

Grey marketing What you can do

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Grey marketing can broadly be defined as the trade of new products outside official distribution channels and generally this activity is not illegal. However, whether vendor, distributor, reseller or end-user, grey marketing affects you. This is because grey importers reap the benefits of their activities without making investments or contributing to the growth of the channel.

SA, like most countries in emerging markets, allows businesses to grey import. However, this unofficial commerce is inhibiting and damaging the local channel.

So, what should be done to combat grey marketing and who should be doing it?

Everyone who has investments in the region, and who wants to attain benefits for and from sanctioned channels should be taking steps against grey marketing in SA.

The largest contribution can be made by vendors. While most vendors do not consent to grey marketing, some are slow to act or just ignore it. Perhaps this is because vendors achieve revenue for genuine goods whether sold through official or unofficial channels.

However, the authorised channels of distribution require protection from vendors and every attempt should be made by vendors to close the source of grey imports. Unless the issue of grey marketing is dealt with by vendors in the harshest possible manner, it will continue to be a problem in the local market space.

For a vendor keen to protect legitimate channels, the sentence administered needs to be appropriate and very visible, as a light sentence does not deter this activity.

Distributors can also assist in bringing grey marketers to justice. Any distributor aware of grey marketing activity should supply the details to the appropriate vendor, who could then trace this activity back to where it originated from and cut the supply chain at the source.

In addition, a distributor should only trade in their allocated territory. Market development, stock assembly and the training of people takes time and unauthorised competition can negatively affect this investment. Comztek and its vendor partners have made substantial investments in setting up authorised channels in all the territories that the company plays in.

Furthermore, distributors can assist in combating grey marketing by educating their channel and by encouraging resellers to become more aware of the channels that they are operating in. Comztek is actively involved in this type of education through information sharing and training sessions throughout the region.

As a result of lack of awareness or education, a reseller may not know whether it is purchasing stock from an unofficial channel. However, a reseller should take the initiative to make sure that products sold are sourced through the official channel.



For an end-user, it is important to reiterate that while a grey market product may be cheaper, it may not carry the same guarantees as products from official channels. For instance, manufacturers may refuse to honour the warranty of an item purchased from grey market sources, on the grounds that the higher price on the non-grey market product reflects a higher level of service. The end-user therefore has the responsibility to question whether they are making a legitimate purchase.

Vendors, distributors, resellers and end-users can ensure the healthy growth of the local channel. Join the drive to combat grey marketing today. ○