

GLOBAL MARKETING ASSIGNMENT 03

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Question: Is gray marketing a trademark issue, or a distribution issue? Justify your answer with the help of example.

Answer:

Definition of gray marketing:

The practice of gray marketing (also known as parallel importing) occurs when authentic goods are diverted and distributed outside of the official distribution channels, without brand or trademark board's approval.

Gray Marketing usually flourishes when a product's supply is short, or when there is a significant price differential for the same product in different countries due to different placement of the product.

Example:

During the launch of a new product, the demand may exceed the supply. Consider the example of the launch of PS5, when SONY launched the play station 5 it was an instant hit. Soon the authorized distributors could not meet the demand of the product and went out of stock. Scalpers all over the internet bought PS5s directly from distributors and using bots from E-Commerce websites, and sold them at more than double the price causing the global gaming console markets to become least affordable in recent times.

The Bloomberg News called the Playstation 5's launch "A disaster". A detailed account of events can be read [here](#).

Conclusion:

Gray marketing at its core is a distribution issue, whenever MNC's fail to meet the supply of the product through authorized channels, gray marketers take advantage of the situation. Better regulation of trademarks and rigorous supply chain management are some of the steps Global companies use to combat gray marketing.