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Three stages of distribution development

The first stage of distribution development

At the first stage of development of the marketing channel, the vendor seeks to achieve the so-called "quantitative" distribution. The regional manager of the vendor acts as a sales representative whose task is to find several distributors who will be able to deliver goods to outlets. Key tasks of the sales representative at this stage:

Convince the distributor to work with our brand.

To motivate the distributor sales staff to actively work on our product group.

At the first stage, the vendor controls only the distributor's warehouse: how much goods are delivered; at best, and second, the number of outlets to which the distributor shipped the goods.

The second stage of development of distribution "sale in retail"

At the second stage of development, the regional manager of the vendor realizes that the sales volume in his region depends on how "high-quality" sales from the distributor to sales points are built - "sale per shelf". At this stage, the manufacturer begins to look "on the shelf," as represented by its product. At this stage, the territorial manager of the vendor, who is responsible for the work of the distributor, acts as a supervisor, controlling the indicators of quality distribution (Storecheck). The territorial manager, if such a distributor permits, also acts as an observer for the work of the distributor's sales department with your brand, seeking the quality work of sales representatives. Key tasks of the regional manager at this stage:

Optimize the number of distributors in the region without the consequences of reducing retail coverage?

The choice of distributor for quality indicators of retail coverage.

To achieve a stable presence of TOP-positions on retail?

The third stage of development of the distribution distribution "retail sales"

At the third stage of development, when the vendor has created mechanisms for quality sales in the region, he begins to create manageable sales leverage that can improve "sales from the shelf" - sales through outlets to the final consumer. Key tasks:

Achieve a dominant place on the store shelf - dominant in terms of volume, dominant in place;

Switch the attention of the end user to my product. What strategy of pushing through will we be able to pick up retail shelves from a competitor?

Keep our customers from switching to a competitive product;

Position or reposition your product.

At this stage of development, the functions of the territorial manager remain the same: to achieve high-quality sales of the distributor, managing the work of his sales team. A regional manager in most cases plays the role of a brand manager who develops a brand in the region assigned to him.

What fails?

If everything seems so simple and understandable, so why can't some regional managers, even those

who work for the same company, talk about the development of a marketing channel? Why do some regional managers form a marketing channel that ensures the constancy of sales development, while others do not?

An analysis of the situation showed that regional managers who cannot provide quality distribution, as a rule, make several typical mistakes:

Concentrate their attention on the sale of retail, not ensuring the quality of working off the previous stage: "sale in retail."

Having failed to achieve the quality of "sales to retail", they strive to solve this problem with the help of actions that are characteristic of the third stage of development "sale of retail". For example, many manufacturers introduce merchandisers into their staff, imposing on them the task of not only displaying the goods on the shelf, but in case of its absence, take the order and bring it to the distributor.

Parsing errors ...

Why does the regional manager pay more attention to "retail sales", what about "retail sales"? There are several reasons for this:

The distributor strictly demands that the manufacturer take active steps in promoting the brand, indicating: "Where is your advertisement, where is the marketing promotion ... See your product stuck "on the shelf!". And the more significant the distributor in the region, the harder these questions sound. It comes to the fact that distributors request from the vendor the amount of the advertising budget "due to him". In many ways, these distributors are right, their actions are characteristic of a certain level of sales development, and their own sales structure (sales department), where everything is subject to the attention of the plan for revenue and inventory turnover.

Such distributors have a confusion of consciousness, they cannot provide the level of quality of sales required by the regional manager, since their main task is to achieve planned sales figures, and at the same time it is necessary to act according to a scheme well worked out on other products.

The distributor overloads its own sales representatives (the number of serviced dealers, the number of positions in the price list), which leads to the demand for sales of top positions and the "sticking" of less than running positions. As a result, the retailer does not seek to give money, since "the goods are not all sold out." This leads to the fact that the distributor blocks further shipments to the retailer. The result of such sales representatives is the loss of shelf space and the loss of trust in the product by the dealer. There is a product (not running positions), but it isn't for sale. It is to deliver a quality product on time, the task of the distributor is to sell it in high quality! " Here it is important for the regional manager to know, or rather remember, simple truths: The result depends on the quality of the construction process; What is controlled is achieved; If you trust the sale process to other people, then your result will depend on them; why the result may not be achieved (feedback). Summary If you find it difficult to achieve quality sales in the region, I recommend that you concentrate your efforts on the 2nd stage "selling retail". In this case, do not engage in "patching holes", but use those tools that solve the problem, not its symptoms: Take control of the 2nd stage of the sale of retail.

Concentrate on the process (!) Of distributor sales, and not on the final result, which it shows. Create your focus team and with its help achieve quality sales. Its focus-team is the team of sales representatives of the distributor, motivated by you (!), As loyal as possible to your product and emphasizing its (!) Sales. Often, creating your own focus team is burdensome for the manufacturer. Or the bonuses paid by you are not enough of a stimulating factor (especially at the initial stage of sales when paying a bonus, calculated as a percentage of revenue), then at this stage you can join with several other manufacturers who want the same thing as you. Make a protocol of agreement between the manufacturers and the distributor, where the financial conditions, team management methods, the sales personnel's salary system, the delivery terms of the goods, etc. will be discussed. Go to the 3rd stage (retail sales) only when you fix the swap position on 2nd stage. The exception is the positioning of your product in the mind of the end user. This work should be carried out from the

very beginning of building a marketing channel, since it is a company's strategy. And important: Maybe your management will consider it as a move backwards or as a loss of time in the race for sales. In fact, this is the "Icebreaker" strategy: if the ice is too thick, you need to step back, choose a weak spot and press again, then again, and again ...

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