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The company's strategy for working with regions 2. Distribution

In the first note of the marketing specialist "Company strategy for working with regions" I listed in detail the well-known principles of working with regions without highlighting the most correct ones, because the correct way determines the state of the market, the presence of a competitive environment, the stage of development of the marketing channel (its marketing part). So, what has been listed as possible ways of organizing sales in the regions:

- sales team from the company's head office;
- sales representatives in the central office, periodically leaving the regions;
- partner distribution company with regional authority;
- own sales representative working on a permanent basis in the region;
- own regional trading office.

In the first note, I mentioned that when implementing the task of building a marketing channel, the question of how, in practice, to organize the company's work in sales and product promotion in the regions is key. In it, I talked in detail about the sales team that sells from the company's head office, as well as the sales representatives who systematize sales, motivate the dealer to start marketing programs. In the continuation, I would like to talk about how relationships with the company (companies) develop, which have been persuaded by sales representatives and, in one form or another, have begun to promote the products and trademark of the supplier in the region, carrying out some marketing work in the region.

Key tasks of the regional partner:

- ensuring planned sales,
- providing promotion of goods, services, brands of the supplier;

In connection with what do such tasks arise before the sales structure, and why should they be shifted onto the shoulders of an outsourcing company in the region?

With small sales volumes or with the production of a specialized product, the most logical is the organization of the sales structure under the manufacturer (the trade representatives - they rule!).

But...

- if you have two and a half thousand SKU items in the price list;
- The territory of consumption is huge, and the level of consumer demand varies greatly from region to region;
- at the same time it is not profitable to open branches in each regional center independently;
- the structure of retail, the characteristics of dealers vary from region to region;
- regional specificity imposes its own limitations, reveals differences in the methods and means of marketing communication (national. cultural specificity - as an example);
- if the region is geographically remote from the supplier, closed by boundaries, etc.

In this case, it is better to find a professional company for sales and to transfer this function to it for outsourcing. Better is in some cases: faster, more efficient for sales, safer, easier.

The next important question is the task of determining the formal number of distribution teams in the regions. Imagine that you are forming a market, your product is specific to regional markets. In this case, at the first stage, when the market is still being formed and it was impossible to identify clear leaders in each region, the approach: "the more - the better" - partly justified. However, for most segments of the market characteristic is the alignment of sales channels, the formation of markets (suppliers, buyers, intermediaries have already found each other).

Thus, the principle the more - the better will inevitably lead to conflicts of interest:

a similar product is already in the price list of the distributor that you have identified as promising for your product;

if one distributor has started working with your product, his competitor will concentrate on working with the direct competitor of your product;

according to Pareto law, having occupied a share of 20% of the market, the distributor will not concentrate on the hard work of winning the remaining 80%, but will try to get the same 20% of convenient sales in the neighboring region;

the more a distributor engages in trade marketing and sales marketing, the sooner what happens is described in the previous paragraph.

All this is called "distribution wars", the goal of which will not be the profit from the sale of your product, but the controllability of the distributor's marketing channel at any cost. Weapons in the hands of the distributor (or a bargaining chip, what distribution will "wield" and what to sacrifice) will be used by brands, goods, prices.

Together with the number of distributors, the quality of distributors is a serious task of building regional sales. By quality I mean not the category of "good and bad." Now you can clearly distinguish:

wholesale multi-product companies;

categorical companies;

The activity and business of the first is to supply the dealer network. The main task is to concentrate on a certain class of dealers and provide them with a wide range of goods they need. Often this company - laying network retail, or the company won the tender for the supply in retail. Attempts to supply online not through these companies will not succeed.

The activity of the second is also supplying the dealer network, but at the same time and focused in each category of goods on the same manufacturer. They seek precisely distributors who do not work with other competitors in the region. Such firms are focused on getting "super" conditions from suppliers, in exchange for marketing the promotion of this brand in the region. What to choose? You need to play "your game." If the distributor is ready to organize direct coverage of the absolute majority of dealers (retail outlets for the consumer market) and does not specialize in competing products, then it can and should be granted the right to distribute goods in this region. At the same time, it is necessary not to miss the price control on the shelf and the dealer network as a whole (see qualitative and quantitative distribution). If networks are the main elements of the marketing channel, then there is no way out and working with companies, suppliers of networks is the main marketing and sales concern. But you have to be ready to roll back to the stage of work through trade missions (the previous version), because, and often, apart from sales logistics, companies of this kind do not provide marketing services to suppliers of services. In this case, the task of "selling from the shelves" falls on them and on marketing marketers. Let us list the main requirements that the manufacturer should follow when choosing a partner in the region to transfer part of the distribution functions: built-in logistics (product, information, financial); attracting significant financial resources to finance seasonal sales surges, transparency of management accounting, a professional team in the

distributor's structure (preferably dedicated), which will be work with your product, brand; reputation of the company in the regional market (multi-vector requirement, if you need to decrypt, write on the forum, or register and write in comments to this note - I'll sign separately); loyalty from the dealer network (retail); experience and the opportunity to offer the supplier a set of distribution services, logistics and product promotion. The ability to offer the supplier a set of distribution services is a set of actions in the market, sales, promotion, and logistics in the region. The first thing that a distributor needs to spend money on is high-quality warehouse logistics in the region, it doesn't matter whether it's own or rented, because operations in completely unprepared warehouses have, as a result, untimely, increased rejects, loss of presentation, low cargo handling speed, etc. The manufacturer sometimes even wants to receive detailed information about his sales even on a daily basis, which means that the distributor's information logistics must also be " and height. " Loyalty and the mere presence of a good dealer network under the ribbing is, in fact, one of the foundations of the distribution business. The manufacturer, giving the distributor extra charge and authority, wants to get in return an operational saturation of the dealer network with its product. By experience, it can be said that the higher the retail loyalty to your supplier, the more he can earn.

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