



An **ids** Success Story

HOW A WILLINGNESS TO INNOVATE LED TO A SWEETER DISTRIBUTION DEAL

It's only natural for a company to resist innovation. It's risky to change a system that works, even if it works inefficiently. The Asian distribution arrangements of multinational brand owners are a particularly good example of this. Asian markets are hard to understand and harder to penetrate. But sometimes a good case can be made for trying something new. Even more so when there are evident shortcomings in the existing system.

There are many ways for a multinational to get products into Asia. The traditional agency business model is still widely popular. The multinational awards a contract for a local operator to handle its brand. The contractor is responsible for doing whatever it takes to get the brand to market. For the brand owner, the main consideration is usually price.

But it's wise to take a closer look at the contractor. Does price equal value? The contractor who is skilled at transport and logistics might fall short on the marketing side. Another

contractor might have built its business from marketing and sales expertise – yet may be inefficient at logistics. The brand owner may also wish to fulfill certain roles, but not others. The ideal partner is the one who is willing and able to work the way the customers wants. That's a good description of IDS.

The pages within look at how a multinational luxury FMCG brand and IDS were able to negotiate an innovative distribution deal that turned out to be a winner in Taiwan.

A FRESH LOOK AT AN OLD PROBLEM

A foreign market distribution arrangement is not something any company can take lightly. The partnership is key to a brand's long-term success in the market in question. Many companies though never seek alternatives to their current arrangements. Others only try to get more advantageous terms for a similar arrangement. But it can be profitable to look for an entirely new way of working....

THE SITUATION

A luxury FMCG brand had achieved encouraging success in Taiwan. In the early 1990's it entered into a traditional agency arrangement to market and distribute its products. Not entirely satisfied with its partner, this company decided to explore other options. Although it didn't partner with IDS, it had done so in the past. IDS had always kept in touch with the brand, and was ready to help. This long patience was about to pay off for both parties...

THE SOLUTION

IDS Logistics and the customer initially put in a lot of effort to research the options. The goal of IDS was to discover exactly what the customer wanted, and how it

could best help. The customer's goal was to assess what IDS was good at. From the outset, IDS had decided against simply competing on price. Rather IDS would add value to the customer's business, and aim to increase (and share in) the customer's profits.

IDS proposed to offer a full range of logistics services, and a selection of back office marketing functions. Meanwhile, the customer would control all aspects of the front-line sales and marketing (IDS would help to recruit, build and support sales teams too). After some hesitation, and a lot of opposition from the incumbent operator, the customer decided to try this innovative new way of working.



THE RESULT

The new distribution model proved to be a huge and almost immediate success. The customer found its policies and scale of operations could be perfectly aligned with the resources and strengths of IDS. The customer was particularly pleased at the control it retained over marketing planning.

The changes were very exciting for both parties. Now the customer was able to see where to make the most effort to build the business. IDS assembled a sales team who worked solely for the customer's brand. The customer could focus on developing a marketing plan knowing it would be implemented effectively.

After the final analysis, the multinational brand owner was so pleased with the innovative new arrangement, it decided to adopt it in many other markets. IDS now offers the arrangement as a standard, proven way of working.



TAILOR MADE SOLUTIONS THAT WORK THE WAY OUR CUSTOMERS PREFER

IDS Logistics is ready to work with you in the way that works best for you. Our resources and experience are second to none.

- We have more than a century of experience in logistics and distribution in the Asia Pacific region
- We have invested millions of dollars to develop a cutting edge pan-Asian logistics and distribution infrastructure
- All our operations are supported by a sophisticated and transparent IT network that provides customers with complete visibility into every aspect of their supply chain operations
- Our expertise reaches into every market segment, from footwear and fashion, to FMCG and healthcare
- We provide complete flexibility, customers can pick and mix the services they need most
- We own no brands nor operate any outlets of our own – all our resources and knowledge are dedicated to enhancing our customers' businesses
- We put together small, dedicated, experienced teams with the know-how, resources and entrepreneurial attitude necessary to enhance your business
- Our people bring open minds, flexibility and a can-do attitude to every project
- As a glance at our customer list will reveal, we build brand success in Asia

INTEGRATED-DISTRIBUTION SERVICES FROM THE IDS GROUP

The IDS Group provides our business partners a menu of Integrated-Distribution Services in three core businesses across Asia:

Marketing, Logistics, and Manufacturing

Logistics is the fundamental enabler, connecting each into an end-to-end value chain from raw materials to consumer.

We call this unique proposition

Value-Chain Logistics

