

Getting On Board With Closer Collaboration

Distributors That Provide Brand Owners With Detailed Market-Level Data Can Improve Service Levels, Increase Profits and Expand Their Businesses

By Mark Morris

Traditional trade, defined as retail outlets that are usually family owned and operated and not part of a larger organization, has dominated the landscape in emerging markets throughout Asia, Africa and South America. But, this practice is slowly disappearing and is steadily being replaced by modern trade, which is characterized as retail stores that are tied to larger chains or parent companies. Highly organized, modern-trade retailers typically have standard store fixtures, signage and inventory. As modern trade continues to grow, distributors in these regions of the world must reevaluate the way they serve brand owners – companies like Kraft Foods, Heineken and SABMiller – that employ them to ensure that their products are available on the shelves of even the most remote store locations.

One key driver of the shift from traditional to modern trade is the fact that brand owners want more visibility. For quite some time, they have been frustrated with the lack of market-level information about the regions they are operating in. They have relied heavily on local distributors for that information, which may relate to local consumer-buying behaviors, the best possible routes to take to get to stores and data about the retailers in their network. Brand owners need this information in order to understand the up-stream and down-stream potential of the store universe, which helps them focus their resources and investment on the areas that have the most sales and distribution opportunities.

However, distributors that work in these regions of the world have often been hesitant to share granular levels of data with brand owners. Many believe that guarding this information increases their negotiating power with brand owners and that providing this level of market insight could potentially jeopardize their business.



Brand Owners Are Taking More Control

While distributors may have been in the driver's seat in the past when traditional trade made it difficult for brand owners to navigate in developing markets, today that's not the case. Brand owners now have access to advanced mobile technology, which allows them to establish direct relationships with both larger retail chains and independently owned stores in a particular region. Such retailers are embracing modern trade and are more willing to share sales data with the brand owners, knowing that they will benefit by being able to offer the product mix that their customers want to buy. Additionally, brand owners are sending their own representatives out into the field to determine which products sell the fastest in which locations and are the most profitable.

As a result, brand owners can optimize service levels, increase the effectiveness of their sales and marketing plans and ensure their go-to-market strategies are being executed correctly in emerging markets – all without having to rely so much on their distributors. It's apparent that distributors must rethink the way they interact with their clients in order to add value to the equation.

The New Way: Sharing More Market-Level Information

Distributors in emerging markets that have not embraced the new era of information sharing are under pressure from their own competitors to get on board with this modern way of working. Distributors must adopt a new mindset and extend the range of their services beyond sales ordering and product delivery to encompass brand building, trade marketing and promotions. Distributors should

consider that they have the greatest potential to influence when executing on key sales drivers for their brand owners' products because they have crucial data about pricing, displays and promotions. They also have the highest levels of access to competitor intelligence and customer service-level information. This is often simply because they have more personnel in the field who are involved directly with day-to-day sales and delivery transactions at the retail level.



However, brand owners will be reluctant to embrace the concept of distributors providing these services unless they come with a plan that is based on accurate and up-to-date, market-sourced data and can demonstrate their ability to execute accurately. Distributors will need to show brand owners that they can effectively track execution progress and provide visibility into the process. To complete the service offering, the distributors' ability to measure, evaluate and interpret performance of strategies and tactics in action will be required. The best way for them to accomplish these objectives is to leverage the same mobile solutions brand owners are using to better execute marketing campaigns in the field.

Reaping the Rewards of Closer Collaboration

Distributors that want to continue to serve leading brand owners seeking to bring their products to market should consider bringing new mobile technology on board and taking a more collaborative approach regarding transactional data. They should

work with their brand owners to better understand the links between key sales drivers and sales results, which will further enable better decision-making in the execution phase.

The advantages for distributors that transform the way they work with brand owners are numerous. **JustEnough Software**, a leading provider of demand management solutions for leading retailers, distributors and brand owners worldwide, outlines the following benefits that may result from a collaborative relationship between distributors and the companies they serve:

- **Increase profits:** It's no secret that the distributor role is increasingly commoditized and price sensitive as barriers to entry drop and competitive pressure increases. However, those that can offer value-added services retain attractive margins because brand owners are prepared to pay more for their knowledge, insight and expertise.
- **Redefine the expert role:** Brand owners have always relied on their distributors to know where the most profitable retail outlets are in a developing market. A distributor that takes that role to the next level by proactively providing a brand owner with profiling and segmentation information about retailers in its network and combining that with up-to-the-minute key sales driver data will redefine what it means to be a good business partner.

Instead of viewing the distributor simply as a conduit for delivering products to a particular market and and easily replaceable, the brand owner is inclined to consult that distributor in the future, knowing that it consistently provides trustworthy insight about regional trends and consumer-buying behaviors. After all, distributors still have immediate access to key information that brand owners want – for example, the prices for which their products sell, inventory levels and the frequency in which their products are purchased.

- **Increase customer-service levels:** Distributors that work closely with their brand owners and share retail-level information with them will not only make consumer goods companies happier, they will also increase service to the retailers in their network. In turn, that will lead to satisfied consumers who consequently will purchase more of the brand owners' products. A virtuous cycle is the end result with retailers ordering more products from that distributor, leading to higher sales and profits for all companies involved.

- **Expand by leaps and bounds:** The goal of any distributor is to grow its network of customers and products to increase profits. Those that work more collaboratively with their brand owners to help them increase sales and profits will grow their business with those companies, as well as the retail outlets located in the region. Smart distributors will collaborate

closely with both brand owners and retailers in order to grow their network in the face of stiff competition and the dwindling presence of traditional trade.

Mobile Technology is Key for Closer Collaboration

Distributors that are willing to share market-level data with their brand owners and offer it in a format they can use with the support of mobile technology will grow their networks and benefit from a better working relationship with their clients. A more collaborative approach will also result in increased profits and customer service levels, which is a win/win for all companies involved.

The support of mobile technology is a must for distributors that want to take their business to the next level. JustEnough Mobile Sales Force Automation (Mobile SFA) can help. The solution, which is used by some of the largest consumer goods companies in the world, helps accumulate and analyze information about key sales drivers, such as product availability, inventory, presentation, pricing and display and merchandising initiatives. It then closes the gap between planning and execution, allowing companies to translate high-level plans into operational activities, allocate and track tasks, monitor execution progress and better evaluate performance.

To learn more about how JustEnough Mobile SFA helps both distributors and brand owners realize bottom-line benefits, visit www.justenough.com/distribution.



About the Author



Mark Morris serves as JustEnough Software's vice president of mobile solutions. He drives the mobile solution roadmap for the company and provides leadership for strategic client implementations. Continual engagement with leading consumer goods brands combined with a passion for applying leading-edge technology to resolve problems keeps Morris at the forefront of mobile sales and trade-marketing strategies.



www.JustEnough.com

info@JustEnough.com

+27 (21) 552-4008

About JustEnough

Founded in 1994, JustEnough is a global leader in Demand Management solutions. JustEnough services more than 500 of the world's leading brands including Allocation and Replenishment of inventory at **Kenneth Cole**, Merchandise and Assortment Planning at **Levi Strauss**, Sales Forecasting at **Kraft Foods**, Inventory Planning for **IDS Group (Li & Fung)** and **Nissan**, and Mobile Sales Force Automation at **SAB Miller**, **Cadbury** and **Heineken**.

OnCloud, **OnSite** and **OnMobile**, JustEnough's Demand Management solutions help retailers, distributors and brand owners to forecast their customer demand, plan their assortments, allocations and inventory, shape their demand and then execute on those plans. JustEnough is headquartered in the United States with offices worldwide. Learn more at www.justenough.com.