

Challenges and tips in dealing with major retailers

- Pricing -

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CHALLENGES for LOCAL PRODUCERS in dealing with MAJOR RETAILERS

PROFESSIONALISATION

- ✓ PRODUCTIVE
- ✓ COMMERCIAL

DEVELOPMENT

- ✓ NEW PRODUCTS
- ✓ HEALTH AS A GOAL

BRAND ALLIANCE

- ✓ PRIVATE LABEL
- ✓ COBRANDING

CERTIFICATIONS

- ✓ PROCESSES
- ✓ QUALITY

COMMUNICATION

- ✓ INFORMATION
- ✓ PACKAGING

POINT OF SALE

- ✓ PRESENCE
- ✓ PROMOTION

COMMERCIAL PLAN

- It is vital to have a commercial plan. Planning is needed for any proposal we set ourselves as an individual or a group... or a company.
- **HAVING A PLAN means HAVING A STRATEGY**
 - ✓ A commercial plan is an intention and project focused on sales.
 - ✓ It involves a systematic process conducted before embarking on negotiations.
 - ✓ It is a text specifying the objectives and details to close a sale with the best possible outcome in terms of volume and margin.

MAIN ASPECTS OF THE COMMERCIAL PLAN

Sales management:

- Define the sales function and its characteristics.
- Customer service strategies.
- The sales budget.

Sales promotion:

- Integrating sales staff with marketing, which includes advertising.
- End customer-related promotional techniques.
- Merchandising.
- Market research.
- Handling of public relations.

Customer management:

- Understand customer tastes.
- Identify the level of satisfaction with the products.
- Define loyalty programmes.

Negotiation techniques:

- This includes understanding the elements, phases and cycle of negotiating components outside the company's value chain.

COMMERCIAL NEGOTIATION

➤ **NEGOTIATING means two or more parties discussing a matter to reach an agreement or solution.**

- Seek an agreement that fulfils each party's interests.
- Conduct commercial operations with the aim of making a profit.

CRITERIA when NEGOTIATING

The hallmark of effective negotiation is that both parties give ground on certain elements, in order fundamentally to maintain their individual interests.

Conversation is the key to negotiation.

Verbal and non-verbal communication is the main factor.

However, there is an emotional component which exists in all negotiations and hugely impacts on the end result of the agreement.

High-pressure situations may often occur, in which our emotions try to get ahead of the reality.

Emotional distancing, the ability to see things in the abstract and control reactions are all fundamental aspects.

We can often become distracted and miss key points in a negotiation. It is vital to know how to keep calm and get our negotiating strategy back on track.

Only through effective negotiation will the agreement be beneficial for all... in particular for our company.

Recommendations for NEGOTIATION

1. STRATEGIC ANALYSIS

- ✓ Effective negotiators must have the knowledge needed to analyse the commercial situation and be able to determine the different shared interests in the negotiation.
- ✓ A detailed analysis identifies the parties' required objectives and the possible agreements.

2. PREPARATION

- ✓ Preparation is vital before attending a negotiation meeting. It is essential to be absolutely clear about the objectives, the margin for negotiation and the desired agreements.
- ✓ Sketch out scenarios. Understand the customer. Know what our competition will be.
- ✓ The prior relationship between the two parties and past negotiations to find shared goals and common ground.
- ✓ Prior history and results will shape current and future negotiations.

3. ACTIVE LISTENING AND COMMUNICATION

- ✓ A good negotiator knows how to listen to the other person actively. Hearing is not the same as listening.
- ✓ We need the capacity to manage verbal and non-verbal communication or body language.
- ✓ One mistake is to spend most of our time setting out only the virtues of our perspective. This will distract the other party or allow them to adopt dominant attitudes.
- ✓ Any proposals must be very clear. Avoid error and misunderstanding that will undermine confidence and limit our opportunities.
- ✓ Don't waste time at the meeting. Be functional.
- ✓ What we don't say matters too, as does knowing when to speak and what to say.
- ✓ It is important to foster agreements and areas for give-and-take.



4. COLLABORATION AND TEAMWORK

- ✓ Negotiation need not necessarily mean an agreement by one party against the other, or a compromise in situ.
- ✓ Effective negotiators need the skills to work as a team and foster a collaborative atmosphere during the talks.
- ✓ What matters in a negotiation is what it achieves, not how long it lasts or who conducts it.
- ✓ Negotiations undertaken as a team are more satisfactory and longer-lasting.

5. PROBLEM-SOLVING

- ✓ People with negotiation skills need to be able to seek out solutions in every case. Problems don't sell, solutions do.
- ✓ Focusing only on the final objective won't help. It is essential to see the problem and set out solutions.

6. DECISION-MAKING CAPACITY

- ✓ Being an effective negotiator means being a leader.
- ✓ Leaders have the capacity to act decisively throughout the negotiation process.
- ✓ During a negotiation it will often prove necessary to bring one point to an end (with or without success) to reach a compromise setting new objectives or new proposals.

7. PROFESSIONAL EMPATHY

- ✓ Effective negotiators must have interpersonal relationship skills.
- ✓ Professional empathy helps maintain a good working relationship with the agents involved in the negotiation process.
- ✓ Security, patience and the ability to convince others that our arguments are correct, our goal is legitimate, and our proposals successful.



8. ETHICS AND TRUST

- ✓ It is essential that the parties act ethically and show mutual trust.
- ✓ "Strong-arming" an agreement is completely out of the question.
- ✓ Establishing a commitment in the knowledge that it cannot be fulfilled is unacceptable.
- ✓ Agreements and commitments must always be honoured.
- ✓ Mistakes must be explained in detail, together with proposed solutions.
- ✓ The person leading a negotiation must be clear that the agreements and commitments remain in place beyond the individuals involved.



Key aspects to NEGOTIATE with MAJOR RETAILERS

Negotiation of Commercial Conditions

✓ SUPPLIER
REGISTRATION

✓ STOCK OF ARTICLES

✓ COMMERCIAL
WORKFORCE

✓ LOGISTICAL
WORKFORCE

✓ PAYMENT TERMS

✓ RATE

✓ DISCOUNTS ON
INVOICE

✓ PROMOTIONAL
DISCOUNTS

✓ LOGISTICAL
DISCOUNTS

✓ FINANCIAL
DISCOUNTS

✓ LOYALTY CARD
DISCOUNTS

✓ ATYPICAL
DISCOUNTS

Key aspects to NEGOTIATE with MAJOR RETAILERS

Negotiation of Commercial Activity

✓ IMPLEMENTATIONS

✓ ORDERS

✓ CALENDAR OF OFFERS

✓ STANDARD PROMOTIONS

✓ SPECIAL COMMERCIAL ACTIONS

✓ ADVERTISING/PROMOTIONAL ACTIVITY

✓ PROMINENT POSITIONING

✓ ACTIONS AT THE POINT OF SALE

✓ MERCHANDISING ACTIONS

✓ MARKETING MIX ACTIONS

✓ LOYALTY-BUILDING ACTIONS

✓ COMMERCIAL MEETINGS

This document is meant simply to serve as a guideline containing recommendations and general advice for companies in pricing their products or services. The advice contained in this guide is based on HAZI Fundazioa's own experience, standard practice in the sector, the opinions of experts in the field, and a range of other external studies and sources, which may not necessarily have a scientific or proven basis.

This guide should thus be seen as purely an instructive, general document, to be used or adapted according to the needs of each case, on the basis of such various factors as the nature of the product or service, the general market positioning, etc. HAZI Fundazioa declines all liability regarding any use that may be made of the advice contained in this guide.



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