



Transforming Distribution Strategies

Enhancing Offerings and Embracing Sustainability for Long-Term Success

The chemical distribution business is a diverse industry that provides customized solutions for important sectors such as pharmaceuticals, paints & coatings, agriculture, cosmetics, food & feed, and automotive. At the center of the supply chains of these sectors, distributors are critical partners for global corporations as well as for SMEs. But distributors also face many challenges in the current political and economic environment.

A recent BCG survey of companies operating in this sector revealed the need for adaptable chemical distributors (cf. pages 12/13). By enhancing offerings, ensuring performance, managing costs, and embracing sustainability, distributors prove as essential partners for long-term success amidst evolving challenges.

CHEManager asked executives and industry experts from a broad range of chemical distributors to share their views on how their companies are dealing with this changing economic

environment and the resulting opportunities and challenges. We proposed to discuss the following aspects:

- Which developments, both among your customers and the distributors themselves, do you see as challenges for the sector—and which as opportunities?
- Amid economic and geopolitical challenges, chemical distributors face investment uncertainties. In which areas do you think investment is nevertheless essential?



© dtdesign - stock.adobe.com

- Innovation is a key growth driver in the specialty chemicals market. How can distributors effectively support innovation on both the supplier and the customer side?

Read the insightful answers of the chemical distribution industry's experts on the following pages.

Deep Expertise Drives Innovation

Michael Friede, CEO,
Brenntag Specialties

A chemicals and ingredients distributor is the connecting element, the go-between from producer to the end-markets and back. While in industrial chemicals topics of pricing, volume and delivery time are key, in specialty chemicals the role in addition requires a very different expertise, a much more value-add-focused and consultative approach for both customers and supply partners.

We leverage our product, technical and regulatory expertise as well as our global network in the markets to understand the needs and strategies of our principals and their products on a very deep level. We are the extended arm of their sales efforts, representing their product basket to our global customer base. We also play a key role in providing crucial feedback to our principals in terms of market trends and innovation we see with the many smaller, innovative customers we cater to worldwide. We know the needs and requirements of our customers in their markets very well, and where innovation is evolving or where it is lacking. Our customer base comes to Brenntag for support and advice, not just to source an individual product.

We at Brenntag leverage our expertise to find, develop or recommend a solution from



“We leverage our product, technical and regulatory expertise as well as our global network in the markets to understand the needs and strategies of our principals.”

our diversified supplier portfolio that fits the customers' needs and applications, or facilitate the joint development of something new in our global network of Innovation and Application Centers. And we do this in a fast and agile manner. We do not just provide the most affordable solution or just one particular chemistry base, but the one that incorporates innovative approaches, sustainability components, best-practice results, and application grade quality. In addition, we play a key role in supporting our broad customer base in navigating the ever-increasing regulatory environment in chemistry.

Last, but surely not least, we run a comprehensive innovation program extending into our digital offerings of Brenntag, in order to become the easiest to do business with and to thereby innovate in the way we interact and provide best services all around.

Digitalization Boosts Demand for Distributors

Lars Wallstein, Managing Director,
IMCD Germany

Rapidly changing demand patterns are affecting customers and distributors alike. De-globalization, demographics and digitalization are driving this.

Global demand is very different across world regions, hence customers and distributors with global footprints have an edge. De-globalization will make sourcing more complex and supply chain security is top of mind again.

Aging populations have a growing demand of for example, pharma or personal care whilst they simply consume less goods, so a relevant life science position is essential for distributors. Some customers in automotive and construction related areas are struggling, especially in Germany.

Digitalization is a great opportunity to boost demand, if your offering is broad and complex, which is true for many distributors. Customers want to experience seamless self-service and be inspired by new concepts and explore our best-in-class product portfolio online.

IMCD is asset light, certainly compared to many of our peers and our supply chain partners up- and downstream. We are investing globally in the best people and are proud of our expert teams. Our global digital ecosys-

“Digitalization is a great opportunity to boost demand, if your offering is broad and complex, which is true for many distributors.”

tem has been a considerable investment too but is paying off nicely—its boosting leads and sales yet offers efficiency gains through process automation at the same time. Last but not least, IMCD is a consolidator through M&A in our space, and those investments add to our organic growth.

Innovation is a combination of expertise and knowledge with new ways of working to address next challenges. Sustainability and the decarbonization of entire formulations are key. We work very closely with our customers on an individual expert basis or through seminars and industry workshops. We develop a solid grassroots understanding of what the market needs. Our experts in our network of over 70 labs and tech centers worldwide are addressing those needs.



Agility Key to Success in Distribution

Stephan Glander, CEO,
Biesterfeld

The framework conditions in the chemical industry and therefore also in distribution are changing drastically: volatile and structurally changing markets in conjunction with geopolitical challenges, an increasing number of regulatory requirements and rising opportunities in sustainability and digitalization. As a result, we expect an increase in acquisition activities, primarily driven by high investment requirements to master those changes. An accelerating market consolidation seems inevitable! On the other hand, consolidation can also be observed on the supplier side, as well as a trend towards regional or even global distribution partners.

However, the challenges are also associated with opportunities. Challenges for chemicals manufacturers, for example, could potentially lead to a disproportionate growth of the relevant market for distributors. Increasing regulation and sustainability also offer opportunities for growth. Distributors who have the expertise to help customers to navigate through the complexities and—for example—to provide their customers with com-



“Overall, distributors need to become much more adaptable and agile.”

prehensive advice in areas such as decarbonization can gain long-term competitive advantages, in specialty segments. Overall, distributors need to become much more adaptable and agile. An improved offering of products and services, efficient cost management and higher investments in sustainability and digitalization are essential. More strategic marketing and an even more targeted focus on customer value are more crucial than ever for us at Biesterfeld. Added to this is our DNA as a family business. The way we do business on an increasingly global scale enables us to differentiate ourselves from our competition as a long-term partner for our customers and suppliers.

Investing in Digital Connectivity

Ewout van Jarwarde, CEO,
Brenntag Essentials

The chemical industry is facing one of the most challenging periods, which require a willingness to embrace change and also invest in fundamentally improving our business. At Brenntag, our mission is to become the easiest to do business with—for our customers, our suppliers, and our employees, in our industry and beyond. We started several years ago to invest in strengthening our business foundations, our sustainability agenda and our digital, data and technology capabilities.

We are committed to investing in digital, data and technology projects that seamlessly connect our processes with our supply partners and customers. A perfect example of our data-driven approach, leveraging our insights, is our awarded customer Growth Engine. This AI-driven tool provides our sales teams worldwide with recommendations to be there, right when our customer needs us. It supports our product managers in their procurement decisions by using predictive intelligence to forecast demand. We use our various purchasing and sales data and enrich



“We are committed to investing in digital, data and technology projects that seamlessly connect our processes with our supply partners and customers.”

it with external information to predict how much of each product we should buy to optimize inventory.

We have a dedicated team working on many AI use cases, some of which are already in place. For example, we leverage AI in our customer service, our sales and our supply chain and sourcing processes. We are for example the first in Germany to implement their autonomous AI agents in our Salesforce platform to simplify tasks in services, sales, marketing, and commerce.

Through our investments, we strive to become a stronger data- and technology-driven company, leading our industry in terms of digitalization and data utilization.

Overcoming Recession through Customer Focus

Mehmet Tolga Tuncel, Managing Director,
Ataman Chemicals

In recent years, new business models and strategies provided by digitalization have also had to act together with new global economic imbalances. Aggressive policies of expanding geographical borders and trade of world countries are causing more polarization on Earth. Changing technology and the commercial pressure of new powerful warrior and producer countries on Europe and its immediate surroundings are essential factors in this recession.

The slowdown in regional production is causing economic activities to decline, and the decrease in business opportunities manifests as a significant recession in our region. As a chemical distributor company, we aim to



“As a chemical distributor company, we aim to spend this period thinking about long-term strategy, spending more time with our customers, and learning more.”

spend this period thinking about long-term strategy, spending more time with our customers, and learning more. If we can spend the time we gain with total factor productivity listening to our customers' demands, we can overcome the recession and competition.

Sustainability Fuels Green Innovation

Laurens Muijs van de Moer, Managing Director,
BÜFA Chemicals

We believe innovation is still strong in Europe, and these small and medium-sized businesses require tailor-made supply chain solutions or smaller volumes that we can provide. These companies are often the driving force behind innovation in certain niches.

At BÜFA, we actively support innovation on both the supplier and customer sides through various strategies. Our state-of-the-art application laboratories enable us to develop and test new formulations, offering innovative solutions to our customers and providing valuable feedback to our suppliers. Additionally, we create a feedback loop for suppliers, sharing valuable market insights to guide their R&D and purchasing process.

BÜFA's portfolio is growing, and we pride ourselves on the fact that we can provide specialist support on every product if needed. This lateral value chain approach offers synergistic products that help our customers meet the most stringent market demands. By proactively following market trends and offering formulation solutions, we significantly shorten our customers' R&D cycles and time-to-market.

We create transparency for our customers on regulations and how to adapt their portfolio to remain compliant. Our focus on sustain-



“Our focus on sustainability stimulates innovation in green chemicals and processes, aligning with growing market demand and regulations.”

ability stimulates innovation in green chemicals and processes, aligning with growing market demand and regulations.

Also, digitalization plays a crucial role in our innovation strategy. We invest in digital (customer) platforms that enhance collaboration between suppliers, distributors, and customers.

Even in the current difficult economic and political environment, we are an intrinsic part of the innovation ecosystem. We add substantial value through our expertise, network, and innovative approaches. By really tuning in to what our customers and producers are saying, and getting to the heart of what they need, we have become a kind of super-charger for innovation in the chemical distribution world. We are pushing the industry forward and making sure everyone wins and grows in the process.



Opportunities in Circular Economy Transition

Robert Spaeth, Managing Partner,
CSC Jaeklechemie

The circular economy presents a major challenge for our customers, producers, and the entire chemical distribution sector. Yet it also brings significant opportunities for distributors who demonstrate the adaptability that characterizes our industry.

One example is the rise of innovative models like chemical leasing, where chemicals are essentially “borrowed” for the product lifecycle, with provisions for their return and recycling. This model, often referred to as product-as-a-service, aligns with circular economy principles. Additionally, the demand for recycled chemicals will continue to grow, providing distributors with opportunities to diversify and enter new markets.

The circular economy allows distributors to improve brand perception and assume social and ecological responsibility by adopting sustainable practices and promoting material reuse. This approach benefits distributors economically as they respond to a market increasingly focused on sustainability and strengthens their position relative to producers.

Closely related to the circular economy is the challenge of digitalization, especially in product data management. Upcoming stan-



“The circular economy allows distributors to improve brand perception and assume social and ecological responsibility.”

dards like the European Data Act and the Digital Product Passport will reshape data transparency and traceability. When properly implemented, these standards can support sustainability and circular economy goals. Success in this area will depend on early vertical collaboration across the supply chain to ensure compliance and maximize digitalization's benefits.

These developments are also motivating suppliers to develop innovative products that support customer sustainability goals and open new markets. Regardless of shifting political directions in places like Brussels, Berlin, or Washington, D.C., these issues will nevertheless be of central importance for the chemical distribution sector in the coming years.

Chemical Sector Navigates Turbulent Waters

Thomas Dassler, CEO,
Häffner

One of the most pressing challenges currently affecting both basic and specialty chemicals across all segments is the lack of demand. Prices remain low, adding to market pressures. In addition, increasing bureaucracy from regulators in Berlin and Brussels is putting further strain on the sector. High labor and energy costs, especially by international standards, also reduce the competitiveness of chemical producers. The ongoing economic weakness in Germany further exacerbates these challenges, limiting domestic growth potential and impacting the broader market dynamics. Geopolitical uncertainties, including global trade tensions and shifting alliances, add an additional layer of unpredictability to the market landscape, affecting supply chains and investment decisions. This environment is likely to lead to further closures of chemical production facilities and the relocation of operations abroad, posing risks to domestic supply chains.

However, at Häffner Group, we view these challenges as opportunities. The shift in production and supply dynamics underscores the growing need for agile distribu-



“We at Häffner Group ... play a critical role in providing the downstream sector with essential raw materials that are becoming increasingly scarce in the region.”

tors who can source and transport large volumes of materials from other markets into Europe. We at Häffner Group recognize the chance to bridge these supply gaps and play a critical role in providing the downstream sector with essential raw materials that are becoming increasingly scarce in the region. There is also an opportunity to invest in innovative, sustainable solutions, such as green chemistry, that can differentiate market players, meet evolving regulatory requirements, and attract environmentally conscious customers. By embracing these challenges, Häffner Group aims to strengthen its role as a reliable partner and leader in adapting to a changing industry landscape.

Empowering Innovation in Specialty Chemicals Distribution

Lars Schneider, EMEA CEO,
Barentz

The specialty ingredients and chemicals sector face a complex landscape. Geopolitical instability, rising regulatory demands, competition for skilled talent, and the increasing need for cybersecurity are key challenges impacting industries such as energy and automotive in EMEA. However, these pressures also create opportunities. Dis-

tributors, with a highly educated workforce, can offer specialized services and foster innovation to meet evolving customer needs. Addressing regulatory complexities and ensuring robust supply chains are just some of the ways distributors can deliver value. Additionally, rapid advances in sectors like electronics, automotive, pharma, and personal care drive demand for distributors' expertise in advanced, sustainable ingredients. Embracing digital tools further supports business transformation, enhancing efficiency and strengthening customer relationships.

Despite economic and geopolitical headwinds, investment remains essential in several areas. The development and engagement of personnel is paramount, especially as we strive to attract and retain skilled talent. Additionally, investment in ESG and DEI is critical to align with industry expectations and meet stakeholder demands. Technological upgrades—such as ERP systems, data analytics, and AI—are vital for process efficiencies, enhancing decision-making, and



“Innovation is a significant growth driver in the specialty chemicals industry, and distributors are uniquely positioned to facilitate it.”

enabling a growing sophistication of our offering. Our laboratories and technical staff are our investment into in-house innovation capabilities, and they empower us to drive innovation directly, while a robust supply chain setup ensures we can meet customer demands reliably.

Innovation is a significant growth driver in the specialty chemicals industry, and distributors are uniquely positioned to facilitate it. As intermediaries, we connect suppliers and customers, gathering and sharing insights on market trends, requirements, and product performance. By leveraging our extensive data and knowledge, we help suppliers understand the evolving needs of diverse market segments. In-house labs enable us to develop proprietary solutions and promote new technologies, bridging the gap between production capabilities and customer expectations. This approach helps overcome structural challenges in the supply chain, fostering collaboration and ultimately driving industry innovation.

Driving Sustainability through Innovation Together

Rolf Kuroпка, CEO,
Krahn Chemie Group

I believe that challenges and opportunities are two sides of the same coin. It is up to us to turn it to the favorable side. Good examples are the overwhelming European legislation, where we can act as a consultant and facilitator for our customers, and restrictions regarding the use of raw materials, where we could lead the way in finding sustainable alternatives.

I'm fully convinced that every investment which helps to make our planet a better place for future generations is worthwhile. As a distributor, we can play a crucial role in driving sustainability: acting as a consultant for our typically smaller customers, inspiring our suppliers, and serving as an “detective” discovering interesting new sources. Absolutely, through a perfect cooperative approach



“As a distributor, we can play a crucial role in driving sustainability: acting as a consultant for our typically smaller customers and inspiring our suppliers”

with our suppliers and customers: this can involve finding innovative raw material sources from our customers' waste streams, unleashing synergies from the combination of raw materials from our various suppliers in our application laboratories and developing unique testing procedures to support our suppliers and customers in their product development.

Investing in Innovation and Sustainability for Growth

Pia Berghaus, Vice President,
Möller Chemie

There are several challenges, for example, the demand for sustainability. Customers increasingly prioritize eco-friendly and sustainable products, which requires distributors to adapt their portfolios. Here, we can act as a bridge between suppliers and customers to promote green products. Customers expect digital solutions for ordering, tracking, and communication, which pushes distributors to modernize rapidly. The digital transformation also requires investment in ERP systems and AI-driven inventory management.

For our customers and for ourselves it is important to offer value-added services. In this case, providing technical expertise, regulatory compliance support, and application development are key factors for having a long-term customer relationship. When we talk about technical expertise, we think of developing solutions with customers as it strengthens loyalty and differentiates the distributor.

If we look at the industry, we can clearly see that there is a consolidation trend. There are many mergers and acquisitions within Europe, which increase the competition for smaller players like us.



“Investments in digital transformation, sustainability, and collaborative innovation are crucial for navigating uncertainties and unlocking growth potential.”

Then it is necessary to mention the supply chain disruptions. Global challenges, such as geopolitical tensions and raw material shortages can affect inventory and logistics, but also the willingness for further investments.

For all the challenges and opportunities, we need the right people. We need the right people to be successful in our transformation. This is why talent development is crucial.

All in all, we can say, that the chemical distribution industry stands at a crossroads of challenges and opportunities. Investments in digital transformation, sustainability, and collaborative innovation are crucial for navigating uncertainties and unlocking growth potential. By embracing the role of solution providers, distributors can support both suppliers and customers in shaping a resilient and innovative future.

Eco-Friendly Demand Drives Opportunity

Gerd Bergmann, Managing Director,
Nordmann

The chemical industry currently faces numerous, partly unprecedented challenges, including high energy and fluctuating raw material prices, regulatory burdens and geopolitical tensions. These factors impact customers in the manufacturing industry and thus also distributors, resulting in a weaker demand.

New technologies, which are rapidly evolving, offer many opportunities for increasing efficiency and developing products. Mastering (master) data and external market knowledge is a decisive factor for future success. We are heavily investing in the digitalization of processes to make faster, success-oriented, data-based decisions.

The demand for eco-friendly and sustainable products offers opportunities for visionary companies investing in green technologies, recycling processes and sustainable practices but is often still too price driven. Sustainability is crucial for environmental and climate protection. Nordmann has made it a central element of its strategy. In future years more products will be banned or replaced by sustainable ones. Looking just at scope 1 and scope 2 emission will no longer be enough, the CO₂-equivalent will become im-



“The demand for eco-friendly and sustainable products offers opportunities for visionary companies.”

portant as a currency. Governments must reduce rampant bureaucracy and regulatory frenzy to avoid excessive burden on companies, as is currently the case, while continuing to protect the general public.

Additionally, our colleagues are essential for us. The growth of an individual will always be at the center of our undertaking, and we will continue to attract and develop the best talents from inside and outside the chemical industry. More than ever, distributors have the task of acting as a strong link between customers and suppliers, for example, to drive forward the above-mentioned development of innovative, sustainable products. Strategic partnerships with authorities can also be an advantage in this respect and investing in our own laboratories, as Nordmann steadily does, will support as well.

Seizing Growth through Digital Transformation

Dany Njeim, CEO,
RN Chemicals

In the current landscape, distributors in the chemical sector face several significant challenges. Supply chain disruptions require them to adapt swiftly to unforeseen events and find effective ways to mitigate their impact. Additionally, the increasing regulatory complexity demands that distributors stay updated on evolving regulations to ensure compliance, thereby avoiding potential legal and financial penalties. They also grapple with sustainability and environmental concerns, needing to balance profitability with their responsibility towards the environment. Furthermore, cybersecurity threats pose a risk, necessitating investments in robust measures to protect sensitive data and prevent cyberattacks.

Despite these challenges, there are also notable opportunities for growth. Digital transformation presents significant prospects for the chemical distribution sector, enabling distributors to leverage technology for enhanced efficiency. By offering value-added services such as formulation development, technical support, and customized solutions, distributors can differentiate themselves in a competitive market. Embracing sustainability and the circular economy not only leads to cost savings but also improves brand reputation and fosters increased customer loyalty. Lastly, global



“Digital transformation presents significant prospects for the chemical distribution sector, enabling distributors to leverage technology for enhanced efficiency.”

expansion into new markets can open up fresh avenues for growth, allowing distributors to tap into emerging opportunities.

Even amidst economic and geopolitical challenges, certain areas of investment remain crucial for chemical distributors to ensure long-term sustainability and growth. Key focus areas include digital transformation, which encompasses supply chain optimization, data analytics, and customer relationship management (CRM). Embracing the sustainability and circular economy through eco-friendly products, sustainable packaging, and waste reduction and recycling is essential. Additionally, distributors should also prioritize value-added services like technical expertise and product development to enhance their offerings. Finally, investing in cybersecurity is critical to protect sensitive data and maintain trust in a rapidly evolving digital landscape.

Optimism and Growth Amid Economic Challenges

Arthur Jaunich, CEO,
Stockmeier Chemicals

The current European economic environment remains challenging, with structural issues—for example, high energy costs, excessive regulation, or scarcity of labor—limiting the competitiveness and growth prospects of many industrial producers. Also, chemical distribution, especially in basic chemicals, is impacted by slowing demand and price erosion. We expect market consolidation to further accelerate in the chemical distribution sector. Still, we at Stockmeier Chemicals, stay optimistic. As a chemical distributor, we support our customers with an efficient, reliable, and safe supply of a broad portfolio of chemicals. We help optimize product sourcing and logistics, provide support related to regulation and sustainabil-



“At Stockmeier Chemicals we keep investing in our offering of value-added services to best support our customers in building their competitive edge.”

ity, and offer individual toll manufacturing solutions. At Stockmeier Chemicals we keep investing in our offering of value-added services to best support our customers in building their competitive edge. And we will continue to expand, also M&A driven, to provide both our customers as well as principals with even broader coverage.