

#### Frequently Asked Questions About Gray Market

#### What is gray market?

When we talk about the gray market, we are talking about channels that are not authorized by brand manufacturers. Manufacturers use their authorized distributors to secure their supply chain, guaranteeing product authenticity and quality.

What makes the gray market gray is that it's often difficult to recognize when it's happening. Sometimes, even people who are selling gray market products don't realize it.

#### What is wrong with gray market products?

The products sold by gray market channels have been diverted from their secured supply chain. They often don't comply with local laws and are sold in a country where they are not approved for use. They may have compromised quality due to improper handling or storage conditions. In some cases, they are repackaged or relabeled products. In other cases, a product's expiration date may be changed so it can be sold beyond its original expiration date.

Less common, but of great concern, are counterfeit products – fake products that look like the real thing, but pose the greatest risk to safety.

## Why would people buy gray market products?

What makes gray market products so pervasive is price. Gray market distributors purchase and sell products well below the wholesale cost set by authorized distributors. For a dental business trying to watch pennies, this difference can be tempting. But make no mistake: the risks far outweigh the rewards.

# What problems can be caused by using gray market products?

First and foremost, patient safety can be put in jeopardy when using these "unauthorized" goods. Product quality is not assured. Second, loss of productivity is an issue. You lose time re-doing work, trying to figure out why materials don't work as expected and handling the complaints of dissatisfied patients. Third, lawsuits can be brought against a clinic by dissatisfied patients. Fourth, beyond the financial and patient outcome risks, a dentist's reputation can suffer from events caused by gray market goods.

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#### How is a warranty affected by gray market products?

Products purchased through unauthorized dealers are typically not guaranteed by the manufacturer should you experience any product performance problems, nor will manufacturers honor promotions or returns, since they have no assurances about their origin or handling.

Contrarily, when you purchase products through a certified channel partner, you receive the authentic products, service, training and support you deserve.

## What can a dental clinic do to avoid buying gray market products?

First, be sure to keep the idea of cost reduction in perspective. For most dental offices, supply expense is only about 5-7% of gross revenue. Saving even 30% of supply expense is minor when you consider the value of your business and your reputation. Second, train your assistants to buy only from authorized distributors. Give them a list of your favorite brand's authorized distributors. Teach them to work with authorized distributors to find offers that work for your budget. Require your staff to vet illegitimate dealers who solicit your office, and not to look for prices that are too good to be true. Doing so buys everyone more peace of mind.

## What should we do if we have questions about a particular offer?

If you have questions about an offer, call the manufacturer and ask for assistance. (In a 2015 survey conducted by Apex 360, more than 60% of dental professionals did not confirm a manufacturer had authorized a dental distributor to sell a product when ordering.)



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