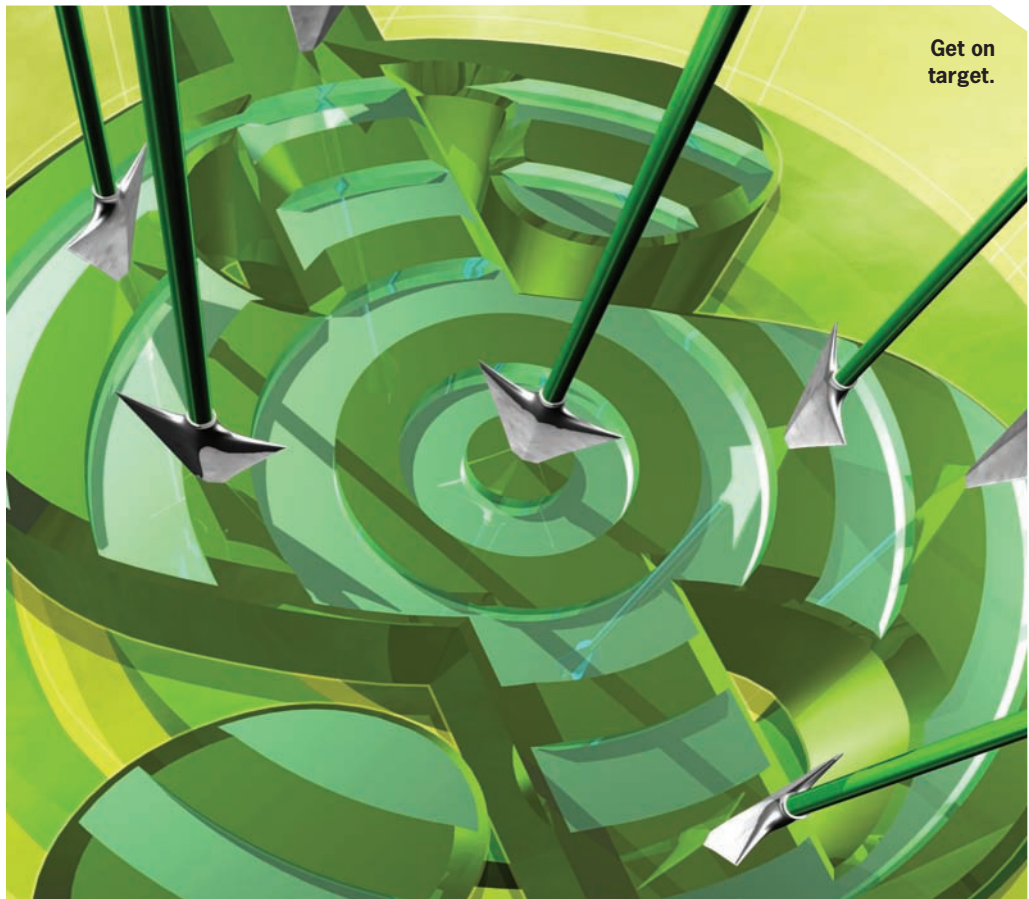


# selling



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## Set your sights on a niche product

*Product targeting can turn specialty products into supplemental sales.* by Frank Hurtt

**Manufacturers often report that** distributors traditionally don't do well when dealing with niche products. At the root of the problem lies the very nature of the process in most distributorships: Products are presented to a group of salespeople and a number of generalized applications are discussed. But if a product doesn't have mass appeal, it quickly gets lost in the shuffle. Within a couple of weeks of launch, the new product is forgotten, or sits collecting dust in the special oddball section of the warehouse. A simple change in attitude toward niche products can do a world of good.

The fact is that niche products offer an outstanding opportunity to expand business during trying economic times. Three facts make this true:

**1. Niche products earn high gross**

**margin dollars.** Limited competition and lack of buying history put them into a class all their own. **It is not uncommon to find gross margins that are double the industry average.**

**2. Niche products provide extra value to existing accounts.** Because a niche product solves a problem, lowers labor costs, or eliminates the need for outsourcing, **niche marketers create intrinsic value that can be measured in dollars.**

**3. Niche products are often purchased from no-service or low-service competitors.** Niche products are traditionally not sold by tough competitors. Instead, engineering and maintenance departments find them via the Internet, and they often come with a high hassle factor: Price tags are big, and service is marginal.

With all of these compelling reasons to get involved in niche products, why have distributors generally fared so poorly in selling them? While a number of factors weigh in the answer to this question, solid evidence points to lack of a product-oriented targeting process. Specialists provide the best and most efficient means for establishing a meaningful target process at this level.

Product targeting is achieved when products, potential application problems, and customers are closely aligned. While most supplier reps understand the ins and outs of their products, they often lack a detailed understanding of exactly where the product is applied to a given customer's needs.

Imagine a new product designed for underwater lighting. The supplier rep understands the product specifications—the ability to withstand water pressure to 30 meters, the ability to create five lumens, etc.—but typically lacks the ability to tie underwater lighting to its useful application in artificial crystal farming. Furthermore, the rep knows few details about the customers in a territory.

It's up to salespeople to make the connection—and specialists hold the key. **By tying product, application, and customer closely together, it's possible to identify and close in on these opportunities.** This works best when implemented one on one with the salespeople through a six-step process:

**1. Identify the product.** Find poten-

tial niche product targets from existing lines. Nearly every line has them, but they rarely find their way into the spotlight.

**2. Brainstorm potential applications.** Be sure to ask several key questions: Where might this product be used? Are there applications that fall outside the realm of normalcy? How is the problem solved today? Is there something similar, but not as elegant?

**3. Identify customers with probable applications.** Explore potential customer applications with the sales team. These discussions often happen informally on the shoulder of other events such as joint calls, training sessions, or trade shows.

Remember, the goal is not to gather dozens of customers, but rather to identify a small handful who happen to have special needs. If a customer application is uncertain, don't waste time on it—move on. This exercise works on quality,

not quantity; some salespeople will have no targets in their territory.

**4. Arm the salesperson with clarifying questions.** After selecting the target customer, provide the salesperson with questions that can be worked in during the course of normal business. Ask how a given problem is being handled, or whether a customer still runs his or her process in a particular fashion.

**5. Present the product.** Bill the presentation as the culmination of research conducted to add value. This will create a warm reception and engender goodwill even if the sale does not happen. The specialist should participate in the first of these presentations. Doing so will allow further refinement of the presentation and allow the specialist to gather potential competitive market information, which may be critical in maximizing gross margin dollars.

**6. Document the value.** In tough economic times, documenting value

only accelerates in importance. During a recession, customers want supply partners who improve their cash flow and eliminate risk. If manpower, energy usage, outsourcing, etc. are eliminated, turn it into a mini case study.

An ancient Chinese proverb reads, "The man who chases two monkeys catches neither." During a recession, distributor sales teams often flail around chasing after every potential new customer they can identify—and forget that expanding sales to existing clients is much easier than selling to a completely new customer. More so, niche product targeting builds value with customers, making it less likely that their business will be lost to a competitor. ■

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