

DISTRIBUTORS

Purpose

The major purpose of this section is to provide information that will assist Canadian manufacturers of hospital and medical supplies in marketing their products through existing U.S. distributors. Three specific types of information are presented:

1. the structure of the distribution market, including purchase issues, selling issues, and distributors' attitudes;
2. the decision-making process that distributors use when considering whether or not to accept new products; and
3. a description of distributors' attitudes toward and experience with foreign products.

Approach

In order to gather information about the distributors' activities in the hospital/medical supply field, in-depth personal interviews were conducted with eight distributors. Because of the lack of existing systematic knowledge about distributor activities in this field, each interview was structured to cover a very broad range of topic areas. As a result, the average length of each interview was one and a half hours.

The distributors showed a strong reluctance to be interviewed. The eight completed interviews were the result of an initial screening process in which 140 distributors were screened. One hundred didn't fit the requirements of the study because they were totally retail. Of the 40 who met the requirements, eight agreed to be interviewed. This reluctance may be attributable to an existing crisis in the field of hospital/medical supplies. Distributors are currently awaiting the outcome of a law suit against American Hospital Supply, a major national distributor. The litigation was brought against American Hospital Supply by a group of independent distributors, charging AHS with monopolistic policies. Distributors feel that the outcome of this litigation will have a far-reaching impact on the future distribution of medical supplies, and many are reluctant to discuss their business practices until the suit is settled. Only one national distributor consented to participate in this study.

This section provides some initial background information about the U.S. distribution of hospital/medical products. Due to the limited number of respondents, results cannot be generalized too widely.