

Achieving “Preferred Supplier” Status within the Distributor Network

What It Means,
Why It Matters and
How to Achieve It



Preferred

Verb prəˈræfrd

liked better than another or others

Synonyms: *would rather have, favor, be more part*

What does it mean to be a “preferred” supplier at a distributor?

More than ever, suppliers are competing for attention from distributors inundated with an ever-growing array of product lines and labels. The list of new craft brews, artisanal spirits, wine labels and other beverages means increased competition among suppliers for access to distribution networks. Suppliers compete for attention from distributors because improved support from your distributor is key to gaining better penetration of your product into the market.

When suppliers achieve “preferred” status with a distributor, they typically receive “preferential” treatment. This can mean the distributor opts to do things for the supplier (ie: selling their products) before any other suppliers, and generally favoring the preferred supplier’s brands.

Suppliers attaining preferred status with a distributor should expect to see a notable increase in sales and the correlated boost in brand awareness.

Preferred supplier status also means the distributor is motivated to support significant penetration of the supplier’s brands into new accounts as they open. Preferred suppliers are more often selected for distribution or menu features within new accounts which is a bonus because these activities help cement the brand awareness in new markets and deliver a higher level of visibility for consumers attracted to new account openings.

In addition, preferred suppliers are always “top of mind” with distributor reps, which is an invaluable advantage. When a buyer says, “I’m looking for a new Chianti for my BTG list”, distributor reps are keen on suggesting the preferred supplier’s product ahead of others. This quick response translates to increased market share for the preferred supplier.

Many sales and promotional opportunities arising in accounts must be acted on very quickly before the chance slips away. For example, a rep may find out today that one of his account’s featured products is out of stock, and a replacement is needed immediately. Reps naturally go with the first product that comes to mind to fill the void. If you’re the preferred supplier, your products benefit from that “top of mind” status when snap product decisions must be made.

Why is it important to be a “preferred” supplier?

It’s simple. Distributors sell thousands of products from dozens, if not hundreds, of suppliers. Salespeople either sell products that earn them the most money (commission), or extra money (incentives), in order of how easy it is to sell the product. The figure below illustrates the typical dynamic at work within most distributors operations.

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“...preferred suppliers are traditionally offered a first crack at high profile sponsorships and other coveted opportunities.”

Sales reps are like independent contractors - some are even unionized - who earn money through sales commissions. They also earn little extra bonus money from incentives (to sell or do something difficult to accomplish) offered to them by suppliers. Unfortunately, they seem to really need the incentive for motivation. Superior performance doesn't often happen on its own without some “monetary coercion”.

Similarly, buyers are inundated by products from countless suppliers. Even those fortunate enough to get an audience to present to these beverage managers can only bring a limited number of products to show. Sales managers will limit which suppliers are granted “work withs”. Preferred suppliers earn their privileged relationship by ensuring their time together with buyers is more productive and by selling on their own. This heightened level of attention to the needs of the buyers and sales reps increases a supplier's chances at getting work withs approved and access to high performing sales reps with better territories including higher profile accounts.

Moreover, preferred suppliers are traditionally offered a first crack at high profile sponsorships and other coveted opportunities. The bottom line is, distributor reps are on the receiving end of tons of incentives. Yet, they can only select a few to focus upon. Positioning your organization to be at the center of that focus is the goal.

How Can You Achieve “Preferred Supplier Status” With Your Distributors?

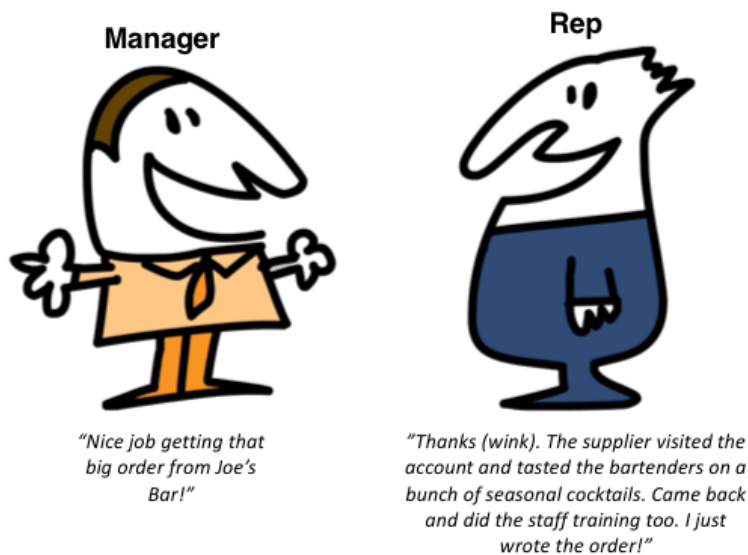
Given the reality illustrated above, how can suppliers elicit the support, the love, the “preferential” treatment from sales reps? There are three basic strategies for motivating distributor sales reps to focus on moving your product over all other comers. These are:



Be Awesome

This involves having a product so killer that it develops a viral reputation on its own, flying off the shelves with what seems like effortless speed and volume. Consumers can't get enough of it. Distributors lo-o-ove suppliers with so called "hot" brands. But don't kid yourself. There are very few hot brands and there is almost no way to manufacture this effect for your product.

A Conversation You're Happy To Have with Your Reps



"Tracking the nature and results of activities and conversations with key buyers ... helps execute the 'leading indicators' or 'sales drivers'"

Offer Monetary Incentives

This simply involves paying a sales representative ridiculous sums of money in the form of incentives to push the sale. This may move the sales needle in a narrow slice of your distribution strategy. However, it is too cost prohibitive to reproduce across your entire sales network. Plus, this strategy is prone to cultivating a "what have you done for me lately" kind of dynamic where your reps only move if there is something in it for them up front. Not exactly the best motivational practice.

Teach Them to Fish

The Monetary Incentive approach is like giving the man the proverbial fish. He'll eat for that day. But teach him to fish and he'll eat for a lifetime. This means consistently helping the reps to earn commissions and incentives by executing key activities in the field that help them sell. Use CRM technologies/tools to build and develop loyal relationships with key and influential buyers. Tracking the nature and results of activities and conversations with key buyers, and communicating this, helps execute the "leading indicators", or "sales drivers", (like a cocktail menu feature or securing a display) for the rep so they don't have to. The reps then grow motivated to leverage the hard work you have done and simply take the order.

Lucky suppliers are naturally able to "Be Awesome". The common practice among most is to pursue the route of offering monetary incentives. However, the best practice is Teaching Them to Fish.



The benefits of teaching them to fish are:

- It is a sustainable practice that becomes self-propelling over time;
- The effect tends to propagate up the food chain from reps to managers to executives; and
- Most importantly, this method doesn't waste money and it maximizes return on money spent.

Suppliers can't execute the Teach 'em to Fish unless they have a person in the field with access to a tool designed to facilitate this important work. The key elements of a good field sales execution tool enabling planning, execution and metrics for the key account development process may include:

- The ability to target the right accounts at the right time
- CRM/relationship building capabilities with wholesale reps & managers
- CRM/relationship building capabilities with key account buyers & influencers
- The ability to highlight and prioritize key activities to be executed
- Addition of value to sales reps in the field
- Addition of value to execs and management

"Work-withs" are golden opportunities. Here is how to avoid wasting them:

1. Pre-plan by asking the rep to schedule meetings and/or lunch with specific accounts where you want to penetrate, activate or gain visibility.
2. Prepare and present RELEVANT content to support your selling efforts in the account.
3. Follow-up on every call to leverage the time spent in each account. Nothing ever happens from just one visit. There is always follow up required to make things happen.
4. Collaborate with the rep to close the gaps on opportunities in every account visited and discussed. Don't let anything slip through the cracks!

To do this, you need a modern mobile solution that delivers:

- Clear definition of goals and objectives
- Complete account history
- Contact management
- Sales presentations/content
- Insightful and shareable reporting
- Collaboration with partners

A good tool helps you plan, execute and measure your work with distributor executives, managers, reps and accounts to become a "preferred" supplier. While this may seem obvious, it is rarely done well by suppliers. The impact of executing in this manner can be the difference between achieving goals and failing, stagnation and growth, winning and losing.

"Collaborate with the rep to close the gaps on opportunities in every account visited and discussed."



About GreatVines

GreatVines is a privately held company with a strong team of implementation consultants, advanced software developers and subject matter experts. GreatVines, LLC is based in Portland, Oregon, with team members in Los Angeles, Northern California (Napa) and New York. Since no software is required to install, GreatVines is able to work with producers and distributors worldwide!

GreatVines aims to provide superior software solutions for producers and distributors of wine, spirits and beer. The team's focus is constant innovation, leveraging the best technology available. As a Force.com ISV partner (Independent Software Vendor) of Salesforce.com (NYSE:CRM), GreatVines is able to leverage the technological strengths of the Force.com platform while applying its industry expertise to develop specific application features and functionality unique to the Beverage industry.

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