

Results

A. Structure of the Distributors' Market

Major Product Lines

- All of the respondents indicated that two or three leading products accounted for half or more of their total sales volume. Typical groupings of leading products were: sutures/syringes/gloves, and IV catheters/sutures. The national distributor, American Hospital Supply (AHS), indicated that trays (25%) and gowns (25%) together accounted for half of their sales volume.

1980 Sales Volume and Accounts

- 1980 sales volume ranged from \$800,000 for the smallest distributor to \$33 million for the largest.
- Account structures for the distributors fell into three patterns. The national supplies (AHS) sells only to hospitals. The local distributors specializing in catheters, sutures, and syringes sell about 75% to hospitals, 15% to nursing homes, and 10% to doctors.
- Significantly, only two respondents reported any business with buying groups, and this business accounted for less than 5% of sales volume in both cases.
- The distributors reported that they employ differing numbers of salespeople, ranging from one for the smallest distributor to 22 for the largest.

Self-manufacturing and Self-branding

- Only the national distributor (AHS) reported that they engaged in manufacture of the products that they distribute. They estimated that fully 80% of their product distribution was manufactured by themselves.
- On the other hand, almost all distributors are now involved in putting their own brand names on products from outside manufacturers. The local distributors engage in a small degree of self-branding (from 5-20% of sales), but the practice is growing.

Competitive Structure of Distribution Market

- Almost all of the respondents, including the national distributor, perceived their major competitors to be other local distributors. This suggests the hypothesis that the nationals