

SELL DIRECT, WITHOUT SELLING DIRECTLY

How manufacturers can transact with consumers and increase their market penetration without alienating existing distribution partners.

June 2015

This white paper addresses one of the bigger challenges facing manufacturers today: the disruptive nature of the Internet, and its flow-on effect on established distribution relationships with retailers. It shows how manufacturers, using Connective Retailing, can reclaim a direct relationship with consumers, helping consumers make better choices while building stronger partnerships with retailers.



Executive Summary

Manufacturers are launching new products at an ever greater rate in an effort to be relevant and current. One direct result is increasing pressure on retailers to keep abreast of product changes and to educate and support their staff accordingly.

Given this, it's becoming increasingly clear that many retailers are unable to adequately represent manufacturers' product range and confidently recommend the 'right' product to the consumer.

In an effort to sell more, a number of manufactures are trying to sell directly to consumers, resulting in a conspicuous cross-channel conflict.

Clearly neither model is working properly and in many cases it's blunting both the manufacturer and retailer's sales potential.

Over the past years Wired has been studying this conundrum, working with manufacturers and retailers to conceive of a model that might bring out the best in both the manufacturer and the retailer, without the conflict.

Connective Retailing is the result. It is a guided selling approach where the manufacturer can have more control and visibility, as well as help the retailer sell better and sell more.

Changing times, changing channels

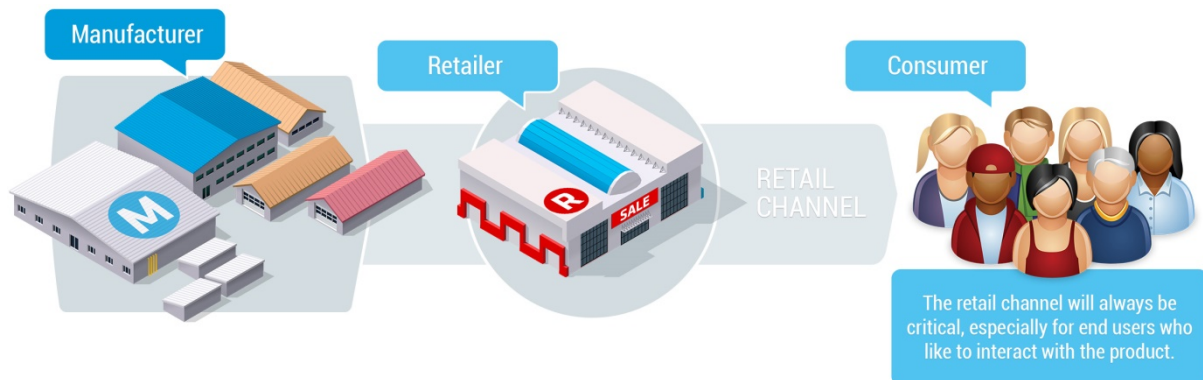
In today's retailing world the balance of power and control over information has shifted from manufacturers and retailers to consumers. Today, whether the consumer buys online or in-store, most have done at least some research on the product they're after. This tech-savvy, better informed and empowered consumer has changed the dynamic and the conversation salespeople have with potential buyers. The importance of front-end retail staff delivering a uniform, high-quality buying experience for the consumer is more relevant than ever. A more informed customer requires a more informed retailer.

A salesperson's knowledge of the product they're selling is central to ensure a satisfied customer, but can be costly to achieve.

Detailed and relevant product information delivered by a trained retail sales person creates a personalised, high quality customer experience, and is still key to every robust sales strategy. When interacting with a sales person in-store, customers should feel comfortable and assured in their purchase. While this is an effective sales channel for the manufacturer, the costs of maintaining the channel add up fast, and the challenges around retaining talented sales people at the distributor and dealer level make it even more complicated.

The obvious merit for the manufacturer in selling direct is the potential for realising higher margins, but at the same time they risk damaging relationships with their retail partners and resellers.

The retail channel will always be critical for most products, especially for end users who like to interact with the product and who seek the 'human touch', where an in-store sales person can help answer queries and demonstrate the product's features to best effect.



Absence of guided selling = buyer frustration

Even the best search-optimising techniques and attribute pickers lack the 'human touch', and fail to adequately convert site traffic into sales. Shoppers are often confused by the product categories that are defined by manufacturers in their websites, as they can mean little to the end user.

Without any guided selling or assistance, users turning up at a website face a buying experience akin to walking into a retail store full of products with no salesperson to talk to them about the product or demonstrate its features.

Adding a 'human touch' to your website empowers users to select the product that's right for them.

An interaction that asks intelligent questions of the consumer and then delivers a product choice that fits their immediate needs is likely to deliver a higher conversion rate and a much better experience for the customer.

Some websites have deployed an 'online chat' module to help alleviate the problem, but this approach still suffers from the same issues of sales staff quality, employee retention, and product misrepresentation.

Not selling, but helping consumers buy

A solution to channel conflict and varying customer experiences across those channels is Connective Retailing. Connective Retailing describes a retail experience that is standard across all channels, whether in-store or online. It ensures the consumer is better informed, and results in a higher rate of sales.

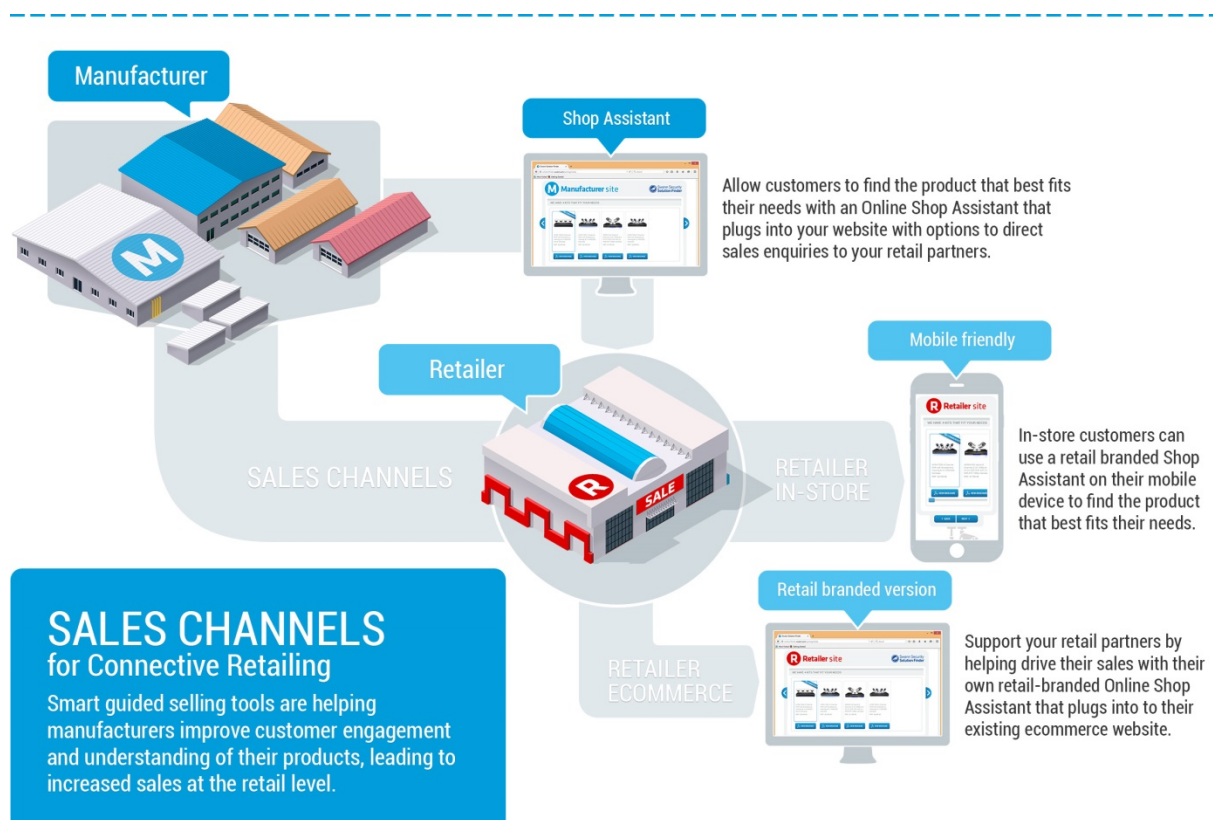
In a physical store, a well-trained salesperson would engage customers in conversation and help them identify the products the shopper is looking for, make suggestions regarding suitability for purpose, and help complete the sale.

This experience can be moved online with a sophisticated tool that asks intelligent questions, leading the user towards the product that best fits their needs. This approach allows the manufacturer to offer all their latest products without putting pressure on retailers to constantly re-train their sales staff.

The retailing business, on the other hand, is freed to focus its sales staff's training around skill building and refining selling techniques, instead of worrying about teaching new product features for the latest product models.

Consequently, the sales team is better equipped to build positive experiences in-store and offer an improved service to tech-savvy consumers, who come to the store having already researched the product they wish to buy.

A guided selling tool can also help instore sales staff to recommend, with confidence, products that closely fit the needs of the consumers. Using the tool to ensure the shopper goes away with exactly the product they wanted helps minimise product returns and the associated costs for everybody involved in the product supply chain.



Personalised shopping, in-store or online

A purpose-built software product that digitally replicates the in-store experience can change the retail landscape, and present a new level of customer engagement and sales support. Tailored algorithms that progressively ask the buyer questions can successfully bridge the chasm between the online and physical retail environments. The resulting user interaction quickly establishes a connection with the end-user and builds confidence in the product selection. Subsequent identification of the nearest physical retail store can also be included; enabling the user to complete the purchase in-store as they wish.

Generate, manage and measure leads through to your retail partners.

The product manufacturer can configure the questions in the guided selling tool, giving the retailers a sales instrument that reduces the overhead of constantly educating their sales team. Even the newest members of sales staff can confidently recommend the right product to buyers, assured in the accuracy of product specifications and 'fit' proposed by the guided selling tool.

A selling resource of this sort plugs directly into a manufacturer's or a retailer's website and can be easily updated with accurate product information. This makes it easy for the end user to select the latest product for their need, and, because all information is updated by the manufacturer, dealer education is straightforward and the threat of product misrepresentation reduced.

In its executive technology report (*Guided Selling: In demand information for buyers*), IBM recommended guided selling as: "... it leads customers through the purchasing process for a complex product and helps retailers discover what customers think about their products and to find out what motivates them to buy. At the same time it can enhance the buying experience."

Connective Retailing is allowing manufacturers to deliver a uniform selling experience to their target audience irrespective of whether they choose to shop online or in-store. They also earn the retailers' goodwill by sharing with them a guided selling tool that alleviates issues of sales re-training, and finding the perfect fit for clients from a vast product catalogue.

Swann Communications, one of the world's leading home surveillance technology companies, has had considerable success with Connective Retailing and the Shop Assistant guided selling tool.

David Saunder, from Swann's Global Marketing team says: "The tool has added a lot of value by helping users make a more informed choice about what product would work for them. We also get invaluable metrics — great for seeing which products our users are choosing from a large range."



Smart guided selling tools are helping manufacturers implement *Connective Retailing* and increase sales. A better shopping experience for the end user and a retailer who feels included in a team process generally means a positive change to the relationship dynamic for everybody.

A guided selling tool is also a great way to differentiate your offering to your retail partners, making you their preferred supplier.

If you are a manufacturer looking to implement effective guided selling to support your retail partners, consider a technology partner who has experience in delivering a proven solution that is configurable according to your needs and empowers you to execute your Connective Retailing strategy. Find a specialist provider who will work with you to deliver a uniform, high-quality buying experience for your end consumers. This will help reduce selling costs and increase sales by enabling retail staff to sell your entire product catalogue.

Wired Internet Group

Wired Internet Group coined the phrase 'Connective Retailing', and demonstrates its essence through its acclaimed guided selling tool, Shop Assistant. A leading web application development company, Wired works with manufacturers and retailers to help restore their connection with their consumers. Wired's single-minded goal is to unite the retailer, the manufacturer and the consumer based on increased product knowledge, affinity and brand value.

To understand how you could increase customer engagement and increase sales, contact Mike Baddeley, CEO: mike@wired.co.nz

For more information and resources, visit <http://www.onlineshopassistant.com/>