

IS TERRITORY PROTECTION RIGHT FOR YOUR BRAND?



What is territory protection?

Territory protection refers to a situation where a particular retailer is the only one allowed to resell a brand's goods in that area. It can also be referred to as 'zip code' protection.

Territory protection can include your entire offerings for the season, or only certain styles. Some brands will style protection within a zip code, but will still allow retailers in the same area to carry their brand. The decision to style or territory protect is up to you!

Questions to ask yourself to find out if territory protection is right for you.

1. Is the retailer you are protecting responsible for a large portion of your sales each season?
2. Are you at risk of losing this large customer due to the possibility of oversaturation in that area?
3. Are multiple boutiques in a town selling the exact same merchandise? Are they having issues moving products?
4. Are you comfortable turning away other opportunities to sell to retailers in specific territories?
5. Can you count on the retailer that is asking for territory protection- to maintain their order history with you each season?

Pros:

- Build a strong relationship with a few loyal customers.
- Drive traffic to specific stores that are willing to buy deep.

Cons:

- Turning away new business opportunities and loss of possible sales
- Risk of 'burning bridges' by denying boutiques the opportunity to try your brand

Those brands who do choose to offer territory protection find success with a well-defined plan. If you choose to protect, put your policy in writing.

It should include:

- If products can be sold in-store only, or if online is allowed.
- The minimum amount of stock or sales a boutique must have to keep their territory protected.
- The territory size- statewide, city-wide, or within a specific mile range.
- How long the product must remain at full price before discounting.

Territory protection and style protection are a decision that only you can make. Be your brand's biggest advocate and stay true to the vision you have for your business.