

ENGAGE TO EXPAND



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A decision on market expansion isn't an easy one; and planning market expansion is much more challenging, with many considerations around clarity on market opportunity, segments to target, manufacturing, logistics and compliance, supply-chain efficiencies, right pricing, competitive positioning, channel establishment, customer engagement, overall management and so on.

However, there's some very agile businesses, not necessarily in their decision making, but in their path to market – enlarging footprint, and attaining growth and success. These are they which as a strategy 'leverage distributors', which not only helps in hitting ground and enlarging territory and penetrate deeper quickly but do it with as little investment.

There are some absolute merits in taking this approach, as distributors, when roped in strategically, can provide a platform for a brand, to not only just showcase, but also to drive the familiarity, sales and equity of Brand. Distributors are positioned, through their network, to endorse and promote Brands they prefer, given that they enjoy a very high endorsement and word of mouth value as 'trusted and knowledgeable' advisors to buyers.



The greatest value one can draw out of Distributors is their 'knowing' of the market – the intelligence needed which can help in many ways, including – building competitive positioning, creating market relevant messaging and communication, crafting appropriate marketing and promotional programs, and rope in their network for efficient execution



Another enormous advantage is the ready-reach Distributors can provide across width and depth of markets, and the logistical infrastructure to support operations efficiently. Further to this, beyond being an infrastructural access path to market, Distributors often have an established customer base, either direct or indirect, which is of tremendous value to any business.

Beyond these obvious benefits, the greatest value one can draw out of Distributors is their 'knowing' of the market – the intelligence needed which can help in many ways, including – building competitive positioning, creating market relevant messaging and communication, crafting appropriate marketing and promotional programs, and rope in their network for efficient execution.

Now knowing the value of roping in Distributors as part of 'entry / expansion' strategy, getting the right Distributor is a make or break decision. In addition to the track-record in the market, strength and reach of dealer network, infrastructural capabilities and service capabilities, it's important to understand exclusivity arrangement and portfolio strategy.



As large distributors are in position to demand exclusive distribution rights, how they manage their portfolio including other brands is critical. Here is where the intending Brand should step up and show the value Distributors can draw from the Brand, beyond commercials. Unless this value is established, Distributors can manage their portfolio and drive the Brands they enjoy better benefits with.

One of the most important human and business elements in the equation is in making the Distributor 'feel valued'. One of the most disappointing aspects of the relationship is 'not giving an ear'; and hence the perception that the Brands 'do not understand' the distributor/market. Our discussion with Distributors across countries prove that they are more closely connected to the market, with deeper understanding of the market – customers as well as other players/brands. Hence 'listening' to distributors and taking their input on various aspects impacting business will allow more fruitful engagement, and can help gain competitive edge.



While it's great to view and value Distributors as customers, it's important to understand their role as an extended arm in working out payment/credit terms. Tapping Distributors as true 'growth' partners by leveraging capabilities will not only help create win-win relationships but can turn crucial in defining success and the speed with which its realized.

B Cube Consulting, a Singapore based consulting firm specializes in stakeholder engagement services, globally.

The company has helped clients in Europe and Asia, both large and small, with various stakeholder engagement programs covering Customers, Suppliers, Channel Partners and Investors, including strategic advisory on Relationship and Engagement Transformation.



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Thank you!

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