

# Dealers Versus Direct

## Emphasizing the importance of doing business locally

by: Ray Belanger, Bay Copy

One ongoing challenge that dealers face is competing against the “directs” — the manufacturers of the equipment that we sell, lease and service. Some see this as “the 800-pound gorilla in the room.” Being told by the manufacturers we work with that “there’s room for everyone” doesn’t do much to make the situation better. Many of us have found ourselves in situations where we have competed rigorously against the directs for local customer business.

This has been a hot topic of discussion among my industry peers for many years. In meetings, we’ve kicked around a number of best practices that help us meet this challenge — convincing our customers that independent dealerships are their best option for their office technology and MPS needs, rather than going directly to a manufacturer.

### The lowest price may not always result in the best deal.

Consider an initial set of questions from a prospect weighing whether to go with your independent dealership or a direct manufacturer. It might initially seem like a difficult conversation to navigate when asked, “Can’t I do better by buying direct?” or “Won’t the service I receive from the manufacturer be better than what I might receive from dealing with a local independent dealership like yours?”

As we all know, a big part of our sales process is overcoming objections. Questions such as the above can open the door to a meaningful conversation where we have the opportunity to make the strong distinction between price and value.

Just as no one would volunteer to fly across the country on a jet built by the lowest bidder, neither should we conclude that the lowest price for equipment is always indicative of the greatest value. A prospect may often jump to that conclusion though. It falls on us to convince him (or her) of the additional value of doing business with an independent dealership.



### Using the proper discovery process can yield large dividends.

The conversation may sometimes begin with price, but it doesn’t stop there. The process should include discovery — finding out what the prospect’s document needs are and then tailoring the accompanying services the independent dealership can provide to meet those needs.

My company got a wake-up call a number of years ago when a health-care client of ours used us for all its copier/MFPs on-site, which resulted in only about half the print volume it did annually. Although it

was a major client, we did not initially control its printers. Using our MPS program and having a few detailed conversations helped us to convert the client; we saw it as an opportunity to increase volume with an existing account, as well as a way to win business from new accounts.

### Many MPS programs require equipment from several different manufacturers and the advantage goes to independent dealerships.

A situation such as this can present itself as another compelling reason why an independent dealership may have a strong competitive advantage over a direct manufacturer. A dealer, in mapping out an MPS strategy, may often find that a combination of machines from several different manufacturers can create the optimum result in lowering per-page costs, as well as providing the greatest efficiency and most environmentally friendly atmosphere.

### Independent dealerships can win on service.

The strongest selling point we all have, in my view, is service — and not just “service” per se, but responsive service. Over the years, in my meetings with peers in industry trade groups, we’ve talked a lot about how service can set independent dealerships apart.

Some of us use differentiators like “guaranteed four-hour

response time” or something similar. These are important selling points for a prospect. In addition, an explanation of the certification and factory training of each technician usually dispels the notion that a service tech from a direct manufacturer is somehow better qualified than a technician from an independent dealership.

Beyond the knowledge required to service equipment is the response and attention paid to the client. This is where the independent dealership can win — and perhaps most successfully with the smaller and mid-sized businesses, because the directs seem to work more with larger accounts.

Anecdotally, we have seen a few situations in this market where the directs have fallen down on the service end of the equation. A health-care client whose business we recently won came to us, in part, because it was a former client of a direct manufacturer and experienced significant delays in getting parts and return calls for service requests. We have also heard complaints about invoicing and response time, which serve to remind us that bigger is not always better.

### **There is a stronger sense of community among the independent dealerships.**

Independent dealerships can compete effectively on price and, with strategic planning, they can win the service argument against the direct manufacturers by showing the level of training and education their technicians receive, as well as fast response times. One other area where the independent dealerships can shine by comparison is the matter of community involvement, and this can often be a compelling part of any sales pitch made to a prospect.

Several Forbes articles have highlighted the value of companies giving back and how it creates stronger cultures.

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While the larger manufacturers may also contribute to charitable causes, local dealerships distinguish themselves by investing time and money into their communities. This can take the form of supporting local Little League Baseball teams, school activities, scholarships and many other community venues. America’s Small Business Network (ASBN) says that community involvement strengthens community ties, boosts the customer

base and builds brand loyalty. Most dealerships that are involved in giving back to their communities do so simply because it’s the right thing to do, but it can also help a business expand its brand awareness and build loyalty.

And beyond giving back to the community through charitable contributions, the local independent dealership employs local people and, of course, pays taxes — other important ways to give back.

### **Independent dealers can compete effectively against direct manufacturers**

As direct manufacturers seem to gravitate toward larger customers, the opportunity for independent dealerships increases. Independent dealerships can provide all of the differentiators previously mentioned and can also serve as strong advocates for their customers when it comes to pricing of equipment and leasing terms. The role of independent dealerships can be all-encompassing — and that is good news for the customers we serve. We just need to educate our prospects and customers about this in our sales meetings. ■

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