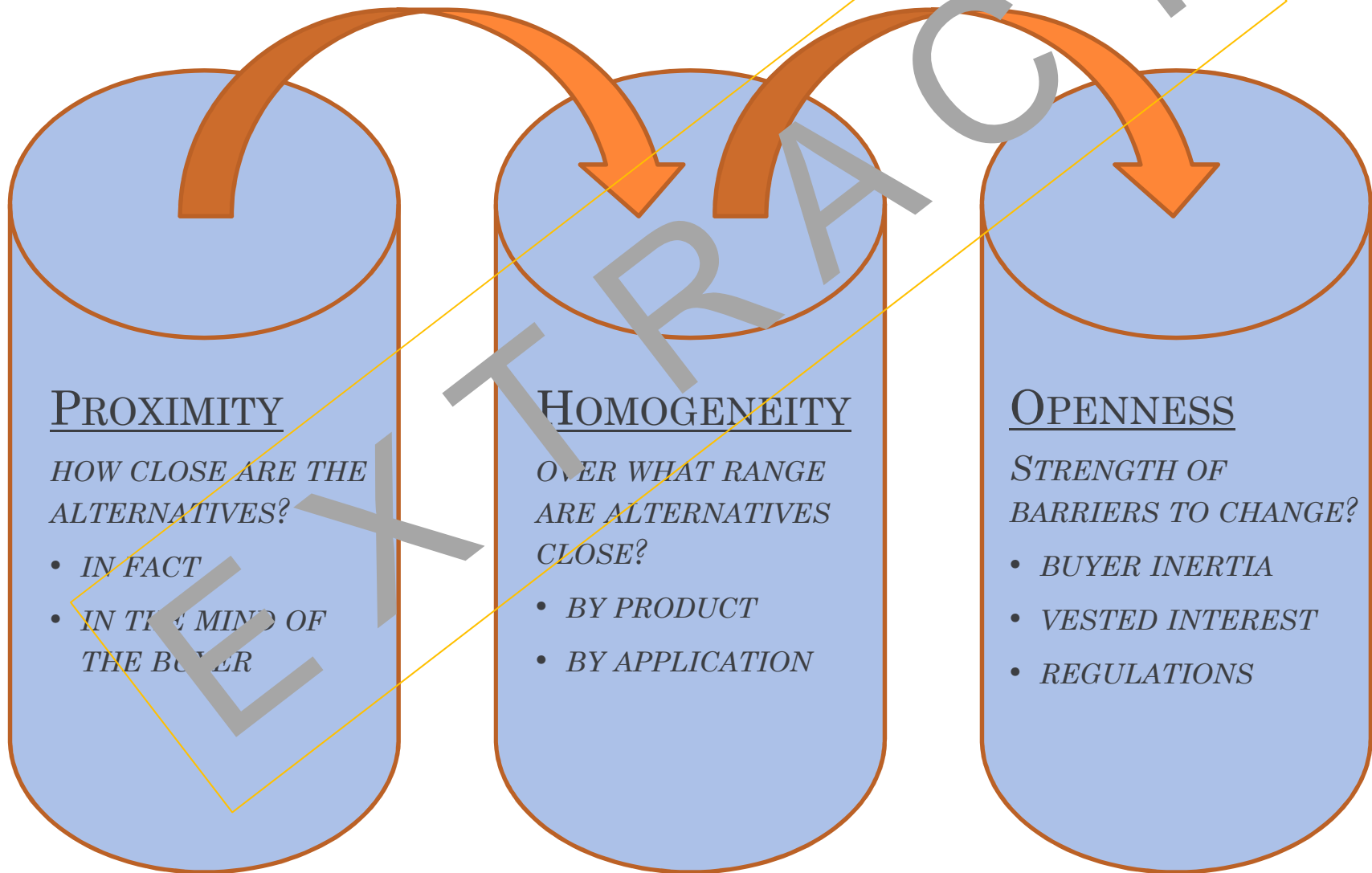
# THE CONCEPT OF MARKET LEVERAGE

*THE AMOUNT BY WHICH COPPER USE MAY DIVERGE FROM ECONOMIC TREND FOR REASONS THAT CAN BE INFLUENCED (NOT PRICE)*

- **Market Leverage is a tonnage figure relating to:**
  - Copper's intrinsic merits
  - Buyer priorities
  - Buyer perception of copper and the alternatives
  - Market segment size and dynamics
  - Impact of technology on altering the decision framework
- **We need to know this figure to:**
  - Direct promotion effort where it can be most effective
  - .....either in terms of volume gained, or volume saved



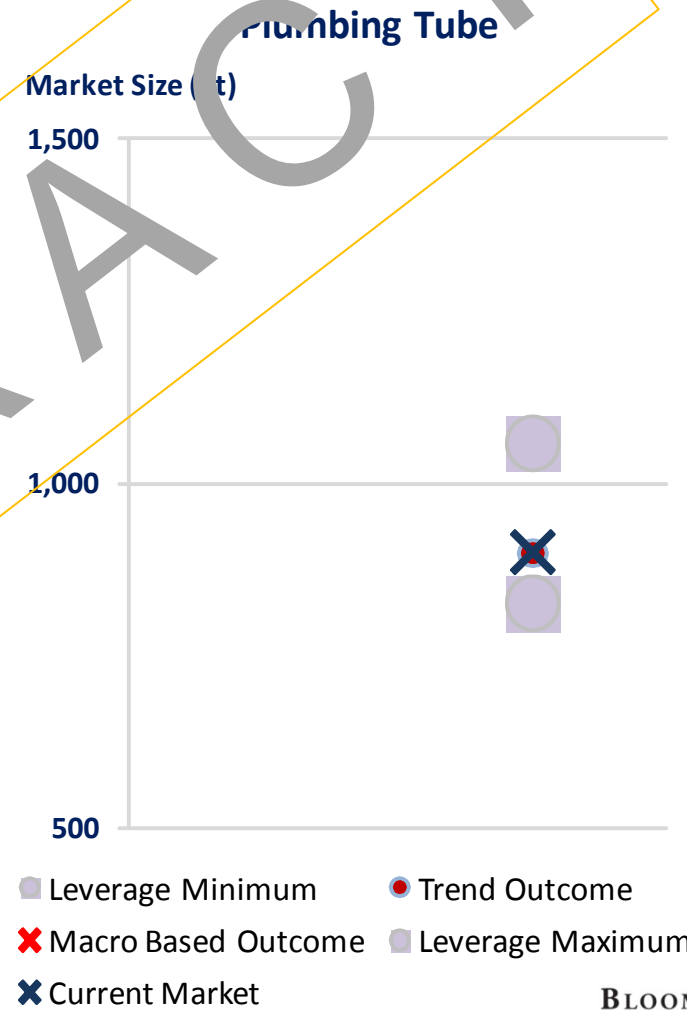
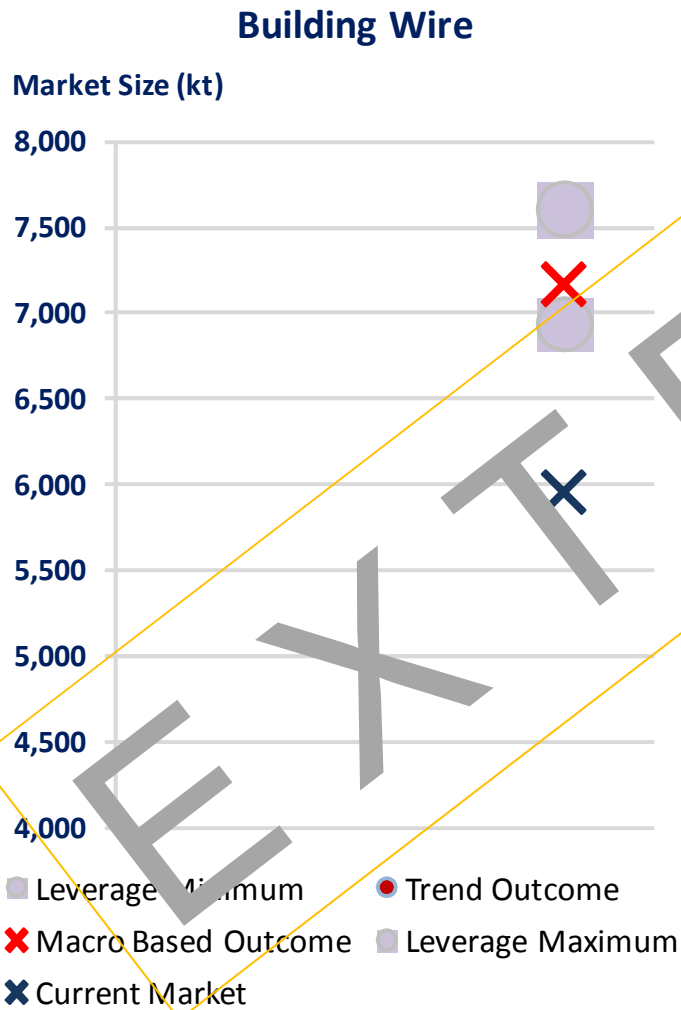
# ELEMENTS IN THE MARKET LEVERAGE CALCULATION





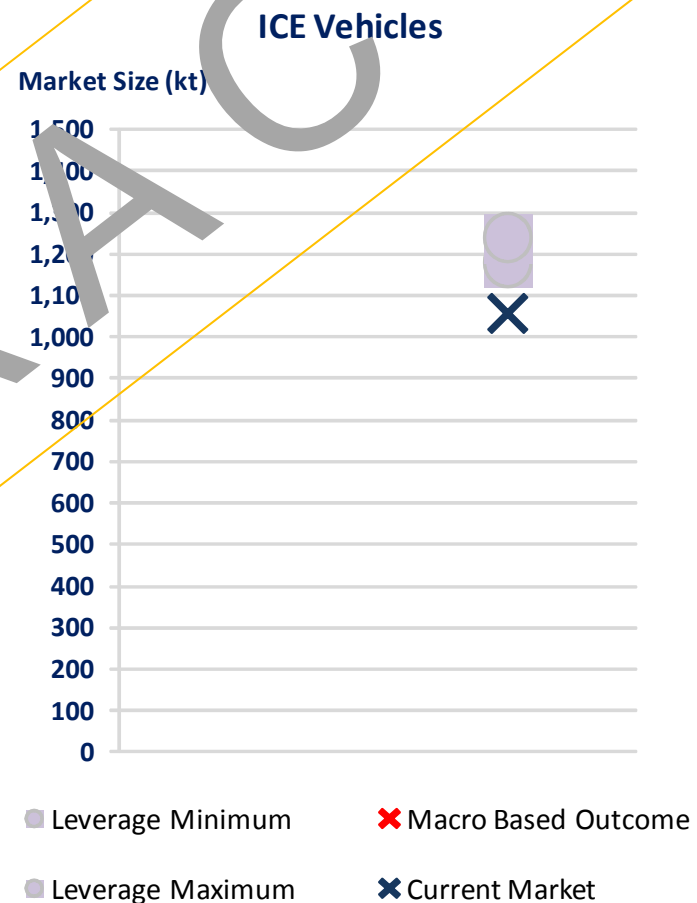
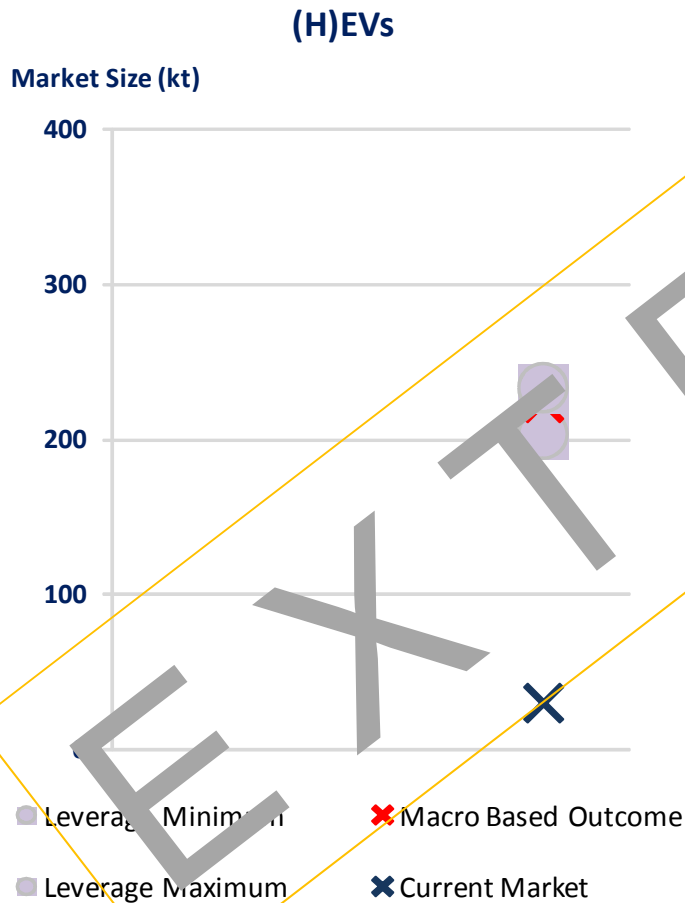
# MARKET LEVERAGE IN PRACTICE

*BUILDING WIRE AND PLUMBING TUBE ILLUSTRATED*



# THE IMPORTANCE OF SUBMARKETS

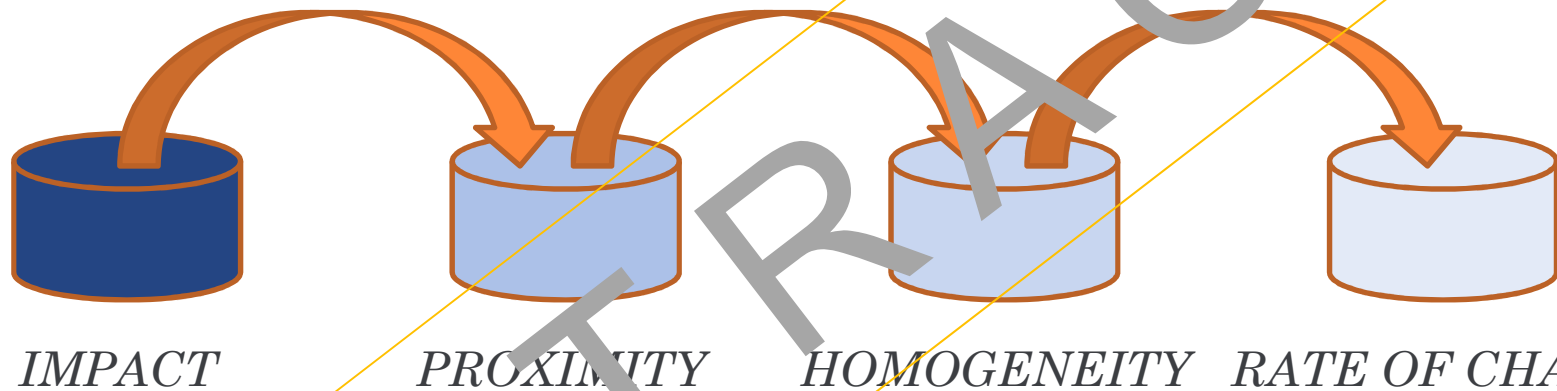
*LEVERAGE VOLUME CAN BE MUCH GREATER RELATIVE TO THE TOTAL SEGMENT FOR KEY SUBMARKETS – SUCH AS (H)EVs IN AUTO ELECTRICS*



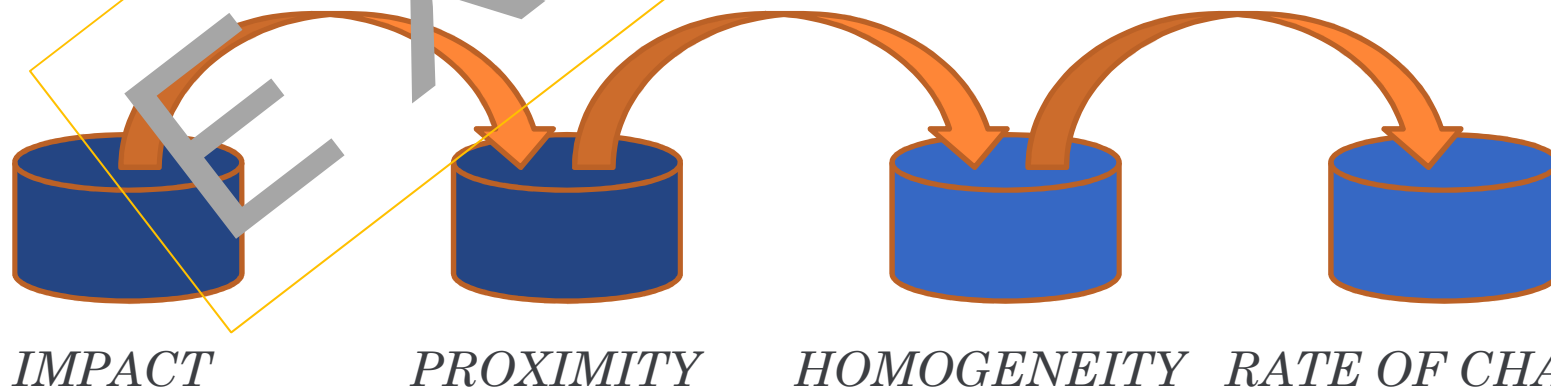
# HIGH COPPER PRICES AND MARKET LEVERAGE

*NEGATIVE IMPACT OF ZERO/LOW COPPER ALTERNATIVES GREATER WHEN CU PRICES ARE HIGH*

**Moderate Prices: Rate of Market Loss Small**



**Higher Prices: Faster Market Loss**



## SOME PRELIMINARY CONCLUSIONS

*WORK IN PROGRESS SO FAR INDICATES THE FOLLOWING*

- Opportunities for effective promotion depend on:
  - Market Leverage
  - Intensity of Leverage
- Market areas that fit the criteria:
  - Large, homogenous - Plumbing Tube, but not Copper Telecom Cable
  - Large, less homogenous, multiple opportunities and threats - Building Wire
  - High intensity leverage - Hybrid & Electric Vehicle Wiring
  - Strong arguments - Copper in Fish Cages, Antimicrobial Fittings in Buildings



# ABOUT BME

**Bloomsbury Minerals Economics** is a specialised consultancy engaged in base metals market and price analysis, focussing in particular on copper. Our analysis and advice relates to all sectors of the industry from mine to thorough and detailed coverage of end markets for products containing base metals.

## **A foremost provider of base metals single client consultancy**

Our consulting work relates to fundamental supply-demand market analysis, price forecasting, mine project appraisals, intermediate product market dynamics and end market analysis, forecasting and project appraisals. Clients include mining companies, metals processors, fabricators, traders, financial institutions and industry bodies.

## **A complete service provider for copper**

Other product and service offering encompasses the following:

- Monthly and quarterly copper market service publications
- Groundbreaking copper price modelling

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