

# Communiqué

November 2022

## Are You Getting Your Share of Your Partner's Sales?

By: Stephen Martin, [smartin@franklynn.com](mailto:smartin@franklynn.com)

Sales growth is always challenging, but sales growth in a tighter economy, when you face a hiring freeze, is doubly challenging.

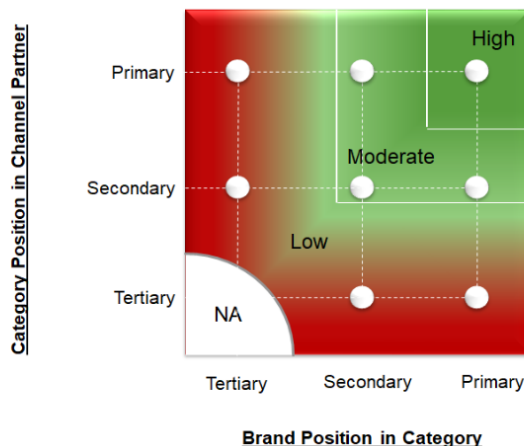
Your distribution partners may be able provide you with sales growth, in the short term, without hiring additional staff. To capture this growth, you need to capture the sales where your partner has influence on the product and brand choice. If the customer asks for a specific product or brand then your partner just wants to say "Yes, we can," but when the customer asks for a generic product then you want your partner to suggest your product and brand.

Our research indicates that the channel can often influence the customer's brand decision over 50% of the time. To capture these recommendations, that your partner 'owns,' you need to understand how distribution channel partners manage the categories and brands that they sell. Frank Lynn & Associates have found that your channel partners have Primary, Secondary and Tertiary categories of products and services.

- The Primary category generates more than 50% of the sales, usually at lower margins, and is the main reason that customers buy from your partner. Because of the importance to the channel's business, they will actively work to influence the customer's brand choice for primary products. And the economics are most important in winning the partner's advocacy
- The Secondary category(s) generate(s) between 10% and 50% of sales and are sold to support the Primary products. While economics are important, a channel is likely to gravitate to the brand that is easiest to do business with.
- Tertiary categories represent less than 10% of sales, are usually supplied only on request, get little or no sales attention, but do have a larger margin contribution. If your brand is not represented in the Primary or Secondary categories, then your partner will not promote your brand, even when they have a choice, as the time required to do so is rarely worth the return

Within each product category, your partners may have multiple brands. Multiple brands will also be considered as Primary (>50%), Secondary (10% to 50%) or Tertiary (<10%). Sales attention is focused upon the Primary and Secondary brands. To increase sales through this channel partner, you need to understand what "Mindshare" you have of the channel's business, and what levers you can pull to increase it.

## Channel Mindshare



Channel Mindshare defines the degree to which channel partners will proactively market, sell and/or support the company's products and/or services.

Channel partners focus upon the Primary and Secondary product categories within their business and give priority attention to the Primary and Secondary brands they represent within these categories.

Manufacturers that are in a Tertiary category or brand position can expect little partner support and to be "bought rather than actively sold."

Give Frank Lynn & Associates a call. We have been working with distribution channels for 50 years, we understand what makes them work, and we can help you make them work for you. Based upon our experience, we can arm you with a toolbox of partner management processes to help you increase sales, grow profitability, and expand your market share.