

An  Success Story

SALES UP THIRTY PERCENT IN SIX MONTHS FOR A HONG KONG HEALTHCARE BRAND

More and more multinational companies are regarding brand building as their core competency. Many such operators are finding it more profitable to focus their energy on developing new products, and outsourcing other functions to third parties. When a globally-known Asia-based healthcare brand decided to outsource its marketing and sales in Hong Kong, it provided a textbook case of how to choose the right outsourcing partner.

For most brands, nothing is more important than building sales and increasing market share. The traditional way to achieve this is by developing in-house sales and marketing teams responsible for a certain geographic region. However this becomes impractical for smaller brands, or those attempting to penetrate regions far from headquarters. In such circumstances a company will employ the services of a third party such as an agent.

Today, it's becoming increasingly obvious that outsourcing marketing functions to third party specialists is a viable strategy even when a company is well-entrenched. The following pages provide an example of how IDS Marketing was able to considerably enhance the Hong Kong marketing and sales operations of a renowned healthcare products company who had been in the market for decades.



A member of the Li & Fung Group



A NEW APPROACH TO HEALTHCARE MARKETING IN HONG KONG

The new management of an iconic traditional remedy brand called for a change of strategic direction for their company. The long-term plan revolved around shifting its business from a trading model to a brand development model. The company opened talks with IDS Marketing to institute this new direction in Hong Kong where it held a strong brand franchise.

THE SITUATION

The brand owner had a clear idea of what it wanted to achieve. Handing over market research, sales, marketing, billing and inventory functions to a third party would leave it free to react faster and develop products better matched to market demand.

The customer required a business partner who was prepared to invest in its vision and share both the risks and the rewards. Above all, the customer required coverage, accountability and realistic projections about the progress of its brand in the marketplace.

THE SOLUTION

IDS Marketing spent eight weeks collaborating closely with the customer, developing a pragmatic strategy that would add value to the business. Then in June 2003, IDS Marketing seamlessly took over all of the customer's Hong Kong sales, marketing and distribution functions.

IDS Marketing now takes the brand to 6,000 healthcare-related retail outlets, including supermarkets, convenience stores and department stores. Thanks to IDS Marketing's advanced IT network and transparent operations, the precise state of all marketing, inventory and billing activities is always available in real time.

THE RESULT

In the first six months of operation, IDS Marketing had increased the customer's sales turnover by 37%. Inventory holding levels were reduced by 61% due to more effective stock management. By November, only 1.3 months of inventory was required in the pipeline, compared with 5.8 months in July. Also, dormant and slow inventory levels had been lowered to just 10% by November, from 35% in July.



IDS Marketing increased the customer's sales turnover by 37% in the first six months of operation. Effective stock management has led to a 61% reduction of inventory holding level.



THE BENEFITS

- The customer experienced a significant reduction in working capital requirements
 - The customer turns over inventory faster, enabling quicker response to changing consumer needs
 - The customer can react faster to pressure from competitors
 - Trade costs became lower as the need for discounting to move dormant stock was reduced
 - The customer freed funds to invest in activities that would drive demand
-

IDS MARKETING TAKES GLOBAL BRANDS TO MARKETS IN ASIA

IDS Marketing reaches deep into many of Asia's most promising and profitable healthcare and consumer markets. We have become the choice of multinationals seeking a partner to enter Asia because:

- We have more than a century of experience in marketing, logistics and distribution in the Asia Pacific region
- We provide a full range of marketing services from initial research, to billing and collecting
- We can handle all logistics, transportation, warehousing and back office support services
- We market and distribute to multiple industry segments
- All our operations are supported by a sophisticated and transparent IT network that provides customers with complete visibility into every aspect of their business
- We are prepared to invest in any resources necessary to meet a customer's specific demands
- We own no brands nor operate any outlets of our own – all our resources and knowledge are dedicated to enhancing our customers' businesses
- We provide a wide range of value-added and associated logistics and manufacturing services through our sister companies throughout 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

