

Communiqué

What Market Coverage Do Your Channel Partners Provide?

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Companies engage indirect sales channels to cover their target markets... the geographies, industries, applications, buying scenarios, stakeholders, etc. they want to proactively serve. But how can management teams be confident that channel partners:

- Proactively cover their target markets and interact with the right stakeholders?
- Market, sell, service and support their offerings as their prospects and customers expect?
- Proactively sell their products and services when they see opportunities for them?
- Invest in the sales, inventory, technical, and service resources required to support their products and services?

Analyzing the business models of channel partners and evaluating mindshare positions provide the insights teams need to answer these questions (see Figure 1).

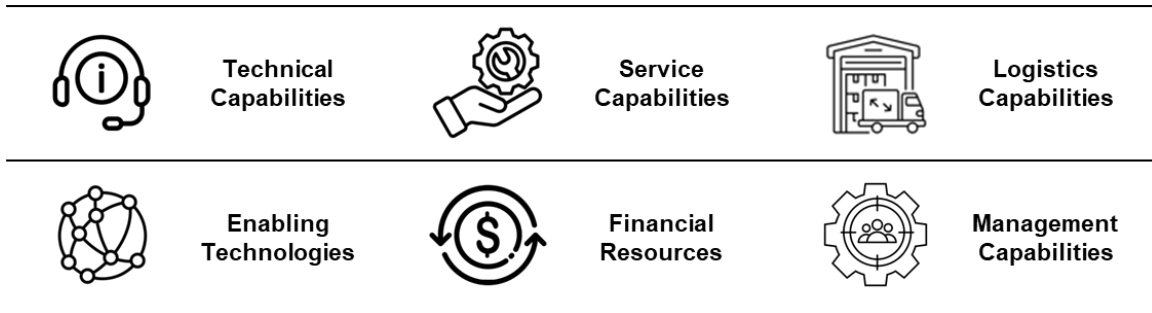
Figure 1— Elements of a Market Coverage Assessment



Profile and Segment Channel Partners

The market coverage channel partners can provide are functions of their business models or “window”, and the key elements of them include:





By profiling and analyzing these attributes of channel partners, management teams understand the range of markets its partners can serve and the functions they can perform. Patterns typically exist in the characteristics and capabilities of channel partners which enable management teams to group and segment them based on the nature of the coverage they can provide.

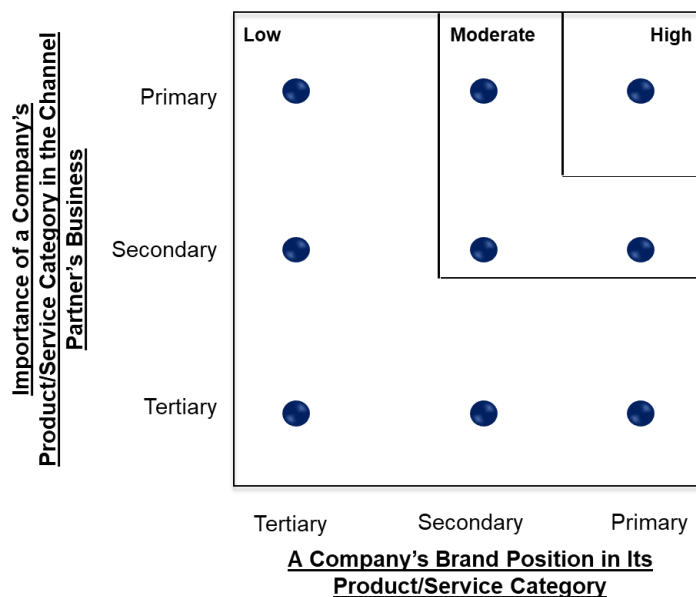
When the capabilities of a channel partner or a segment of them align with a company's requirements, then the channel partner or partners provide the coverage it desires. When there are gaps in the channel partners' capabilities relative to a company's requirements, then there are coverage gaps.

Calibrate Mindshare

Beyond evaluating whether channel partners or segments of them can cover and serve a company's target markets and perform key functions on its behalf, a management team must also understand whether its partners are willing to do so.

A company can calibrate its channel partners' willingness to market, sell, service, support, etc. its products and services by evaluating how important its offerings and brands are to them... i.e., by calibrating its mindshare position. (see Figure 2).

Figure 2— Mindshare Positions¹



A company that captures high levels of mindshare represents its channel partners' primary products and commands disproportionately high levels of support from them because its partners must sell its products to succeed. A company that captures moderate mindshare enjoys proportionate support because its offerings complement its channel partners' primary offerings, and its partners typically sell the company's products when the partners sell their primary offerings. A company that captures low levels of mindshare represents its channel partners' tertiary products. Channel partners carry tertiary products for the convenience of their customers. Consequently, products in this category are typically "bought not sold" and the channel partners do not proactively promote them.

Identify Gaps and Refine Market Coverage Models

Companies must ensure that their channel partners are capable and willing to cover and serve their target markets. Assessing their channel partners' business models and their mindshare positions provides management teams the information and insight required to determine whether their companies have adequate coverage or coverage gaps. Importantly, the analyses also provide the information the teams need to resolve the coverage gaps and refine their coverage models so they engender constructive and mitigate the risk of destructive channel conflict.

You're welcome to contact Jim Fogarty at jfogarty@franklynn.com to discuss how your team can objectively and systematically evaluate and evolve its market coverage model.

¹See FL&A's article, "Are You Getting Your Share of Your Partner's Sales?" for a description of the channel mindshare model: <https://franklynn.com/wp-content/uploads/2022/11/Stephen-Martin.CC.November.2022-CPCCommunique.pdf>