

INTERNATIONAL MARKET ENTRY STRATEGIES SELECTING FOREIGN DISTRIBUTORS

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ABSTRACT

Marketing strategies to enter international industrial markets generally proceed from exporting, to selling through distributors, to direct sales, to licensing or franchising, to strategic alliances, and finally to direct investment in a sales facility in a foreign country. These are international marketing channels. The question here is how to select a good industrial distributor in a foreign country. The manufacturer when seeking to expand into international markets must select the best possible distributor because the industrial distributor buys in bulk from the manufacturer, imports the product into the foreign country, finds and grows markets for the product and pays the manufacturer, all without serious cost or risk to the manufacturer. Given the importance of the foreign industrial distributor to the success of the manufacturer's international marketing efforts, the selection of the optimal distributor is very important, but how to do so?

Although it is tempting to simply 'google' distributors in a foreign country, prowess with HTML and/or other software languages, although very good, is not the same as prowess in international marketing. Googling is at best, only a first step. The best tool available to the manufacturer is the industrial trade show in a foreign country. Local industrial distributors participate in trade shows since the shows are an opportunity to showcase their products and services in order to market to their customers. The trade show then is an opportunity for the manufacturer to compare all the distributors, and their marketing and financial strengths, before making the final selection.

Keywords: *International Channels, Industrial Sales, B2B Sales, Business to Business Sales, Distributors, International Marketing*

1. INTRODUCTION

Industrial distributors are an integral part of marketing channels and hence one of the two broad sections of industrial supply chain management. One section of supply chain management consists of raw materials, processed products and services which are used by the manufacturer to produce products or services for sale. The second section is what is commonly referred to in the marketing discipline as marketing channels, the place part of the four Ps of the marketing mix. Although both are within international supply chain management, the focus herein is the international marketing channel. The functions of marketing channels are getting the product to the 'right' customer, at the 'right' place, at the 'right' time. These functions must be performed, whether by the manufacturer or by independent entities known as channel members. These functions are provided directly to large Original Equipment Manufacturers (OEMs) to be incorporated into their manufacturing processes. Large OEMs buy directly from the manufacturer in sufficiently large quantities to be profitable to both the manufacturer and the OEM. When the OEM is too small to be sold to directly, i.e., the order size is too small or too infrequent or the smaller OEM requires too much engineering support, the manufacturer uses an industrial distributor to provide the channel functions (Reday et al, 2015). Since the small OEMs have the potential to grow into large ones, the role of the industrial distributor in profitably nourishing small OEMs with competitive product offerings, adequate engineering support, and quick delivery is very important to the manufacturer.