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Dealing With Dealer And Distributor Networks

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Many companies in the business-to-business world sell their products through networks of outside dealers, independent distributors, or similar arrangements. While those arrangements make it possible for even a small company to quickly gain a broad reach, they can also reduce the control the company has over its image and messages.

Our marketing agency works with a number of companies that may be small in size and number of employees, but whose products are in demand all over the world. Since it would be far too unwieldy to hire a nationwide or global sales network, they turn to established businesses that already serve their sectors.

However, by relinquishing control over the sales process, those companies also limit their ability to influence exactly how their messages are presented in the marketplace. In addition, those dealers and distributors usually offer a variety of products. Each manufacturer wants their products to be the first priority. Many expect the network to achieve specific sales goals which may or may not be realistic, and some may yank product lines away from distributors who fail to deliver the desired levels of performance.

As we've worked with clients and their distribution networks, we've learned a lot about the process and how to make it more effective. Sometimes, we've found ourselves in a peacekeeping role, working with both sides to balance their interests. We find it helpful to talk directly with dealers and distributors, so we better understand the challenges they face, the perceptions they have of the manufacturer, and the tools and tactics they need to help them make the sales that benefit both parties.

Manufacturers want the people in their distribution networks to respect them, their products, and their expertise, but they often forget that respect isn't something that's automatically granted when you sign a contract. As in all human relationships, it's something that's earned over time. The most successful managers do a good job of fostering that respect through every aspect of the working relationship.

We've been most impressed with manufacturers who take a proactive approach with their distribution networks. I remember one company that would travel from dealer to dealer. At each stop, they'd provide a training session for the dealer's staff. Then they would go out in the field with the dealer's sales reps to support their sales efforts and better understand the challenges they encountered along the way. That gave them an opportunity to help the salespeople sharpen their messages, and gave them insight they could bring back to the company to improve its relationships with dealers -- or to suggest enhancements to products.

Similar approaches can include holding "lunch and learn" sessions at dealer locations, inviting dealers and distributors to quarterly sales meetings, and scheduling gatherings in conjunction with major industry events such as trade shows.

Dealer and distributor networks often want sales support materials, such as brochures, white papers, and website content to help them make sales. Often, manufacturers are protective of this information and insist on clearly branding it. We usually counsel a different approach. Recognizing the importance of strong relationships between the end-customer and the dealers or distributors, we prefer to replace the manufacturer's contact information with that of the local representative. If there's a link on a website or a promotional email, we recommend that it go directly to the local contact for immediate follow-up. We'll even customize web pages with the dealer's information. (Of course, wherever possible, we include tracking mechanisms, so we know how many leads are being generated.)

No two manufacturers or dealer networks have the same arrangements or needs, so each marketing and sales support program has to be highly customized. Before making recommendations, our team devotes a substantial amount of time to learning the specifics. We have seen a couple problem areas that crop up fairly frequently. If the manufacturer hasn't carefully designed and designated territories or other boundaries for network members, it's possible that two dealers or distributors may find themselves in competition for the same sale, which can cause a strained relationship with the losing entity.

The other negative is situations in which one of the parties appears to go beyond the other's back, such as when a manufacturer makes a direct sale to a facility in a dealer's territory. Even when the negotiation process involves the manufacturer and the customer, it's important to keep the local dealer informed and involved. Otherwise, the manufacturer may breed resentment that will hurt future sales efforts.

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