# Survey Considerations

## List of possible topics or questions you can use to include in a survey, or use as discussion topics when querying your competition or contemporaries

1. How did you get started in your business?
2. What products do you sell?
3. What level of inventory do you carry (dollar amount – for retail)
4. How long until you were profitable (I’m anticipating being profitable in year 2, does that seem reasonable to you?)
5. Toughest thing about starting up?
6. What can you share with me about how this industry works? What affects it (threats), what’s happening in it right now, what is the outlook? How is what’s happening in the economy affecting (y)our business?
7. How are products/services usually sold in our market i.e. tradeshows, distributor, sales rep
8. Do you attend any trade shows as a vendor or participant – if so, which ones?
9. What can you share with me about (y)our customers - target market. Who are they typically? What do they “look like”?
10. Is there anyone else out there in the market selling products similar to ours I should be aware of
11. Are there any environmental issues I need to be aware of?
12. Are there any regulatory issues I need to be aware of?
13. Cashflow – seasonality – what months are busier than others?
14. Do you have a marketing plan?
15. Do you accept on-line orders? Any problems? Paypal etc. – any issues?
16. Do you belong to any associations or organizations or read any trade journals, blogs that you find helpful?
17. How helpful do you find your website? Do you use search engine optimization?
18. What do you do to network, stay in touch with peers?
19. What do you do for professional development?
20. Do you blog?
21. Do you have a Facebook page/group for your business? How much time do you spend on it?
22. Are you comfortable sharing how much you spend on advertising/marketing per year
23. What equipment do you use, what do you like/dislike about it
24. How many unbillable hours do you think you spend a week doing things like marketing or bookkeeping estimates etc.?
25. Human Resource issues – staffing – how much do you pay – hiring, firing, managing etc.
26. Do you have a mark up or margin you try to stick to?
27. How do you price your goods – mark up/margin?
28. Toughest thing about running this business?
29. What advertising have you found works/doesn’t work?
30. What free or inexpensive things have you found to market/sell your product/service?
31. Is there anyone else you think I should talk to?
32. What suppliers do you use? Good or bad?
33. I need my business to pay me $ X per year, based on your experience, does that seem reasonable?
34. For my cashflow I’m estimating $X per month/year, based on your experience, does that seem reasonable?
35. Any mistakes you made that you’d be willing to share that I can learn from?

Any comments/questions

Tips on?

Advice on?

## List of possible topics or questions you can use to format a survey, or use as discussion topics when talking to suppliers

Trends, outlook?

What sells, what doesn’t?

Profit margins

What can they share about the target market?

Who are the players – S & W?

What do they suggest you carry for a level of inventory - what’s hot etc. (remember, it’s their job to sell)

Anyone they think you should talk to

Know of any secondary research available that may help you

## Ask Wholesaler/Distributors/Brokers/Agents:

What is the reputation of the distributor/broker/agent that you are interested in working with?

What sales projections do they think are rational and expected?

Sales should be forecast with quarterly and annual targets set – both in sales dollars and number of retail accounts established.

What costs are involved in using a wholesaler/distributor/broker/agent?  What are their margins?  What are their minimum orders for retailers to get free shipping?

 Many retailers outside of major centers rely on placing orders big enough to get free shipping so that cost is absorbed by the distributor/wholesaler.

What sort of incentives can the distributor offer if the manufacturer gives the distributor an exclusive in a given territory?

Distributors will often promise lower margins and more aggressive selling if you give them an exclusive in a given territory.  Unfortunately, experience shows that this is very rarely the case.  Distributors will work harder and sell their services for less when they are competing with their competition to sell your product.  It can be a good idea to get contracts in writing regarding distributor’s selling margins, discounting and other promised services.

Is your product perishable?

If so, when are the liabilities for the product transferred to the wholesaler/distributor/retailer/consumer?

How will returns of damaged/spoiled product be handled?

What distributors/wholesalers do your retailers prefer?

Will you give your broker, agent wholesaler or distributor an exclusive on a given market area?

What terms of sales will you offer?  30 day terms?  Bonus for early payment or C.O.D?

How aggressive and willing to work synergistically with you is the distributors/brokers sales team?

 Remember, the moment you enlist the services of a distributor, broker or agent you are detaching yourself from the selling.  Is your distributor going to be a glorified shipping company or will they promote and actively seek out new customers for your product?

How accessible is the distributor’s sales team to you?  Are you able to give a demonstration of your product to the sales team?

What trade or consumer shows does your distributor participate in that would be of benefit to your business?

Is the distributor willing to let you discuss regional opportunities with individual sales reps or is your contact strictly limited to the sales manager or buyer?

Distributor’s sales teams are usually divided regionally.  Often through personal contact and offering incentives with individual sales reps you can get more focus put on your products.

How many retailers does the distributor service?

 Most distributors/brokers will guard their client lists carefully.  If they are forthcoming with numbers and locations that they service, take it with a grain of salt.  A client whom the distributor made a single sale to three years ago will still be considered a client.  You are best determining this information by asking other manufacturers and retail clients and rather than the distributor themselves.

What is the service area of the distributor?

A regionally focused distributor can sometimes offer much better service than one that is national or international.  What do your retailers want?  Are your sales goals centered on intensive controlled regional growth or sparser, wider-spread blanket sales?  Depending on your product either approach may be more suitable.

Does the distributor do an adequate job of passing on sale pricing that you as a manufacturer have offered them through to their customers?  In many distribution models manufacturers are required to put their products on sale for a certain number of periods though the year.  These sale periods are frequently one month in length and occur two to five times per year.  Many distributors take advantage of these sale periods in two ways:

By not passing on the discount to all of their customers.  IE, if a manufacture sells to a distributor at 10% off for a given month, the distributor should discount the product 10% themselves to all of their customers for the same period.  Many distributors pass on sale pricing only to large customers ignoring the smaller ones.  The distributor then makes a much higher margin on each item sold.  By receiving the distributor’s monthly catalogue highlighting sales you can be sure they are offering your sale price to all customers that receive the catalogue.

Timing product purchases from the manufacture to coincide with sale periods. This happens all the time for non-perishable goods.  Distributors only buy in sale periods and then purchase enough to sustain themselves through to the next sale period.  In the worst case example, distributors will be out of stock on products while waiting for the next sale period to do a big buy-in.  This makes the retailers and consumers very unhappy but dramatically increases distributor profits.

Is the distributor’s computer system capable of handling Manufacturer’s Chargeback’s (MCB’s?)

MCB’s are another means of putting products on sale with retailers.  Instead of blanket periods of sale pricing offered to the distributor by the manufacturer, MCB’s are sales periods that are set up directly with specific retailers.  The retailer buys the product at discount from the distributor for a specified period, and then the distributor “charges back” the manufactures for all of the discounted sales during that discounted period.  The manufacturer, distributor, broker or agent can arrange MCB sale periods with the retailer but it is the distributor and retailer that must track the MCB and the manufacture who must pay for it.  MCB periods throughout the year are usually set up once per year - generally in the fall for the preceding year.

## Ask Retailers:

How do your key retailers prefer to purchase from you?

Many retailers will not want another supplier for a single product or product line as it is more efficient for them to purchase through wholesalers/distributors.  Some retailers will put higher margins on products purchased directly versus through their own preferred distributors negating any cost savings of doing without a distributor.

*What sort of product turn over is expected?* It is important to understand what the retailer expects sales to be, and then monitor sales on a regular basis.  If your products sales are not meeting the expectations of the retailer, your product risks being de-listed.  Determining this figure will also help you forecast sales for cash flow and inventory purposes.

What margin will your retailer put on your product?

Retailer margins vary greatly depending on the product.  Can you negotiate a slightly lower margin to meet a certain price point (for example $9.99 versus $10.49.)

What is the reputation of the distributor/broker/agent that you are interested in working with?

Retailers will likely be quick to tell you their personal preferences for distributors.  Asking all of your key retailers whom they prefer will help you with your choice.

How often does each of your potential distributors make deliveries (daily, weekly, semi-monthly?)  How reliable are their deliveries?  How good are their sales people?

What guarantee will retailers give you that if you pay them for the placement of your product (a “listing fee”) that they will continue to stock it for a given period of time?

If you are marketing to chain stores, often they will require a fee for listing your product.  For example, with Overwaitea / Save-On Foods they require one free case of each different product per store if you want to list your product with them province-wide.  That can cost thousands and thousands of dollars.    Often, if a product does not meet the sales expectations of the retailer in the first couple of months the retailer will de-list the product despite the listing and advertising fees that have been paid.  You may be able to get the retailer to agree to keep your product listed for a given trial period.

What are the retailer’s expectations for an annual advertising budget?

 Many people don’t realize that it is not the stores that pay for weekly flyers – the majority of this expense is paid for by the manufactures represented in the flyers.  This is called “co-op advertising” - as it is a co-operatively shared cost between the retailer and the manufactures.

What sort of product support will the retailer give you?

This can include a co-operative advertising plan, product demonstrations, shelf talkers, information sheets, poster placement etc.

How will returns of damaged/spoiled product be handled?  Who is responsible?

Will you give your retailer an exclusive for a given market area?  If so, will the retailer give you a lower margin on your product to meet a specific price point?

How can you help the retailer to increase their sales of your product?