

# Compensation for demand creation

It's costly and time consuming, and distributors do it every day—but how many get paid for it?

BY FRANK HURTTE

The September issue of *Inc.* magazine ran a story on a company named Cableorganizer.com. The story quickly found its way into a number of other publications and online news services. The headlines touted the Fort Lauderdale, Florida-headquartered company as an electrical wholesaler that does things right: It's modern, futuristic, fast growing, and well run—it's also a prime example of why electrical distributors should insist on being rewarded for specific demand-creating activities.

These programs manifest themselves in a number of different forms—such as sales stimulation programs, training funds, better into-stock prices, etc. All are plans that reward distributors for specific demand-creating activities.

After all, the most costly and difficult step in selling a product is creating demand. New products flow like the current of Niagara Falls. For most industrially oriented products, advertising plays only a small part in demand creation. In the electrical market, particularly, creating demand is a one-to-one sport. This translates into end-user sales calls, customer seminars, showing demo units, and taking time to walk customers through a counter display.

Once a customer shows interest, ex-

tensive work is often required to cross-reference and establish replacement codes in the customer's crib—all of which equals expense and investment of time.

Today, however, online distributors often jump into the game some time just after the first half—after somebody else has created the demand, sometimes even after the customer has placed an order. Then, midway through the deal somebody—a smart purchasing guy, a young engineer working late, or any of a hundred other folks—decides to check the price or find another source.

Of course, companies doing business over the Web do serve a need. There are hobbyists and late-night widget shoppers who fly below the radar screen of traditional distributors. For them, the Web is a convenient tool. But it's doubtful that they account for a significant portion of business for online distribution companies like Cableorganizer.com.

Consider this: An online company pandering to the type of business mentioned above would have no reason to sell name-brand products. A widget would be a widget. Quality would count, but most customers would be interested in getting what they needed without worrying about the brand designation.

Now enter Cableorganizer.com. Its offerings include many of the leading

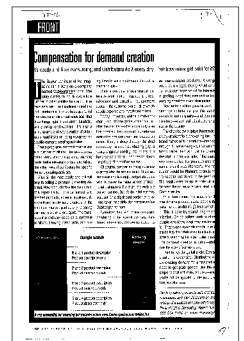
brands found in quality—and demand-creating—electrical distributorships across the country.

The chart below displays the results of a very unscientific but revealing test. The brand names of four products—brands 1 through 4—were Googled, first with the brand name, then with just the product description. (For example, if the search was conducted for peanuts and the name brand was Planter's, the first search would be Planter's peanuts and the second search would be peanuts.) The results were ranked in order of how far down the online seller was listed in the Google results.

In all four cases, the search for the brand-name product came back with a better rank than did the generic search.

This is done by search engine optimization. Online sellers work to attract people who know what they are looking for. They tweak keywords and build references into their Web sites to attract customers searching for a particular phrase. The demand creation is done—and it was the work of someone else.

That brings things full circle. Demand creation is expensive. Distributors who are creating demand for a manufacturer need to get paid, period. Use this example to chat with manufacturers—and if you're not being paid for demand creation, ask why. ■■■



Brands tested	Google search	Ranking results
Brand 1	Brand 1 product description	3
	Product description only	4
Brand 2	Brand 2 product description	7
	Product description only	Not in top 50
Brand 3	Brand 3 product description	6
	Product description only	19
Brand 4	Brand 4 product description	17
	Product description only	28

***A very unscientific but revealing test indicates where [www.Cableorganizer.com](http://www.Cableorganizer.com) ranked in a Google search for leading brand names found in electrical distributorships across the country.***

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