SUCCESS STORY
Route to Market Strategy in a Fast Moving Consumer Goods Company

The manner in which a company is set up to attend its market is called Route-to-Market. This topic gains more and more importance in commercial strategy, especially for companies that reach the level of fast moving consumer goods (FMCG). There are multiple ways of attending to a market (sales strategies, distribution, marketing, etc.) that must be adapted to each client type. Not only is this a matter of commercial efficiency, but of giving each client what he expects and needs in terms of attention and business investments. This case deals with how a company established differential attention strategies depending on the territory and the client segment. The company had the following characteristics: Manufactured consumer products, extensive geographic coverage, mass sales and distribution, wide channels and large client base.

PROBLEM
The company had client segments with different needs, all of which they treated in the same manner. Because of the use of few traditional methods in the industry, such as pre-sales, auto-sales, pre-sale allocation, and methods for third party use, it was intuitively recognized that there could be more effective and efficient ways to use and assign resources.

This could translate into great differences in costs of service and investment in the channel that provided different business opportunities. In addition to not leveraging themselves in commercial agreements that they had with certain types of clients, the commercial conditions were easily negotiable.

SOLUTION
1. Understanding and segmentation of the customers and the type of territory (urban and non-urban). In urban territories clients were segmented, based on their characteristics, for both attracting clients (communications infrastructure, channel, volume, degree of leverage in the negotiation) and for distribution (line of business or channel, receiving infrastructure, size of delivery). Non-urban territories were divided based on the distance from the distribution center and client density as well as by industry volume factors and PDM).

2. Generating and evaluating alternate methods for customer acquisition and distribution. Methods for client attraction in urban territories were evaluated. These included: specialized pre-sale, telesales, hybrid, electronic acquisition and traditional or auto-sale. In urban distribution we analyzed methods for: direct delivery from the factory, high-volume routes, dynamic and semi-dynamic planning of routes. In non-urban territories we evaluated partial or total outsourcing of the territory, allowing for mixed methods with sales using own resources and distribution through outsourcing, required for the three countries.

3. Identification of the set of initiatives in function of market characteristics. In each type of territory and in function of commercial intention, we established initiative packages to be implemented; the commercial intention depended on the commercial intensity and whether it reached the critical mass of clients-volume that each method required.

4. Identification of the benefits. A Business Case was generated with the initiative packages for each type of territory. This case included a reduction in attention expenses, incremental expenses (new pre-sale routes) and necessary investments (sales and distribution equipment) defining financial viability.

5. Preparing a Strategy and Implementation Plan. The plan depended on the conditions implied at the central level and in each market. These were identified and prioritized in function of the value to be generated in the previous point.

BUSINESS BENEFITS
• Provide attention to each client group in accordance with their expectations and the value proposal of the company, expecting incremental sales from clients with growth potential.
• 9% reduction in client acquisition and distribution
• Reassigning sales and delivery equipment and vehicles to territories of low PDM for increased coverage or to intensify commercial activity.
• Freeing assets of vehicles for sales and distribution, postponing the purchase of new ones because of substitution or growth in number of routes.