

Warne's Marketing

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Selling Through Distributors

Basic sales support more effective than costly incentive programs.

THE SCENARIO ISN'T NEW, it's just more critical today: Your sales through distributors are declining. Like you, they have cut back inventory and staff. And you want to stimulate them to spend more time selling your products, instead of the many other lines they handle.

So, you mount an expensive sales incentive program. But many of your distributors hesitate to participate. Why?

Because they have at least 20 other suppliers who want them to pick up similar programs. Besides, most distributors have their own incentive programs. And, if you do convince a distributor to participate, only about 45% of his sales representatives will get involved. Sales increases are most frequently disappointing, are short-term, and often don't cover the costs of the promotion.

What are you, the manufacturer, to do? That's simple. Ask and listen to what distributors say they really want.

Stick to Basics

Most distributor principals and sales representatives that we've interviewed say they want:

- Joint sales calls with manufacturer representatives;
- Product knowledge sessions;
- Training on how best to sell the particular product;
- Qualified sales leads.

Distributors also want to work with knowledgeable, quality manufacturer representatives, not juniors.

Given such basic support, distributor representatives will make real efforts to sell your products, even if they are higher priced than competitive offerings. They just need to understand the market for the product, its unique

Clear Cut Policies

Distributors want clear-cut policies on what promotional assistance they can expect. They want to know the manufacturer dollars available based on the amount of product they've purchased. They have no patience for the manufacturer who must process requests for assistance through their

"The distributor may know his customers better than the manufacturer does. And the continuing, basic assistance is far more important than short-term promotions – for both parties."

features, and that stock is readily available. As many respondents stated, "product quality is more important than price... Good prompt service beats price all the time."

Follow these basics and you can also count on distributor support when you launch a new product.

Distributor representatives say they sell new products most often, when first introduced (82%) and then on a "regular, selective basis" (63%). Yet they say they only promote such products about 52% of the time during a promotion.

All of which suggests that continuing, basic support is far more important than short-term promotions.

sales representative to the marketing department and back out through the sales representative to the distributor. It's far easier to promote the products of the manufacturer who has a clear policy and quickly reimburses the distributor for his share of promotional expenses.

The KISS approach (Keep It Simple, Stupid) is basic to acceptance of manufacturer sales incentive programs.

Neither distributor principals nor their sales representatives want to be involved in promotions that involve too much paperwork. They want them straightforward, and with fast payback.

With a bag full of products to handle, distributor representatives have little time to waste. Most of

their face-to-face sales calls, they report, are less than 20 minutes in length. And most report the greatest part of their time is spent on customer service – even though their principals think it is spent on getting repeat orders.

Those selling time constraints are the reason why distributor representatives like to have single, all-product catalogues from their manufacturer suppliers. And, why they want list prices in the catalogues. Having everything together makes it easier for the representative to maximize the effectiveness of the time he is allotted by most buyers.

The quality-time issue is also the reason why distributor representatives rated product videos the least value of all manufacturer promotion support items. They just don't have the time to watch long and boring audio-visual material. They do enjoy a video that's bright, imaginative and informative, but they rate most manufacturer videos as poor in quality.

Almost universally, the distributors called for more national advertising support from the manufacturers they

Still, 76% of distributor principals and representatives rated such leads as "most valuable" in their selling efforts.

Incentive Criteria

But let's say you, as a manufacturer/supplier, are doing all the basics right and you still want to give a little extra stimulation to distributor sales. Just what type of incentive program should you run?

Distributors and their representatives are clear on what they prefer:

- Offer prompt cash payoffs or prizes of real value;
- A build-up in values with dollar points for total sales;
- Programs that involve "everyone" from end-user to inside sales and sales counter personnel (with special offers to the end-users);
- Are "fun" and simple to operate.

Design a program on those criteria and you can repeat it year after year, season after season, with very little change. But don't expect too much

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represented. Having product benefits pre-sold by advertising helps increase the selling effectiveness of distributor representatives.

Products not nationally advertised are more liable to be left to "next time" the representative calls. As the representatives try to sell products not previously purchased on some 56% of their calls, the manufacturer who doesn't advertise much loses out on face-to-face selling time – a loss that just can't be made up by sales incentive programs.

Distributors and their representatives are also eager to follow up on inquiries generated by the advertising of their manufacturer suppliers. Yet, less than half of manufacturers pass on leads to distributors. And less than half again pre-qualify those leads.

in terms of results. More than 47% of distributors say such programs increase sales "only somewhat."

However, 23% of respondents claim such promotions increase their sales "a lot" – all the way up to 20%. Yet, they also put basic support – joint sales calls, product knowledge and selling training and sales leads – ahead of sales incentive programs.

If you'd like to discuss a program to increase sales through distributors, call Scott Warne at 416-927-0881.



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