



Case Study – Cement

Distribution Network and Channel Development Study in Indonesia

The challenge

One of the largest cement manufacturers in Southeast Asia sought to develop and strengthen its distribution network to all customer segments in Indonesia.

The objectives of the study were to:

- Understand the structure of channels in the cement market, from distributors to wholesalers and retailers
- Map typical distribution flow for each type of channel as well as understand the channel margin structure





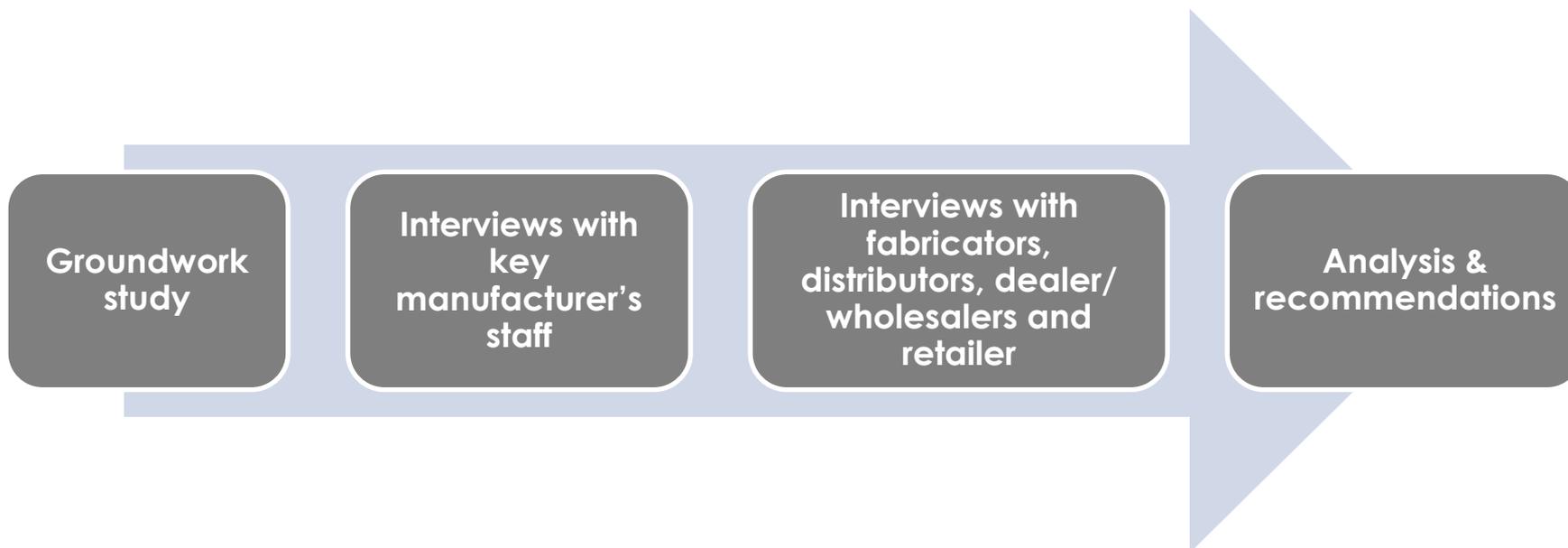
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The process

Spire conducted groundwork study to formulate a hypothesis about the distribution network. These included interviews with industry experts (including associations, staff of company), as well as field observation and mystery shopping made by contractor companies (including visits to cement dealers, wholesalers and retailers).

In-depth face-to-face interviews were also held with key manufacturer's staff; targeting staff that had full understanding of the products, pricing, channel and distribution, as well as staff specializing in distribution or supply chain management. Spire also conducted in-depth interviews in the Greater Jakarta, West Java and East Java areas with fabricators, distributors, dealer/wholesalers and retailers.





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The results

Our report provided critical conclusions relating to Indonesian channel characteristics and trends, enabling our client to expand its presence in the Indonesian market.

Project deliverables included:

- Deep-dive profiling of the four largest cement manufacturers in Indonesia, including sales trend and cost and pricing structure
- Analysis of channel types and characteristics
- Sales transaction and business background for each retail shop category
- Mapping of Distribution Flow and Channel Margin Structure for cement channels
- Recommendations for channel entry strategy
- Recommendations for improving and strengthening the client's existing distribution channel management system to better address market opportunities