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Answer to Upcountry Issues may Create 'Trinity's Heaven'

By [Kapil Mudholkar](#), [Sandhya Malhotra](#), [Soma Tah](#)

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With changing times, vendors have changed strategies to tap customers. Amidst this shift, upcountry markets have come to the forefront. However, there's more to be done to integrate the channel partners with the main stream, and solve their problems.

It has been observed that good marketing caters well to consumers

in upcountry markets. Local brands are doing well. The reason being most vendors and distributors have not even bothered to advertise their products in the local media or create brand awareness among the channel and the users. It is high time vendors and distributors get involved with the local channel and initiate marketing activities to improve sales. Additionally, partners are also demanding that vendors and distributors should take them in confidence and provide them with essential training for entry level products in the market. It is true that upcountry markets are full of opportunities for the 'Trinity' - Vendors, Distributors and Partners - provided that all put in equal amount of efforts.

Apart from 16 major cities, including four metros, vendors are attaching extra efforts to get closely connect with the partners. For ex. Canon has decided to empower its region teams to address partners' issues for more convenience and swiftness.

Issues

Most importantly, it has become essential to maintain sustainable growth in these areas, and vendors, distributors can do it with their support and protection to these partners. Elaborating more on this, Amit Bansal, Owner, AV Enterprises, Jammu, said, "Due to the remoteness of upcountry towns, problems faced by us are more serious and remain unaddressed. It is important to address the problems of the upcountry markets to sustain ongoing growth. Almost all distributors and vendors have discriminatory policies, and it's wrong to compare us with the metro partners. A metro partner may sell 200 boxes per credit cycle, but that may not be possible for an upcountry partner. In reality, the small town partners put more efforts to push boxes but don't get any kind of protection from the vendors or distributors."

Even distributors have accepted the fact that these partners need more push in terms of training, and technology updates. According to Nitin Naik, Joint Director, Cubix India, "Few upcountry markets are fast growing; however, the consumer behavior is still conservative. Furthermore, training activities are a key in terms of penetrating the market, and generating customers' requirements."

Although partners are welcoming the steps taken by vendors and distributors to penetrate into these markets, they are demanding city-wise approach from them. According to them, the limited growth in metros is pushing vendors to on

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these upcountry markets. Mohd Yusuf, Executive, Microdot, Gorakhpur, said, "Vendors have started taking all necessary steps to grow their business in smaller cities. However, to yield recurring profits, vendors should take city-wise approach/strategies. It would be essential to address goods' movement in these areas, as it is very much scattered. And in the metros, it is controlled through one point."

The key issue, which these partners are often faced, is of services. The lack of proper services facilities is hampering the credibility of channel partners, as they are unable to offer efficient service support to their customers. With slowdown, as partners are relying more on margins, whether it's metro or a small town partner, these issues are resulting on loss of consumer-base for these partners.

"Though upcountry markets offer good growth prospects in entry level and mid range products categories, vendors need to step up their services in these areas to improve the services. The RMA takes usually 5-7 days, in the absence of vendor's nearby authorized service center. Though few vendors have initiated 'pick up and delivery' facilities beyond metros, it has not been able to reduce the TAT (turn around time) in the upcountry locations," said Ravinder Bhumbra of NetPro, Jalandhar.

In the words of Kaushal Khandor, VP (Corporate) Neoteric Infomatique, "Obviously service is the key to success apart for that there are various things that can help these partners attain business profitability. It includes timely update on newer technology, channel credits and timely realization of payment, logistics of goods and cost of sending goods, and product knowledge at end-customer level."

Adding more to it, VK Bhandari, CMD, Supertron Electronics, said, "The main challenge for these small cities is the logistics and relationship. The business in these locations are more on relationship building, and logistics also plays very important role as the standard couriers are not present in all locations. There's a need to facilitate region-specific couriers or others modes of transport to address channel needs."

What Vendors are doing?

It's a known fact that the business potential in these areas is very high, and channel partners are looking toward vendors and distributors for support and confidence.

To tap this immense growth potential, vendors are starting with the right product placement, pricing and channel reach. Sharing one such example with us, S. Rajendran, CMO, Acer India, said, "We are selling across product categories and price bands in the upcountry markets. Our entire range of consumer notebooks, netbooks, desktops and the latest ultra value nettops are also available across our retail stores in upcountry markets."

"We have effectively addressed the various challenges faced by our upcountry channel partners. Some of these include enhanced stocking levels by key national distributors, working with T1 to enhance the reach of Acer products across locations, and appointment of new master resellers in key regions to ensure availability of stocks in upcountry markets," added he.

As far targeted segments in these markets are concerned, Acer is targeting education and SME vertical, apart from individual users and home segment. As per the company, it is reaching out to its customers in India through a partner network of over 2500 channel partners and 275 retail partners in over 140 cities and towns.

ViewSonic is also trying to address the needs of these markets with its own set of products and initiatives. Throwing a light on the company's reach and product placement, Gautam Ghosh, Country Manager, ViewSonic Technologies, said, "For the upcountry markets, we have a set of loyal channel partners who distribute our product lines in the interiors of the country by placing regular orders with our authorized distributors month on month. We are also focusing on market expansion by introducing concept products like All-in-One PC and netbooks to make inroads in this country in an affordable manner."

In terms of targeted segments, the vendor is targeting government, enterprise and education segment. Besides, there's a huge rising potential in the gaming and home entertainment segment. For ViewSonic, key cities in these markets are Baroda, Surat, Rajkot, Calicut, Trivandrum, Vishakhapatnam, Madurai and Coimbatore.

On the other side, Gigabyte is very much excited with the widespread use of PCs, as it has fueled the demand for PC component like motherboard. As per the company, it has spread across 270+ locations through its distributors, and plans to take this number to more than 400 locations by 2010.

Elaborating more on this, Rajan Sharma, General Manager, Sales (MB BU), Gigabyte India, said, we are constantly making efforts towards increasing our presence to all parts that are not covered till now. We are selling our products across upcountry markets and offer same promotion & schemes to ensure ROI for our channel."

With PC penetration, there are always security concerns are associated. And this applies to the upcountry markets also. MicroWorld is all upbeat about this opportunity, and is placing its eScan for these markets. Explaining more on the company's upcountry initiatives, Anil Gupta, Head (National Sales), MicroWorld, said, "We have organized a 32-city road show across India for two months. Around 50 resellers per city would be attending, and this will allow us to increase our penetration in the market."

Some vendors are earmarking specific products for these areas. In one such case, Intex is focusing more on mobile phones, DVD players, certain models of multimedia speakers, and other peripherals, etc. Offering more insight on this, Naved Chaudhary, Head-Marketing, Intex, said, "Our positioning strategy comprises a deep study of the area, various districts, and the existing competition. Based on the feedback from the sales team, potential areas are defined, new channel partners having a reach in these areas are empanelled and existing partners are briefed on the sales requirements of a particular area." For targeted areas, Intex is focusing more on home, SOHO and SMEs.

Distributors' Role:

Along with vendors, distributors are also playing their part to serve the needs of these markets. Placing right products as per the market demand has become a key for these markets. Furthermore, they are educating and updating their partners through road shows and training programmes.

Sharing more on their role, Khandor said, "With our physical presence in 47 locations, we almost cater to 380 cities across India. Although, PC component & peripherals is a key business in these locations, we have also seen a surge in PC & notebook sales. The product focus is entirely based on the local demand from the partners and the feedback that we get from our own branches."

Adding more to it, Naik said, "At Cubix, we are working out special promotion incentive schemes from vendors for these cities. Our focus will be to offer better prices and launch more partner-friendly schemes in coming months. We are handling upcountry markets for specific range of products from our 9 branch offices, and are expanding our horizons and focusing on 3-4 class-B cities near to our branches."

Besides, some distributors are looking to tap these areas with new products and new channel partners. In the words of Madhu Joshi, Business Director, Milestone Interactive, said, "We are in the process of creating a tier structure in the upcountry markets, and looking for partners to tie up to market AVG anti-virus products. The upcountry markets very important to us as these are growth areas and the focus in B&C Class towns will be our priority."

On the other side, some of them have distributed their product placement as per the market demand. For ex, Cyberstar has three distinct product groups: peripherals, networking products and components. And the distributor is witnessing good demand for peripherals from these markets. Explaining more on this, Raj Rathi, Founder and CEO, Cyberstar, said, "We're present in upcountry markets through our 20 offices all across India, and are catering to more than 125 cities. We work with the vendors to make sure that regular visits

are done these cities. We request the vendors to do road shows and technical seminars in these markets. All marketing material is provided."

Whereas; Supertron has appointed executives in smaller markets to facilitate better channel engagement. As far as working with vendors is concerned, Bhandari said, "We provide continuous feedback on the requirement and the need of these markets to the vendors. And offer various promotion programmes to promote these growing markets."

Channel Schemes/Promotions:

Acer: Every month, Acer runs incentive schemes on business output for its partners where the slabs for are made keeping in mind the market potential. Apart from these, there're additional incentive programmes.

ViewSonic: Through its Finch Club, ViewSonic offers a platform to partners to share their experience and to address to their concerns. Various schemes and incentive programmes are offered to the partners based on the tier of cities they belong to.

Gigabyte: The vendor is offering innovative schemes to our channel partners on a regular basis. Upcountry partners can enroll under GCIP - Gigabyte Channel Incentive Programme.

MicroWorld: Currently, it has the scheme called 'Monsoon Bonanza - gain from rain' for the period July to September 2009 for its eScan. This scheme also invites partners to earn rewards based on a point system.

Intex: Primarily focuses on re-seller schemes on pan-India basis. Further, planning is also done on schemes keeping in mind the areas where it needs to make inroads and products in focus.

What ChannelTimes Says?

The upcountry market is a mix of issues, opportunities and even a vendor-distributor-partner alliance. Opportunities are there, and efforts are on; however, an immediate address of issues will make these markets heaven for the business 'Trinity'.

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