

styling, poor technical design. And now, look at the Seventies, the Eighties and the Nineties: Philips invents the compact cassette; the Japanese run away with it. Philips invents the compact disk; the Japanese commercially run away with it once again. In the open economies of today, characterised by the extremely fast diffusion of innovations, no manufacturer is able to maintain a number one position, either in product quality or in manufacturing costs. The key question of today is no longer: how can I make a product that is either better or cheaper than my competitor's. The key questions of today can either relate to

- effective promotion, in order to emphasize or to suggest a product differentiation;
- efficient distribution: how can I take a product, that is as good as the other products available, and whose manufacturing costs basically are as high as those of the other products, as efficiently as possible to my customers?

This last strategy is the one followed by VHO. It means keeping the costs of the entire distribution channel as low as possible, establishing an adequate service network that is very much client oriented and enables you to listen carefully to what your customer wants, in order to quickly respond to new demands.

This shift from a manufacturing's emphasis towards a distributor's emphasis is very pervasive. This shift is proved nearly every day by business decisions of all the major companies:

- Ford imports Mazdas from Japan and sells and services them by its own US-dealership network. General Motors applies the same strategy by selling Toyotas as Chevrolets, while Chrysler is offering Mitsubishi's "made in Japan" with a Dodge badge. The American Motor Union Association recently expressed its deep concern, that America's Big Three are developing from manufacturers towards mere distribution organizations, jeopardizing the employment of a great number of Americans;
- Some well known computer manufacturers sell their Personal Computers under their own brand name, although the machines are not assembled in their own companies but imported from the Far East. The worldwide distribution organization (sales and service) of these firms is their main added value to