



You Should Know...

Best for Business

According to *Forbes* Utah, Virginia, and North Carolina are the three best states for a business to operate in. The worst: Rhode Island, Hawaii, and Maine.

The Point: Labor supply, the regulatory environment, economic climate, and quality of life all matter.

Best Retailer – Apple

In 2011 Apple's 327 global stores enjoyed sales of \$5,647 per square foot. That's almost twice what the No. 2 retailer (Tiffany & Co.) enjoyed.

The Point: Positively differentiated products and focused marketing, not clever advertising, drive purchasing behavior.

The Winner

Snigdha Nandipati, a 14-year-old from San Diego, won the National Spelling Bee this year. The word was "guetapens" which means ambush.

The Point: Okay, the girl is a genius.

Video Pirates

The HBO fantasy series *Game of Thrones* averages 3.9 million pirated downloads per episode. This is actually more than the 3.8 million people who actually watch the show legally on HBO.

The Point: Protecting intellectual property is an increasing challenge, and not just for Louis Vuitton purses.

October's Quote

"You only live once, but if you do it right, once is enough."

Mae West

Increasing Profits in 2013?

Most savvy marketers know that any change in price affects the bottom line both immediately and directly. Many, however, define changes in price as either discounts or price increases. This of course is correct, but incomplete.

A more expansive and useful definition is "channel compensation" which includes all financial and nonfinancial elements of value that pass from the manufacturer to its distributors/resellers. Included are rebates, bonuses, credit terms, shipping reimbursement, free shipping, co-op ad allowances, etc.

These "channel compensation" elements are often overlooked when quantifying the "real" financial relationship between a distributor/reseller and the manufacturer.

First the basics,

- **What is the objective of channel compensation?** Channel compensation should motivate and direct your distributors/resellers to provide the services your end customers most value. Providing them will increase your sales (theirs too) and the value of your brand. Channel compensation is not just a reimbursement of sales costs.
- **How can a marketer know what services its channel partners should provide?** Two kinds of research, market and competitive intelligence. Well designed market research should reveal more than just the end customers' "wish list." It should identify and prioritize the services on which the end customers base their supplier/brand purchasing decisions.

Competitive intelligence should reveal the services your most

successful competitors offer, how, and the frequency.

- **How much should a distributor/reseller receive for providing such services?** There's no one answer as distributor/reseller costs vary by the type of service, geography, and the level of expertise needed to perform it. Let your CFO/Accounting Department provide guidelines.

Underpaying will cause a distributor/reseller to cut back on services, often those which best differentiate your product offering. Overpaying results in subsidizing an inefficient channel model or paying your distributors/resellers to provide services the market does not really value.

- **How many plans are there for compensating distributors/resellers?** There are five: functional programs, quantity discount programs, pay for performance programs, cost sharing programs, and profit sharing/splitting programs.

The Point: Decide exactly what services you want your distributors/resellers to provide and make sure they are compensated, but not overcompensated, in a manner that motivates them to provide the services.

Nations – Unemployment

Country	Rate
S. Africa	24.7
Spain	21.6
Greece	17.7
Ireland	14.4
Portugal	12.7
Iran	11.5
Columbia	10.8
Turkey	9.8
Poland	9.6
France	9.3

Source: CNBC, June 2012