

# Deepening Seven Steps of Development for Traditional Distributors in Poultry Feed Industry--With DSM ANH Channel Management as an Example

**Hermes Kang**

Channel/DSM Ltd., Shanghai, China

**Email address:**

Hermes.Kang@dsm.com

**To cite this article:**

Hermes Kang. Deepening Seven Steps of Development for Traditional Distributors in Poultry Feed Industry--With DSM ANH Channel Management as an Example. *Animal and Veterinary Sciences*. Vol. 11, No. 5, 2023, pp. 100-105. doi: 10.11648/j.avs.20231105.11

**Received:** August 21, 2023; **Accepted:** September 11, 2023; **Published:** September 20, 2023

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**Abstract:** This article summarizes the development plans of traditional distributors in the poultry feed industry, including the layout and distribution of poultry feed marketing channels. The in-depth development of businesses is elaborated in steps, which has certain reference value for promoting channels and brand coverage in the traditional poultry farming industry. The author of this article has been mainly engaged in channel research in China's aquaculture industry for more than 15 years, trying to find a channel that best matches China's agricultural and animal husbandry industry. In improving the company's channel model, we have made use of 23 major laying hen breeding provinces, 237 townships and nearly 700 laying hen terminal dealers visited in 9 years of practical work. Collect a large number of on-site sample data, combined with my channel management theory. Using quantitative and qualitative analysis and quantitative research methods combined with experience summary methods, a complete set of professional papers suitable for the seven-step development of traditional dealers is created. This article uses research methods such as literature analysis, interviews, and induction. Firstly, point out the current situation of distributors; Analyzing the problems in dealer development and management, it is found that there are a series of problems in dealer development, such as unclear goals, unclear responsibilities, lack of development methods, as well as a lack of performance assessment, motivation, and maintenance strategies in management. Based on this issue, according to the theoretical principles of terminal demand, a seven step deep development strategy and implementation method should be proposed according to the channel architecture. Finally, establish a data-driven management method for performance evaluation of cooperating dealers, increase cooperation enthusiasm through incentive policies for product prices and channel promotions, maintain cooperation relationships through the establishment of channel dealer loyalty and channel conflict management, establish competitive advantages of channels, and establish a set of channel development theories and methods that can be promoted and used.

**Keywords:** Channel Layout, Channel Sorting, Channel Empowerment, Channel Development

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## 1. Marking Channel

Philip Kotler, the father of modern marketing, once said "Marketing channel decisions are the most important decisions for management, and the channels chosen by the company will directly affect all other marketing decisions." The company's channel distributors are the main income of the company. There is only one purpose for a company, which is to create customers. How to deliver the company's quality products to users in what way is the most important thing.

In marketing process, there are the two important procedures--'Ying' and 'Xiao'. Many academic journals,

articles, or books interpret 'YingXiao' into English as Marketing. In fact, the two Chinese characters, 'Ying' and 'Xiao', which combined together, 'YingXiao', means Marketing in English. However, when they split into two words, 'Ying' means 'Marketing' and 'Xiao' means 'Sales'. First of all, what is "Ying"? It is a long-term planning ability, and generally, the marketing department is responsible for making such plan for long-term development. With unique creativity and various media to spread brand communication, such as relying on online medium to attract consumers, marketing staff were required a strong mind to do such intellectual labor which helps companies to place the 'fame' of the brand in the

minds of consumers. So what is "Xiao"? It mainly focuses on sales volume and sales amount, with short-term sales goals as the sales drive, and these responsibilities are basically completed by the sales department. Relying on resolute execution, establishing a good brand reputation in the sales channel, relying more on offline pushing, achieving a deeper and broader channel coverage, with the product's target coverage rate as the sales orientation, sales staff need to have strong physical labor, more often it is passively executing the various indicators issued by the company, in order to achieve the core purpose of fulfilling the company's profit indicators. Ultimately, marketing solves the company's purpose of fame and fortune both, completing the grand goal of building a century-old enterprise as its mission and vision.

The research on marketing and channel construction has a long history and mature theory since the establishment of Kotler's theory, and in recent years combined with the new market environment has produced a very advanced theoretical research and analysis, the analysis and solution suggestions for channel problems mainly focus on the distributor management of distribution channels, as well as related personnel management and manufacturer market support and other aspects, mainly focusing on two aspects:

(1) The problem of distribution channels comes from channel architecture. For example, drawing on network theory and stakeholder theory, it is believed that the channel is a supply chain composed of suppliers to distributors to distributors, and their research results show that only each chain member achieves flexibility in order to meet the direct needs of the next member. Organizations in different locations in the supply chain should prioritize flexibility in other links [1]. In other words, the subjective motivation of distributors is a key factor in determining whether the supply chain is efficient.

(2) The problem of distribution channels stems from regulation. Recent articles have pointed out that destructive behaviors in distribution channels (such as price confusion, uncertain product categories, uncertain promotion policies, etc.) are behaviors that have a significant adverse impact on the viability or operation of channel members. Understanding what influences the components of the supply chain to respond to disruptive behavior can help companies determine when, where, and how to proactively mitigate the adverse consequences of that behavior [2]. The increased diversity of channel segmentation, and the development from single, multi, and then omnichannel marketing, has made shopping and purchasing more convenient for consumers, but more difficult for marketers to manage. Marketers need to monitor more dealerships, old and new metrics [3]. This makes it difficult to have full control over the dealership.

Most industries still use a six-step procedural framework for how to improve the supervision of marketers, namely preparation, evaluation, review of relevant documents, selection of appropriate locations, clear communication of appraisal information, and encouragement of employees. Recent research proposes the use of mathematical measurements to improve the accuracy of business and organizational performance measures in managing employees

[4]. In a recent literature study, the skills that marketing professionals need to start and advance in their careers are defined. The study identified five employability skill categories and 29 skills and competencies. The correlation of these categories was also analyzed in low and highly digitized companies. It also provides a theoretical basis for the selection of personnel for the expansion of new marketing channels [5].

Regarding how to improve the efficiency of the circulation link through market activity support, guide customers through advertising and promotional activities, and reshape customer value is still regarded as an important link, some articles propose that marketing strategies must be able to reconfigure the supply chain and reshape customer value. This means a dramatic organizational change that goes beyond purely technical issues [6].

Manufacturers can study how to price the best cycle of distribution channels through a phased price strategy. Through the game theory model, a phased promotion pricing strategy is carried out [7]. The other is to influence customers through the influence of brands, and a recent literature study compares the traditional wisdom of brands to compete for and influence customers, especially in mature industries. Instead of engaging in price wars or promotional wars [8], brands coexist in the market by focusing on their own brand loyal customers. Similarly, when the price of the product is similar or transparent, advertising and service quality are the key factors for the success of product sales [9].

The origin of channel structure research is derived from the efficiency of marketing channels discussed by Weld, which believes that functional specialization produces economic benefits, and the segment marketing engaged in by specialized middlemen is therefore justified [10]; Marketing agencies are able to effectively overcome barriers and resistance to exchange because it can concentrate and distribute the required elements [11]; emphasizes that middlemen create basic utility, formal utility, location utility and time utility for producers and consumers [12]. Some scholars put forward the potential advantages of improving vertical integration of marketing, and also pointed out the corresponding management and coordination problems brought about by integration [13].

Using information technology as a way to continuously expand marketing channels. In today's market competition process, the use of information and information technology for marketing is the best choice [14], in the process of using information technology, it is necessary to build marketing management information system, business automation system and other management platforms [15]. In this way, the company can ensure product quality and reasonable prices, through appropriate market launch, the most convenient channels, timely meet customer requirements, and then occupy a place in the market [16].

## 2. Seven Steps

The poultry feed industry is very similar to the fast-moving consumer goods (FMCG) industry, as their products have a commonality - they must be consumed daily, and one day

without feed is unacceptable, making daily feed essential. However, there is a fundamental difference from FMCG, which only focuses on pre-use experience that the user can see it, buy it, and experience it. The value after the use of FMCG is often indeterminable or usually unnecessary to determine, as long as the user finds it attractable, buys it reasonable, and experiences it acceptable. However, poultry feed is different from FMCG. The buyers are not the real experiencers, and the quality of experience cannot be articulated by the animals. This requires tracking scientific, objective, timely, and accurate breeding data after using the feed. It requires channel dealers to have an additional ability which is technical service capability, and beyond simple agency for a product. They are not just the last-mile deliver or final payment collector [17]. This presents the biggest challenge in choosing poultry dealers for the entire poultry feed industry.

This paper takes the channel dealer program promoted by DSM Animal Nutrition for seven years as a real practice template. It explains the seven steps: finding, selecting, evaluating, supporting, managing, and in-depth specialization, one by one.

## **2.1. Regional Planning and Setting Goals**

There are four key contents.

### **2.1.1. Selecting Key Markets**

A product launch must have its main battlefield, secondary battlefield, and temporarily abandoned battlefield, determined by the company's resources, such as manpower, materials, and finances. Important resources must be put into the most important market and planned for tiered development.

### **2.1.2. Defining Development Products**

In selected key markets, combining market characteristics, breeding features, livestock types, farm distribution, etc., choose the most suitable products and livestock categories for promotion and complete product package combinations.

### **2.1.3. Considering Regional Breeding Volume**

In the selected key market, mostly by province or state, even more detailed breeding volume information must be made within such area. Understanding the top twenty key breeding counties from the top 100 counties (many areas are around 100 counties) in a province, these key counties become the main battlefield. Classify breeding customers into ABCD four types based on breeding scale, purchasing habits, service characteristics, etc., and maintain breeding customer files.

### **2.1.4. Setting Reasonable Plans**

After initially grasping the breeding information, a reasonable channel development plan must be made, taking the key twenty counties as an example. How to set the distribution standards for poultry dealers, whether to establish poultry dealers based on a single county or multiple counties, using a "frog leap" layout, central "fortress" style, or central-flowered, radiated layout. These approaches define future growth space, ensure no market gaps, and create

interlocking strategies.

## **2.2. Visiting the Market and Gathering Information**

Chairman Mao once said, "Without practice, there is no right to speak; without accurate practice, there is no right to speak accurately." As the person in charge of the channel department, the next step is to walk to the forefront of the market, visiting the market and conducting research with those frontline soldiers who can "hear the sound of artillery." The goal is to produce quantitative reports and qualitative analysis. Four important contents are still needed:

### **2.2.1. Widespread Casting of Nets**

Conduct a street-by-street collection of information on all relevant poultry feed industries in the district, including poultry dealers in veterinary care products, raw materials such as soybeans, corn, soybean meal, additive poultry dealers, epidemic prevention stations, slaughterhouses, egg collectors, poultry equipment sellers, and all other breeders' information from various manufacturers, distributors, etc. This is casting a wide net, all at once, with emphasis on selection.

### **2.2.2. Focused Fishing**

In as short as one month, or as long as three months, all regional information must be understood clearly. From the collected information, classify, archive, and analyze one by one [18].

### **2.2.3. Comprehensive Assessment**

Utilize the company's established standards for selecting poultry dealers to assess and find the most valuable customers for a return visit, and make a visiting schedule and purposeful planning report.

### **2.2.4. Matching Selection**

According to the sales capabilities, sales areas, sales characteristics, and agency habits of each poultry dealer, make reasonable customer matches, identifying suitable customers for sale from the previously analyzed A, B, C, and D classes, and combine them with their existing customers for integrated analysis, starting the match with the most familiar and easily approached customers.

## **2.3. Assessing Clients, Selecting Clients**

Entering the third, most critical step, requires the local sales manager to possess sound judgment and fairness, avoiding decisions based solely on personal preferences and biases, and making an analysis of five essential contents.

### **2.3.1. Visiting the Top Three Clients First**

Rank all selected potential poultry dealers for visiting, starting with the top three most suitable. This approach offers higher success rates, more efficiency, and builds confidence, especially for new sales staff.

### **2.3.2. Direct Manager**

On-Site Guidance. It's best if the direct line manager provides on-site guidance for the first three visits. This can

be arranged a month in advance and will improve negotiation skills and success rates, facilitate account approval, elevate your status in the customer's mind, and enhance the client relationship.

### **2.3.3. Preparing Alternative Plans**

Always have an alternative client list prepared, like 3+3, three visiting plans, and three potential visiting plans. Utilize the BATNA (Best Alternative to a negotiated agreement) if necessary. BATNA is defined as the most advantageous alternative that a negotiating party can take if negotiations fail and an agreement cannot be made. In other words, a party's BATNA is what a party's alternative is if negotiations are unsuccessful. The term BATNA was originally used by Roger Fisher and William Ury in their 1981 book entitled "Getting to Yes: Negotiating Without Giving In [19]."

### **2.3.4. Establishing a Client Archive**

Archive all client information for future successors to quickly understand the market situation and make necessary adjustments.

### **2.3.5. Defining Selection Criteria**

Selecting poultry dealers is significant and must be guided by specific standards. Factors such as value leadership, knowledge of basic breeding techniques, strong learning abilities, acceptance of novelty, good local reputation, financial strength, warehousing and logistics capabilities, and biological safety and disinfection abilities in warehousing, which are key indicators in the breeding industry, must be considered, as it extends beyond mere warehousing to include biological safety protection capabilities.

## **2.4. First Order, Payment and Delivery**

Once the contract collaboration has begun, the following four aspects must be carefully attended to:

### **2.4.1. Do Not Forget the Principle Standards**

All standards required by the manufacturer, regional requirements, final product pricing requirements, and understanding of the signed contract must be clear. It is crucial to comprehend all sales performance indicators to avoid unnecessary disputes during year-end reward payments, as each company's assessment mechanisms differ.

### **2.4.2. Product Positioning as Guidance**

Upon the arrival of the first batch of company products, or during transit, request the company's technical personnel to conduct detailed training on product functions, guidance on formula adjustments, and propaganda on corporate culture. Full understanding of each livestock species at every stage and familiarity with the manufacturer's product features and differentiation is essential for promotion with your own breeders. If possible, invite the manufacturer's technical manager to accompany a visit to a target customer, learning their entry points and technical promotion techniques [20].

### **2.4.3. Factory Logistics Must Be Tracked**

Since each manufacturer's payment requirements,

scheduling demands, and arrival times vary, it is necessary to master the manufacturer's delivery cycles and patterns. Simultaneously, monitor third-party logistics delivery services, communicate promptly with the manufacturer's logistics department to ensure undamaged goods, minimize breakage losses upon arrival, and understand the manufacturer's logistics compensation and complaint process to reduce communication costs and enhance efficiency.

### **2.4.4. Set Safety Stock Appropriately**

This aspect is often inadequately handled by most poultry distributors in the animal husbandry industry. One must be clear about the shelf life of each livestock product, the product arrival cycle, and the inventory information of terminal cooperative customers. By collecting and analyzing this data, you can initially establish your inventory amount, payment timing, and arrival timing. For instance, if you sell 10 tons of poultry feed per month, the safe inventory quantity is 1.5 times the monthly sales volume, i.e., 15 tons of safety stock. But this does not mean placing 15 tons in your warehouse; rather, it should be divided into thirds: 5 tons in stock (in the warehouse), 5 tons in transit (in the process of payment, scheduling, shipping), and 5 tons in count (the total of all terminal stock using your poultry feed). This way, the effective capital turnover rate can be maximized. It is also vital to adhere to the FIFO (First-In-First-Out) standard to prevent any product backlog, thus ensuring the freshness of the poultry feed.

## **2.5. Making Good Use of Resources and Conducting Test Experiments**

At the beginning of the collaboration, do not hesitate to engage the manufacturer's personnel; learn to utilize these resources. Truly outstanding companies will give certain attention and resource inclination to newly joined poultry distributors, helping them through the integration period. During this time window, ensure the following four tasks are performed.

### **2.5.1. Sales and Technical Collaboration**

Arrange for local sales and technical staff to communicate on-site once again, addressing issues encountered during promotion, successful aspects, and areas of doubt. Engage in face-to-face professional guidance, summarizing experiences, and rectifying shortcomings.

### **2.5.2. Frequent Communication with Distributors**

Have monthly telephone conversations with the manufacturer's functional departments to understand more macro-level information, broaden one's horizons, and provide feedback on frontline intelligence. Since their market presence is limited, having more accurate information will guide the company's strategy and policy-making with real-world practicality.

### **2.5.3. Data Collection Is Paramount**

Document all breeding clients in your region, including breeding quantity, procurement cycles, breeding standards,

management situations, breeding data, etc. Establish customer data files and conduct weekly visits to collect and discuss information, including information on competitors in the area.

#### **2.5.4. Factory Visits Are Highly Effective**

This is most crucial. Lead your core breeders in planned factory visits. Several areas can study together, having a profound impact on cooperating clients and potential ones. Understanding the quality standards and safety of the factory on-site surpasses any verbal communication.

#### **2.6. Establish a Benchmark and Personnel Deployment**

Utilize WeChat groups and platform communication groups to build your core circles, reinforce interactions with end-breeders, and include the company's technical staff. Achieve the following three points:

##### **2.6.1. Engaging with Core Clients Frequently**

Conduct online live lectures and Q&A sessions, adhering to three specifics and one perseverance: dedicated person (preferably oneself for knowledge sharing), dedicated group (adding breeders of similar scale and philosophy together), precise timing (daily on-time sharing), and long-term commitment (10,000-hour rule, fostering natural habits).

##### **2.6.2. Increasing Interaction Within the Core Circle**

Have monthly telephone conversations with the manufacturer's functional departments to understand more macro-level information, broaden one's horizons, and provide feedback on frontline intelligence. Since their market presence is limited, having more accurate information will guide the company's strategy and policy-making with real-world practicality.

##### **2.6.3. Roundtable Conferences**

Inviting the most core cooperating breeders offline, allowing them to share their experiences with your poultry feed, the performance of the poultry, and utilizing stakeholders to teach, offering the most persuasion. The so-called roundtable consists of a dozen people, just right for a table, inviting manufacturers to talk about products and core clients to share feelings, along with product promotions.

#### **2.7. Maintaining Development and Professional Management**

Having reached the seventh step, you must attain professional management, deep cooperation, and attach a great importance to poultry distributors that grow together with the manufacturer, sharing the same fate and aspiration. Simultaneously, distributors need to deepen the understanding of the company, whether there are new product promotion plans or new regional expansion plans. They could share the experience who transform from a stable monthly procurement distributor to a monthly growing core partner. Also, they ally with neighboring partners to become club members of the manufacturer, enabling unified shipping, production scheduling, and delivery, reducing the company's

logistics costs and increasing your reward rebate.

### **3. Conclusion**

"Battles have no a constant strategy; water has no a fixed shape." The market changes unpredictably, competing mechanisms innovate continuously, but aligning with a company of brand value, focusing on product quality and channel poultry distributors as the strategic direction. It places you on the shoulders of giants with distributors, Attuning, resonating, aspiring, and striving together.

The seventh step has been achieved, it is necessary to achieve professional management, in-depth cooperation, manufacturers pay the most attention to with themselves

Poultry dealers who share a common destiny. At the same time, it is also necessary to deepen the understanding of the company, whether there is new

The product promotion plan, the expansion plan of the new region, the story of building itself from a cooperative poultry distributor to a cooperative one

Partners, stable poultry distributors who purchase goods month by month, become core partners that increase month by month. At the same time with phase

Partners in neighboring regions form an alliance to become a member of the manufacturer's club, which can be unified delivery, unified scheduling, unified to goods, reduce the company's logistics costs, and also increase their own reward rebates.

In the future, global competition will revolve around competition in "five major fields," namely: large-scale production, large-scale capital, big data, large-scale platform, and large-scale logistics." In the first four links, China has certain advantages at this stage, and it has an advantage in the network of major logistics cities, but it does not have any advantages in the vast rural breeding market. Although roads, bridges, and other infrastructure facilities have been built at a high speed in recent decades, the hardware conditions have been complete. However, due to China's vast geographical conditions and the scattered farmers in various villages, logistics costs are high. In this area, logistics costs are 1.25 times higher than those in Japan, Europe and other countries, and 1.5 times higher than those in the United States.

The best way to compete for last-mile delivery is to combine it with dealers in various townships. Let it become its own "nerve endings" and become the most one-stop service provider of its own logistics. The "flow of business, money, people, and information" will be passed on to every terminal farmer in an undiminishing manner, so as to optimize value, minimize cost, and maximize efficiency. With this "seven-step method", we can better train, screen and lead high-quality dealers.

However, as long as we cooperate with a company with brand value, product quality as the core, and channel poultry distributors as the strategic direction, we will stand on the shoulders of giants, synchronize with the same frequency, respond with the same voice, seek the same qi, and share the same path.

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