

It's Still All About Deep Customer Knowledge and Execution

By: Jesse Edelman, COO

From 1994 to 2000, I worked for Luke Soules in San Antonio, TX. That company, long regarded as one of the best food brokers in the country, had a very simple, but very successful approach – hire the best talent, get really close to the customer, and focus on execution. Over the last 10 years, food brokers have evolved into sales and marketing agencies. They've become regional and/or national in scope and have added extraneous and value-added services. But while this has happened, a question occurred to us – what's most important to the client? Has anything changed? A few months ago, we fielded a short survey to a variety of manufacturers represented by a range of sales and marketing agencies, including ArchPoint Sales. The following are some highlights from the survey.

We wanted to understand how satisfied manufacturers are with the typical services provided by sales and marketing agencies – these included headquarter calls, sales presentation development, promotional program/activities, syndicated data, retail/market data analysis, in-house plan-o-gram resources, retail coverage, and order tracking/customer service. Surprisingly, manufacturers responded that they were reasonably pleased with how brokers transact the business (order tracking/customer service was ranked the highest) but they didn't feel they were getting a strategic level of support to drive the business and influence results (those that were rated as average/below average included headquarter calls, retail coverage, and promotional programs/activity).

Traditional Services

While transacting the business (basic blocking and tackling) is where the sales and marketing agencies excel, 43% of the respondents felt that the headquarter call was the most important service they receive to support the execution of their business plan. Retail execution was the 2nd most important, with almost one third ranking it as the most important activity, and promotional programs, including co-marketing activities, was 3rd most important. Syndicated data ranked the least critical.

The lesson here is that manufacturers are willing to do their part with things they can control – data, presentations, and analysis – but they need their sales and marketing agencies to succeed in what they can't do on their own – headquarter selling & retail coverage. Deep customer relationships, where decisions are typically influenced, and retail coverage, when and where the shelf can still be influenced, are too expensive to be duplicated and therefore the manufacturer relies on outsourcing for those activities. This idea was reinforced when we asked manufacturers to identify the skills they value most in their representation. Customer relationships and sales execution topped the list.

Added Value Services

When we asked what other capabilities or services sales and marketing agencies should provide, the message was consistent. The answers centered around execution with the customers including better communication, execution of programs at retail, and follow through. Typical comments included “ensuring that agreed upon programs with customers are put in place and remain in place” and “clear understanding of customer initiatives and programs”.

Manufacturers were asked what poses the greater threat to their business – headquarter or retail – and answers varied depending on the manufacturer's position. However,

headquarters was identified as the overall greater threat. At the end of the day, headquarters is where the game is won. With more consolidation of divisions, one respondent explained it well saying, "maintaining distribution is challenging in a retail environment where vendor and brand elimination are growing trends in the retail marketplace and has to be constantly managed at headquarters."

The respondents were asked if the value of broker retail coverage was in 'gaining new distribution' or 'maintaining current distribution'. 'Gaining New Distribution' was the most popular result. Interestingly, true retail coverage can do very little in the way of gaining new distribution, but according to the results that is what manufacturers expect to see from retail coverage. This represents a misalignment between the agencies and the manufacturers they represent.

Lastly, the survey gauged the value manufacturers feel they receive from the services sales and marketing agency offer. Approximately two thirds responded that they were indeed happy with services with comments being that they feel they get the value for the money. Those they were unhappy felt that value fluctuated by market, division, or at headquarters.

So, what does this all mean?

Over the years, brokers have begun to offer more extraneous services. However, what we've learned here is that the heart and soul of the business is influencing customers then executing like mad. It's still about relationships and execution – nothing has changed. There are things manufacturers can still do themselves and don't necessarily rely on their brokers to do including data analysis and presentations. What they can't do is get deep into the customers and execute. That's where the sales and marketing agencies would best be advised to deliver those key core services to ensure the greatest impact.