Episode Book

EPISODE #5744

Blue Tools, Green Tools: Inside Bosch's Channel Strategy

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SYNOPSIS

Bosch runs two completely separate tool ranges under a single brand: blue Professional tools for tradespeople, green Home and Garden tools for homeowners. Same name, same shelf, different machines. This episode unpacks what that split reveals about how manufacturers choose distributors, route products into geographies, and decide which version of themselves you're allowed to buy. From a UK dealer stocking a thousand Bosch products out of a global catalogue, to a manufacturer acquiring its own distributor, to a screwdriver that Americans once imported from overseas because Bosch simply declined to sell it here — the channel is the strategy, and you can see the seams.

TRANSCRIPT



Corn

What does a company actually decide when it decides which version of itself you're allowed to buy?



Herman

That's the question.



Corn

It's Daniel's, more or less. He wrote in this week picking up a thread we left lying on the floor during the vacuum cleaner episode, and he's right that we skated past it. The observation was that Bosch sells different products through different sales channels. Daniel wants to make a whole episode of that, and he thinks it adds a dimension to all our other conversations about how electronics distribution actually works.



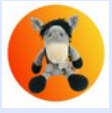
Herman

Which it does. It's the layer underneath the layer.



Corn

So here's what he's asking. Imagine a manufacturer on roughly Bosch's scale. Big catalogue, established products, nothing exotic. It wants to enter a new sales geography. Daniel is explicit that he doesn't want to complicate it with regulatory approval or products that might need certification. Pure commercial logic. How does the marketing and sales team go about identifying distributors in that new market, working with them, and deciding which products go through which sales channels? And what's the logic underneath those decisions?



Herman

That's the big one.



Corn

Then he's got a second thing, which is more of a personal thesis. He says he's long believed that finding ways to buy the business-to-business equivalents of consumer products is a hugely useful life skill, because if you can get into those channels you often find better quality for less money. But he flags the catch himself. Whether those channels exist for you is downstream of how the manufacturer has chosen to operate in that geography, and downstream again of which distributors supply which retail chains. So the consumer access is the last link in a chain that starts at a boardroom.



Herman

And Bosch is the case study because you can actually see the seams. Two tool lines under one name. One of them withheld from an entire continent for decades. That's not a distribution footnote. That's a strategy you can photograph.



Corn

Right, so where do we start?



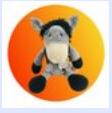
Herman

With the color split, because that's where the confusion lives. Bosch runs two completely separate ranges under one brand. Bosch Professional, the blue tools, for tradespeople. Bosch Home and Garden, the green tools, for people doing things around the house. They look similar, they share a name, and in plenty of markets they sit on the same shelf. That's the entire source of the confusion you hear from people who buy the wrong one.



Corn

So the green one isn't a discounted blue one.



Herman

It isn't. And Bosch's own material makes that pretty blunt. They compare a blue GSR 18-2-li plus against a green PSR 18 li-2, and it's sixty-three newton meters of max torque on the blue versus forty-six on the green. Nineteen hundred rpm against thirteen forty.



Corn

Same body shape, same brand, thirty-seven percent more torque.



Herman

And it's not just power. The blue tools carry kickback sensors, drop detection that stops the blade, a no-restart protection so the tool doesn't jump back to life after the power comes back mid-cut. Dust extraction ports, vibration counter-balancing. The green equivalents generally don't have those.



Corn

That no-restart one is interesting, because it's not a performance feature at all. It's a feature for someone who's holding the tool for six hours and might lose concentration.



Herman

And that's the whole logic. Bosch describes blue users as working all day every day, on multi-day jobs. Loft conversions, shop fitting, central heating installs. Green users do what Bosch calls short-lived jobs. Hanging a shelf. Putting up a curtain rail. So the warranty coverage, the safety package, even the spec sheet get tied to those two profiles.



Corn

And the color split isn't a recent bit of brand management either.



Herman

It's older than most people assume. Bosch says its tools came in a whole range of colors until plastic housings arrived in the nineteen sixties. The strict separation into green and blue only dates from the nineteen seventies, when they standardized the two brand colors against the two buyer types.



Corn

Which means there are people alive who bought Bosch tools before the split existed, and they have no idea why their grandson is arguing about blue versus green in a hardware store.



Herman

There are, and they're probably happier.



Corn

So that's the first layer. Two products, one brand, two worlds. Now the interesting part. Why does any single retailer carry a sliver of what Bosch actually makes?



Herman

Because the sliver is the strategy. It's not a stocking failure.



Corn

Make that concrete, because I think people hear "they only carry some of it" and assume the shop is lazy.



Herman

Take one UK dealer, Rock Bottom in Northampton. It stocks nearly a thousand Bosch products across both ranges. That sounds like a lot. Against Bosch's global catalogue it's a rounding error. And the dealer isn't underperforming. It's carrying the subset that Bosch's channel strategy routes to that kind of outlet in that country.



Corn

So the manufacturer decides the shape of the sliver.



Herman

The manufacturer decides the shape, the distributor executes it, the retailer shelves it. And Bosch's US site says it outright. Power tools and measuring tools are only available through qualified dealers. That's not a retail accident. That's a dealer network, deliberately.



Corn

Which means Bosch isn't selling direct in the US. You go to the site for information and then you're sent somewhere.



Herman

That's the hybrid model. boschtools.com is largely informational in that market, and the transactional spine runs through dealers and distributors. Bosch has kept that structure in place while running the biggest power tool brand in the world.



Corn

And then there's the part I find strange, which is geography as a channel. The green line was never sold in the United States. At all. For decades.



Herman

That is the cleanest example in the whole industry of a manufacturer deliberately not selling a product in a market. The green line stayed in Europe and other regions for decades. In the US, the framing was that Bosch meant blue, pro-grade tools, full stop.



Corn

So a US consumer couldn't buy a green Bosch drill. Not because it was banned, not because it failed a test. Because Bosch decided the American buyer was a different animal and routed accordingly.



Herman

And you can see the consequence in how people got around it. Before the green line appeared at Lowe's, US buyers who wanted a green Bosch iXO screwdriver were importing it from overseas sellers. Grey market import of a product the manufacturer simply



Herman (continued)

declined to put in the country.



Corn

That's a person in Ohio paying international shipping on a screwdriver to get around a channel decision made in Germany.



Herman

And that's the loop back to Daniel's thesis, by the way. That's the arbitrage. Not business-to-business pricing. Geography.



Corn

Hold that. Let's do distributors properly, because that's the machinery that produces the sliver. How does a manufacturer actually pick them?



Herman

The first decision isn't which retailer to approach. It's which buyer world exists in that geography. Consumer or trade. Then which product line maps to that world. Then which distributors already serve that world. Then, last, which retail chains those distributors supply. The product line decision comes before the retailer conversation, and that ordering matters.



Corn

Because if you pick the retailer first you end up with the wrong product in the wrong store at the wrong price point.



Herman

Right. You approach Lowe's with a professional blue line and you're competing on a shelf where the buyer is a weekend renovator. You approach an electrical wholesaler with a green line and nobody in the trade takes your call again.



Corn

So the distributor is the gatekeeper.



Herman

The distributor is the market. In a lot of geographies the manufacturer never touches the end buyer. The distributor owns the relationship, the credit terms, the inventory position, the technical support. Which is why the manufacturer's biggest long-term problem isn't the competitor. It's the distributor who's been carrying their line for twenty years and now has leverage.



Corn

And the thing you found about Bosch buying a distributor. That's the same film, later reel.



Herman

Bosch bought US Air Conditioning Distributors. Fifty-two locations, five hundred employees, across California, Arizona, Utah, Idaho. And the framing from Distribution Strategy Group was blunt. Bosch got a company-owned distribution platform in a region where many manufacturers still rely on independent distributors.



Corn

Which is a very polite way of saying we'd like to own the customer relationship, thank you.



Herman

And it's part of a bigger move. Bosch completed the acquisition of Johnson Controls' residential and light commercial HVAC business, the YORK and Hitachi brands, and then bought the distributor. Pairing a major manufacturing acquisition with a large regional distributor is a way to control both product development and customer access at once.



Corn

So a manufacturer that has spent decades depending on independent distributors is now competing with them.



Herman

Distribution Strategy Group names the trend directly. Suppliers are expanding downstream into distribution, and independent distributors are facing increasing competition from vertically integrated rivals. The middleman who controlled access to the trade is getting squeezed by the people who used to need him.



Corn

That's a person's livelihood, not a footnote.



Herman

It's a whole category of small business.



Corn

And notice the channels are geography-specific too. Bosch didn't make one global bet. It added power tools and Dremel to Tractor Supply in twenty twenty-two, the big rural lifestyle retailer in the US. Same manufacturer, different channel bet, aimed at rural builders, in one country.



Herman

Which is a completely different buyer again. Not the urban tradesperson, not the suburban DIYer. The person fixing a fence on forty acres.



Corn

So the answer to Daniel's first question, how do you identify distributors and route products, is basically: you segment the geography by buyer world before you talk to a single retailer.



Herman

And then you run into the problem nobody advertises, which is channel conflict. Bosch hired the consultancy Vivaldi to build a direct-to-consumer strategy for its PRO360 connected platform. And the problem they were solving is stated plainly in the case study. Entering direct-to-consumer without a clear strategy risked channel conflict.



Corn

Meaning if you start selling direct, your dealers find out their supplier is now their competitor.



Herman

The way Vivaldi resolved it is the part worth keeping. They framed direct-to-consumer as a relationship layer. Fleet management, service, training, parts. With the trade channel still owning the transactional core. Selling the tool stays with the dealer. Owning the data and the workflow with the end user moves to Bosch.



Corn

So the manufacturer takes the relationship and leaves the invoice.



Herman

And there's a line from that work I think is the sharpest thing in the whole research. Direct-to-consumer in business-to-business industrial categories is a service platform play, not an ecommerce play. Selling more drills online is the wrong primary metric. Reducing time off tool is closer to what actually matters.



Corn

Because the tradesperson doesn't need another drill. He needs the drill he has to not be broken on a Tuesday.



Herman

And if you can promise that, you've got him for life without ever shipping him a box.



Corn

Now. Daniel's hypothetical. New geography, established catalogue, no regulatory complications, purely commercial. Walk me through what that team actually does in the first month.



Herman

First month is mapping. Which buyer worlds exist, how big each is, how they currently buy, and which distributors serve which world. The team would be asking: do the trades buy through wholesalers here, or through big box, or through a rental channel? In some markets the answer is a mix nobody in head office expected.



Corn

And they'd find out that the local buying habits don't match the home market.



Herman

Constantly. You can see it in the numbers too. Bosch's North American sales were eighteen point eight billion dollars in twenty twenty-five, up eight point seven percent. The consumer goods segment in North America, which is where the tools sit, was three point five billion, up from three point four. So the growth is real but the consumer piece is a smaller slice.



Corn

And power tools as a division globally is about five billion euros with roughly seventeen thousand three hundred employees.



Herman

Which is a big machine to point at a new country. The whole global power tool market is somewhere between thirty and forty-two billion dollars, and the top five players take half of it. So the entry decision isn't just commercial. It's a question of whether you can afford to fight for shelf space you might not get.



Corn

Let's test the consumer half of Daniel's thesis, because I think it's the part that's most interesting when it breaks.



Herman

It breaks in a specific way. The trade channel does get higher-spec product. Blue versus green is sixty-three newton meters against forty-six, nineteen hundred rpm against thirteen forty, plus the safety package. So access to the trade channel does mean access to a better tool.



Corn

But better for less?



Herman

That's where it falls down. The blue line is positioned above green on price, not below. Nobody is getting a professional Bosch drill cheaper than a consumer Bosch drill through the trade channel. The channel gets you the better product. It doesn't get you the better product for less money.



Corn

So the life skill Daniel's describing is real but it's not price arbitrage. It's spec arbitrage at a higher price.



Herman

There's a second form of arbitrage that is real, which is the geographic one. The US buyers importing the green iXO before Lowe's carried it. That's a consumer getting a product that wasn't supposed to be available in his market at all.



Corn

By paying freight to a seller in another country.



Herman

Which is the actual arbitrage. Channel boundaries are geographic boundaries, and if you're willing to move a product across a border you can get around a decision made in a boardroom.



Corn

The honest version of Daniel's thesis is: finding a way into the trade channel gets you better products, and finding a way across a geographic channel boundary gets you products you otherwise couldn't have. Neither of those is better for less in the straightforward sense.



Herman

And the "less money" part of the thesis is mostly about sourcing the same product through a channel that isn't supposed to have it. Which is sometimes cheaper because of currency, sometimes cheaper because of tax treatment, and sometimes not cheaper at all once you're paying shipping.



Corn

Now, the green line did eventually show up at Lowe's.



Herman

In late twenty twenty-five Bosch announced a green-line push into North America with the EasyAquatak 120 pressure washer and the UniversalImpact 18 volt drill at Lowe's. And then in September of twenty twenty-six, the green Home and Garden line was spotted on Lowe's shelves in the US. The 4V Quick Select and iXO screwdrivers. First time the green line has been sold stateside under the Bosch name. Reportedly around four SKUs in that initial display.



Corn

Four. Decades of withholding a product line, and the door opens four products wide.



Herman

That's how manufacturers do it. You don't launch a whole catalogue into a channel you've never used. You put a small number of low-price, low-risk items on the shelf and watch what happens to the sell-through.



Corn

If four screwdrivers move, the shelf gets wider.



Herman

If they don't, the green line goes back in the box and the American consumer never learns it existed.



Corn

There's a question Daniel's prompt points at without quite asking it, which is where the Dremel problem sits. If Bosch-owned green screwdrivers are on a Lowe's shelf, what happens to Bosch-owned Dremel equivalents on the same shelf?



Herman

That's the internal channel cannibalization question and I don't think Bosch has answered it publicly. Dremel is the same corporate parent. Dremel's rotary tools and small screwdrivers live in the same aisle. If the green line takes shelf space Dremel used to own, you haven't gained a customer. You've moved one.



Corn

Which is the kind of problem a manufacturer can only solve by deciding which of its own brands is the one it wants in that store.



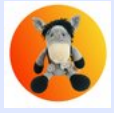
Herman

That decision is made at exactly the same altitude as everything else we've been describing.



Corn

There's one more thread here I want to pick up, which is the timing. Bosch spent decades telling the American market that green didn't exist. That's not a small thing to reverse.



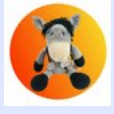
Herman

You can't reverse it in a press release. You reverse it by quietly putting four products on a shelf and waiting to see if anyone notices.



Corn

Meanwhile the blue line in the US is still only available through qualified dealers.



Herman

As far as I can tell, yes. The dealer network structure is still in place, and the direct-to-consumer piece is still framed as a service layer for the connected platform rather than a sales channel.



Corn

Bosch's US strategy after all this movement is: keep the trade channel as it was, and test a small consumer line in a big consumer retailer.



Herman

Which is a very conservative move dressed up as a bold one.



Corn

Let me try something. If I'm running that entry team and I've got the green line and the blue line, what's the actual first decision I write down?



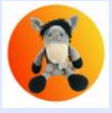
Herman

Which buyer world do I want to serve in this country. Not which product do I want to sell. That's the inversion. The product follows the buyer, and the channel follows the product.



Corn

Daniel's point about channels being downstream of the manufacturer's choices is exactly right, but the chain is longer than he drew it. The manufacturer chooses the buyer world, the buyer world dictates the product line, the product line dictates the distributor type, and the distributor type dictates which retailers you can even talk to.



Herman

Four links.



Corn

The consumer is standing at the far end wondering why the hardware store doesn't carry the good one.



Herman

There's a version of this where the manufacturer is punishing the consumer. That's not what's happening. The professional line is routed to the trade because the trade is where that tool's whole support ecosystem lives. You can't just sell a blue drill to a homeowner and walk away. It needs consumables, spares, service, replacement parts.



Corn

The spare parts catalogue is the product.



Herman

That infrastructure is a trade channel fact. The green line exists because the consumer has no infrastructure needs and doesn't want to pay for them.



Corn

Meanwhile the same company is buying distributors and going around the middleman.



Herman

Which shows you how much the channel structure is a living thing rather than a fixed diagram. The structure that produced the sliver is now being dismantled from the top by the company that built it.



Corn

The person who loses when Bosch buys a distributor is the independent distributor who spent twenty years building the brand's reputation in his region.



Herman

Distribution Strategy Group says it plainly. Independent distributors face increasing competition from vertically integrated rivals. That's a polite sentence about a lot of small companies going out of business.



Corn

There's something Hilbert mentioned.



Hilbert

My brother-in-law spent about a decade as a regional sales rep for one of the other tool manufacturers. Not Bosch. One of the ones you'd recognize.



Corn

Which one?



Hilbert

Doesn't matter. Same job everywhere. He covered four states out of a company car with a trunk full of samples.



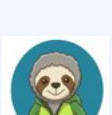
Corn

What did he carry?



Hilbert

Whatever was left after the big accounts took their pick. That was the job. You drove to twelve independent distributors a week and you tried to keep them interested in a line that the company kept quietly repositioning underneath them.



Corn

The repositioning was the problem?



Hilbert

The problem was the timing. He'd find out about a new channel deal the same day the press release went out. I remember him telling me about one week where a national chain got the product at fifteen percent under what his distributors were paying, and he had twelve conversations in three days with people who found out from a customer.



Corn

What did he tell them?



Hilbert

That he didn't know. That was the only honest thing to say. He'd spent years telling these guys they were partners. Then corporate signs a deal and the partner finds out from the store down the street.



Corn

The strategy being made at headquarters doesn't reach the field until it's already landed.



Hilbert

The logic you two are describing is real. It's just not as clean from the inside. Sometimes the left hand doesn't know what the right hand is doing, and the guy in the car is the one who has to explain it.



Corn

The distributors who lose access aren't abstractions.



Hilbert

They're the guys he'd been having coffee with for ten years. He knew their kids' names. He'd been to two of their daughters' weddings. And then one Tuesday the pricing changes and his job is to sit across a desk from them and say the number out loud.



Corn

He kept doing it.



Hilbert

He was good at the job. That's the part people miss. He wasn't angry at the company. He understood why the deal was signed. He just also understood what it cost the people on the other side of the desk.



Herman

The field sales force is often executing a channel decision it had no part in making.



Hilbert

I still have the samples. Three of them, in a box in the garage. The rest got given away. He kept the ones from the year he hit his number.



Corn

That's a nice thing to keep.



Hilbert

He was. He retired four years ago. He still gets calls from two of the distributors he used to cover, every Christmas.



Corn

They kept in touch.



Hilbert

They did. Whatever the company did, that part was his.



Corn

Let me pull this back to where it started, because I think the whole episode crystallizes into one line now.



Herman

Go.



Corn

The channel is the product decision. Bosch didn't just make a cheaper drill. It made a different color, a different spec, a different warranty, a different safety package, and it routed each one to a different buyer world. Same factory. Two products. And every retailer shelf, every dealer agreement, every distributor relationship downstream of that is just the decision becoming visible in the physical world.



Herman

The corollary is that nothing about the drill tells you why it exists. You have to know the channel to know what you're holding.



Corn

Which is why Daniel's thesis mostly holds and partly doesn't. He's right that the trade channel gets the better product. He's right that getting into those channels is a life skill that pays off. But the payoff isn't lower price. Blue costs more than green. The arbitrage is spec, and the geographic arbitrage is access. It's not better for less. It's different, and sometimes only, and often just across a border.



Herman

The tricky part is that the channel boundaries are drawn by whoever is inside the manufacturer, in a room the consumer will never see.



Corn

Which brings us to the question I don't think has an answer yet. Bosch is buying distributors. Bosch is opening its own channels. What happens to the independent distributor who built the brand in the first place?



Herman

He's the one with no seat at the table when the decision is made and the most to lose when the decision lands.



Corn

If the green line is at Lowe's now, does that mean Bosch is rethinking a decades-old channel strategy, or just testing the water with four screwdrivers and a pressure washer?



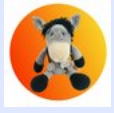
Herman

I don't know. Four SKUs in a display reads like a test, not a pivot. But the direction of travel is clear. Manufacturers are eating their distributors across a lot of industries. As that happens the middleman gets squeezed, and the consumer question is whether easier access to trade channels comes with it, or whether the whole thing consolidates the other way.



Corn

Daniel's life skill gets either more useful or less, depending on which way it goes.



Herman

Which way it goes isn't decided by what's on the shelf. It's decided by the shelf.



Corn

Before we sign off. Thanks to our producer, Hilbert Flumingtop, who has a box of samples in his garage that he is never getting rid of.



Herman

He never will.



Corn

This has been My Weird Prompts. If you enjoyed it, leave us a review wherever you listen. It helps other people find the show.



Herman

You can find us at my weird prompts dot com. We'll be back soon.