

5.3 Working with retailers

PRODUCT
DISTRIBUTION
PROMOTION
PEOPLE
FINANCE
RISK
GROWTH

- > *Smaller retailers*
- > *Larger retailers*
- > *Selling to retailers*

Smaller retailers

Small retailers, such as gourmet shops, will generally undertake their own purchasing, as the range of products they stock is integral to their own positioning.

Trade expos are a useful place to start looking for potential distributors and stockists. If you have some idea who your target audience might be, incorporate a drawcard in your expo plan, and mail out invitations to likely attendees before the expo.

Most smaller retailers are overstretched, and will expect you to chase them for re-stocking. The most effective approach is to make a personal visit to consolidate the relationship, check the shelves and re-stock on the spot. This method is still used today by very large suppliers such as Cadbury Schweppes.

Smaller retailers may be slower payers, but you may be able to get payment by credit card.

Larger retailers

Larger retailers will employ specialist buyers.

Buyers have the ultimate say in whether your product will be purchased. They are bombarded with product deals, and it is not easy to capture their attention. They favour products that

- > have a large potential market and a wide appeal
- > are supported by solid market research
- > can be delivered in volume
- > are priced appropriately relative to their own market positioning
- > have assured, consistent product quality
- > are packaged in a way that is robust and readily displayed
- > are shelf-stable
- > have a well-defined promotional strategy
- > give them an edge over their competition

Retailers will expect you to guarantee consistent product quality, and assure quick order-delivery timeframes as a matter of course.

Small businesses face an uphill battle in accessing chain stores. Buyers prefer known suppliers, with a track record of delivering quality product on time, a national presence, and locally accessible distribution points. Buyers like suppliers with a large range of products, who can quickly fill extra shelf space if their products are popular. Additionally, the global trend is to reduce purchasing costs by reducing supplier numbers.

You should therefore think seriously about whether your business is ready to supply supermarkets and chain stores.

If you decide to target this distribution channel, you can improve your prospects by ensuring that

- > your products are inherently attractive and appealing
- > your products are appropriately packaged, bar coded and priced
- > your production systems can assure consistent quality
- > you are geared for volume production
- > you are priced appropriately relative to substitute products
- > your marketing literature and business systems project quality and professionalism
- > you have references who are willing to support your product and your ability to deliver

Find out who the buyer is, and send them a product sample, with a package of information including details of the full range and future plans, packaging sizes, wholesale prices, and your volume capability. Follow up with a phone call. If this leads to a meeting, prepare thoroughly, and expect to make changes to accommodate buyer preferences. If you are not successful, leave the buyer alone until you have something new to announce or the buyer is replaced—then try again.



When an item has been agreed with a buyer, orders are generally placed by store managers and key store staff, so the next step is to educate them and incentivise them to order and promote the product.

Selling to retailers

1. Prepare for the interview

- > Review your business and marketing plan to ensure you have addressed all legal requirements for packaging and labelling
- > Have a range of samples ready
- > Be clear about who the key target market is
- > Be able to identify the key benefits to the consumer and the key differences from the competition
- > Decide the positioning of the product (*i.e.* high quality, high price)
- > Clarify your pricing strategy
- > Think through promotional plans and budgets and how these will support the retailer
- > Ensure your point of sale kit is ready
- > Be clear about the support you will supply (*e.g.* merchandising)
- > Research the retailer
- > Understand the margin they work on
- > Make sure there is a fit between their target market and the target market for your product
- > Be ready to address the key question from a retailer: 'What is in it for me?'

2. Get an appointment

Ring first, quickly describe who you are and what you are selling and then ask what is the best time to come in. Note that most buyers are based in Sydney or Melbourne.

3. Do the sales presentation

Use the above information plus the presentation kit (see 'Presenting your Product') to go through the sales presentation. Quite often the retailer will come up with a reason why they can't stock the product. Use your prior research and information in the sales folder, as well as incentives, to overcome the objections. Close the sale by asking a question such as 'How many would you like to start with?'

» 4.5 Presenting product

4. After sales service

This is extremely important to ensure the retailer gives your product the best chance eg good shelf position, encourages consumer trial. This is done via phone calls and visits where you will ensure the display is tidy and enticing. This is also a good time to organize tastings for staff and consumers.

Books

- Richard Hammond, *Smart Retail* (Pearson, 2003)
- Julian Richer, *The Richer Way* (4th ed, Richer, 2001)
- George Whalin, *Retail Success* (Willoughby, 2001)