

A recent government task force report contains the specific recommendation that wholesalers and retailers explore an involvement in trading.

Hypothesis: Retailers Can Successfully Engage in Trading

In making this recommendation the report cites the expertise and strengths of the distributive industries as particularly suitable to facilitating trade. Among the specific expertise and strengths cited are:

- o Product sourcing and evaluation capability including knowledge of suppliers' reputation, financial standing, and manufacturing, delivery and quality control track records;
- o Logistics management including transportation, customs, warehousing, inventory control and distribution;
- o Established financial and banking relationships contact goodwill, and market (or volume) clout.

It is only logical that the report's authors suggests that these strengths could be readily applied to trading. However, most retailers perceive that domestic distribution is their primary business and the involvement in the international market should be limited only to sourcing. In a way, there is a mentality conflict similar to that which bankers experience with bank-owned trading companies. There's one major difference, however, in the distributive sector: retailers understand trading.