> Acquisitions have cut the number of specialist, independent distributors to a handful of 'lone reeds'

SPOT THE DIFFERENCE

After a spate of acquisitions, there are only a handful of independent distributors left. Charcroft's Debbie Rowland explains how specialist distributors differ from the broadliners

There has been a subtle but significant change in the distribution landscape over the past few years: the number of independent specialist distributors has been drastically cut, through acquisitions by global broadline distributors, to a handful of 'lone reeds.'

Of course, the fact that global distributors are buying up independent specialists is nothing new. In the late 1980s large national distributors rampaged across Europe buying independent specialists in an attempt to gain the title of the 'world's largest distributor.' Size mattered and so did the economies of scale that supported ultra-tight margins.


There is a difference in approach between a specialist division and a specialist company, explains Charcroft sales manager, Debbie Rowland

Now, the reason for acquisitions is often to allow broadliners to acquire the specialist knowledge-base of products and customers, which hitherto enabled independent distributors to service high-level, low-volume markets such as aerospace and off-shore exploration.

Impact on supply

For buyers, these acquisitions can have a major impact on continuity of supply, with the potential for franchises to be withdrawn as well as for service relationships to change. They also limit the sources of supply and severely restrict buyers' choice and flexibility.

Instead of dealing with a company which has a single focus, from its sales to stores, on a narrow range of products, buyers typically have to deal with a small specialist team within a much larger organisation, which ultimately has a much broader focus. With each new acquisition, the specialist's long-term knowledge of products and individual customers, which have been built up over decades, are absorbed and potentially diluted.

The difference in approach between a specialist division and a specialist company can be significant.

Broadliners have to satisfy shareholders as well as customers and focus more on high-volume customers than on low- to mid-volume sales. Typically they are also less responsive to change, making it more likely that a customer has to fit their global systems, rather than the systems being adapted to fit individual customers.

Focus on support

Technical support, which can be as essential to buyers as it is to engineers, can also be different. Global distributors tend to treat each country as a region and expect their technical teams to support a high number of customers. For a specialist such as Charcroft, however, virtually every field salesperson is also a technical specialist and covers a relatively small area of the UK, enabling them to devote more time to resolving each customer's passives challenges.

Even though the number of independent specialists continues to fall, and more acquisitions look inevitable, there will always remain a few 'lone reeds' such as Charcroft. Financial stability is the key, in addition to the hands-on commitment of the management team to remaining independent.

This independence and focus gives customers access to the type of specialist knowledge which can mean the difference between sourcing a full bill of materials, or having to hunt around for low-value items after a no-bid from a non-specialist distributor.

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