

“THE ROLE OF DISTRIBUTORS IN THE INDUSTRIAL MARKET PLACE - AND HOW TO LEVERAGE THAT POSITION - WHILE ENHANCING PRINCIPAL RELATIONS”

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The clue is very much in the title - how can an industrial trade distributor create a position for themselves in the market place, build their business and not only maintain good relations with their important manufacturer principals – but actually enhance those relationships?

I guess the first thing to get out of the way is that in my experience manufacturers will be delighted to have a distributor who takes control of their business and does not simply ride passively on the back of the manufacturers marketing efforts – and if your principal is not of such a mind then perhaps you should carefully consider your relationship.

A distributor who is committed to developing their business can play an additive role which is complimentary to their principal's marketing and so a distributor who seizes their opportunity has a great deal to offer.

Traditionally this has comprised providing a service to small probably local/regional accounts, local stockholding, a sales channel for principals, a nurturing ground and a “feed” for big accounts.

But a dedicated distributor can provide customers with so much more than that – for example expertise across the market, technical expertise in an area of application not just of products – what can be done and how? Credibility derived from a measure of impartiality. Reactivity and urgency sometimes lacking in large national organisations, stockholding, local relationships with a detailed knowledge of the customer's business, package sourcing from different suppliers - a one-stop-shop, collation and provision of technical information.

These are the strengths of a company which are lent to a principal as part of the distributor relationship. In addition a distributor who drives their own marketing activities can deliver higher growth and profitability to the principal than a passive outlet – while doing exactly the same for themselves!

So how can a distributor – especially a small one – approach this?

First do not be afraid of your own corporate strength – handled well your strength can be entirely to the benefit of your principals. You need a strong identity for the benefit of your business – as a distributor you get stronger by promoting your relationship with your brands – remember that is why you got into this in the first place – because they had something you needed and could build on.

But unless you are seen in your own right how are you any different to a manufacturers' trade counter?

Clearly a distributor needs their own strong identity – which is interwoven with that of their principals and this can be augmented by:

- building your brands – i.e. paying attention to relationships with existing principals and growing your business with them.
- building on your principal brands – developing a portfolio – leveraging your position in the market place to attract other brands and managing the sometimes delicate balance of running them alongside each other to grow your business overall.

Both of these can be greatly aided by a level of marketing/promotional activity based around you as a distributor and featuring the products of your principals. This can be done in many ways that need not cost a fortune:

- a website
- PR to online and printed media
- social media activity – e.g. a passive blog, videos twitter, facebook etc.
- low cost online advertising
- a regional show

Total cost – probably about half that of keeping a rep on the road.

Ultimately to fully develop your business you will probably want to create your own brands alongside those of your principals. This will enable you to fill in gaps in the market or address areas that are not presently open to distribution, and to grow sales on the back of existing resources.

This can be done by finding gaps in your portfolio. If you sell only high quality expensive brands – then can you buy in products at the bottom of the market with your own brand name on them? If they are not seen as competitive with your existing principals then you are in a position to attract new business. Or perhaps go the other way by sourcing a variety of high end specialist equipment and offering it under an umbrella brand.

You don't have to make them – although if you can then why not? Or perhaps more likely you could outsource the production.

Can you offer a service that your principals cannot? Perhaps component assembly, technical consultancy, commissioning, systems specification and set up, workstation packs, on site delivery, pre-delivery testing, silk screen or pad printing.

Well hopefully this is all OK so far – now what are the mechanics of the process? How can a distributor create a brand?

Exactly the same way as a manufacturer – by naming it and associating that name with a specific group of products and services. By packaging, labelling and by promotion - by designating the products as a separate brand on your website, in your literature, in your PR on your blog and other social media. In other words by saying it is a brand – and by demonstrating that it has value in the market place – which is often where specialists such as The Industrial Marketing Agency can help. This is likely to use all the same elements that we discussed in promoting yourself with your principal's brands i.e.:

- Website
- PR
- Social media
- Advertising
- Exhibitions

Plus perhaps:

- A dedicated blog for your brand
- Creation of specific sales/technical support material e.g. datasheets and manuals.
- Compliance with appropriate standards
- A specialist sales/support channel