

Redesigning Business Strategy: *The Key to Driving Sales Growth*

One of the major challenges companies face is giving priority to the customers who bring the most profitability to the business. Attracting and retaining them involves providing them with top-notch service through the right channels, along with the right mix of products and pricing.

Aligning these efforts with the preferences of a fast-moving market can be a complex task, however, it clearly pays off when it comes to sales figures, customer loyalty and consequently, a competitive advantage.

Daniela Oliveros Trujillo - Business Analyst



Delphus Consulting 2024

© Unsplash



A Success Story

The problem's overview

Our client, a national food company selling its products through various distribution channels such as their own points of sale, supermarkets and convenience stores, had set a goal to triple its sales volume within the next five years. Among the initiatives to achieve this was enhancing the commercial approach with the Wholesalers and further developing the channel that serves Traditional Retailers or the so called 'mom-and-pop' stores (groceries, butcheries and dairy shops). Nevertheless, there were some important concerns regarding our client's strategy:

- Competition between channels to attract customers by offering lower prices, even if those customers were better suited to another channel due to their needs.
- High concentration of competitors who had strong brands, making it hard to break into the wholesalers' and traditional retailers' businesses.
- Low dropsize per customer and elevated operational costs when attending Traditional Retailers (shopkeepers).
- The sales force usually focused on hitting the company's volume targets but paid little attention to providing specialized customer service, complicating the possibility to offer a wider product range and to obtain valuable market information for the commercial area.

The solution

To begin with, market research and a deep analysis were carried out to understand the differences between our client's distribution channels. Establishing definitions was necessary to distinguish them and assign customers according to their characteristics.

During the project's second phase answers were sought for the following questions in relation to the Wholesalers and Shopkeepers strategy: *Who is the target customer? Which products should be offered? and How should they be served?*

- To better grasp the 'who', a segmentation was made, which allowed the identification of the priority customers (those with the highest dropsize). To find and capture more of this kind of customers, the role of prospector was introduced. This person, working from statistical databases, visits and offers the service to those who fit the target profile. Similarly, for the Wholesalers channel, a prospecting process was also proposed to capture new customers with the agreed volumes of purchase for the channel.
- Next, competitors were studied with the aim of spotting the gaps and thus entering the market by covering those unmet needs. Based on this, followed the design of regional segment-specific portfolios for both channels.
- Regarding the service model, Shopkeepers used to be attended by salespeople who visited them with a certain frequency and offered them only the products they were carrying on board at the time. Recognizing the urge to have a more specialized sales force that instead of just taking orders could serve as business developers, a presale model was suggested, adding a delivery role as well. This way opens up more room for negotiation with customers, gathering of market insights and the promotion of higher value-added products. As to the Wholesalers channel, which already operated with a presale model, the sales tactics were strengthened. Besides,



Playbooks were designed for the roles of prospection, presale and delivery, for both channels. These set the bar for how customers must be served and how top-notch execution at the point of sale must be maintained.

- Moreover, a management model with KPIs and daily routines was established, along with a compensation system that aligns incentives with the channels' business objectives.

Finally, a pilot test was rolled out to validate the previous points at two of the client's offices. Over the course of eight weeks, Delphus Consulting provided hands-on support to daily operations and trained the team to keep the project running in the future.

Traditional Retailers Channel Results

- Out of the 4,144 prospects in both cities, 541 were identified as high purchase volume targets. Of these, 223 were already receiving our client's service, and 129 were successfully captured as new customers.
- The proposed management model showed how the presale visits program achieved a 100% execution rate. Half of these visits resulted in an order.
- 66% of the products included in the new portfolio had at least one sale during the pilot, accounting for 89% of the total volume sold. Service level reached 97%.

Wholesalers Channel Results

- 16 new wholesale customers were visited, with 8 moving on to the negotiation phase.
- Sales of selected products in the portfolio with strategic customers grew by 23%.

By the end of the project, it was clear that the presale model contributes to increase business profitability and to meet the company's growth objectives. Therefore, the strategy was set to be deployed nationally, covering our client's current offices and new markets as well.

