

MANUFACTURER MARKETING

7 KEYS

TO A HAPPY SALES CHANNEL

By J.W. (Jim) Huebner



Contact Jim Huebner today to learn more about becoming a HERO to your sales channel.

■ ABOUT THE AUTHOR

J.W. (Jim) Huebner founded HuebnerPetersen Marketing Communications in 1989, and over the past 25 years has become a marketing thought leader in the manufacturer and sales channel space. He is the author of the “Hmmm” newsletter, a contributing author to the book “Secrets of Ad Agency Owners: Our Best Marketing Advice,” as well as two eBooks. A Nebraska native, he and his family have lived in Northern Colorado for the past 10 years.

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■ DIFFERENTIATE

If you want to make life easier for those selling your products, give them a story to tell. Make it a compelling and easy-to-communicate story about how your products are different than your competitors'. Is it faster? Higher tech? Easier to use? Thicker? Handier? Simpler? More fuel efficient? More sophisticated? Better warranty? More durable? Your sales channel needs your help communicating your product's differences and how these differences will benefit the consumer. Developing a concise, differentiating story to tell—often times through a simple positioning line—is a great place to start.

Years ago, we conducted a brand audit for a company that made wet-mateable connectors. (Interesting stuff, I know. In layman's terms, they were electrical "plugs" you could connect underwater or in harsh environments without causing any problems.) The sales and marketing folks were looking for ways to communicate why customers and prospects should purchase their connectors instead of the competitors. After all, they were more expensive, they didn't ship as quickly, and their location left much to be desired. That's why they turned to us for some fresh perspective.

Our experience with their products was limited. As in . . . limited to having NO idea that such a product even existed. But what we discovered was this: No matter WHAT the product or service is, with some research, analysis, and a little brainstorming, there is always opportunity to differentiate against the competition . . . even when it's a wet-mateable connector.

Our work started with the company's key staff. In a nutshell, they told us their customers bought from them because of their quality. Ugh. That's a tough word to market because it's usually what every one else is saying, too. Next, we looked at the competition to survey what they were telling customers. (Yes, it was "quality." Duh!) Finally, we turned to dozens of engineers who were using their products (or competing products) every day, and we interviewed them one by one. Slowly, but surely, the lights were coming on.

The engineers agreed, it was the “quality” that sold them. After all, our client was the only manufacturer who tested each and every connector to make sure it worked before it was shipped. But it was WHY the quality was so important that exposed the unique positioning opportunity. I’ll never forget one engineer who told me, “Listen, when you’ve got a million dollar robot 5,000 feet under water skimming the ocean floor, the last thing you’ll worry about is the extra buck you paid for a reliable connector.”

And there it was in a nutshell—quality . . . but so much more. It was about reliability. It was about peace of mind. It was about covering your posterior. It was about “Dependability at Every Level.” And years later, I’m proud to say, they are STILL using that positioning line, uncovered by our research.

Find your relevant difference and give your dealers a story to tell.

■ MAKE IT EASY FOR THEM TO MARKET YOUR PRODUCTS

It's a fairly simple concept: Making it easier to promote your products gives you a distinct advantage over your competitors. And while a great positioning line with a story to tell is a good way to start, it certainly shouldn't end there.

One of our clients' had a dealer network that lacked the expertise and the resources to develop professional marketing materials for their own prospecting efforts. As a solution, we developed customizable marketing tools they could use on sales calls, but because they were printed in bulk, they were significantly less cost than if each dealer had produced the collateral on their own. The pieces were beautifully designed—giving our client's dealers immediate credibility with their prospects—and they put our client's products front and center, improving their opportunity for a sale.

For another client, we engineered and built an online marketing hub where their dealers can customize their own promotional materials with the products they want to promote. They can also order sales literature and point-of-sale materials, download product photography, radio and television commercials, product videos—all in one place and with the greatest of ease. This tool powerfully equips dealers with all the marketing materials they would ever need—and all under our client's branded look and feel.

In the right situation, a national sales event can also be a prime opportunity for your sales channel to jump on board and market your products. For one client, we pre-produced point-of-sale materials, television and radio commercials with dealer tags, newspaper ads, and online advertising. We promoted the program heavily through email and direct mail. Once they were on board, we walked each participating dealer through the program, customizing their advertising materials for their local needs, ensuring their understanding and timing of the event, and making sure they were paying the lowest local advertising rates possible to promote the event.

One other consideration is a geo-targeted, online search engine marketing program for your distribution channel. Because most OEMs have BTAs to worry about, we developed a program that won't allow dealers or retailers to advertise online outside of their BTAs, but still gives them great local online presence, driving more customers to the local dealer websites than ever.

Giving the sales channel powerful tools like these to promote your products at the local level is truly a win-win proposition.

Make it easy, and they'll want to promote you instead of the competition.

■ PROVIDE SPECIAL EVENTS

I don't typically make much conversation on the plane. It's not that I'm not interested in other people—I just tend to find myself in a “zone” when I'm headed to meetings somewhere. So when I boarded a plane headed for Manchester, I was ready to put the headphones on, plug in the iPod, pull out the most recent issue of Forbes, and check out.

Fortunately, I had forgotten my iPod.

I say “fortunately” because Bob and his wife sat down next to me. It turned out Bob is the entrepreneur's entrepreneur—literally a nugget-of-wisdom-filled, high-energy guy who had more ideas, advice, and encouragement than our 2-hour flight even allowed.

He had opened one tire store in 1971, and by the time he had sold his company in 2009, Bob had built his enterprise to 47 stores across New England. He survived—and thrived—competing against the big box stores, Goodyear® and Firestone® stores, and even auto dealerships selling tires.

Shrewd, yes, but more impressive was his incredible focus on customer service. Bob understood the lifetime value of a customer, so he worried less about the final sale price and more about taking care of the customer along the road.

Because we work with manufacturers AND their dealer networks, I couldn't help but wonder how valuable a dealer like Bob must have been to the tire manufacturers who sold to him. Considering a formula of Longevity x Annual Sales x Profit Margin, Bob had to have been a gold mine for his suppliers, while mining his own gold along the way. So how do you keep a guy like Bob on your good side? How do you keep him happy and wanting to sell even more of your products?

Well, the process can be fairly complex, but one thing he mentioned really stuck out. Bob said the craziest thing one of his suppliers did was drop their incentive trip program. It worked like this: If you sold X amount of tires, you qualified for an annual, all-expense-paid trip to an exotic resort with other qualifying dealers. He said these trips really helped cement relationships and after they were dropped to “save money” the relationships—and their sales—were never the same.

It was a great point, and one that doesn't have to stop at reward trips based on sales volume. One of our clients not only offers incentive trips, but they host dealer salespeople at their plant for intensive sales training every year. On top of that, they also hold an annual dealer meeting (typically at tourist destinations so families want to attend, too) and use this time to introduce new products and provide state-of-the-company- type information, keeping dealers informed—and relationships strong.

Use special events to keep the fires burning.

■ ADVERTISE

There's a good chance you've seen the famous McGraw-Hill ad that originally ran in 1958. It was a classic. It showed a small, bald, bespeckled, and grumpy-looking man, sitting in a chair stating:

- **I don't know who you are.**
- **I don't know your company.**
- **I don't know your company's products.**
- **I don't know what your company stands for.**
- **I don't know your company's customers.**
- **I don't know your company's record.**
- **I don't know your company's reputation.**
- **Now—what was it you wanted to sell me?**

And even though it's more than a half century old, I love how timeless the message is . . .

Advertising works.

- **Advertising warms the prospect up.**
- **It softens the blow of the sales pitch.**
- **It educates.**
- **It informs.**
- **It helps prospects understand how your brand is different than the others.**

In the end, advertising helps build familiarity, trust and preference between brands.

According to the Morrill Study, the cost of selling to prospects who've been exposed to your advertising can be reduced by up to 30%. Researchers at Cornell University reported that non-price-oriented advertising has consistently been shown to decrease price sensitivity among consumers. And perhaps most important of all, it's been proven that this "halo-effect" created by the manufacturer's advertising efforts also causes the sales channel to view their connection to the manufacturer as a badge of honor. Manufacturers can't afford NOT to advertise—for the sake of their brand—and for the emboldening of their sales channel.

Do you want manufacturers knocking at the door to carry your products? Advertise.

■ MAKE IT EASY TO DO BUSINESS WITH YOU

I am a fairly loyal Best Buy® customer. How do I measure that? Well, I was recently inducted as a Premier Silver Member (not based on my gray hair, but based on my volume of purchases). And when I need a computer, printer, TV, phone accessories, cameras, etc., Best Buy® is the first place I typically think to go.

However, there's a reason I call myself a "fairly" loyal customer. It's because—like many brands—their policies and procedures need some work. Let me explain

Several weeks ago, I went to purchase a laptop computer for my wife, and it took two hours between the time I entered the building and the time I left. I came in knowing exactly which laptop we wanted, but between

- > **finding someone to help**
- > **the clerk checking to see if more were in stock**
- > **checking with her manager to see if the sale price was still good**
- > **waiting until a check out terminal was available**
- > **running the code into "the system", and the code showing a different price**
- > **waiting for a manager to verify the price**
- > **waiting for another manager because the first one wasn't authorized to verify the price**
- > **checking to see if there was a rebate**
- > **asking if we wanted an extended warranty**
- > **trying to then talk us into the extended warranty when we said "no" the first time**
- > **the system freezing when she ran my card**
- > **my card being charged twice and having to credit back one of the charges**
- > **taking the newly purchased computer over to the Geek Squad desk and then waiting in line to have them install software**
- > **being told we would need to come back and pick up the computer in a few days**

I wondered how many loyal customers like me are only “fairly loyal” because of painful purchasing experiences like this. And then I wondered how many other companies have policies or procedures that actually hurt loyalty to their brand. Unfortunately, there are many. The good news is, with a little policy-tweaking, these same companies can make the buying process more pleasurable and actually enhance loyalty to their brand.

In his book “How To Become a Marketing Superstar,” Jeffrey Fox talks about the importance of banishing any barriers your customers have to making a purchase. He gives an example of a dry cleaner in New Hampshire that has posted the following signs: “We are not responsible for zippers, cuffs, buttons, elastic, shoulder pads, beads.”—“We don’t take credit cards.”—“We don’t take personal checks.” When he observed a customer coming back in with cash after seeing the signs, the clerk asked if she had anything smaller than \$100 bills. The customer replied, “You don’t take credit cards. You don’t take checks. And now you don’t take cash! How can I do business with you?!”

The point is, policies are usually made with good intentions. But every company— including manufacturers and their dealer policies, or retailers and their customer policies—needs to ask themselves this question:

Is there anything we do that creates barriers to potential customers making purchases?

Once you’ve identified them, removing these barriers could be your next big step to maximizing both sales AND brand loyalty.

Make it easier to do business with your company. Then keep doing it.

■ OFFER CO-OP ADVERTISING

My first job out of college, on the client side, was advertising manager for some Ace Hardware stores. It was a great experience because I had the chance to do it all—research, media buying, ad concepting, layouts, copywriting, outdoor advertising, tv and radio commercials . . . even grilling hot dogs at weekend promotions.

It was also my first experience with co-operative advertising.

Co-op advertising is a compelling concept: Buy enough of the manufacturer's product, and they'll set aside money for the retailer to spend to advertise those products. Seems simple enough. But as the owner of those Ace® Hardware stores always told me, "Don't let the tail wag the dog when it comes to co-op!" The point being he didn't want the "free" money to dictate our strategy. If the co-op dollars fit into what we were trying to do, great. But if they didn't, he didn't want the "tail to wag the dog" and market in a way that promoted the manufacturer's agenda instead of our own.

This is a very important perspective for the manufacturer to understand as they consider their own co-op programs. Their sales channels are generally more interested in promoting themselves than they are their suppliers. So how does an OEM set up a program that's win-win for all parties concerned? Here are some ideas

- **Establish early on that the co-op funds are YOUR dollars—and you are setting them aside for the retailer to use per your guidelines. Lack of clarity on who actually owns the co-op money can create an array of problems.**
- **Offer better marketing materials to promote your products—both strategically and creatively—than the retailer can produce themselves. If your tools look better and are easier for them to use, you both benefit.**

- > **Build your brand separately and aggressively, too. That way the retailer is motivated to market your products, seeing it as a badge of honor to be on your front lines.**
- > **If you don't already have a password-protected online dealer resource for images, logos, and customizable marketing pieces (direct mail, web banner ads, billboard designs, tv and radio commercials), consider building one over the next 12 months.**
- > **Keep your policies fresh. Are you allowing co-op dollars to be spent online and in social media? If not, start...today.**
- > **Be generous and flexible with the media you allow in your co-op program, but rigid with the messaging and design.**
- > **Consider allowing periods of increased percentage reimbursement (i.e. 100% reimbursement during peak sales months rather than, say, 50%).**

Implement these things and you'll keep dealer tails wagging . . . without them wagging the dog.

Build your brand WITH your sales channel. Build a co-op advertising program.

■ MORE HAND HOLDING NOT LESS

Nothing builds loyalty better than actually spending time in the trenches with those in your sales channel. Looking for some examples? Try these

One of our clients makes a major commitment to having a factory representative at every single retail show in which their dealers participate.

- **I mentioned in #2 that our team actually walks each and every dealer through their sales event promotional materials over the phone, helps them build their ads, sets up their media schedules, follows-up to track the results of the event—and yes, is even there to tell them how to attach a document to an email message if necessary.**
- **Another client offers their dealers (via our firm) social media seminars, ideas, and content.**
- **Some manufacturers staff dedicated personnel just to answer questions about systems (ordering parts, logging onto dealer support sites, handling warranty claims, etc.)**
- **Others provide training sessions that provide step-by-step instructions on basic marketing tactics.**
- **One manufacturer we work with provides sales tools for the dealer salesperson’s back pocket (literally!)**
- **It’s this type of one-on-one “hand holding,” that causes your sales channel to turn to you—instead of your competitors—when the going gets tough.**

And when it comes to face-to-face interaction versus electronic, consider what Harry Beckwith wrote in his book, “What Clients Love.”

“People have learned that electronic contact, rather than enhancing client-consultant relationships, can damage them. Context communicates volumes—but emails lack context. Nuance and emphasis are missing; a direct message can sound cold; your gentle joke can be missed because the recipient cannot see your tongue in your cheek.

The electronic message seems impersonal. Soon, the relationship feels impersonal, too.

The Internet gives but takes. By lulling us into thinking that electronic communication can replace face-to-face contact, the Internet leads us to neglect our relationships—which we cannot.”

This is precisely why we try to place one of our staff members in our client’s actual offices, as the client and budget allow. Understanding the importance of certain deadlines, stressful life situations that client personnel are experiencing, and knowing what they like and don’t like really only happens when the interaction is consistent, and as often as possible, face-to-face.

A client’s hand in your hand is worth two in the bush.