

“Accelerated Erosion Distribution”
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What is the long term economic value and effect?

In nature, there is natural erosion

- there is monitored erosion
- there is controlled erosion
- there is unmonitored erosion
- there is uncontrolled erosion

In distribution, there is natural erosion – maturity of the product or the ol’ “Bell Curve”

- there is unmonitored erosion – no one paying attention to the above
- there is uncontrolled erosion – no R & D development of new products in pipeline

&

there is Unmonitored, Uncontrolled erosion! (all of the above)

OR

“Accelerated Erosion Distribution”

So! A manufacturer produces and launches a totally new, innovative and unique product. It is both useful and needed at the consumer or end user level – the demand has been created. A good margin is determined for all the distribution channel. Everybody’s happy..... For a while.

Erosion, product maturity (the ol’ “Bell Curve” – remember?) now begins to set in – competition starts their “knock offs”, margins decline or erode with all the distribution channel – substitutions erode market share too – “Big Box” distribution erodes pricing and margins even more. Then “Super Big Box” distribution with their “special status” pricing – erode even more margin – for everybody including “Super Big Box” – now it becomes everybody’s commodity.

Think about it.

George J. Hayward