

# Three Basic Questions

- Should You Expand Beyond the National level?
- (If yes) Which Markets to Enter?
- Which Distribution Model to Adopt?

## Which Distribution Model to Adopt?

# The Dilemma

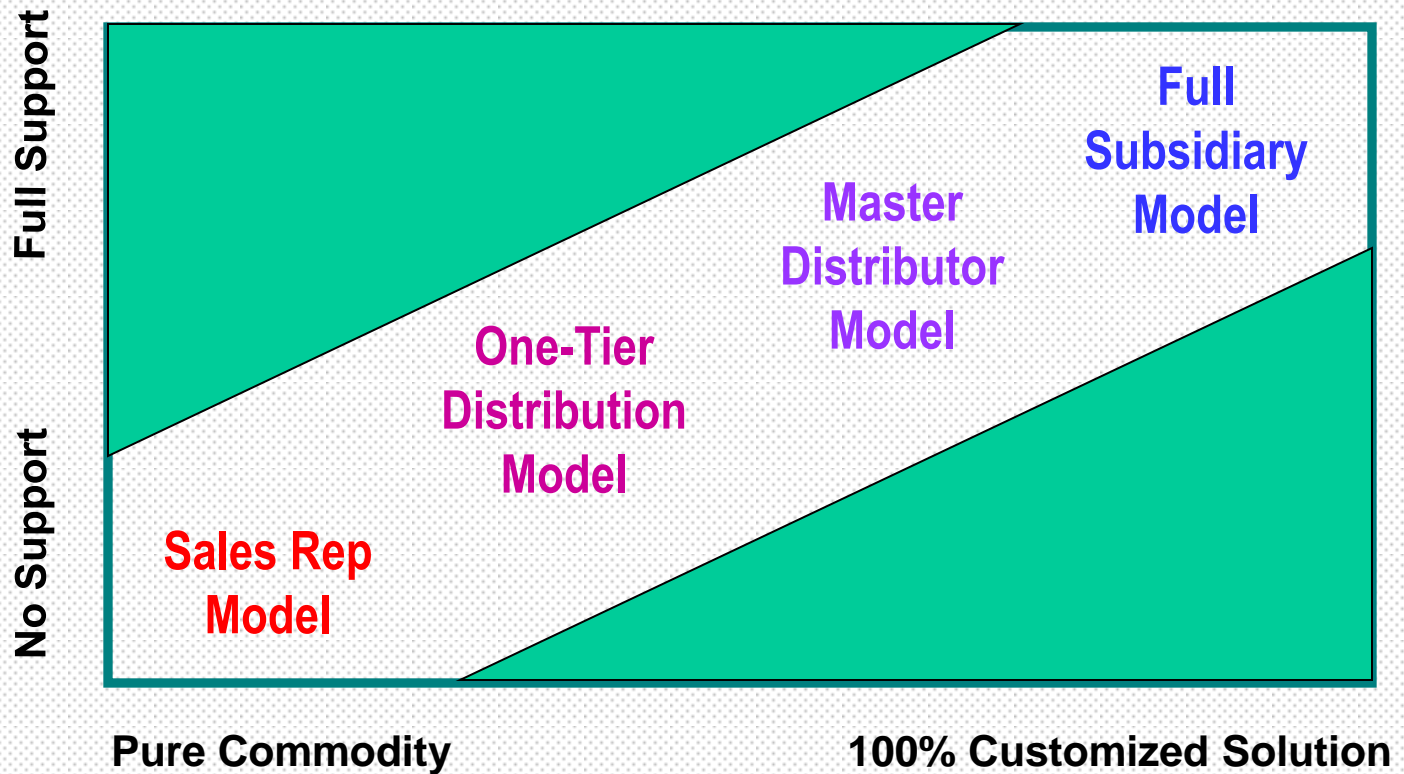
- Companies cannot afford the costs, risks, uncertainties of a direct global expansion
- In many cases foreign markets would be more attractive than national's
- Global markets are DIFFERENT! National strategies do not work in most foreign markets
- Local presence is, and will always be, very important - nothing replaces personal relationships in most markets.
- Avoid the “Dumping Ground” Syndrome!

# Which Distribution Model to Adopt?

## The Dilemma

- Usually smaller companies deploy one of three approaches:
  - give up foreign markets
  - appoint “sales agents”
  - Appoint “local distributors” to run their businesses
- In most cases these initiatives fail because agents and dist’s are “box movers” unable to provide necessary education, demand generation and support for anything other than commoditized products
- In addition, logistics, credit, taxation and currency issues are also **BADLY** addressed by the rep or agent models

# Distribution Strategy Matrix



# The Master Distributor Model

- The Master Distributor Model is one where an independent, successful *full service* local company becomes the official representative of the US company in an assigned territory
- The Master Distributor provides the same depth of services – marketing, demand generation, sales, support, PR, RMA, warranty etc – locally on “your behalf”
- This is mostly a margin deal; very relationship intensive & works best when there is synergy between different products being carried
- ... but, NOT many Master Distributors around...

# When Going Global

## Three Basic Questions

- **Should I Expand Beyond the National level?** RULA will provide
  - Yes, if there is a demand for your products & potential partners available
- **(If yes) Which Markets to Enter?** RULA will provide
  - Not necessarily the larger ones, but those where local partners are available
- **Which Distribution Model to Adopt?** RULA will provide
  - Traditional distribution for commoditized products RULA will provide
  - Master distributor for products that need localization, promotion and support