

How to find, Manage & Understand Distributor Partners in India

backed by KNOWLEDGE
nurtured by EXPERIENCE
driven by COMMITMENT

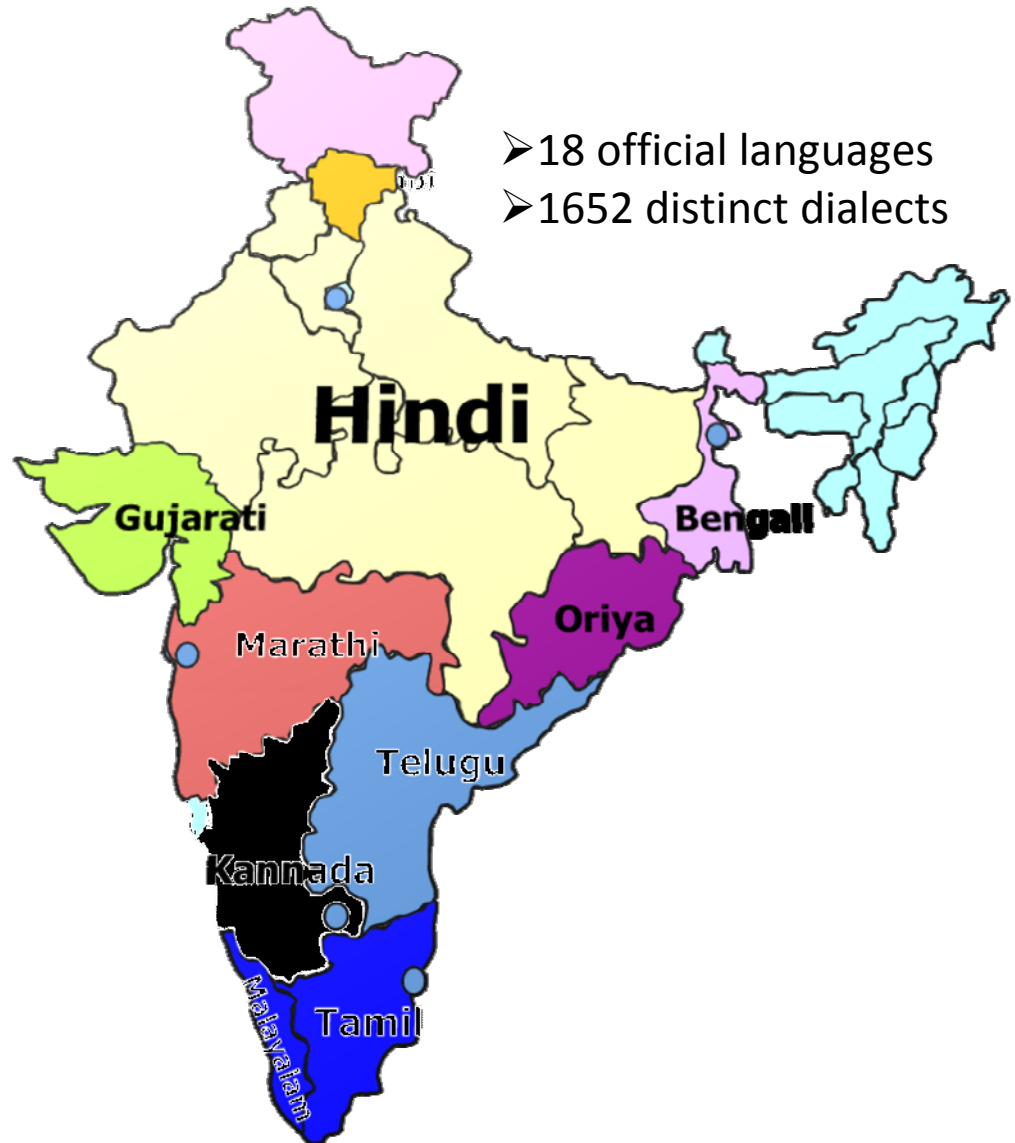


Mutual Public Relations

Public Relations. Investor Communications, Advocacy

Diversity in Religions and Languages

Mother Tongue	% Pop
Hindi	33
Bengali	8
Marathi	8
Telegu	8
Tamil	6
Other Indian	6
Gujarati	5
Kannada	4
Bhojpuri	4
Malayalam	3
Oriya	3
Urdu	3
Marwari	3
Punjabi	3
English	0
Others	3



Insight: Mindset of Indian Distributors

Indian distributors work with a typical Asian mindset. The products that give the best returns and incentives are pushed in the market.

Price is a very important factor in negotiations.

They do not spend money on promotional activities unlike in the West wherein the distributors also spends its own money for promotions like Flyers, Direct Marketing, PR, Advertising etc

They expect the parent company to spend on all promotional activities. A trait that was started by the Americans

Most of the distributor businesses are family run businesses

An Indian distributor does not say no to any business, even if its not in his domain expertise. This can be a major problem sometimes.

"Push Culture" is very important to get returns in India. Someone has to push and monitor on a daily basis to get performance out of them. (Very important point)



Stage 1: Distributor Identification & Due Diligence (Important Points)

- Background of the Promoters
- Reach & Past experience
- Evaluate existing business in terms of turnover and volumes.
- Capabilities/ Quality of pre-sales including developing relationships with customers
- Financial strength and capabilities including banking limits
- Penetration in the relevant sectors
 - Infrastructure
 - Import / Export clearance
 - Warehousing
 - Contacts with Key Accounts
 - Govt. & regulatory bodies

Experience of working with foreign partners

Company culture and compatibility

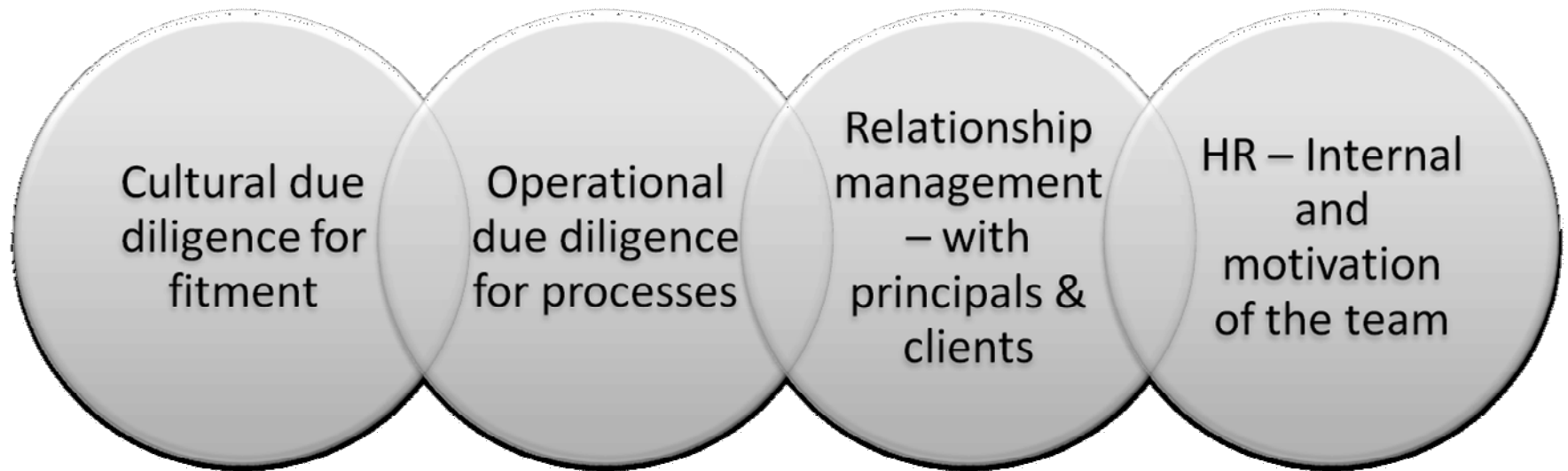
Check for willingness from companies in India who are either in the same segment or are in relevant segments and who could be converted into a potential Partner on terms acceptable for alliance

Location, size and presence in the Indian market



Stage 2: Short listing of potential partners and players

Recommendation for the best 2 –3 Partners based on following parameters



Operational due diligence is done through face to face meetings in a discrete and confidential manner including interviewing present and former employees, principals and suppliers besides the top management/ decision makers

Step 3: India Visit

- **India visit takes place to meet with the shortlisted partners and for final selection**



- **The full process takes around 16 weeks. (approximately)**

Cultural aspects when dealing with Indian distributors (Helps to manage them better)

- Indian Distributors like to have personal connections and touch. They love being called and spoken too
- In India one can have business calls on Saturdays and Sundays as well
- Expect your Indian distributor to call u on weekends and u can do that too
- Its advisable to carry gifts for your distributor and family.
- Its nice to wish them on important festivals, depending which religion they belong to
- Do invite the distributor and family to lunch or dinner when u visit them in India
- Do not expect them to reply to email within 2 days. It could take 15-20 days depending upon the sector they cater to and designation hierarchy is important.
- Indians are emotional by nature. One has to win the mind and heart both to be successful with their distributor Partners, just winning the mind is not good enough



Hard facts (especially true for distributors in non technical & engineering areas)

- The Indian distributor Partner does not know where to stop and also when to stop asking for a better price
- The Indian distributor thinks suppliers need to be dealt hard with, if things are not working the way they want it to be.
- Even after the contract is signed he would bargain for a better price with the parent company. Most of the German companies need to prepare themselves for this.
- The harder you bargain, argue and discuss, the more respect you get from them
- Mentality of the distributor differs from North to South in India. Distributors in each region have certain traits specific to their culture



Important points for European/German companies

- The fact that I have the best product and technology and distributors in India would do anything to take it is passe.
- The attitude of European/German companies “ Its my way or the highway” needs to change. They need to be more flexible in their thinking and approach.
- German companies need to build in costs for marketing and promotions. The distributor unlike in the West would not spend money from his pocket on promotions and marketing.
- Made in Germany products enjoy the Tag line of “high quality” in India. Indian distributors would prefer German products as compared to other countries but price is always the key. German companies can tap this as an opportunity.
- Its important to build a personal relationship bond than just a business one. In India business follows relationship. Relationship comes first.



THANK YOU

Contact:

Mr. Priyadarshi Sharma

Mutual PR GmbH

psharma@mutualpr.com