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CHANNELS OF DISTRIBUTION OF AMERICAN MERCHANDISE IN INDIA



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FOREWORD

India, with its 352,000,000 population, offers, next to China, the largest field among the undeveloped markets of Asia for the sale of American manufactured products. Competition, it is true, is exceptionally keen with products of Great Britain, Germany, and Japan, but many lines in which the United States specializes, such as automotive products, adding machines, typewriters, flashlights, and breakfast foods, have long made American-type goods familiar to the Indian customer. Of course, the buying power of the Indian people in the mass is too low to afford them, individually, a large share in American trade. Yet, as Mr. Flake observes in this bulletin, if only 1 percent of India's population were buyers of some particular American product, the manufacturers of that product would have more customers in India than the entire population of Cuba.

Trained students of the Indian market, however, are convinced that considerably more than 1 percent of India's people are potential buyers of some product made by American firms who value highly their business in Cuba.

A good deal of our failure to appreciate the potentialities of the Indian market has been due to a lack of knowledge of the unique conditions pertaining to that market, and of the best methods of securing adequate distribution for our merchandise. The channels of distribution particularly seem obscure or confused, from the viewpoint of the average manufacturer or exporter in the United States. This bulletin traces the channels of distribution from the exporter at our seaports to the hands of the ultimate consumer, wherever he may be on the Indian peninsula, and it is designed to make clear these channels to all manufacturers or exporters in the United States who are interested in the sale of "light merchandise" in that field. No effort is made to deal with the heavier lines of trade, such as industrial machinery, tobacco, petroleum products, or raw cotton, which today make up the bulk of our exports to India.

Whether to sell direct to the importer or through a resident agent; whether the agent selected shall be an American branch house, one of the many old, established European firms, or an Indian of the Hindu or Mohammedan religion, are questions which every prospective exporter to India must ask himself. This report attempts to deal with the problems inherent in the case comprehensively and impartially. It gives, therefore cogent expression to the outstanding policy of this Bureau, which is to encourage the foreign trade of the United States by supplying the actual or prospective merchant therein with as much information as possible that may be of use to him.

The bulletin is the work of Assistant Trade Commissioner Wilson G. Flake, who has had 4 years' experience with the Bureau's offices at Bombay and Calcutta, and has made a special study of merchandising methods which have direct application to export products of the United States.

WILLARD L. THORP, *Director,*
Bureau of Foreign and Domestic Commerce.

OCTOBER 1933.