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Building an Alliance

Tips for negotiating mutually beneficial relationships between vendors, showrooms, and manufacturers' representatives.

BY MARK OKUN

The relationship between lighting showrooms and their cadre of vendors is ever-evolving — especially as the Internet of Things (IoT) has entered the equation and disrupted the standard operating premise we have been familiar with for some time.

Big data changes how we all do business, and the barriers of direct-to-consumer marketing by

vendors and suppliers has been lifted. This shift has blurred the lines between showrooms, vendors, and resellers. As a result, the consumers in this channel want transparency, easy access to information, and prompt delivery of merchandise.

In the early days of this relationship, showrooms and vendors were both engaged in the diverse activities of controlling the geographical distribution of products and retail markups. Back then, the

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actions of the marketing and sales departments were distinct and separate silos.

With the changes that have been thrust upon us, the power that once belonged to the showrooms and their vendors has shifted — now *all* the power sits with the consumer.

Digging a bit deeper, when product and vendor distribution was controlled by the sellers, consumers had to buy the product they wanted through the showrooms that carried it locally or else find an alternate source within driving distance.

Today, if customers aren't thrilled with the pricing or *any* part of the experience at their local store, they can — and will — make their purchase in the parking lot of the showroom they just left. With their digital device still in hand, the item will be at their doorstep in a few days.

The unified goal of both vendors and showrooms today is customer satisfaction. They want to provide excellent products and create a satisfying customer experience that the client wants to repeat.

MCDONALD'S VS. AMAZON

The so-called “McDonald's mentality” is a consumer pattern which asserts that a customer can drive up to any business, yell at a box, and then drive around and pick up their items. In retail brick and mortar, the one-time leader of this process was the former Service Merchandise.

The 21st Century's seismic shift in retail buying called the “Amazon Experience” provides the utmost in convenience for the consumer. From the comfort of their homes, clients can research products, read reviews, compare pricing, and learn the intimate — and sometimes inaccurate — details of their preferred online or brick-and-mortar retailer.

If a purchase is made, it will be delivered in a few days right to their home.

The question is, “Why do people keep going to storefronts when faced with such ease of buying?” The answer lies in the experience they have; the better the experience, the more folks want to go there. This is the ignition point of the vendor/showroom partnership.

A PARTY OF THREE

When speaking of the vendor-showroom relationship, there is a third party who is integral to its success or failure and that is the sales agency/representative. In many cases, the rep can bring the magic sauce required for this recipe to be exceptional. While the role of the sales rep has been dramatically affected by the tsunami of change caused by the digital (r)evolution, these road-ready reps continue to play a vital part in sustaining and growing the brick-and-mortar channel (but their role is also changing).

If a showroom is weak in one area, the astute vendor rep may have the expertise to aid the showroom in overcoming the challenge. If they don't have a certain skill, they can seek assistance from their vendor partner who may have more resources.

COMMON GOALS

To produce an ongoing synergistic relationship, suppliers, showrooms, and reps must have common success strategies — and the reps become the facilitators of those tactics. Look at it as goal-setting to build or strengthen this partnership.

A meeting held several times a year as a group can establish and maintain the direction they want to go and also re-affirms the commitment that each member brings to the party.

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The plan must go beyond the use of co-op money for advertising. Moving forward, this partnership must be more intimate, and these allies need to be nimble and flexible to take advantage of the market’s and showroom’s current state.

The objectives required for success will vary from company to company, vendor to vendor, and rep agency to rep agency. Those objectives will also be influenced by the size of the role in the group each one plays.

Small to medium-size showrooms, agencies, and suppliers may be hindered to adopt such a program because one group does not have the expertise, skills, or the staff size to support the development they need to continue to gain market share. Not only does this synergy make it possible, but this strategy positions these distinct associates to take advantage of the opportunity to build strong alliances and dominate a marketplace.

CO-IMPROVEMENT STRATEGIES

Improvements and change are not exclusive to showrooms alone; vendors and rep agencies also feel the pressure. A series of companies comprised of various groups polled for the benchmark study: *2016 State of the Retailer-Vendor Supply Chain Relationships* had similar responses. Each ranked the other potential participant as having a “lack of knowledge and skill in collaboration among their partners as the biggest single

hurdle they need to overcome for supply chain collaboration.”

When it comes to successful showroom, vendor, and rep agency relationships, it’s not a case of us versus them. That mentality will surely doom this channel to failure. Instead, foster the mindset that it takes three to tango, and each partner needs to know their own steps. Plan together how each of them impacts their partners to maximize their efforts to achieve synchronicity. The process begins with a high level of trust among all the members, each assured the other is working towards the same shared goals.

EDUCATION & DISPLAY

Because lighting technology and designs are constantly in motion, the way showrooms demonstrate and display these advancements must also be on the move. One way to drive the experience and build brand is the partnership approach, offering educational opportunities for staff, clients, and consumers. These workshops don’t have to be diploma-achieving events, but they should have a degree of acknowledgment for the participants.

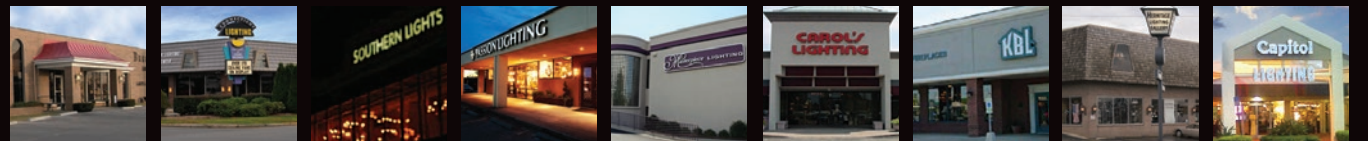
For instance, there is still a wide swath of consumers who do not understand LED as a light source. This is a ripe topic for an in-store workshop! From lamps to wireless dimming systems, any new products or technical advancements are all subjects to build “Consumer Ed” programs.



Independence & Empowered

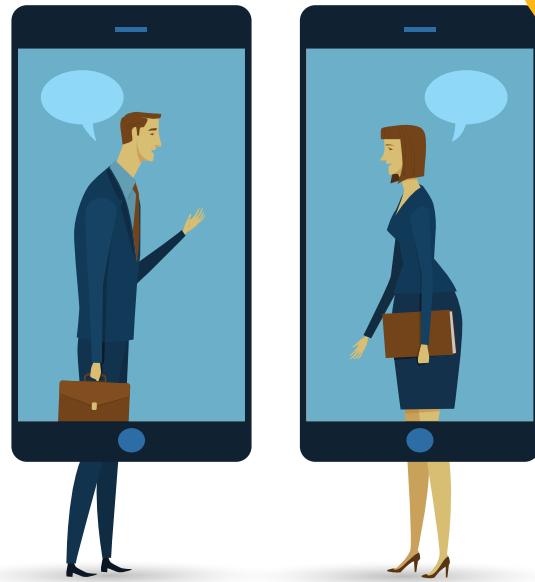
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“This new school of consumers can answer any question on any subject from their handheld digital device.”



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Clients want knowledge and DIY classes for some product categories could pull in the weekend warrior. Home centers perform these classes and draw in the skilled customers who want the information. The lighting showroom has the expertise to provide such a community service; there are only positive reasons to include information on these workshops in all outbound marketing initiatives. Showrooms are the professionals that are on the cutting edge of knowledge and products in the lighting industry; let's show it off a bit! Vendors can provide the collateral materials, reps can be great coordinators, and the showrooms can provide the customers and the physical locations.

VENDOR – SHOWROOM COMMUNICATION

In the 24-7/365 world we are living in; the 8-track has been replaced by streaming music and MP3s. Relative to business, the fax has been replaced with e-mail and EDI. Our fast-paced lifestyle has mandated that the time it takes to share information has been drastically shortened.

The unified goal of both the showroom and their vendor partners is customer satisfaction. The client has grown impatient waiting for answers. It just makes sense that this new breed of consumers

expects quick, if not an immediate, response. This new school of consumers can answer any question on any subject from their handheld digital device. They have difficulty understanding the time-frame it takes to get them the answers *before* making a purchase.

When a customer has a question, they want their answers as close to real time as possible. This means that a showroom must input the means and systems to have access to real-time information, the vendors must have the information available, and that information must be accurate.

Every minute that a customer waits for a response is an opportunity for them to change their mind regarding their selection or even decide to “shop more or elsewhere” instead of making the purchase now.

An extended lapse in response time can break the continuity of the client-salesperson interaction and can lead to the customer searching for the answer themselves, losing them and their patronage to the competition. In incidences when an answer will take time to get, the showroom can soften the blow of time with a great follow-up system.

Tell the customer your follow-up procedure and stick to it. This is a fine time to get all of the client's contact information plus how they want to get the information they asked for (i.e. phone call, text, or email).

For vendors, we know that your answer departments are bombarded on Monday mornings with an onslaught of queries. The time it takes to answer and respond to the pent-up requests may seem timely, but the showroom customer in some cases has been waiting four days if they were shopping on a Friday night. How would you feel if you waited four days for an answer?

EFFECTIVE PARTNERSHIPS

Partnerships will define success in the 21st Century for vendors, showrooms, and rep agencies alike. Nothing will be left untouched – from the empowered consumer choosing their preferred way to purchase goods to the evolution of a traditional channel's operations and go-to-market strategies. The type of collaboration represented in this article takes time and a deep commitment from all the parties involved, no less. If there is a weak link in this chain of three, the attainment of goals will be hindered. What will you do to build this crucial partnership? ❖

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- ➔ A viewpoint on a hot industry topic?
- ➔ Ideas on how technology can improve your lighting sales?

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