

## CHAPTER V

### SETTING UP A DEALER ADVISOR NETWORK

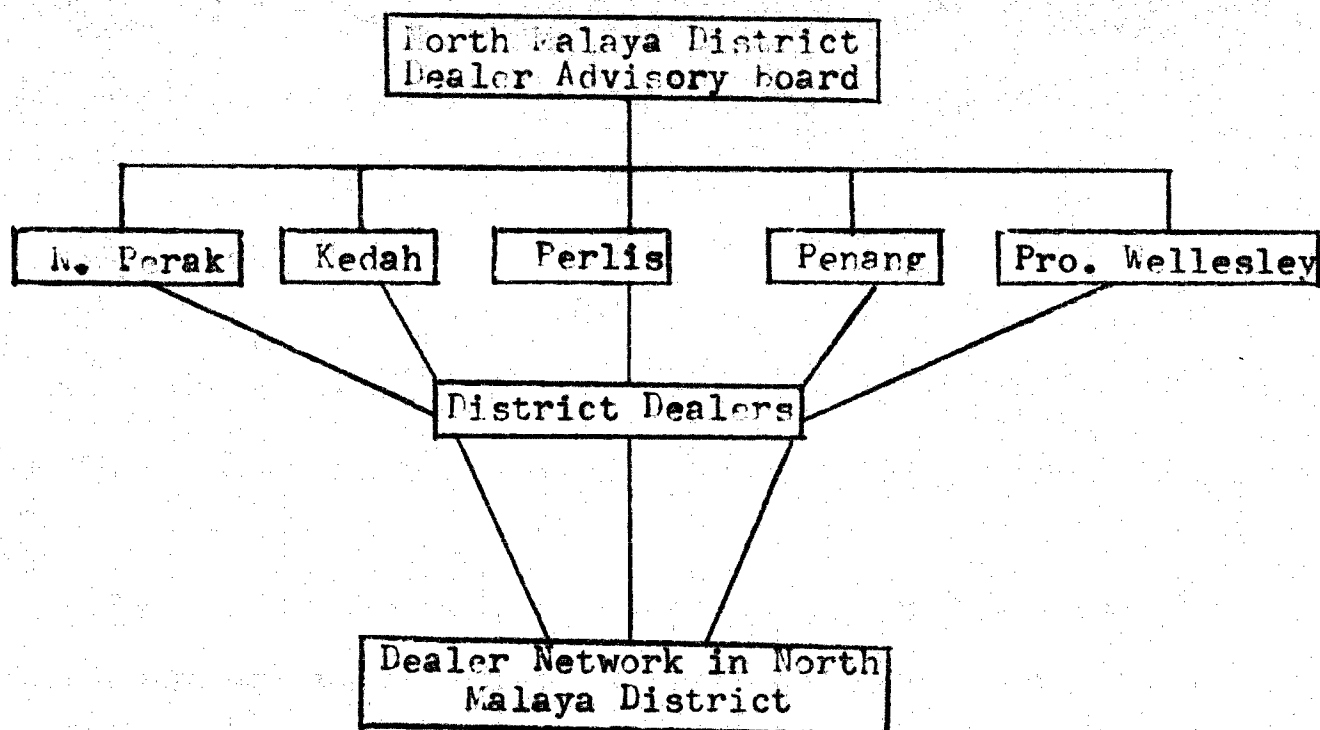
A functioning network of dealers at all sales levels of an area, a region, or a company with marketing operations has purposes other than the practice of public relations. Such a network brings dealers closer to the company through the very fact of its existence and the nature of its meetings. It gives dealers a chance to know one another, to exchange ideas, to compare their operations with those of dealers in the next town, the next state, or in distant part of their own or neighbouring states. It also satisfies a basic human need of dealers - that of recognition for their efforts-and provides a safety valve to relieve them of frustrations, misconceptions, and a sense of being kept in the dark which often results from solitary, seemingly unappreciated effort.

Three fundamentals concerning the dealer network should be considered. They are:

- 1) the dealers who are members of the organisation have as their function purely advisory duties, not infringing on any management responsibility.

- 2) the network extends from the basic level of sales in the field, up through all intermediate levels and to the highest sales level<sup>14</sup> of the company; and
- 3) Each of these levels be linked by individual dealers holding membership on at least two levels, so that there is direct vertical communication, throughout the network.

DEALER NETWORK IN NORTH MALAYA DISTRICT<sup>15</sup>



<sup>14</sup> The highest sales level is that which is directly concerned with top management. Here sales orders are made directly to head office either through the phone or direct personal contact. Sales here are made in bulk and are delivered by the company's fleet of tankers.

<sup>15</sup> See Esso, Esso Dealer Business Development, Esso Training Manual, New York.

Above is an example of a dealer network and from the illustration it can be seen that it embodies quite a broad area of operations. The network covers North Perak, Kedah, Perlis, Penang and Province Wellesley and all these areas are divided into a District Dealer Board and several dealer boards. The District Dealer Board is mainly advisory in operation and in this case, has its headquarters in Ipoh. It is easily accessible to dealers and it maintains a direct line of communication with the dealers of North Malaya. As it is mainly advisory in nature, it passes on company policies to the dealers with whom it transacts business and it receives complaints and suggestions from them too. The sales territory boards cover a smaller field and in these boards, company representatives are mainly the salesmen in the field. These salesmen maintain direct contact with the dealers who meet regularly to exchange ideas and make plans for public relations activities. In the North Malaya District, Dealer Advisory Board meetings are held annually in Ipoh and these are usually presided over by company representatives. Through these meetings the dealers and company are kept constantly in touch, so that if any change of policy is to be carried out, this change can be immediately and effectively communicated to the dealers concerned. Speed in this respect is of vital

importance to the company; for example, in an advertising campaign, it is imperative that all dealers in the sales territories act simultaneously, otherwise competitors will quickly introduce counter actions.<sup>16</sup>

At the national level, Esso Standard Malaya Ltd. is divided into four districts. They are:

- 1) North Malaya District - NMD
- 2) Central Malaya District - CMD
- 3) East Malaya District - EMD
- 4) South Malaya District - SMD

Each of these districts again is sub-divided into areas and in North Malaya District there are two areas:

- 1) North Area, and
- 2) South Area.

In each of these areas, the dealer outlets are classified into three types:

- 1) Service Stations.
- 2) Filling Stations.
- 3) Curb Pumps.

A service station is highly capital intensive

---

16

These actions from competitors are mainly in the form of advertising campaigns too. These are introduced to neutralise competitors' campaigns. Very often in Malaya, Shell and Esso engage in this tactic.

and it is mainly found in urban areas. The degree of capitalization<sup>17</sup> depends on the price of land, locality and type of equipment. The functions of a service station include servicing of motor-vehicles, some minor repairs and filling; whereas a filling station does not do servicing but mainly engages in the selling of gasoline. A curb-pump is stationed at the five-foot way and the dealer takes the selling of gasoline chiefly as a secondary activity. Of greatest importance are the service stations and the company is particularly interested in the dealers who run them.

Given below is a list of dealer networks which shows at a glance the immense area Esso operates in. Its task in developing a company-dealer network is of tremendous importance and as such the company has developed a very well coordinated and efficient teamwork to put forth effectively its policies and ideas. This teamwork consists of the company's top personnel as well as its workers in the field, the salesmen, together with the co-operation of dealers.

Esso Retail Outlets in Malaya<sup>18</sup>

NMD - No. of outlets

North Area:-

Service Stations	-	13
Filling Stations	-	18
Curb-pumps	-	<u>19</u>
		50

Out of the thirty-one service and filling stations, 45% of the dealers are Absentee Dealers<sup>19</sup> and 55% are Working Dealers.<sup>20</sup>

South Area:-

Service Stations	-	18
Filling Stations	-	17
Curb-pumps	-	<u>16</u>
		51

Out of these thirty-five service and filling stations, 37% of the dealers are Absentee Dealers and 63% are

---

<sup>18</sup> See Esso, List of Retail Outlets - Esso Standard Malaya Ltd., 1966.

<sup>19</sup> These are dealers who do not operate the stations themselves. They engage paid workers to operate their business.

<sup>20</sup> These dealers work in their stations as managers. Running their stations is the chief activity for them.

Working Dealers.

EMD - No. of outlets (East Coast Area)

Service stations	- 3
Filling stations	- 10
Curb-pumps	- <u>4</u>
	17

Out of these 13 service and filling stations, 69% of the dealers are Absentee Dealers and 31% are Working Dealers.

S&D - No. of outlets

Service stations	- 32
Filling stations	- 24
Curb-pumps	- <u>20</u>
	76

Out of these 56 service and filling stations, 38% of the dealers are Absentee Dealers and 62% are Working Dealers.

At present, there are 247 outlets<sup>21</sup> in Malaya and the company has about the same number of dealers, too. From this list of retail outlets it can be seen

---

21

This will soon change because many new stations are now in the process of construction. Furthermore, following the company's expansion programme, many new ones are being planned.

that Esso's influence is felt in almost every town and village in Malaya. Where this influence cannot be directly exercised by the company's representatives, Esso, through its company-dealer relations programme, makes use of the dealers as intermediaries to make its brand name better known to the target market. How are dealers counselled to act as intermediaries for the company? In this respect the grass root approach is utilised and salesmen are sent out to visit stations regularly, not only to increase sales volumes but also to advise and help dealers in maximising their profits. In the course of their duties these sales representatives of the company make careful studies of the dealer's situations and then pass on information to head quarters where policies and plans for improvement are formulated. In all, Esso Standard Malaya Ltd. to-day has twenty six <sup>22</sup> salesmen of which:

8 are in NED  
7 in CED  
5 in SMD, and  
6 in EMD.

---

22

This number is increasing for at present six marketing trainees are undergoing training.



Dealer Advisory Group in Company-Dealer Relations-  
Sales Territory Level:

Each Sales Territory Dealer Advisory Board is made up of a representative group of five or six dealers and membership is chosen by the District Sales Supervisor. This is done so as to reflect the different types of existing outlets. Membership of the Sales Territory Dealer Advisory Boards is changed annually, thus in a few years each dealer in the territory will have a chance for personal representation. Membership on the boards, after the first dealer group has served its term is also subject to such qualifications as an exemplary character, dealership quality and ability to mix, with out-going members recommending successors whose final appointment is subject to the approval of the salesman and the sales supervisor. It has proven useful for company management to maintain this privilege of making appointments at all Dealer Advisory Board levels, in order to insure properly balanced boards and to avoid embarrassing situations which might arise if poor, or about-to-be terminated dealers were given membership.

Each Sales Territory Dealer Advisory Board meets about once a month on an informal basis. The meeting which is generally called by the Dealer Salesman, may be held in one of the member's service

stations or in a centrally located restaurant. It may be held at any time of the day that is convenient and lasts for two or three hours at the most. The meeting is opened by the Dealer Salesman, when he has some special news or information, or else by the informal chairman - that dealer member who is also a member of the District Dealer Advisory Board.

The meeting has a simple agenda of two or three items. At the beginning, the Dealer Salesman may inform the members of a new merchandising plan, some problems present in the Territory on which he feels their views would be helpful, or he may mention some changes in District organization or delivery plans which would affect their operations. If he has no such information to pass along, the informal chairman may start off by mentioning what went on in the meeting of the District Dealer Advisory Group, and what information that body obtained from its member who attended the last meeting of the Area Advisory group. After these preliminaries, the Dealer Salesman actually leaves the meeting, or retires to the position of a listener.

From then on, individual members may bring up topics of interest to themselves as dealers, or

subjects which they have been requested to put on the table by territory dealers who are not members of the Board. Brief minutes are kept of these meetings, either by the informal chairman or by the Dealer Salesman, so that suggestions, recommendations, complaints or queries can be taken up at the District Dealer Advisory Board level, or with the District management, and action taken or answers provided in the shortest possible time. A fundamental responsibility of the company in connection with the meetings at all levels of the dealer advisory network is to furnish such answers promptly and in full detail, take action recommended by dealers, or explain why recommended action cannot be taken. When this responsibility is fulfilled, it is a very effective proof to dealers that the company's interest in them is sincere. Some other interesting and attendant benefits which have resulted are:

- 1) The Dealer Advisory Board meetings at the Sales Territory level have cut down the number of meetings previously held by salesmen with dealers and have given salesmen more time for other important duties.
- 2) The salesman has achieved a better-relationship through dealer members of the Board with dealers who are non-members, for

many of his suggestions and recommendations are now reaching dealers through other dealers. It has been found that dealers are more likely to accept ideas coming through this dealer channel, also feel that they have contributed to the suggestions themselves. This gives them a feeling of participation.

#### Dealer Advisory Group-District Level

One member of each Sales Territory Dealer Advisory Group is also a member of the Dealer Advisory Group at the District level. The District Dealer Group thus reflects all the marketing and geographical characteristics of the entire district. Meetings here are more formal than those of the Sales Territory because in many cases, considerable distance is involved for attendance, dealers are paid their travelling expenses to the meeting and this generally lasts an entire morning.

Membership on the District Dealer Advisory Board is also changed annually, on the basis of recommendations from outgoing members with final appointment reserved to the District management. In some districts, however, dealer members actually elect representatives to the District Board. Both methods are workable and have merits which are worthy of

consideration under differing circumstances.

The dealers discuss the items on their agenda either those suggested by management, by members of Sales Territory Boards, or by District Dealer Advisory Board members themselves. In most cases these subjects concern public-relations activities of dealers in the Districts which are actually underway, are contemplated or have been suggested by the Dealer Board at the Area level. Reports of progress on these programmes are made, deficiencies noted, and modification considered. Management representatives note the report of the group and answer any questions which can be answered on the spot, undertake to provide answers to others by the next meeting; then the meeting ends usually to be followed by a luncheon.

The existence of this responsible, representative dealer body at the District level provides management with access to District-wide dealers' opinions and help in sales activities. Moreover, each dealer in the District knows that because of this body he has direct access to District Management and through it to Area Management and because of the linked nature of the dealer network, is in touch with all other dealers throughout the District and Area.

### Benefits of the Dealer Advisory Network:

Through this network, the company makes the dealers feel that this is their organisation and accordingly they use and respect it. This feeling means that dealers are accomplishing much that the company desires. This arrangement is often more effective than when the pressure comes solely from the company, since such pressure is often resisted by dealers. The primary purpose of the dealer advisory network is to be a company-dealer public relations instrument. Before that instrument can be completely effective, one more step must be taken and that is to establish an effective line of communications through this network.

