

Visions about changes for buyers and sellers from electric-technical products

Visions about changes

Changes are not a fine thing ... provided that they don't concern you. But shocking changes of the distribution canals will take place during the coming years due to the fact of changes of the worldwide buyer's behaviour for electric-technical products. This statement is based on a scientific study made by Mark Dancer (USA). Therefore, it is of utmost necessity from our point of view that we adjust ourselves already today to these coming changes.

Change of the buyer's behaviour

The buyers of electric-technical products from now on will provide precise specifications of their wishes and - this is new – will also publish these and make them generally accessible. The buyers thereby gain a great spectrum of products to chose from and attain economic advantages.

To common opinion of the buyer up to now was only to purchase especially for them designed and built components for complex solutions, finally belongs to the past. The automotive industry is a very good example.

Service support

The buyers often lack the overview about possible combinations and logistics possibilities of a manufacturer when it comes to writing the specifications of electro technical products. The buyer requires service support and will be willing to pay for these services in the future.

Sälzer Electric has come a long way from being just a manufacturing company to be a producing service company, being experts in their market of disconnect and rotary cam switches.

Examples of it are our worldwide proven SMD system and our extensive catalogues and manuals.

The brand image of Sälzer for innovative products with excellent service in its market segment is recognized worldwide.

Distributors

Due to the change of the buyer's behaviour, the worldwide operating commercial trading groups, which have positioned themselves strategically during recent years, in spite of their market power - which they play against the manufacturers superbly – will face a drastic change in coming years.

Currently these companies cannot offer the additional service required by the buyers to assist on the precise specification of the component. In the future the buyers require an active assistance of service specialists for the product needed, which is intended to generate

the necessary increase in value/profit for them. This also shifts the focus from a sales person to the importance of a service specialist. To what extent the commercial trading groups can perform this, remains uncertain to this point.

We will see an increase especially amongst small and mid-size distributors who limit themselves to selected customers within their region to which they offer an excellent service on the products they offer.

In the future this will be the most important target group for Sälzer Electric, even though we cannot claim this target group exclusively for our products or grant this one customer exclusive protection. In this future market everybody must have the possibility of a free product decision. An old saying says ... the better is the enemy of the good.

In the future less and less switchboard manufacturers / OEM's will buy directly from the manufacturer, provided that they have a trustworthy distributor as a service adviser nearby, for the product portfolio desired by them and that the price is right. The distributor must offer an additional value to the buyer for his profit margin. Service, logistics, warehousing etc. are additional costs for the buyer which he tries to pass on to the service partner.

Regional representation / Representatives

There will also be changes for our regional network of representatives in the very near future. Up until now OEM customers were catered to predominantly to receive orders and to keep competition away. To a certain extent this will also remain true for the interim. For our regional representatives this bears the necessity of a personal change from being an Order-taker to become the regional product manager for the brands represented by him.

Only if we succeed in building a real bond of trust to the respective regional distributor/ Retailer and his buyer, can we communicate the necessary product knowledge on site.

Internet / on-line sales / catalogue dispatch

The Saelzer Electric web site will change continuously in the future as well, because our homepage influences our brand image positively. Our customers must be able to find the desired information on our home page at any time, before they turn to the regional product manager or the distributor of their confidence.

On-line sales and catalogue dispatch, whether through our own homepage or professional suppliers, are likewise distribution canals of the future and will expand parallel to services offered by distributors.