

Trade marketing in the domestic industry of fast moving consumer goods

Trade marketing na indústria nacional de bens de consumo não duráveis

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ABSTRACT

There have been changes in the fast moving consumer goods industry in Brazil, similar to those that took place in mature markets, especially regarding the globalization of supermarket chains, the increasing consolidation of supermarkets, and the strengthening of private label brands. These factors have made clients put more pressure on industries. They demand better discounts and services, which decreases manufacturers' profitability. A qualitative study conducted with executives from twenty-five fast moving consumer goods companies, with revenues of over R\$ 100 million per year, found that an alternative to build up business in this industry is implementing a trade marketing department. This department aims to serve clients and consumers better and more profitably by adjusting the company strategy, structure and operation to the dynamics of distribution channels. The study presents the trade marketing strategies that demand adjusting the marketing mix to the needs of distribution channels; the structures and functions of trade marketing, with its different possible formats, and the profile of the professional working in this area, who should have a sound academic background, as well as previous experience in marketing and sales.

KEYWORDS: Fast moving consumer goods; Trade marketing; Retail.

RESUMO

Assim como ocorreu em mercados maduros, ocorreram mudanças no varejo alimentício brasileiro, em especial a globalização das redes supermercadistas, o aumento da consolidação dos supermercados e o fortalecimento das marcas próprias, fazendo com que as indústrias passem a ser muito pressionadas pelos clientes que hoje demandam maiores descontos e melhores serviços, o que reduz a rentabilidade dos fabricantes. Mediante um estudo qualitativo feito com entrevistas com executivos de 25 empresas de bens de consumo não duráveis, com faturamento superior a R\$ 100 milhões por ano, verificou-se que uma alternativa para recuperar os negócios das indústrias é a implementação do departamento de trade marketing, cuja meta é adequar a estratégia, a estrutura e a operação da companhia à dinâmica dos canais de distribuição, com o objetivo de atender melhor e mais rentavelmente seus clientes e, por seu intermédio, os consumidores. O estudo apresenta as estratégias de trade marketing que demandam a adaptação do marketing mix às necessidades dos canais de distribuição; as suas estruturas e funções, que possuem variada gama de formatos e, ainda, o perfil do profissional para atuar na área que, além de uma sólida formação acadêmica, deve ter experiência prévia nos departamentos de marketing e vendas.

PALAVRAS-CHAVE: Bens de consumo; trade marketing; varejo.

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1 INTRODUCTION

By the early 1990s, both in Brazil and worldwide, the fast moving consumer goods industry had a marketing department and a sales department with well-defined roles. According to Randall (1994) and Moricci (2013), the marketing department focused on the consumer, developing business plans that positively impacted them, and considering the variables of the marketing mix (product, price, promotion and point of sale). On the other hand, the sales department conducted negotiations of product portfolio and activities with clients retailers served directly or indirectly. Points of sale were considered a variable that companies were able to control, since most clients with a regional presence in Brazil could not fail to have major brands on their shelves.

Over time, industries have lost bargaining power for retailers that, in the last twenty years, have gone through an accelerated process of globalizing, consolidating and developing their own brands. Stronger and professionally structured, retailers are now large international companies such as Casino (Pão de Açúcar Group), Carrefour and Walmart, or solid domestic companies that increasingly pressure industries for greater discounts and services. As a result, industries have suffered a sharp fall in profitability in their operations (RG Motta, Turra, & Motta, 2017). One alternative, implemented by industries to reverse this situation, was introducing the trade marketing department, which proposes that clients (retailers) be treated as consumers, that is, with strategies designed to serve them with excellence, without reducing, or possibly recovering, the suppliers' profits.

2 PROBLEM OF THE STUDY

The problem of this study was verifying what trade marketing strategies and structures have been developed to address the impact of changes in food retailing on industries. In line with this question, the objective of this paper is to identify the trade marketing strategies and structures developed by industries of fast moving consumer goods to respond to the changes that food retailers have undergone in Brazil.

Conducting this study is pertinent because there is currently a need in Brazil to produce studies for creating and developing trade marketing departments and professionals working in the area, so that they can be added to the existing seminars that address this subject, and to the knowledge already acquired by the industries that have some experience in the sector.

Because the subject studied is a concept that has recently gained relevance in organizations, there is no comprehensive domestic or foreign bibliography on it. This paper, since its object of study is the description of the changes in food retailing, as well as the strategies and structures of the trade marketing departments studied, can be considered as a combined exploratory-descriptive study. According to Marconi and Lakatos (2005, p. 190):

They are exploratory studies whose purpose is to describe thoroughly a certain phenomenon (...) both quantitative and / or qualitative descriptions can be found, as well as the accumulation of detailed information (...) precedence is given to its systematic representative character and, consequently, sampling procedures are flexible.

Mattar (1996) states that there are several methods for conducting a study. A survey of experiences was chosen for the elaboration of this work, a method that can be used in those situations in which a relevant part of the knowledge and experience acquired has not yet been documented. An intentional sample of industries that were part of a particular field of activity was chosen: production and marketing of fast moving consumer goods.

3 BIBLIOGRAPHIC REVIEW

3.1 Changes in retail and impact on industries

According to Kumar (2004), the performance of retailers was generally local and fragmented until the 1980s, and limited to only one country or region of the country of origin. In Brazil, before Carrefour was established in the 1970s, all major food retailers were domestic companies, and most of them operated in a certain region of the country. They were family-run businesses, managed by their owners without using best management tools or specialized professionals. It was a sector of the economy that had the image of not being complex, with businesses that did not need a skilled workforce to manage them (R. G. Motta, Santos, & Serralvo, 2008; R. G. Motta et al., 2017). Industries, many of which multinationals, used their superior bargaining power whenever necessary to coerce retailers to achieve their goals—since retailers were forced by consumers to have leading products on their shelves, otherwise they would be purchased from competitors.

Changes in the configuration of retailers, especially globalization and the consolidation of supermarket chains that took place first in more mature markets—such as the United States and Europe, enabled the largest chains to negotiate discounts and services with industries, which is corroborated by Randall's (1994, p. 3) statement: "(...) the balance of power seems to have swung toward retailers." This movement encouraged the supermarket chains that once had regional operations to expand into other countries with their own stores or with the acquisition of local chains. According to Randall and Seth (2005), the globalization of retailing is a consolidated reality for the world's major food retailers, such as Walmart, Carrefour, Tesco, Ahold and Costco, which today have a significant share of their revenues in host countries. To expedite the entry into new countries, the strategy is to open stores to compete with local retailers or to acquire these retailers, which ultimately leads to a consolidation of total sales for successful global retailers in their process of internationalization. The remaining regional retailers seek to expand their businesses to compete with the world's giants (Parente & Barki, 2014).

According to Porter (1989), competitiveness is a central issue for companies in different sectors, and retail is no exception. J. Corstjens and Corstjens (1995) explain that retailers compete fiercely with one another for the market share of consumer goods. They can be more competitive by offering private brands (marketed exclusively by retailers that own the brand) and compatible prices when compared with market leaders. This is one more factor that can undermine the profitability of industries and their brands.

The immediate consequence of the globalization, consolidation and emergence of private brands is the delivery of better results by retailers and the fall in profitability of industries, increasingly pressured to offer more competitive prices and additional services to retailers. There are indications that this phenomenon has also been taking place in Brazil. RG Motta e Silva (2006) verified that there are seven relevant trends occurring in Brazilian retailing from the perspective of industries, namely: retailer globalization, consolidation of retail chains, emergence of new retail formats, appearance of private label brands, creation of business centers by small retailers, competition from retailers of different configurations and introduction of online retailing. For industries, these changes are detrimental to their business, and 70% of respondents stated that their business results have worsened in recent years due to changes in retailing.

3.2 Marketing and Sales

Before these major changes occurred in retail practice, the sales departments of fast moving consumer goods companies developed structure models that, despite the characteristics of each segment, and even of each sector in particular, have similarities among them, especially the existence of marketing and sales departments.

To expand the work carried out by marketing, Groonros (2001, p. 54) offers the definition provided by the American Marketing Association: "Marketing is the process of planning and executing product

design, pricing, promotion and distribution of ideas, goods and services to create exchanges and meet individual and organizational goals". This definition presents the student or marketer with the marketing mix, which refers to (or should refer to) controllable variables that the marketing executive must manage in order to achieve the company's business objectives. They are known as the four Ps: product, price, promotion and point of sale. Widely known by marketing managers, these have been the primary responsibilities of a marketing executive for decades, and it is interesting to point out that the point of sale was considered a controllable variable by industries (and by marketing scholars themselves).

Sales departments, whose main objective is to supply the retailers served by industries, had a working routine that included visiting their retail clients and selling products to them, supplying the shelves of each point of sale, as well as prospecting new clients. At this stage of the consumer goods industry, the attempt to understand the distribution channels was quite weak due to the limited strength of retailers, considered - as previously stated - as a "controllable" business variable (RG Motta & Corá, 2017).

3.3 Trade marketing

In order to respond to the new business landscape, it was necessary to understand and interact with distribution channels differently from what had been done in the past. Marketing and sales departments, in addition to the plans and operations under their responsibility, were no longer able to achieve the levels of results expected by the consumer goods industries. The point of sale could no longer be understood as a controllable variable and should deserve a personalized treatment just as good as, or better than, that offered to consumers of consumer goods (Almeida, Penna, Silva, & Freitas, 2012). According to Randall (1994), the first trade marketing departments were organized in Europe (European retailers in the 1980s and 1990s underwent several transformations that subsequently spread throughout the world as the consolidation of large chains). RG Motta, Santos and Serralvo (2008) developed a generic concept of trade marketing that provides the following definition: trade marketing operates to adapt the strategy, structure and operation of a company to the dynamics of the distribution channels, as to serve their clients better and more profitably and, through them, consumers.

The first challenge of this new department is to design the distribution channel strategy of an industry (Pitassi, 2011). For a marketing strategy to be effective, according to Rosenbloom (2002), it should be consistent with marketing objectives and strategies, so that products are effectively made available to target consumers. This strategy should be poised to customize the marketing mix (product, price, promotion and point of sale) to the needs of each distribution channel, in order to satisfactorily serve clients and consumers in the industry. This customized compound, which makes up the trade marketing mix, employs a greater and sharper focus on distribution channels. The focus on learning about the needs of retailers, including them in the marketing mix, and thus effectively implementing the strategies of companies, all of that is done by a structure that has gained increasing strength in recent years, and is the object of this study, which is trade marketing.

4 METHODOLOGY

Twenty-five marketing, trade marketing and sales executives were selected because these are the departments that most interact with trade marketing activities. Analysts, coordinators, managers and directors were accepted as respondents, as long as they had at least five years of experience in one of the three departments mentioned. In addition, they should have had contact with trade marketing strategies and structures in that period. All respondents should work for consumer goods companies with a minimum revenue of R\$100 million per year, since small companies, although they can develop trade marketing strategies and plans, have fewer resources available to implement a trade marketing structure and this was one of the topics of interest in the study. Due to the busy schedule of the executives of the companies selected and mentioned in Figure 1, a decision was made to send

the questionnaires by electronic mail and request that they be completed and returned in the same way. According to a recommendation in the literature (Yin, 2016; Creswell, 2013, Cooper & Schindler, 2016), all respondents were ensured that their identities would be kept confidential so that any biased responses could be prevented.

Industry	Respondent's Department	Products
Arcor	<i>Trade marketing</i>	Food
Bauducco	Sales	Food
Bimbo	Marketing	Food
Bombril	<i>Trade marketing</i>	Hygiene and Cleaning Products
Brasfrigo	<i>Trade marketing</i>	Food
Cadbury	Sales	Food
Coca-Cola	Marketing	Beverages
Coca Femsas SP	<i>Trade marketing</i>	Beverages
Colgate	<i>Trade marketing</i>	Hygiene and Beauty
DelValle	Marketing	Beverages
Diageo	<i>Trade marketing</i>	Beverages
Faber Castell	Sales	Office Supplies
Heineken	<i>Trade marketing</i>	Beverages
Fleischman Royal	<i>Trade marketing</i>	Food
Hypermarcas	<i>Trade marketing</i>	Food, Hygiene and Beauty
Johnson & Johnson	Sales	Hygiene and Beauty
Nestlé	Sales	Food and Beverages
Nutrimental	Marketing	Food
Pepsico	<i>Trade marketing</i>	Food and Beverages
Procter & Gamble	Marketing	Food, Hygiene and Beauty
Red Bull	Sales	Beverages
Sadia	Marketing	Food
Spaipa	<i>Trade marketing</i>	Beverages
União	Sales	Food
Unilever	<i>Trade marketing</i>	Food, Hygiene and Beauty

Figure 1 - Industries surveyed
Source: Prepared by the Authors.

In order to design the survey questionnaire, the methodology suggested by Marconi and Lakatos (2005) was followed. The subject to be studied was divided into two topics: trade marketing strategies and trade marketing structures. Once the topics were defined, the questions were elaborated by alternating closed-ended, open-ended and multiple choice questions, allowing the respondent to respond more comprehensively and express opinions according to the complexity of the subject being investigated (the more complex the topic, the more comprehensive the kind of question).

When starting the tabulation of the answers, it was verified that twelve respondents responded very superficially to the open-ended questions so a personal interview with each of them was scheduled for clarification. The interviews were held three months after the last questionnaire answered was received, and many doubts were solved. It is interesting to note that two of the companies (that responded they did not have a trade marketing structure) implemented this department within that period of time, which enhanced the material with the perspective of companies starting to work in the area that was the object of the study.

5 RESULTS - TRADE MARKETING STRATEGIES

Trade marketing departments are faced with the challenge of formulating strategies capable of increasing the profitability of their businesses in face of the changes that food retailing has experienced in Brazil. In addition to business product plans, historically devised by marketing departments, trade marketing strategies are developed and formalized through the preparation and

approval of an annual business plan per distribution channel, already made by all the companies surveyed, with the exception of one.

With the objective of acquiring a deeper understanding of the content of these business plans by channel, the survey investigated the possible trade marketing mixes that make up the main part of the adaptation of marketing strategies to distribution channels. As this mix, developed from the marketing mix, is composed of the four Ps, which are point of sale, promotion, price and product, each of these items was analyzed.

5.1 Point of Sale

As for the point of sale, the main target channels are hypermarkets and supermarkets, because these are the channels selling the largest number of consumer goods and would undergo a large number of changes, especially the globalization and consolidation of supermarket chains. This has been generating a negative impact on the results of the fast moving consumer goods industry, and, therefore, demanding much attention now, so that it is possible to reverse the decreasing profits scenario.

A great deal of companies have a small sales team and market their products with retailers through middlemen that can be distributors (exclusively selling products from a company or supplier in each segment, such as food, beverages, hygiene) or wholesalers (selling products from different companies in each segment). Even if they do not sell their products exclusively through wholesalers or distributors, all surveyed companies use these channels, at least as a tool to complement their sales to those points of sales they do not serve directly, either due to their limited sales potential, the difficulty of reaching them, or some other reason. As a result, developing these channels is also an important challenge that can be verified by the fact that most companies surveyed consider distributors and/or wholesalers as target channels. The other distribution channels, such as mini markets, bakeries, grocery stores and bars, are considered as a focus by a smaller number of the companies mentioned above. However, according to executives in this industry, the importance of these channels when elaborating trade marketing strategies should grow, generating an increase in sales for these channels and, therefore, reducing their dependence on hypermarkets and supermarkets.

Once the target channels are established, the role of each one of them must be defined, and this is done in almost all companies surveyed - the only exception being those whose trade marketing department had been created less than one year before. The role of the channel dictates the benefits this industry desires, and after this role has been established, the action strategy for this channel is defined. The role of generating volume of sales is the most present when designing the point of sale strategy of the trade marketing mix, since, as some respondents mentioned, the sales targets from many companies are set in volume of sales, so it makes sense to define which channels most significantly contribute to achieve that goal. The second role occurring more often in the trade marketing mix is that of generating profit. The main stated reason is the need, as mentioned before, the fast moving consumer goods industry has to recover the profitability affected by the changes in the retail market. Consequently, these companies have put in efforts in channels that are potentially more profitable, such as bakeries, grocery stores and bars where it is possible to trade their products without having to offer so many discounts and services, comparing to those needed in multinational or domestic large supermarket chains. The third most common role when elaborating the strategy is that of generating image. According to respondents, there are two possible situations in which the channel has this function. The first is when a company develops a channel with a low sales volume, but because of the privileged location of the establishments, they generate product visibility for their consumers. The second possibility for a channel to be a generator of visibility is not to stop selling their products to this distribution channel, because they use display racks in supermarkets as a way of presenting their products to potential consumers who shop there. This is particularly true for mid-sized industries that do not have bargaining power and feel pressured when negotiating with large self-service chains, which either no longer profit or make a loss on this type of transaction. These industries try to sell these clients as little as possible, as to avoid jeopardizing results, and they

concentrate their efforts in trading as much as possible with those profit generating channels. Finally, the other two possible roles that distribution channels may occupy are revenue generator and distribution generator. The role of a revenue generator is similar to that of the volume generator, whereas the role of a distribution generator defines not only those channels that complement a company's direct distribution (wholesalers and distributors), but also the channels comprised of small points of sale. The latter, despite individually accounting for a small share of the total sales, become representative when combined, because the product is distributed to a large number of points of sale. An example of a channel that generates distribution, as mentioned above, are bars in relation to the beverage industry.

Once the target channels are defined, together with the role of each one of them, you must define the expected distribution in each one of the channels to be served, because it will be difficult for a company to serve directly all prospects from a specific channel. Hypermarkets and supermarkets may be exceptions because they are distribution channels with a smaller total number of stores than those of the remaining channels. Most respondents adopt this definition, which is not supported only by those companies that established their trade marketing department for less than one year.

Most companies surveyed provide services to secure their distribution channels supply. However, it is worth noting that in the analyzed sample this is mainly a responsibility of the logistics department, according to the demands made by the sales team. On the one hand, this attribution makes sense, because it must be a sales team concern to guarantee maximum efficiency in customer service and the logistics department is there to safeguard product availability. However, as one of the respondents stated that, if the trade marketing department is seen as a whole, it must be involved in the elaboration of the logistics plan, as to assure the fulfilment of the needs and opportunities outlined in the annual business plan of each channel.

The logistics services mentioned by the respondents may be divided in two groups: those aimed at distribution channels that generate volume (hypermarkets, supermarkets and wholesalers) and those services directed at other clients. In the first group, the services mentioned are daily deliveries, scheduled deliveries, priority deliveries, EDI, FOB deliveries (clients pick up the products in the factory and have incentives for doing this, since the factory does not bear the costs of delivery), supply disruptions (orders are placed whenever there is a risk of a lack of provision) and discounts for streamlined orders (full-load shipments, for example). Regarding the second group, industries try to establish a systematic dynamics of visits from the sales team and of deliveries to prevent a lack of supply, in the case of the clients that are directly served. As for those clients served by distributors, the challenge lies in making sure this dynamics in sales and deliveries is performed by the distributor that supplies smaller clients.

5.2 Promotions

This component addresses the promotions aimed at boosting sales in a particular distribution channel, and is, according to the respondents, the first to be delegated to the trade marketing department. This is because large consumer goods companies have always dedicated most of their efforts and investments to the development of end-to-end marketing actions using large media outlets. When it became necessary to promote their product at the points of sale in order to ensure the goals of the companies, the marketing departments were not adequately prepared and did not have skilled people to develop these promotions. In addition, this activity, even when done well and with positive results, is not valued by professionals in the area. According to one respondent, "... it is much more interesting for a professional with a first class background in Marketing to develop large marketing campaigns than it is to develop promotional ones at the point of sale, which brings much less career visibility and requires a lot of effort. It is not worth it".

For most respondents, these promotions are structured according to the characteristics of each distribution channel, that is, each channel has a distinct promotion or the same promotion is adapted for each channel in which it will be done, according to its characteristics. An example is a promotion by a food industry surveyed that offered a set of cutlery as a gift to consumers who bought a certain

amount of products in a hypermarket. This same promotion was carried out in mini-markets, but since consumers who buy products in mini-markets do not have the resources to spend much (either because they carry enough money just for a convenience purchase, or because the mini-markets often serve consumers with lower socioeconomic levels), the promotion in this channel offered a more modest set of cutlery when purchasing a smaller amount of products. In the case of large supermarket chains, that often demands exclusive promotions or, at least, is different from those carried out in other large chains. Respondents stressed that they have a promotional calendar for each key account.

5.3 Price

As far as prices are concerned, two approaches can be used by the trade marketing professional. The first is to define the prices that the industry will use to market its products to each retailer composing the different distribution channels served by the company: all but one of the respondents stated that the characteristics of the channels and the dynamics among them are taken into account when defining prices and, consequently, there are different prices for each of the distribution channels (again, that respondent who said that this is not done works for a company whose trade marketing department was established less than a year ago). The second approach that involves the P of price in the composition of the trade marketing mix is the definition of consumer prices in each of the distribution channels. Although most consumer goods products are not subjected to any legal restrictions requiring them to be marketed at a particular price to the consumer, the companies that manufacture them have an interest in defining what price that product will be offered to the shopper in each of the distribution channels: the companies surveyed stated that there is a target for the price of the product marketed to the final consumer for each distribution channel serviced by the company (other companies sell their products to the points of sale and accept that each one marks the product up as they consider it to be appropriate). The approach that delegates the decision to set the price of the product to the final consumer to retailers has appeared not only in companies where trade marketing has existed for less time but also in those that are market leaders in less competitive segments. As one respondent put it, "... the consumer is looking for my product and the company does not object to some retailers selling it at a price higher than the market average, this is even an incentive for him to focus even more on the product, because he earns a lot from his sales."

Among the surveyed companies seeking to manage the consumer price, several carried out studies with consumers in the last 12 months to determine the prices they would be willing to pay for their products in each channel, taking into account a number of variables, (such as hypermarkets, where consumers will be making a purchase and will be more careful when comparing prices. Prices should be more attractive than those in a mini-market, where consumers will be purchasing some products they ran out of to be consumed on the same day).

Once the price target is defined, companies use different tools, even those from the other Ps in the trade marketing mix, to encourage retailers to practice recommended prices. The sales team are trained to demonstrate to the retailer that by offering the product at the proposed price, they will sell more and thus profit more in their business. Promotional materials with pre-printed target prices are produced and, in some cases, the price already comes in the packaging of the product itself (this is a very controversial measure that, according to some respondents who used it and then abandoned it, was legally questioned by retailers and consumer organizations). Some companies offer discounts on their products to retailers who charge the suggested prices, while others that have loyalty programs for retailers offer points in the program because the prices were observed. The examples mentioned demonstrate that there is an effort made with the use of several tools to manage the price to the consumer, which not only shows its importance to increase the competitiveness of consumer goods companies, but also the difficulty in reaching an agreement with the retailer on this issue. As one respondent put it, "... our clients' objectives are not always the same as ours (...) even if they sell more of our products at the suggested price, at that price, they have greater profitability in their business."

5.4 Product

The last P, which corresponds to the products (and brands) marketed by the company, is the one whose attributions are more centralized in the marketing department. This assignment, from the beginning, was considered one of the most relevant activities that a marketing professional should develop, or, as one respondent said, "... product development is at the heart of the marketing arena." The primacy of the marketing professional in the administration of the company's products, if, on the one hand, makes sure the products are developed in order to meet the preferences of the consumers, on the other hand, does not always take into account the characteristics of the distribution channels and the different purchasing occasions by each channel, which can be confirmed by the answers given by the respondents. Channel characteristics are always taken into account when developing a product for a significant number of companies, whereas a small proportion of the respondents stated that only sometimes these characteristics are considered and only one of them stated that they are never taken into account.

5.5 Indicators

Finally, after elaborating the trade marketing strategies that will be employed, you must develop performance indicators for the execution of the plan to be able to measure its effectiveness. The first of these is the sales analysis that compares the actual sales results with those estimated. This measurement can be made through the sales revenue that will not necessarily indicate equal results, since it is possible to sell a certain volume of product with a variable discount percentage that can be translated into higher or lower revenues for the company. The executives surveyed pointed out the importance of sales volume to evaluate trade marketing plans, since this variable is the most used in the companies surveyed. Sales revenue is measured at a percentage lower than that of the volume.

Another set of indicators of a marketing plan is the analysis of market share, because it is through these indicators that it is possible to assess whether marketing or trade marketing plans help a company capture sales from competitors. Share and volume share are indicators of the trade marketing plans for a larger number of respondents than the revenue share is. Indicators constituting the financial analysis are also relevant, since they demonstrate whether the conducted actions, which make up the trade marketing plan, are improving the business profitability or not. It is important to measure the profitability of the distribution channels served by the companies. This also allows greater focus on the actions of those channels that provide better return to the company. This is done in many of the companies surveyed. The key accounts, which are mainly the large hypermarkets and supermarkets served by industries, also require a measurement of the results in each one of them, due to a great participation in consumer goods sales and also because they constitute the channel where the profits of the consumer goods industries dropped the most as a result of the changes occurred in retail, as previously seen. This indicator is used to evaluate trade marketing plans by more than half of the respondents.

A relevant aspect to evaluate the effectiveness of the trade marketing plan is measuring the efficiency of distribution, since a plan can aim to increase the distribution of products in one or more distribution channels, not to mention that other activities that make up the trade marketing mix, in order to be effective, need the product to be distributed in the sales points of the distribution channel to which the plan is intended. The respondents use, as an indicator of the trade marketing plan, numerical distribution (number of clients marketing the product among all the clients that make up the distribution channel) and also measure the weighted distribution (which considers how much the clients that sell the company's products represent in the total sales of that category of product within the distribution channel).

Another relevant factor for the effectiveness of the trade marketing plan is not only to monitor whether the product is available or not at the point of sale, but also to determine the quality of its presentation. This can be achieved by assessing the space and location where the products displayed to the final consumer within the group of clients constituting the distribution channels.

To evaluate if the price strategies from the trade marketing mix are being effective, you must track the prices clients charge consumers from a specific distribution channel. This monitoring is conducted by most companies surveyed.

All the trade marketing mix applied to the retailers served by the company will generate a higher or lower degree of satisfaction, according to the plan offered to them by industries. An evaluation of the retailer satisfaction level is carried out by only a small part of the companies surveyed, which indicates that if the Ps that make up the trade marketing mix are measured separately, the overall evaluation of the trade marketing plan is not carried out thoroughly.

6 RESULTS - TRADE MARKETING STRUCTURES

The study pointed out that the trade marketing department can be found today in Brazilian industries of consumer goods, since all the respondents stated that there is a department of trade marketing in the companies they work. Despite this, the stage each department is at can be very different. There are companies, especially multinationals, that have already undergone changes in other markets similar to those that are currently taking place in Brazilian retail services, and have had a trade marketing structure for the longest time, between five and ten years. Domestic companies (and some multinationals) have set up their departments between one and five years ago. On the one hand, Unilever stands out in England and Holland, the only surveyed company that has had a trade marketing team for more than ten years, probably because its headquarters are in Europe, where, as previously seen, the first trade marketing departments emerged. On the other hand, a small part of the companies that were the object of this study have had their trade marketing structures established less than a year. As it is possible to observe below, this difference in period of implementation puts the trade marketing departments of the studied companies at different levels of maturity. Many tools and work methods used by the companies that created this department longer ago still do not exist in those in which the department of trade marketing has been created recently. Even so, the respondents of these companies that are starting trade marketing work made it clear in several situations in the surveys that their company "still" did not have a certain tool or did certain work associated with trade marketing, but that would change soon.

6.1 Formats

When analyzing the trade marketing structures of the companies investigated, it was possible to observe a range of possibilities, differently from those companies in our study that have a product manager in the marketing departments. This variability can be seen considering where the trade marketing department itself is located: while most companies have the department within the sales structure, in some of them, the department is within the marketing structure, and there are also those (precisely the companies in which the trade marketing department has been in existence for some time) in which there is an independent trade marketing board and the structure has more strength and autonomy to develop its work, having its concept already consolidated within the organization.

The chief executive responsible for the trade marketing plans within the companies can occupy different positions, depending on the focus and maturity of the trade marketing structure. For most respondents, the trade marketing manager occupies the main position in this structure. In a small number of cases, the main position is occupied by a director (in one of the companies, the director of trade marketing reports to the sales director), providing greater autonomy and negotiating capacity for that department. A coordinator or an analyst responsible for the trade marketing department can also be found in companies where the department has been established for less than a year. In such cases, the idea is to designate someone with marketing or sales experience to start the work and, gradually, strengthen the structure. As one of the respondents said: "We selected a great sales coordinator, with a good academic background, to start developing the trade marketing area. If all goes well, next year we will scale up the structure." Although this reasoning is consistent, there is a risk in starting a trade marketing department without a person with experience in charge and without

the resources and structure needed to develop a job in accordance with the needs and expectations of the company. Several respondents recalled that it took the trade marketing department several attempts until it was able to produce significant results. There was a lot of stress among the people involved in the task in this process, due to a lack of knowledge about how a trade marketing department should function. This process often culminated with those responsible for trade marketing leaving and being replaced by others who were not prepared for the function, but had more support and resources from the organization and were able to make the department take off. This process of conception of the trade marketing department in some companies eroded the very denomination of trade marketing, which was replaced by another one that other departments of the company would not reject - especially marketing and sales that had an interface with trade marketing and suffered a great deal of stress with the difficulties in implementing the concept. Although the department continues to have essentially trade marketing responsibilities, departments with different names, such as channel marketing, client marketing, channel development, market development, operational marketing, among others, have been found.

The size of the trade marketing structure the companies have varies according to their own size and the maturity of the trade marketing department within the organizations: close to half of the respondents stated that the department has up to ten employees, a small part stated that trade marketing has between eleven and twenty, and the remaining respondents stated that there are more than twenty people working with trade marketing within the industry in which they are employed.

Once defined who the trade marketing department reports to, and how strong its chief executive is (determined by the position he occupies, for the purpose of this work) as well as how big of a structure the company needs, it is necessary to know the size of the budget allocated to develop trade marketing jobs. How large the budget for trade marketing was within the total marketing budget was information that only part of the respondents provided, and others declared that this information was confidential. Once again, the strength of the marketing department is evident, as respondents manage an average of 43% of the total marketing budget to develop trade marketing plans, while 57% of the total marketing budget is allocated for marketing executives to develop plans for the final consumer of the product. According to the respondents, the trade marketing budget share within the total budget has been growing year after year since the implementation of this department. There are risks involved in this decision, such as the loss of relevance for the consumer of brands manufactured by the industry and the lack of resources to promote the development and launch of new products. However, the pressure that industries are being put under by changes in food retailing and the good results that the trade marketing departments provide to address this situation indicate, according to the respondents, that this participation in the budget tends to continue growing.

Segmentation of the trade marketing team can also be done in a variety of ways, according to the needs of the company (this also demonstrates the absence in trade marketing of a structure and segmentation recognized by the whole market as being the most efficient). Most respondents stated that the trade marketing department is divided by channels: it has a team to develop the business in each of the distribution channels the company operates. A small number of respondents said the department is geographically segmented, with a team responsible for developing plans for all channels in every region. In some of the companies there is a team that gives support to each of the key accounts, which are mainly the major supermarket chains and also, depending on the company, wholesalers and distributors. Other respondents stated that there is a team, for each brand of the company, responsible for developing the distribution channel plans for each of the brands in the industry portfolio (this can happen especially in those companies where the trade marketing department is embedded within the marketing structure). One of the companies surveyed, where trade marketing emerged less than a year ago, stated that the structure is divided by activities and there is one person responsible for developing promotional materials, another for elaborating pricing architecture, and so on. In this case, the channel strategy is relegated to the background, since there is no one responsible for integrating the activities of the trade marketing mix. It is worth mentioning that none of the possible models invalidates the other, and in all businesses there is the opportunity to develop distribution channels, key accounts, geographic areas and company brands. In a quarter of

the companies surveyed, in which trade marketing has existed for some time, the structure is divided into more than one of the ways described above.

6.2 Roles

Then, the main roles the trade marketing department developed within the organizations were investigated. Respondents stated that this department is responsible for establishing communication between marketing and sales departments, informing the sales team about the marketing plans, and sharing with the marketing department the opportunities in the distribution channels, the advances made by the competition, and any other relevant factor. This responsibility increases the efficiency of communication, as one of the respondents who works in sales said: "... instead of five product managers calling me every week, I inform the trade marketing manager what is happening and he not only informs the marketing department, but also has the responsibility of making a plan of action feasible." The surveyed companies stressed that trade marketing should spot business opportunities in each distribution channel served by the company. Not only is this done through communication with the sales team, but also in meetings with clients and market research that assess the evolution of the business in each channel and also the consumer's behavior (shopper) in different occasions while buying the company's products.

Once the business opportunities are spotted, the trade marketing department is responsible for elaborating campaigns for each distribution channel. The elaboration of the campaigns implies the management of all trade marketing mix, and the manager of the area must be prepared to use the tools of product, price, promotion and advertisement according to the situation presented in the company.

Because key accounts are very relevant to the business of consumer goods manufacturers, they deserve special attention and respondents stated that the trade marketing department should draw up business plans for each of these accounts and present them, together with the sales team responsible for client sales.

The investment in each distribution channel and each key account must be made considering the importance of each of them to the company's business and also assessing the main opportunities. For example, a company that seeks to reduce its reliance on key accounts should gradually invest a higher percentage of its revenue in other channels, such as bars and bakeries. There is also a need to avoid conflicting campaigns between different channels, such as a price campaign on a particular product for consumers supplied by hypermarkets together with a price campaign on the same product in supermarkets. If the price on one channel is much lower than the price on the other, an undesirable buyer migration from one to the other could occur. For those interviewed, this coordination of investments and promotional calendars among the distribution channels is a function of the trade marketing department.

The respondents stated that it is also the trade marketing department's responsibility to coordinate the implementation of marketing plans by distribution channel, which implies communicating the marketing campaigns and launching new products for the sales team as well as clients, and informing how they should be run at each point of sale served by the company: what promotional materials should be placed on each distribution channel, what promotions to associate with the campaign to ensure maximum effectiveness, and so on. In addition, while the marketing department evaluates the impact of marketing plans and product launches with the end consumer, it is up to the trade marketer to conduct this assessment with distribution channels and shoppers, proposing improvements if necessary.

The evaluation of the results of distribution channels, marketing plans and trade marketing in each of the channels and key accounts served by the company, through the establishment and monitoring of performance indicators, are functions of the trade marketing department, according to the respondents.

Respondents stated that the trade marketing team is responsible for developing new management tools with clients so that the sales and profitability of industries and retailers increase. Among the tools mentioned were category management, periodic business follow-up meetings, joint goal

scorecard with common objectives between industries and retailers, measurement of product execution, and promotions at the points of sale of the company's distribution channel or in key account stores.

For a significant part of the respondents, the trade marketing department has the function of defining the roles of each distribution channel in the company's business. In some of the companies surveyed, trade marketing defines the target channels to be established. As one respondent who works in trade marketing said: "... the company already sold its products before the existence of the trade marketing department. The sales director was and is responsible for achieving the results and it was always up to him to define who we should sell the products to. Over time and with political savviness, trade marketing has been involved in this strategic definition." Some companies, in turn, declared that the development of a pricing policy between the distribution channels is a function of the department of trade marketing and only two respondents affirmed that the trade marketing department is responsible for developing products for each channel of distribution.

6.3 Profile of the Professional

The respondents described the profile of the trade marketing professional in their companies. This professional must have, at least, an undergraduate degree, even though many respondents have stressed the necessity of the completion of graduate studies in a related area, such as marketing, as well as a Master of Business Administration (MBA) degree. In addition to the academic background, it was asked if it is relevant for these professionals to have some experience in other departments of the company. All the respondents found it relevant that the trade marketing professional had worked previously in the sales department. Respondents stated that these professionals should also have some experience in the marketing area.

According to the respondents, the main skill the trade marketing professional should have is the focus on distribution channels and shoppers. Understanding the dynamics of the distribution channels, the threats and opportunities that each channel presents and how the shopper behaves during the different purchasing occasions are the basis for the work of the trade marketing department, according to the sample surveyed. Next, a skill that is considered to be very relevant is the ability to plan, which means they must know how to work all the information raised and to elaborate a trade marketing plan that contemplates the entire trade marketing mix as to capture the opportunities that the new situation, constructed from the changes occurred in the retail food sector, offers to companies of consumer goods. As trade marketing is a new area and must interact intensely with marketing and sales, the following two skills address this dynamic: teamwork and ability to coordinate distinct areas, which received an average score, and therefore were highlighted. One of the respondents put it this way: "If trade marketing is not able to negotiate resources with marketing and sell the importance of trade marketing plans to the sales force, the department is doomed to occupy a secondary position in the organization."

Another relevant managerial skill to the professional working in trade marketing is leadership, since consumer goods companies already existed before changes occurred in retailing and the emergence of the area of trade marketing. Trade marketing professionals should be able to explain to the different departments of the organization what the new business situation is, the impact of this new reality on the organization, and the relevance of allocating resources and reviewing work processes as to differently serve the distribution channels of the company.

7 CONCLUSION

As seen in more mature markets, the trade marketing department emerged in Brazil as one of the responses to the changes occurred in retail. Each one of the Ps of the marketing compound (product, price, promotion and point of sale) is worked on by looking not only at the consumer (a marketing department assignment) but also at the retailer, and in considering this, the company develops the

compound of trade marketing or trade marketing mix, which adapts the strategies of the companies to the reality of each distribution channel.

The study made it possible to verify that there is not a single possible structure for the trade marketing department and that its size and scope of work vary according to the department's maturity, the size of the industry and the focus the board decides to give to the topic. The trade marketing professional, who must not only have a solid academic background but also marketing and sales experience, faces a series of difficulties in the relationship with the marketing and sales departments due to the resistance to the loss of power that this entails, not to mention the alteration of the processes that must be carried out in the implementation of trade marketing.

We hope the results presented here will help scholars in trade marketing to understand the motivations for the implementation of this department in Brazil and how this has occurred. For professionals who work in this area and are interested in establishing or increasing their trade marketing departments, this paper suggests alternatives to accomplish this. However, because this is a qualitative study that analyzes a specific area of business, fast moving consumer goods, attention is needed so that the conclusions presented are not extrapolated without criterion and considering this reservation.

This study can be complemented by other studies that verify not only the application of the concepts of trade marketing and the existing structures in a larger universe of manufacturers of fast moving consumer goods, but also the results obtained by trade marketing plans. Additionally, in order to expand successful practices from one segment to another, it is interesting to understand how the different retail segments have been changing over time and if the industries that supply them have adopted trade marketing to work in the new situation, and how they did it. From a retailer perspective, it would be valid to understand what their perception of the trade marketing developed by their suppliers is and what impact it has on their business.

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