# THE DISTRIBUTION OF CERAMICS AND CONSTRUCTION MATERIALS IN A GLOBAL MARKET

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**ABSTRACT**

*The forthcoming Qualicer meeting will feature a Panel Debate on the subject of the commercial distribution of ceramic floor and wall tiles, organised in collaboration with Andimac, the Spanish National Association of Ceramics and Construction Materials Distributors.*

*The Panel Debate will open with a presentation by Juanjo Pérez Cuesta, President for Europe of Snack Foods, who will provide an overview of the evolution and present situation of distribution in great consumption, how this has developed so remarkably on the strategy level, the behaviour of the channel, management logistics and positioning, and promotion to the great public.*

*The presentation by Pérez Cuesta will allow establishing parallelisms with the evolution that can be observed in the case of distribution in the ceramic sector and of building materials in general. Pérez Cuesta will then be followed by Jean-Philippe Mutelet, Director of Marketing at Saint Gobain, who will deliver a talk introducing the Panel session, focusing the debate on the context proper of the commercial distribution of ceramics and building construction materials.*

*Fidel Pila, President of Andimac and Panel chairman, with then pick up the main ideas put forward by Pérez Cuesta and Mutelet, which will serve to initiate the debate.*

## 1 INTRODUCTORY PREMISES TO THE PANEL DEBATE

In an industrial context marked by a change of paradigm, which involves passing from a widely fragmented production culture to a culture of business positioning and concentration, management of the distribution channel acquires an increasingly strategic importance. It does not appear reasonable to try to maintain a critical level of competitiveness without a clear client-oriented focus. For this reason, at the present time the manufacturing companies perceive the channel as a strategic ally for placing their products before the consumer. This increasingly market-oriented focus leads to two possible initial approaches: integrating the channel in the own structure of the manufacturing company or fostering policies of positioning and cooperation with the channel. At the present time, both solutions coexist in the market, and paradigmatic examples of either tendency can be identified.

On the materials distribution level, an atmosphere of change is also beginning to take hold among the actors in the sector. The increasing awareness in the distributor business context that a period of transition is currently unfolding, destined to lead to a new market operation model, is being evidenced together with the tendency towards business association, either by participating in models of sectoral vertebration, as is the case of Andimac (Spanish National Association of Ceramics and Construction Materials Distributors), or through integration in groups or in purchasing and services centres.

Both processes lead to a concentration of negotiation force, which can only lead to stability in the channel by establishing stable playing rules. As opposed to the currents that signal a conflict of contrary forces in the channel, at the present time approaches are making headway that see in the cooperation between members of the channel the avenue for stability and maintenance of the value chain. This criterion, which is valid for other commercial forms and production sectors, could also be applicable in the ceramic tile and construction materials distribution sector.

Therefore, despite involving different consumer products from those of great consumption (perishable and non-perishable, with high and intermediate or low rotation), the need to strengthen the market position of manufacturers and distributors has generated a number of strategies that delimit perfectly differentiated distribution management models. These strategies have led to new forms of positioning in the channel, which enable advancing a new scenario of commercial relations in the sector, both on the level of the relation between manufacturers and distributors, and in the forms of distribution and sale of ceramic materials.

These parallelisms are evidenced in the internal formulas of management logistics and product commercialisation, as well as in product penetration in the market through different forms of sale, whose development proceeds along recognised lines of confluence with the case of great consumption: specialisation, urban commerce, hypermarkets and *category killers.*

In this sense, the new forms of distribution are the market's response both to the business movements that are occurring between suppliers and distributors, as well as to the necessary adaptation to consumer habits and demands by distributors.

These movements are related to multiple factors. Among others, there is the increasing tendency towards concentration between the industrial fabric, as suppliers of ceramic consumer products, and distributors. Distribution companies tend to become larger and larger, and this process of growth, both internal and through mergers or groupings by acquisition, will cause the trade in ceramic materials to be concentrated, within a reasonable timeframe, in a smaller number of companies. The search for a greater dimension is aimed at achieving economies deriving from greater size. It is a case of strengthening the power of the brand before consumers, of having a greater purchasing power before suppliers and, in short, of reaching scale economies that enable attaining higher efficiencies in all the processes.

The concentration process has been evinced in the ceramic floor and wall tile distribution sector with the consolidation and growth of great chains with multinational capital and, since the concentration process is directly tied to the development of these large corporations, it can be observed how the globalisation process is also affecting the ceramics and building materials distribution sector. The opening of new purchasing markets for the distributor accentuates this tendency which, and why not, could lead to internationalisation, either through groupings of a supranational character or the opening towards new emerging markets.

This process requires new formulas for market adaptation by manufacturers and distributors. In regard to the distributors, the formula of vertical integration defined around purchasing centres is the model that is undergoing the greatest development in the European context as a competitiveness strategy for traditional distribution in the face of the expansion of aggressive forms of distribution, in the case of the sector at issue, known as *category killers*, i.e. specialised stores that centre their business on a particular product category, understood in a broad sense; that is, all those consumer objects that are linked to decoration or construction.

This process also requires replanning the relations between manufacturers and distributors, in the quest for positioning, channel strategy, formulas for internal cooperation, implementation of new information technologies, etc.