



# **Global Channel Management**

**Management Internationaler Verkaufskanäle**



A distribution channels moves goods and services from producers to consumers

**Channel  
Functions**





A distribution channels moves goods and services from producers to consumers. Therefore they

1. Give information

**Channel  
Functions**





A distribution channels moves goods and services from producers to consumers. Therefore they

1. Give information
2. Promote the offer

**Channel  
Functions**

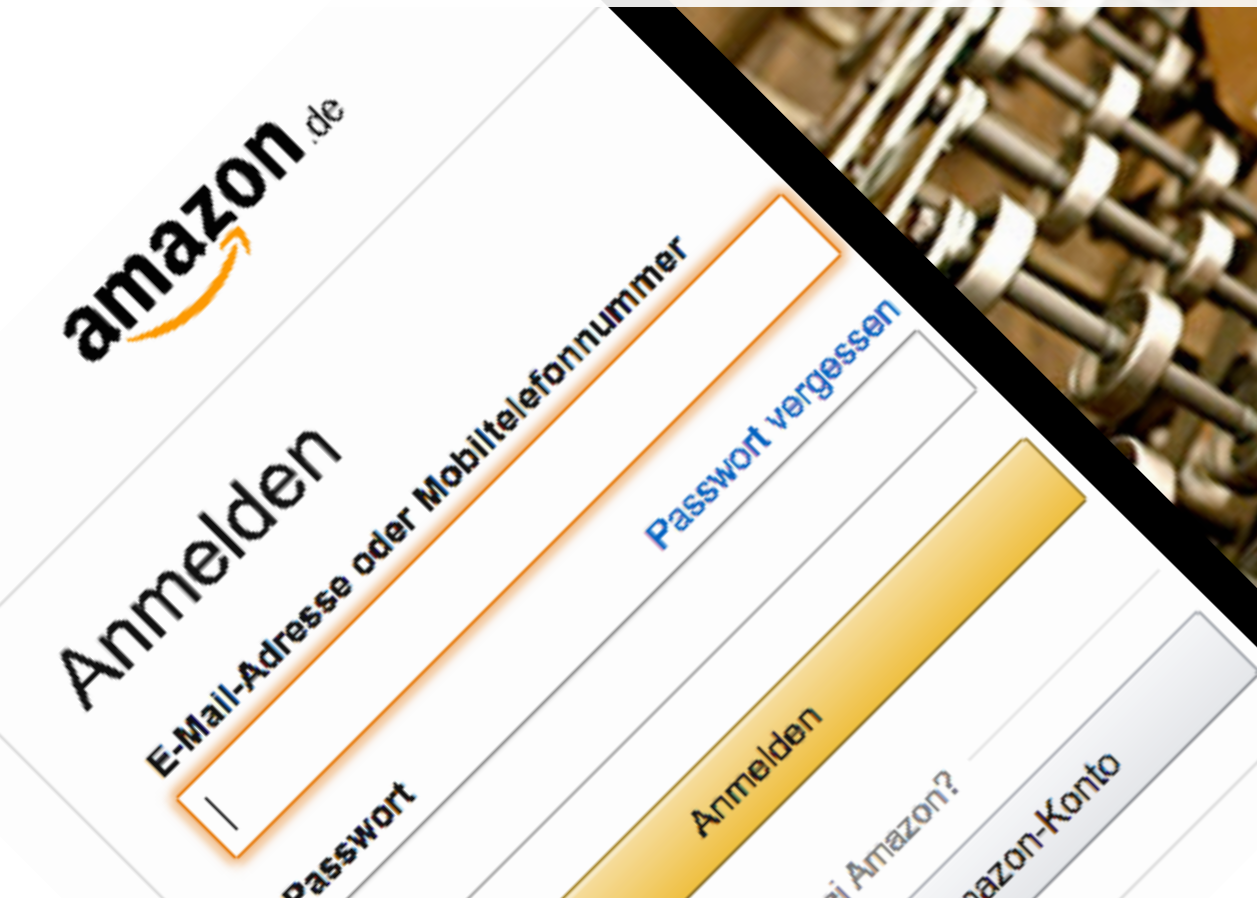




A distribution channels moves goods and services from producers to consumers. Therefore they

1. Give information
2. Promote the offer
3. Have contact with customers

**Channel  
Functions**



amazon.de

Anmelden

E-Mail-Adresse oder Mobiltelefonnummer

Passwort

Passwort vergessen

Anmelden

Hast du ein Amazon-Konto?

Amazon-Konto





A distribution channels moves goods and services from producers to consumers. Therefore they

1. Give information
2. Promote the offer
3. Have contact with customers
4. Match the offer with the need

**Channel  
Functions**

Amazon Video  
Serien  
Auf vielen Geräten verfügbar  
Prime Music & Musik-Downloads  
Prime Music  
Prime Radio  
Prime Playlists  
Musik-Downloads  
Ihre Musikbibliothek  
Amazon Music Apps  
Shop für Android  
Grund Apps & Spiele  
und Spiele

Fire TV  
Amazon Fire TV  
Fire TV Stick  
Fire TV Stick mit Sprachfernbedien  
Amazon Video  
Apps & Spiele für Fire TV  
Amazon Fotos & Drive  
Echo & Alexa  
Neu - Amazon  
Prime M  
Audit





A distribution channels moves goods and services from producers to consumers. Therefore they

1. Give information
2. Promote the offer
3. Have contact with customers
4. Match the offer with the need
5. Negotiate with buyers about price and offer


**Channel  
Functions**

Angebot des Tages  
599,00 €  
Preis: 1.782,00 € (-60%)  
Endet in 4:13:59  
Premium Backofen von Bosch  
stark reduziert  
und Versand durch Amazon.

swagen

amazon.com






A distribution channels moves goods and services from producers to consumers. Therefore they

1. Give information
2. Promote the offer
3. Have contact with customers
4. Match the offer with the need
5. Negotiate with buyers about price and offer
6. Do the physical distribution

**Channel  
Functions**





A distribution channels moves goods and services from producers to consumers. Therefore they

1. Give information
2. Promote the offer
3. Have contact with customers
4. Match the offer with the need
5. Negotiate with buyers about price and offer
6. Do the physical distribution
7. May finance the channel cost (Risk taking)

**Channel  
Functions**



A distribution channel is a path through which goods and services flow from the producer to the consumer. Therefore, a distribution channel is a path through which goods and services flow from the producer to the consumer.

2. It offers

**Channel  
Functions**

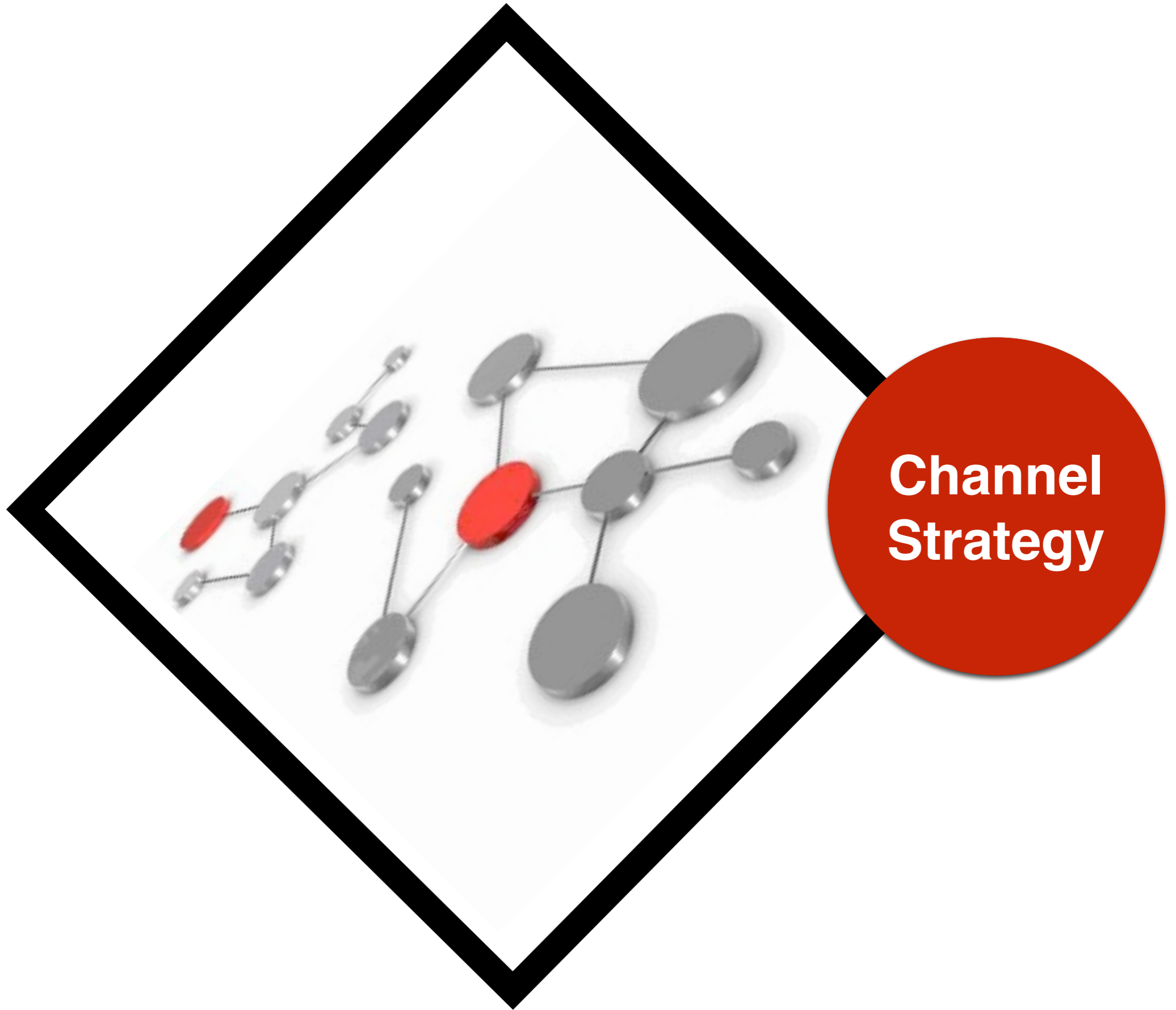
**BUT**

**when all are carried out by the manufacturer they increase the costs and prices!**

6. Do physical distribution

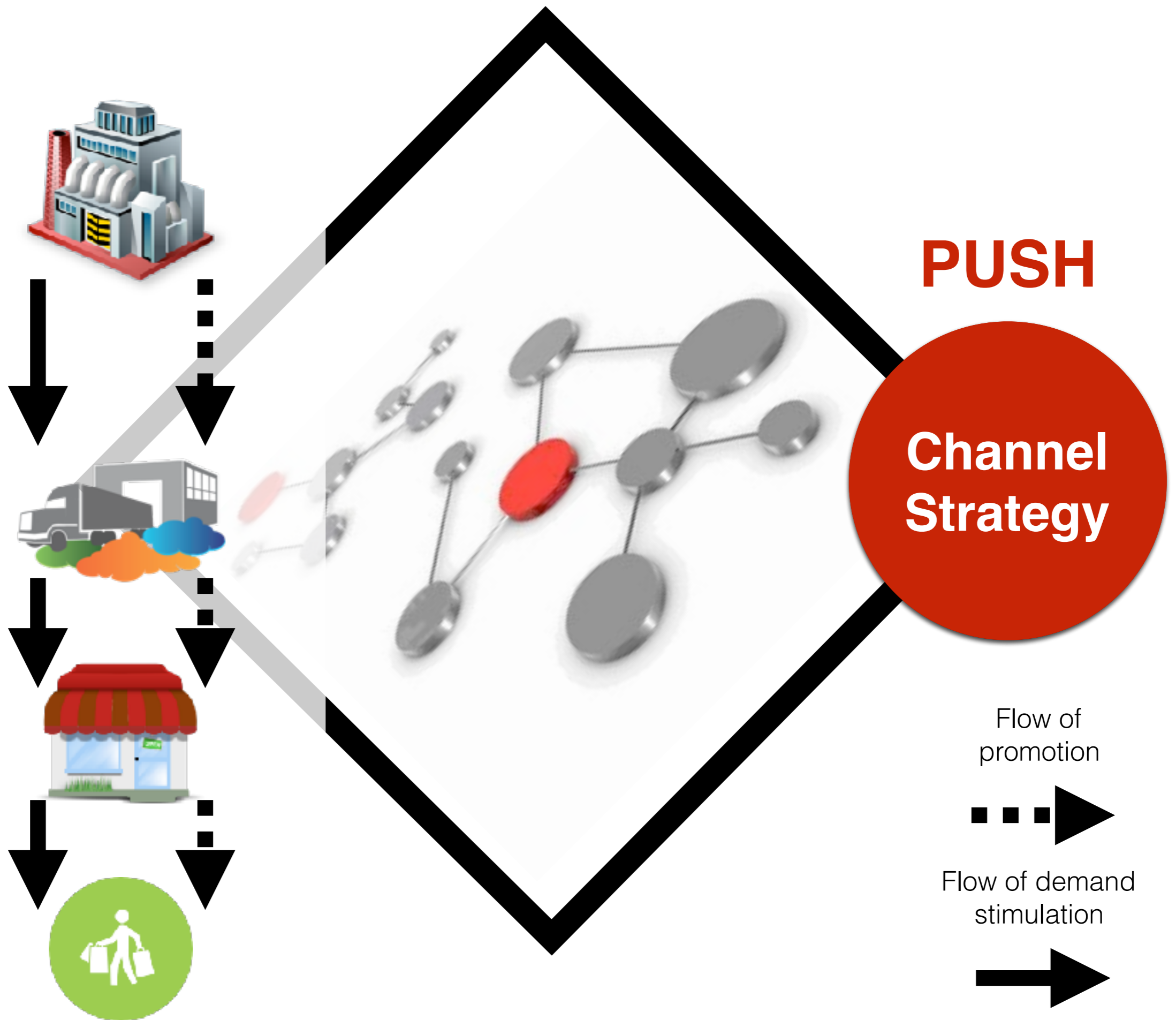
7. Manage the channel cost (Risk taking)





**Channel  
Strategy**







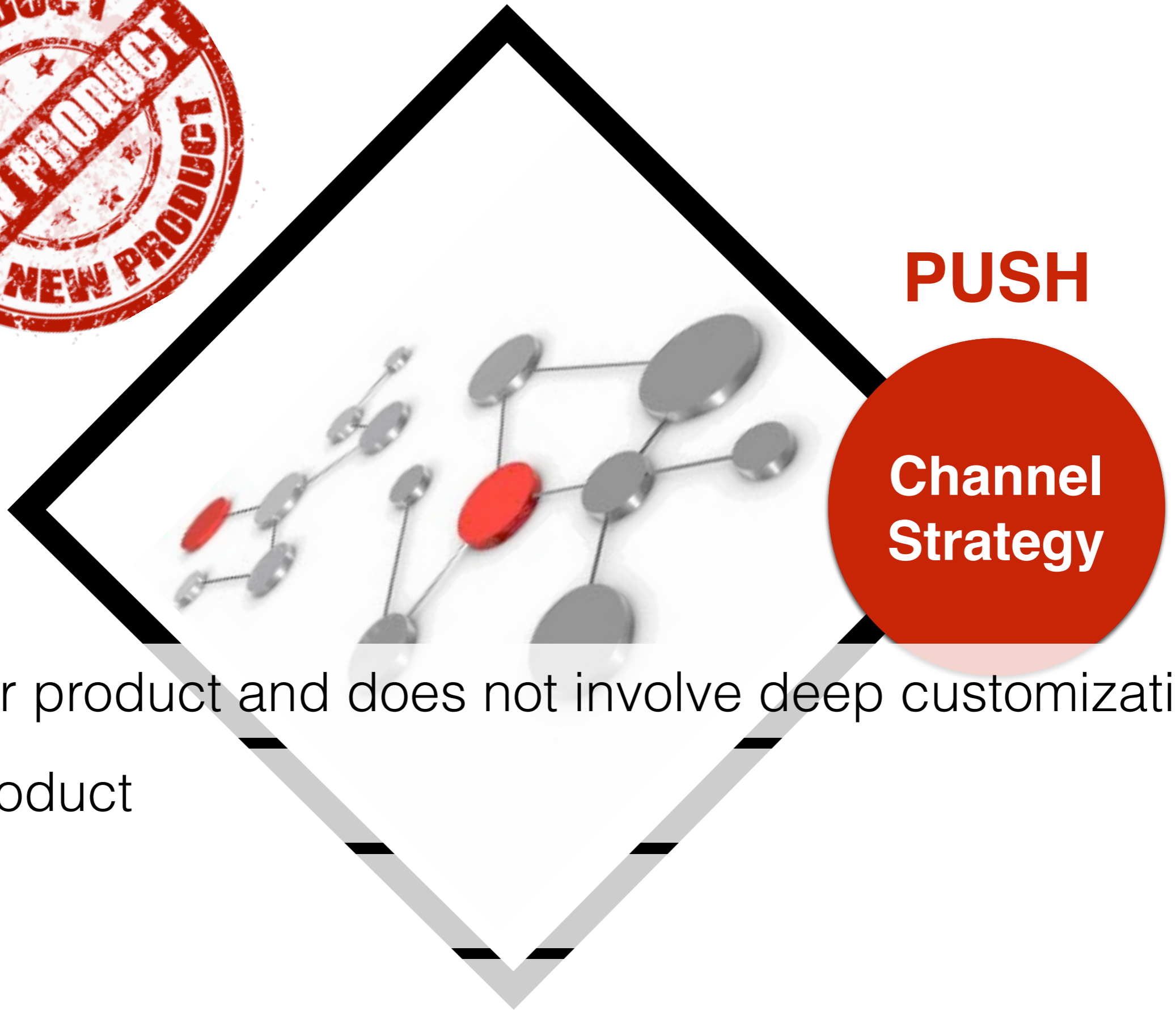


**PUSH**

**Channel  
Strategy**

1 popular product and does not involve deep customization





**PUSH**

**Channel  
Strategy**

1 popular product and does not involve deep customization

2 new product



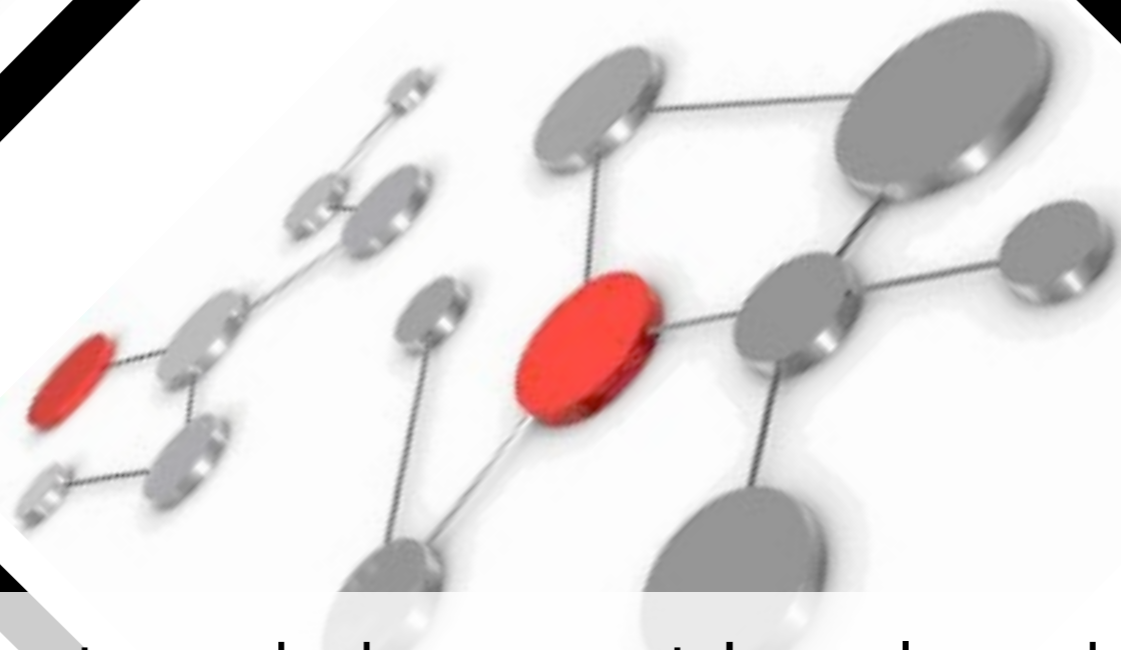


**PUSH**

**Channel  
Strategy**

- 1 popular product and does not involve deep customization
- 2 new product
- 3 use the reputation of the intermediaries



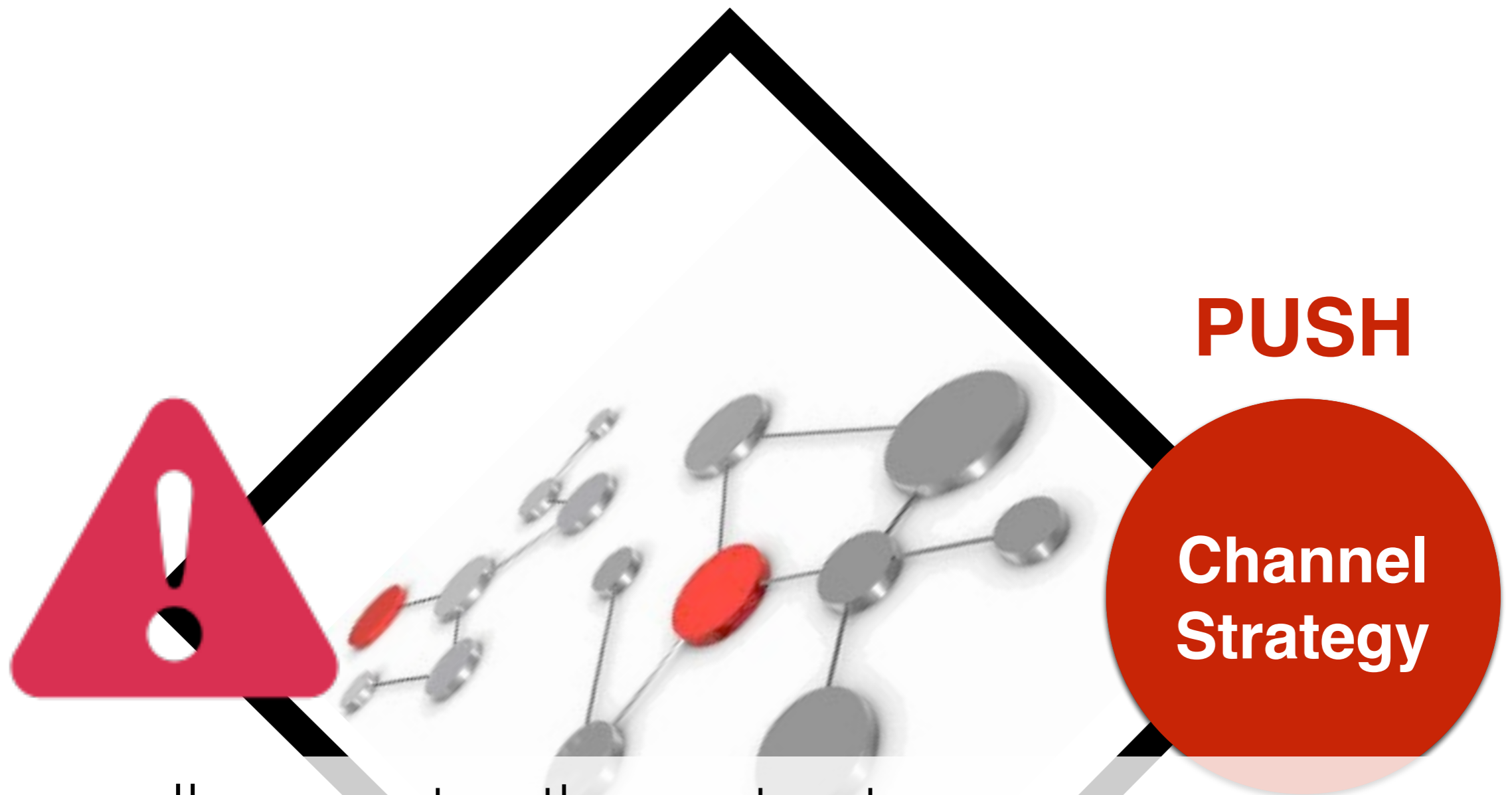


**PUSH**

**Channel  
Strategy**

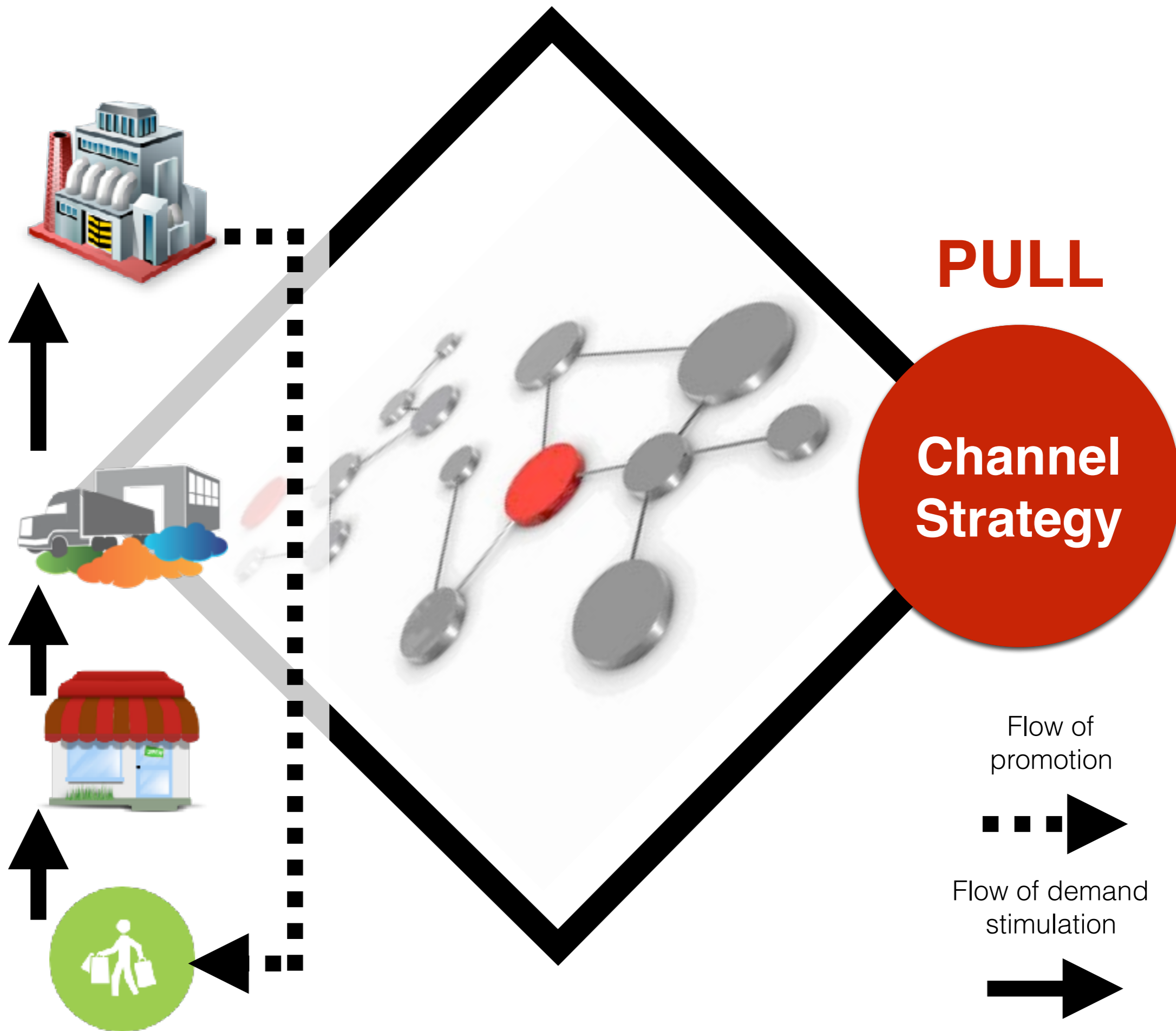
- 1 popular product and does not involve deep customization
- 2 new product
- 3 use the reputation of the intermediaries
- 4 temporary release in the market



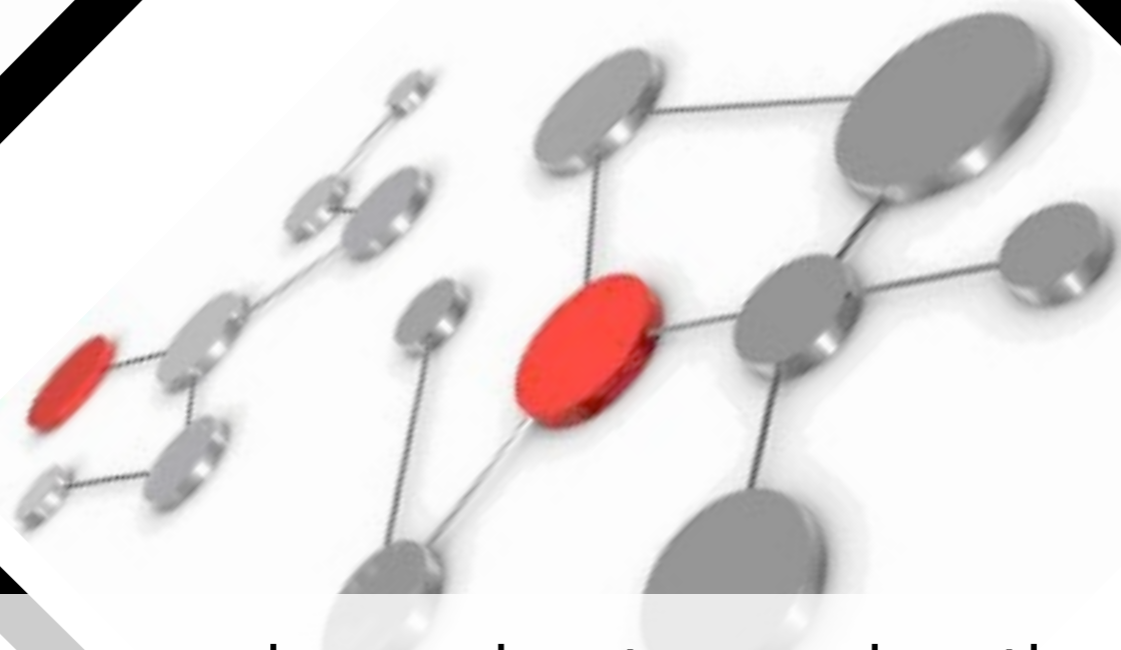


- 1 the reseller can stop the contract
- 2 the reseller pursues his own interests
- 3 the reseller becomes too big for the 'agent'
- 4 B2B sales strategy costs money









**PULL**

**Channel  
Strategy**

1 release services and products under the same brand

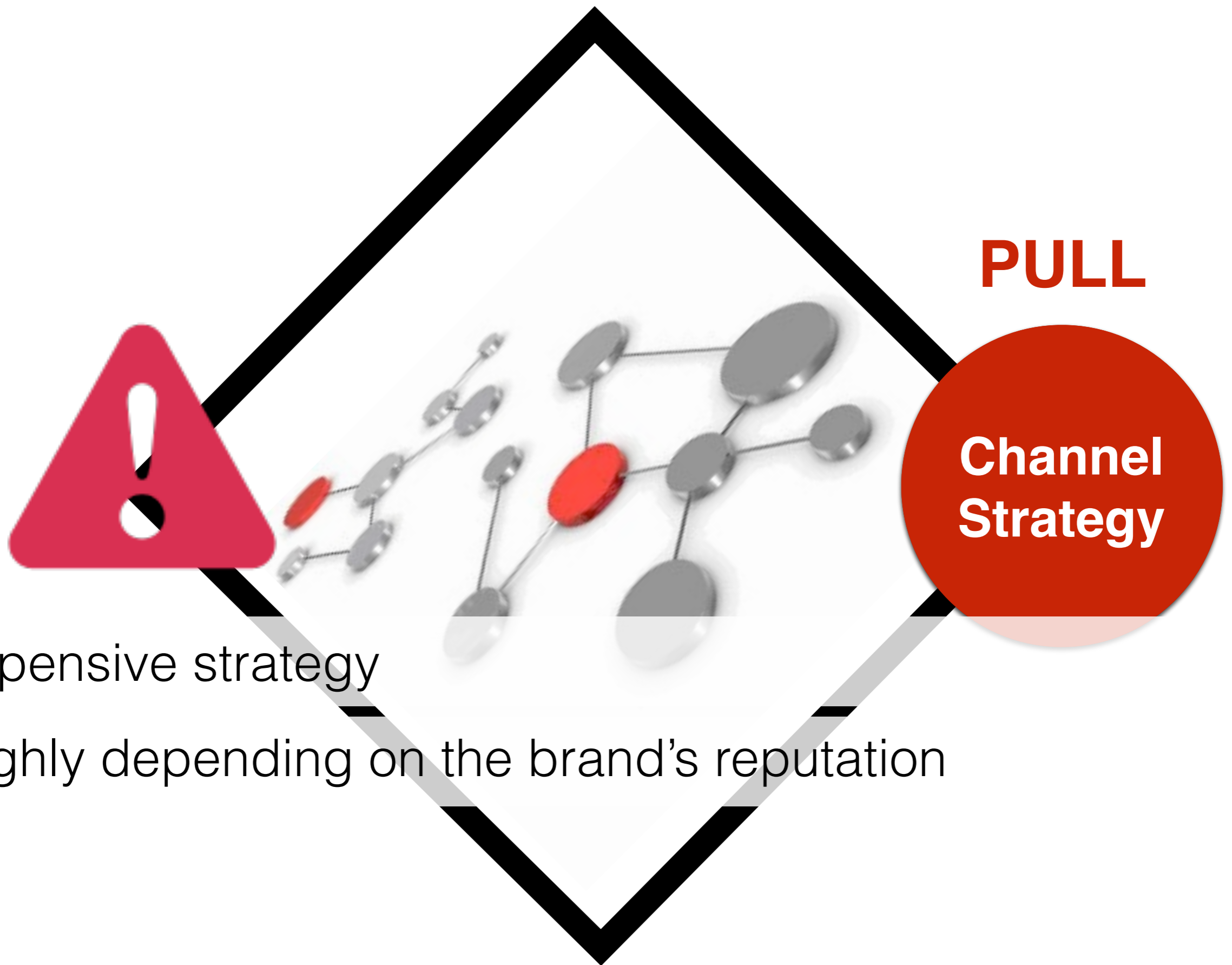




**PULL**

**Channel  
Strategy**

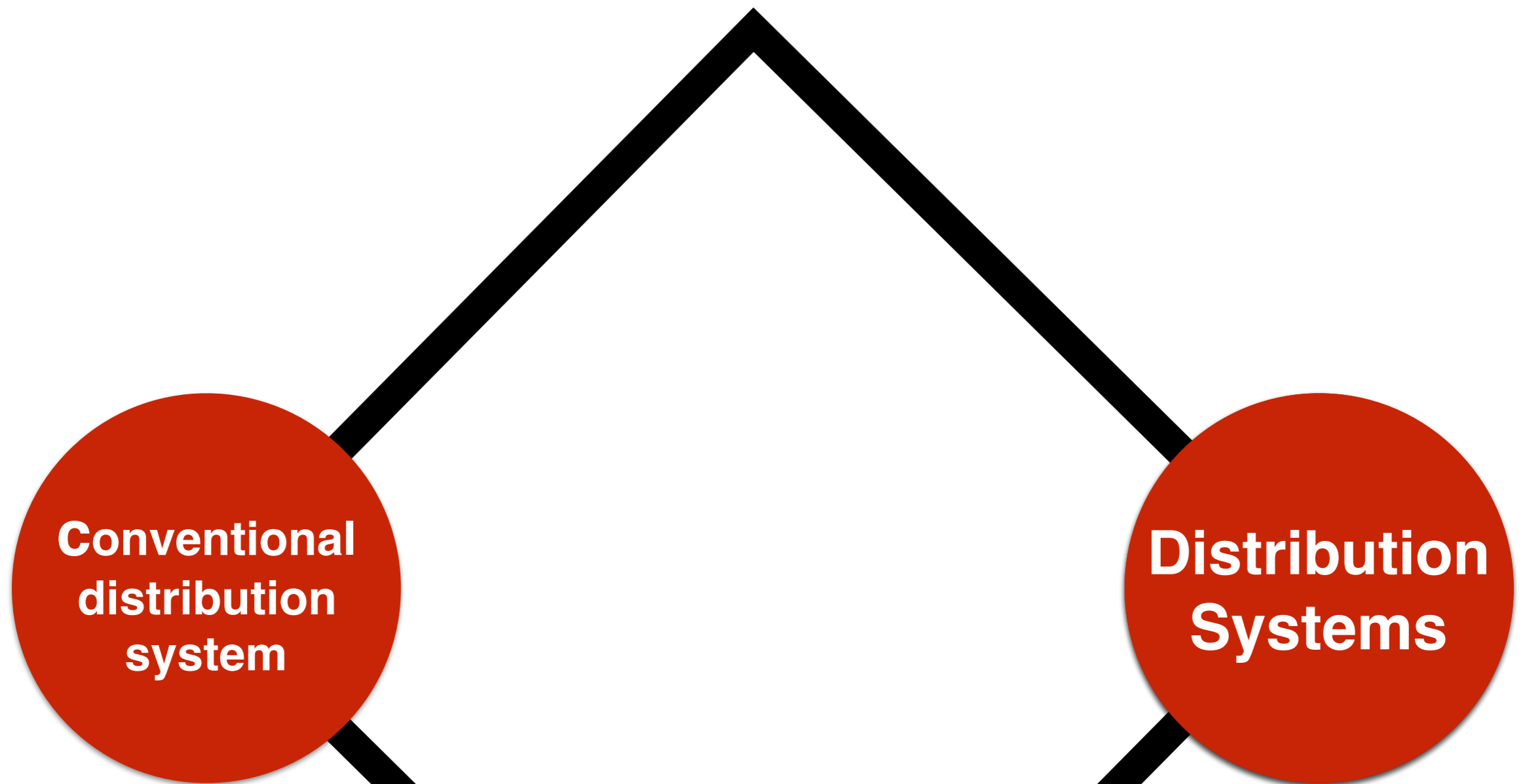
- 1 release services and products under the same brand
- 2 exclusive or elite positioning







**Distribution  
Systems**



Conventional distribution systems consist of one or more **independent** producers, wholesalers, and retailers.



- 1 Each seek to maximize its own profits
- 2 There is little control over the other members
- 3 No formal means of assigning roles and resolving conflicts.

**Conventional  
distribution  
system**

**Distribution  
Systems**

Conventional distribution systems consist of one or more **independent** producers, wholesalers, and retailers.



Multi-channel marketing systems are when a single firm sets up two or more marketing channels to **reach one or more customers segments.**





Hybrid  
distribution  
system

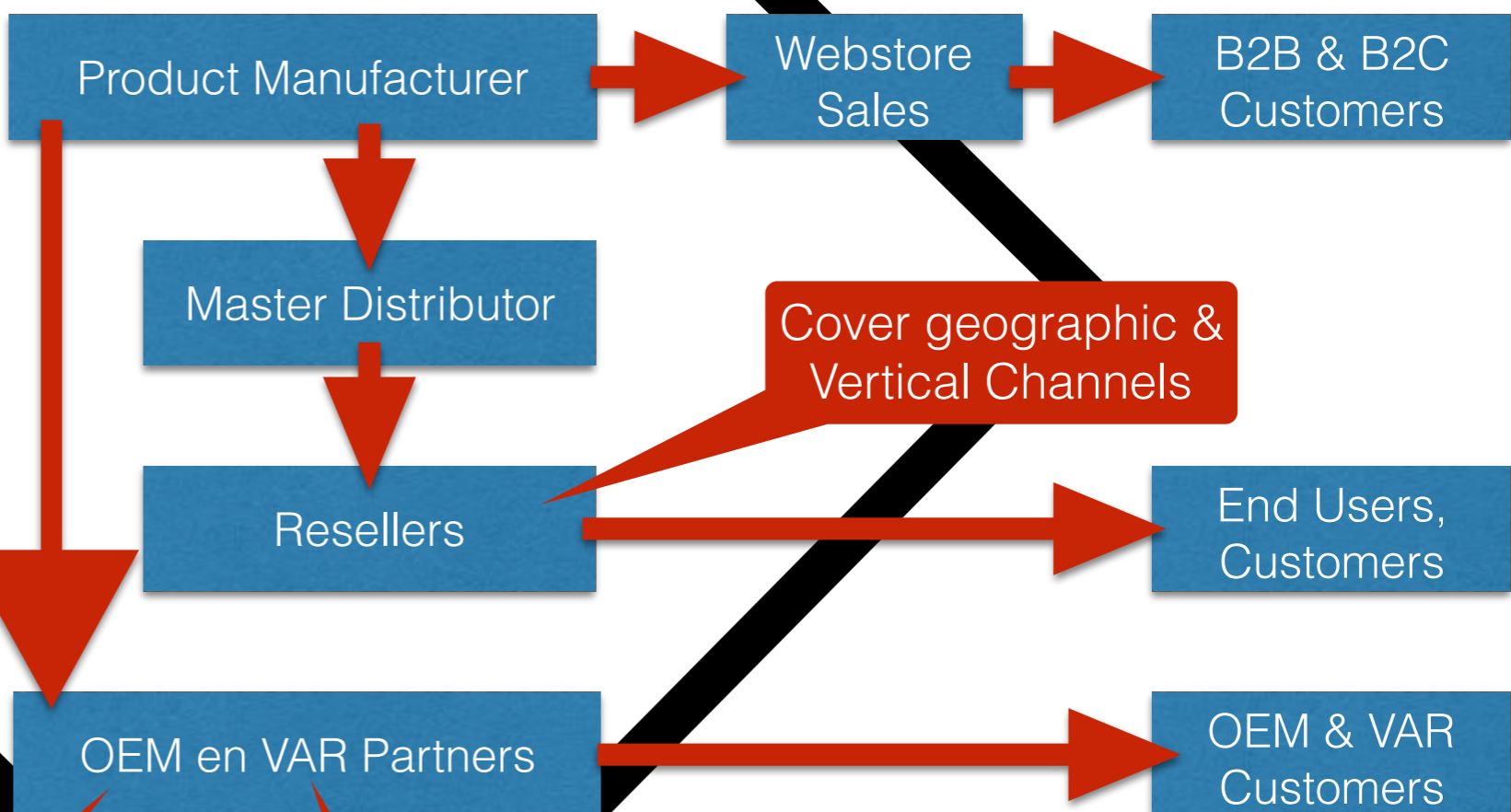
Distribution  
Systems

Multi-channel marketing systems are when a single firm sets up two or more marketing channels to **reach one or more customers segments.**





# Hybrid distribution system



Cover geographic & Vertical Channels



Original Equipment Manufacturers

Value Added Resellers







# Channel Levels

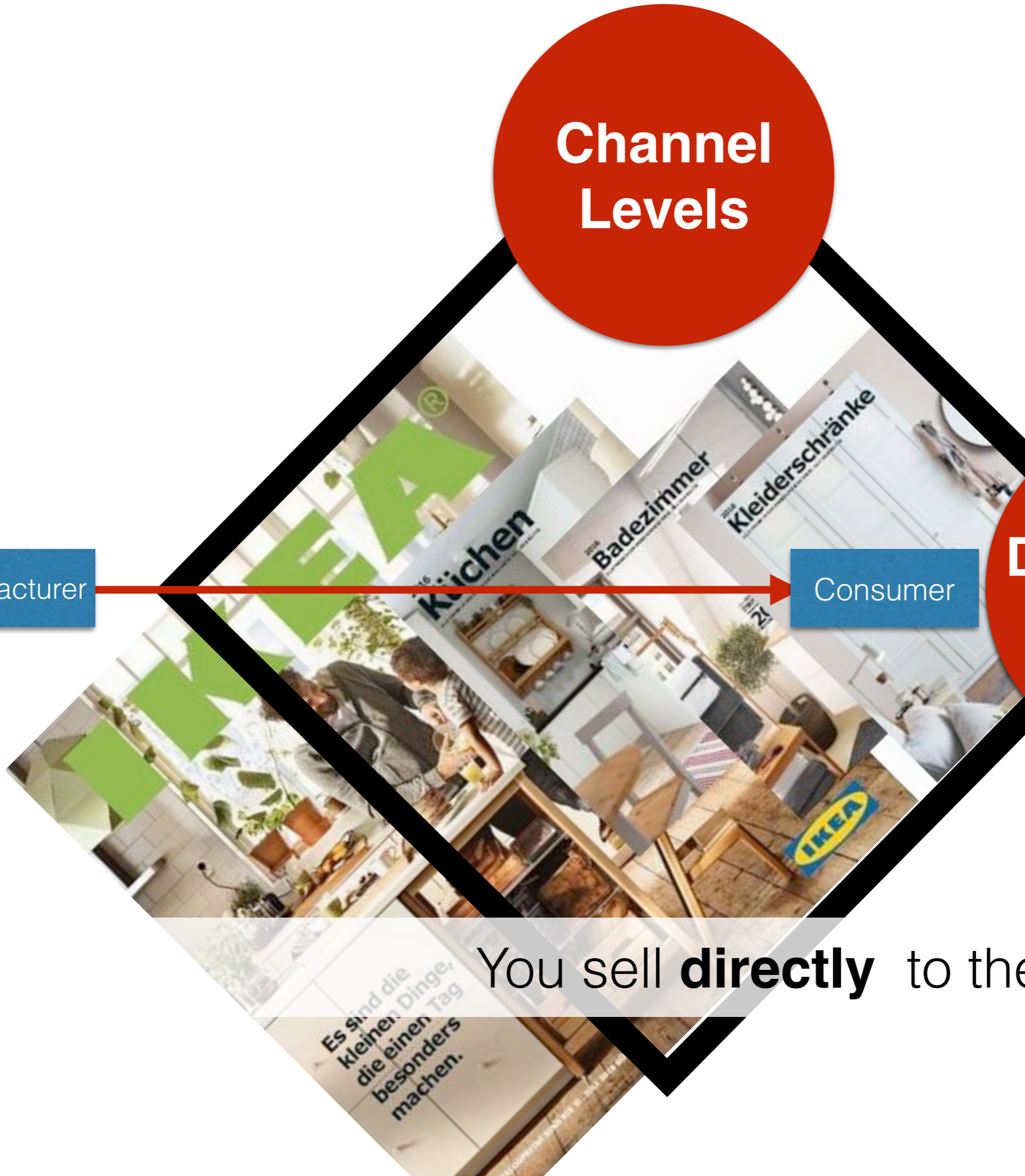
# Distribution Systems

Manufacturer

Consumer

## DIRECT

You sell **directly** to the end-user.



Es sind die kleinen Dinge, die einen Tag besonders machen.





Channel  
Levels

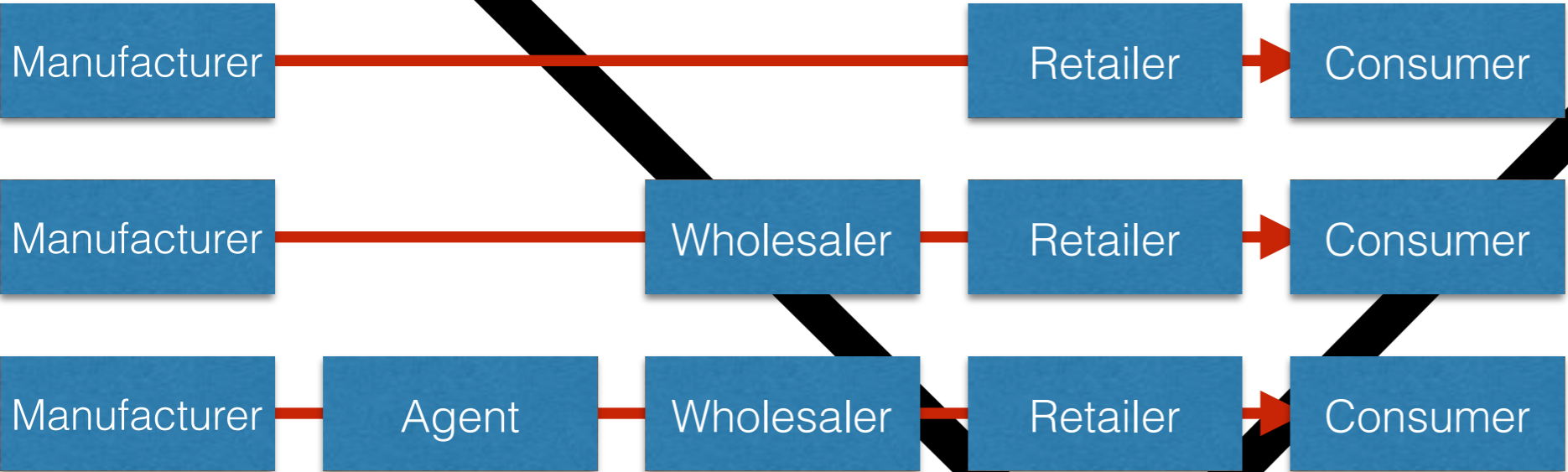
Distribution  
Systems

**INDIRECT**

You sell **through marketing intermediaries**  
to the end-user.

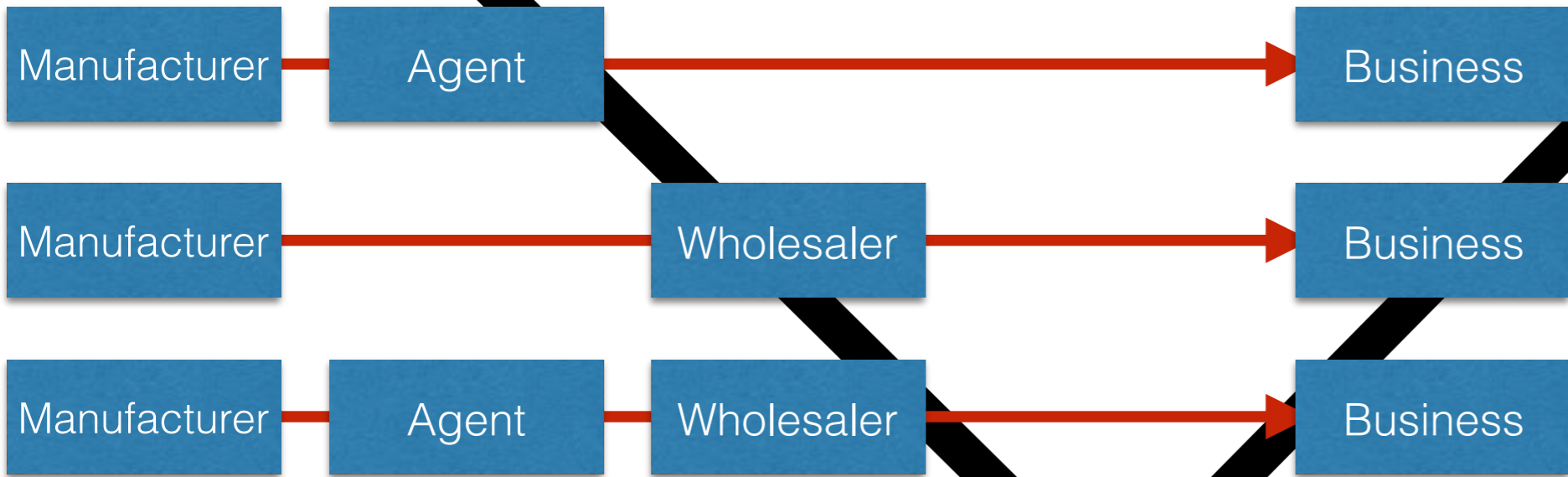
# Channel Levels

# Distribution Systems

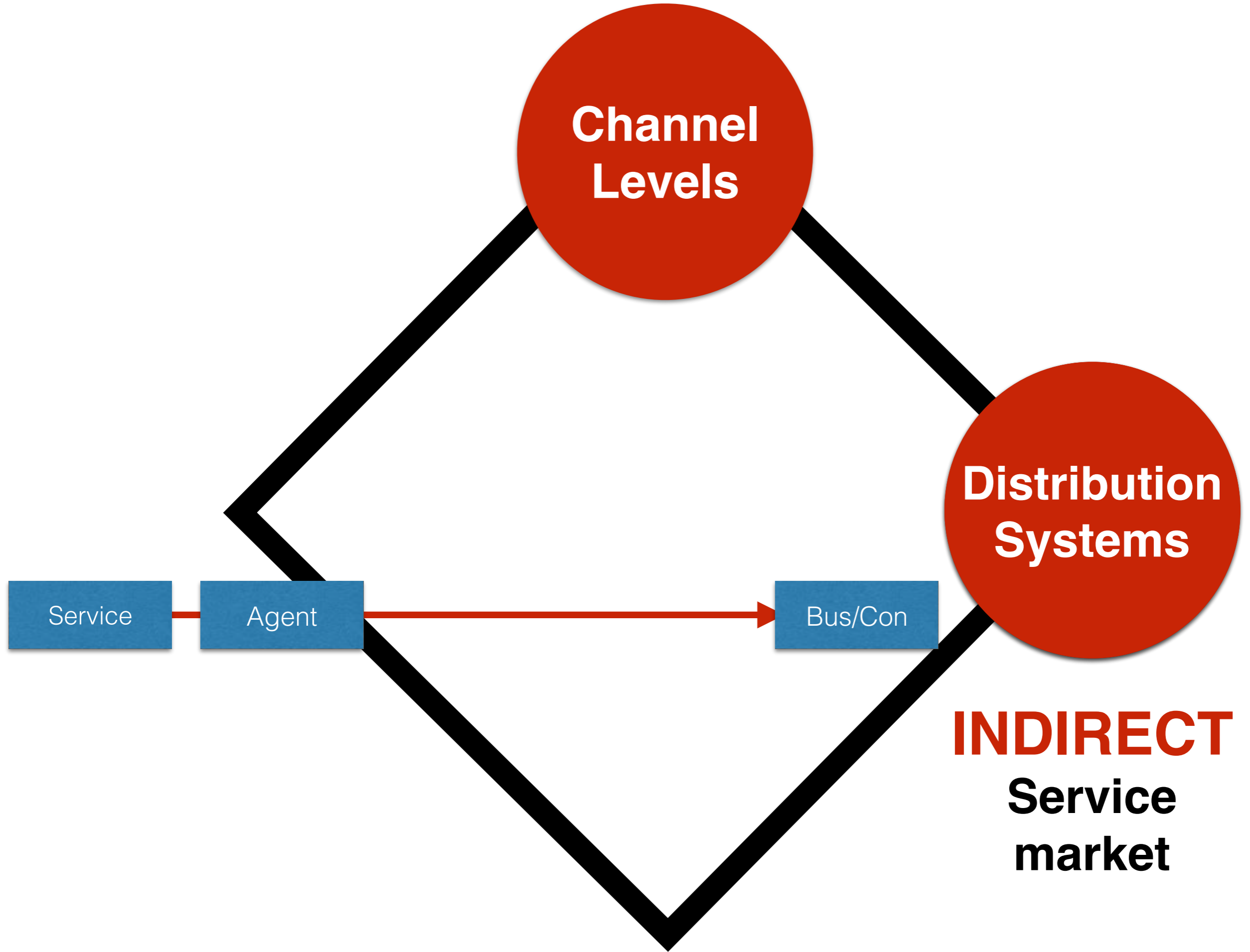


**INDIRECT**  
**Consumer**  
**market**





**INDIRECT**  
**Business**  
**market**



**Channel Levels**

**Distribution Systems**

Service

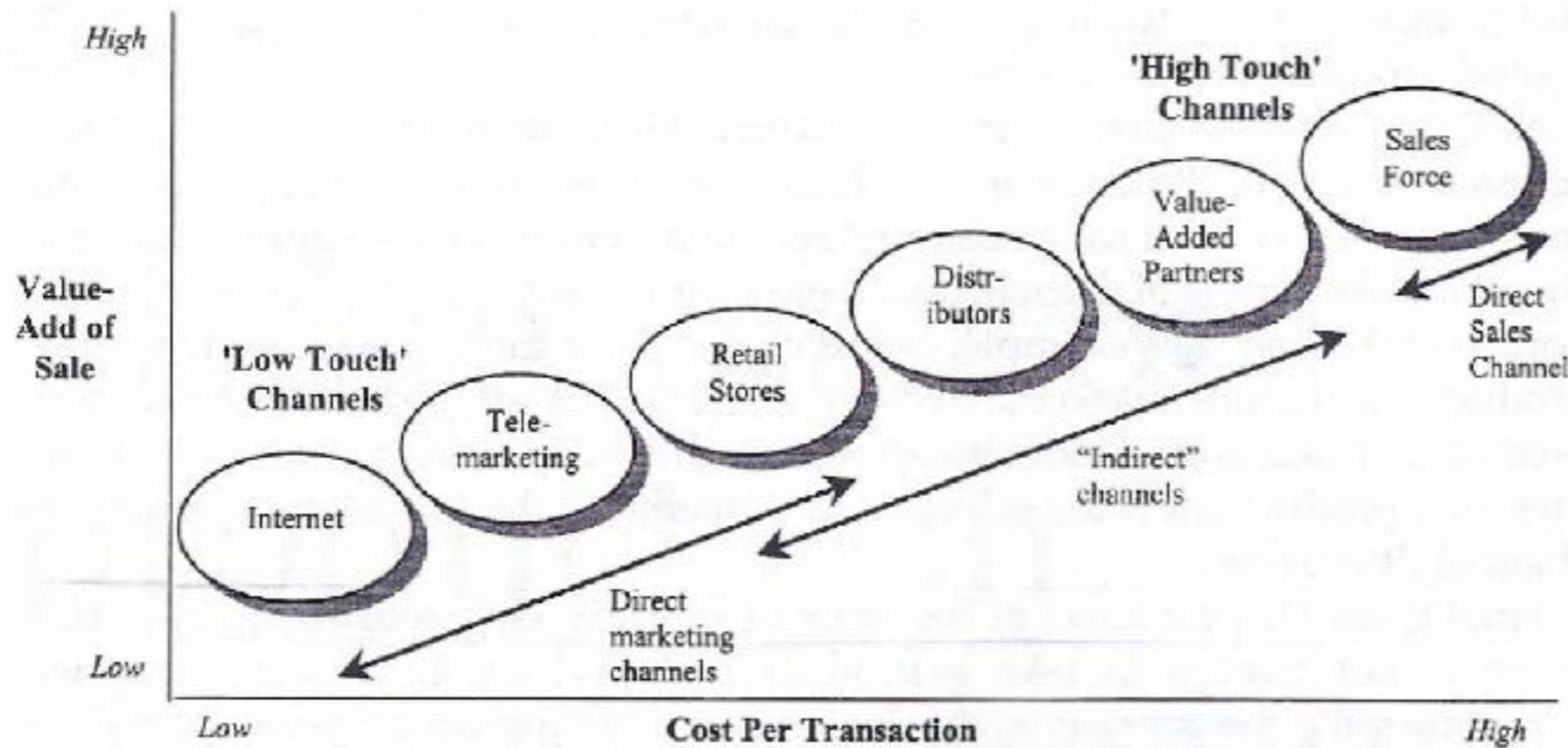
Agent

Bus/Con

**INDIRECT**  
**Service**  
**market**



# Channel Advantage

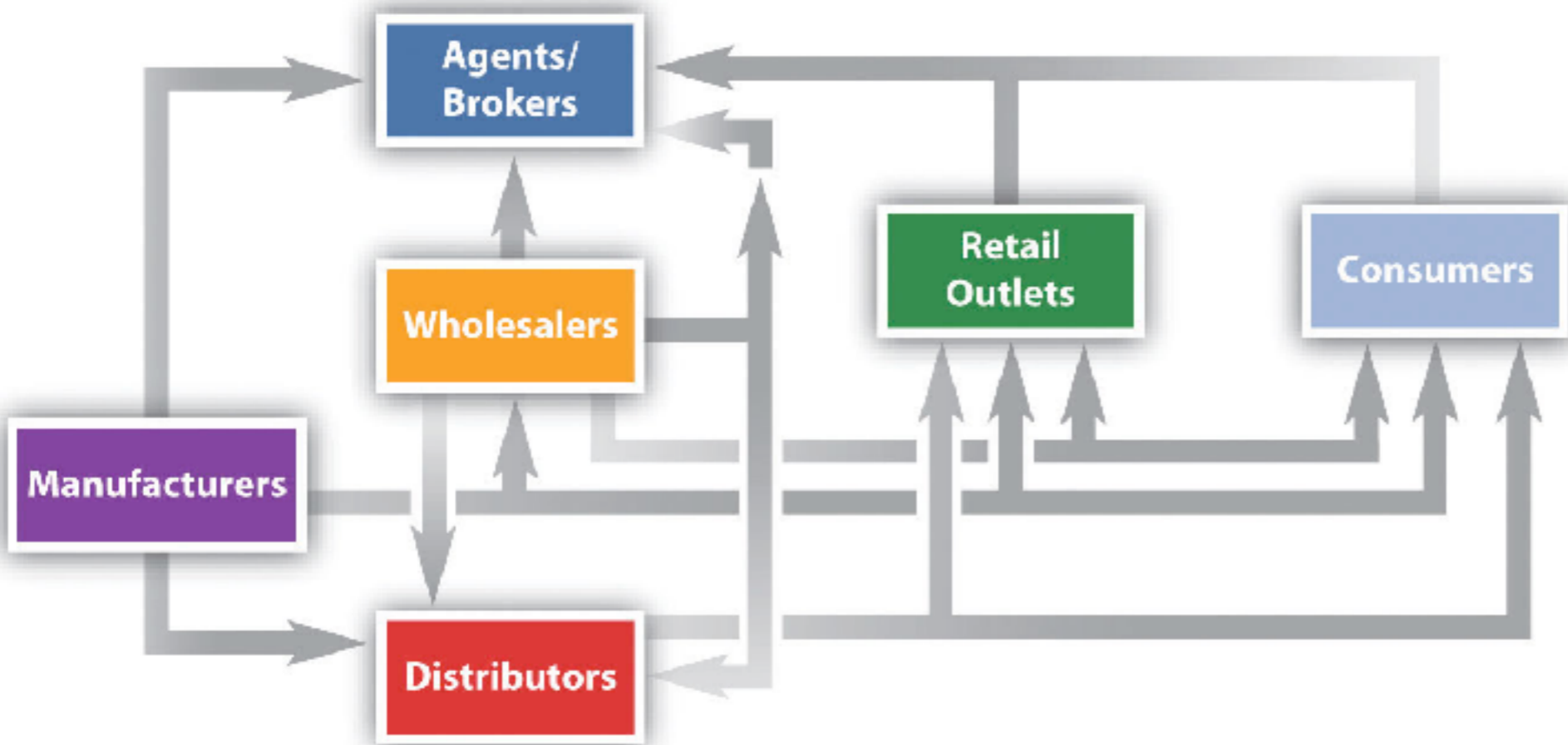


# Distribution Systems

**Figure 4.1** The channel 'touch' continuum. Source: Oxford Associates, adapted from Rowland T. Moriarty, Cubex Corp.



# Channel Levels



# Distribution Systems

**INDIRECT**  
In reality



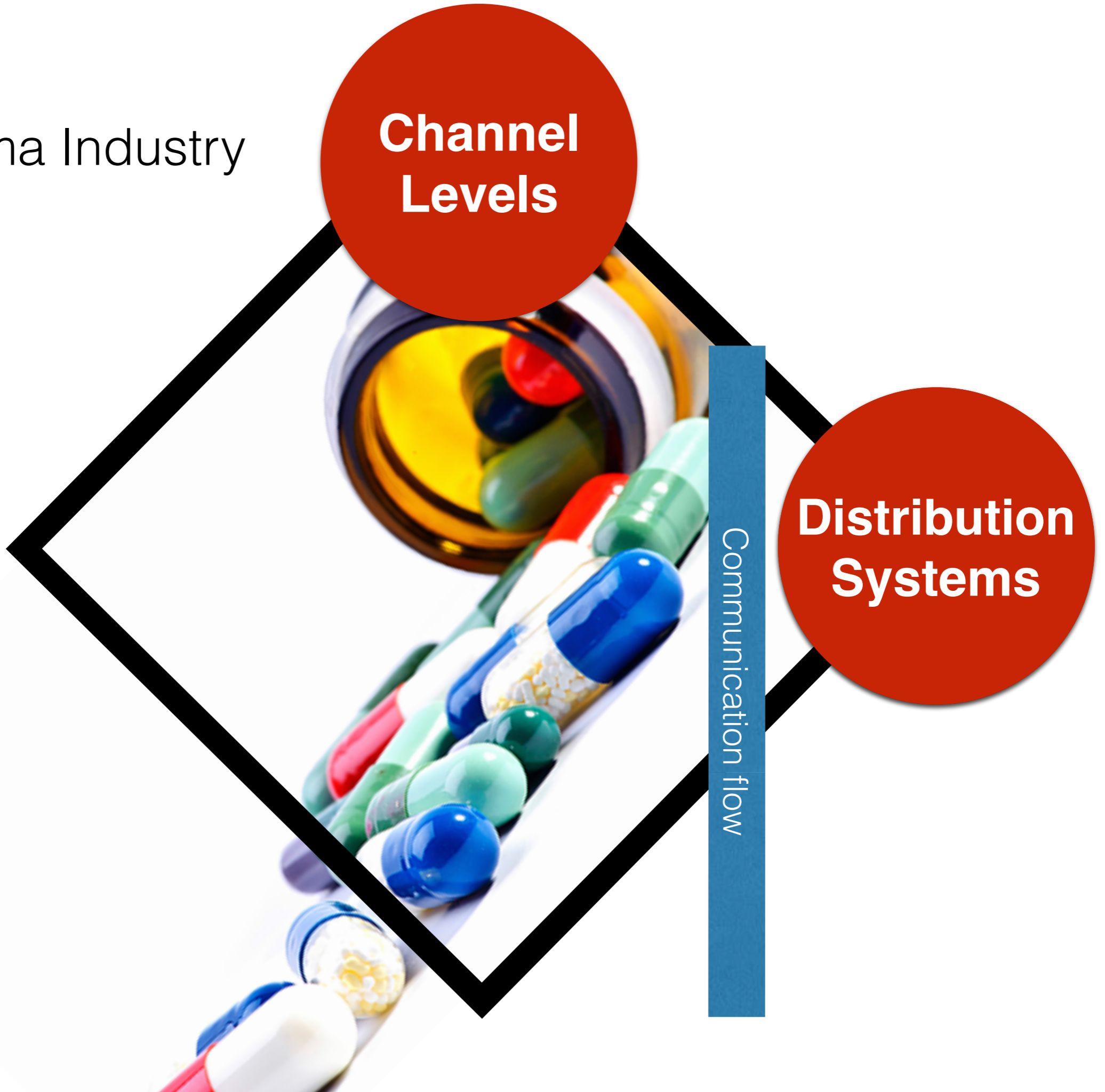
Pharma Industry

**Channel  
Levels**

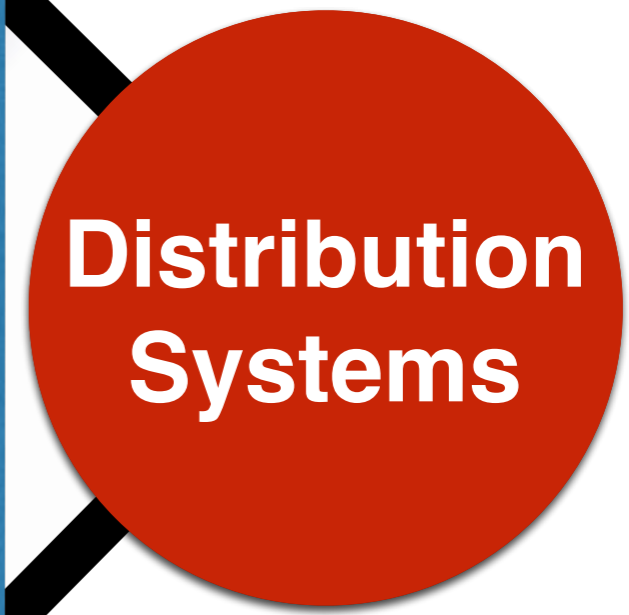
**Distribution  
Systems**

Distribution of goods

Communication flow



Pharma Industry



Distribution of goods

Direct

Indirect

multi-channel

Pharmadceutical Companies

Patients

Physicians

Communication flow



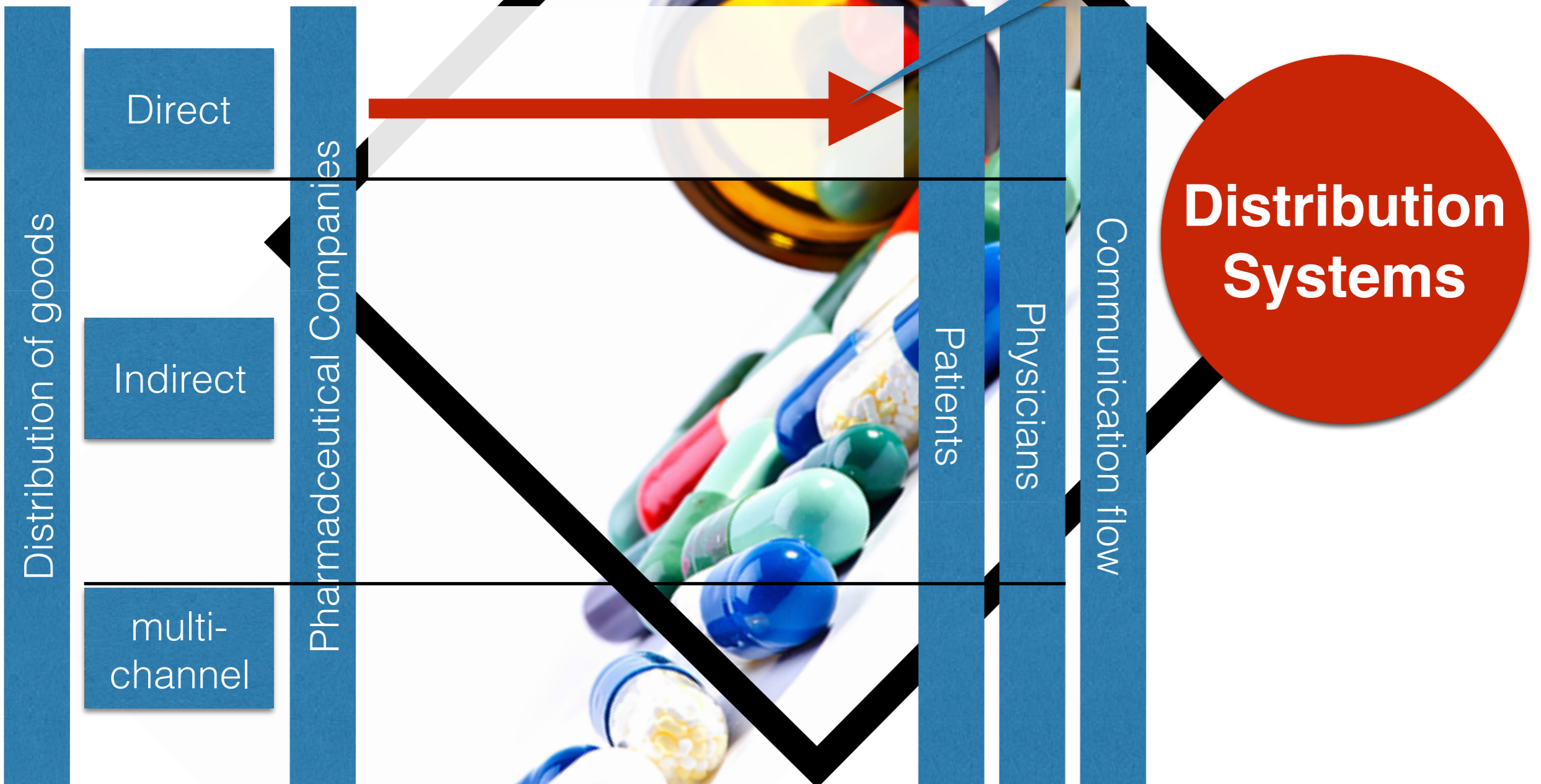


Pharma Industry

**Channel Levels**

over the counter

**Distribution Systems**



Distribution of goods

Direct

Indirect

multi-channel

Pharmaceutical Companies

Patients

Physicians

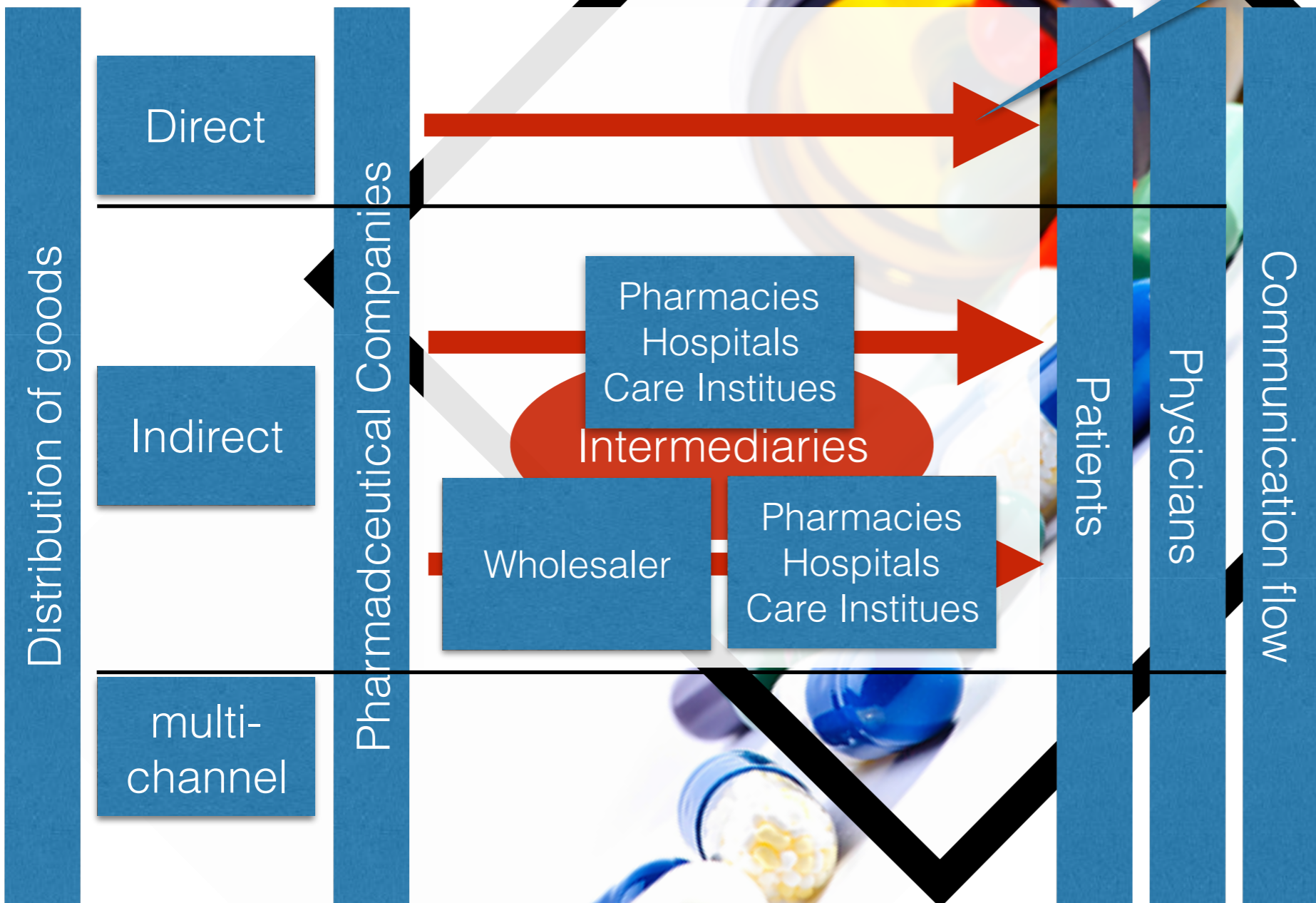
Communication flow

Pharma Industry

# Channel Levels

over the counter

# Distribution Systems



Distribution of goods

Direct

Indirect

multi-channel

Pharmaceutical Companies

Pharmacies  
Hospitals  
Care Institutes  
Intermediaries

Wholesaler

Pharmacies  
Hospitals  
Care Institutes

Patients

Physicians

Communication flow

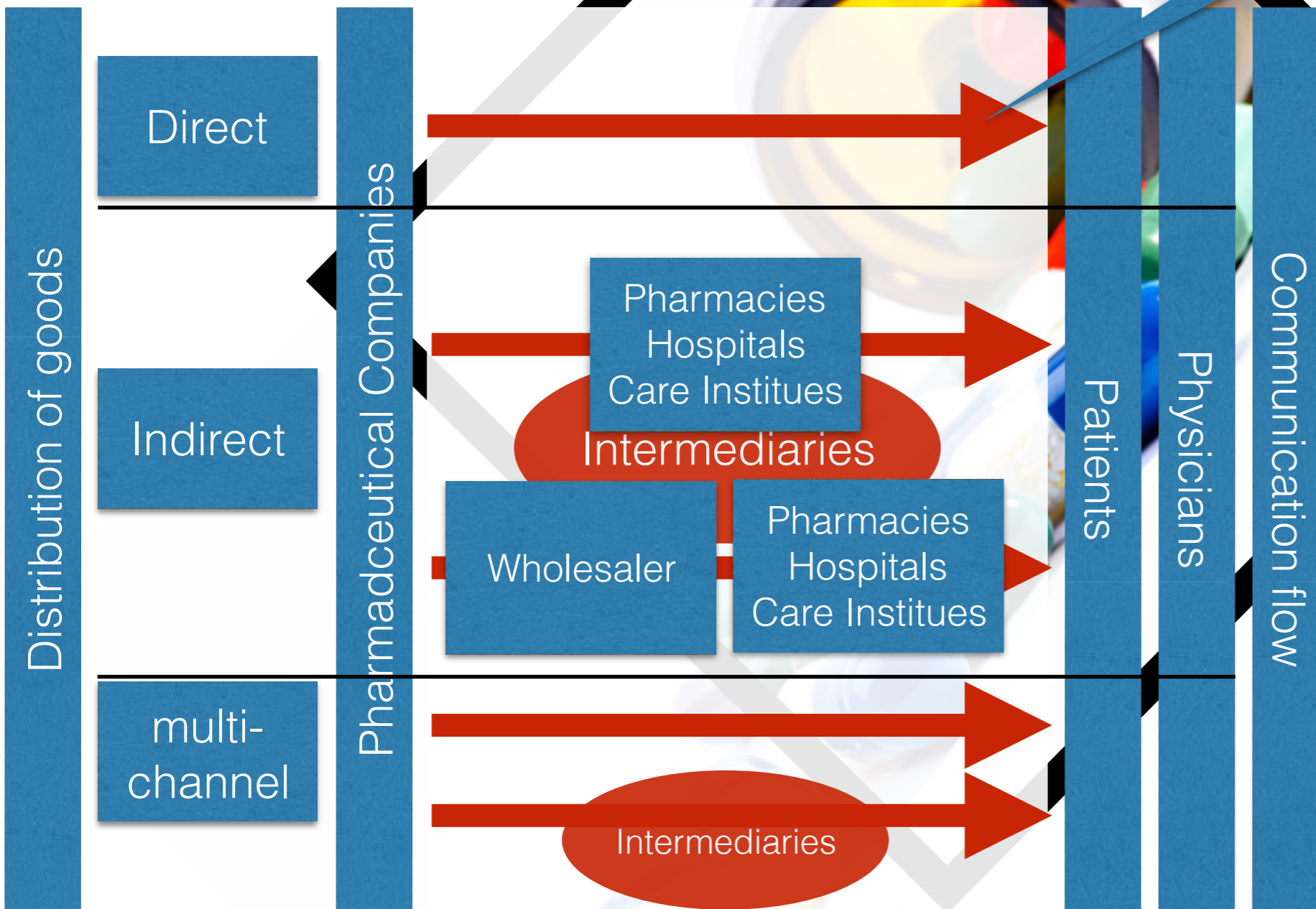


Pharma Industry

# Channel Levels

over the counter

# Distribution Systems



Distribution of goods

Direct

Indirect

multi-channel

Pharmaceutical Companies

Pharmacies  
Hospitals  
Care Institutes  
Intermediaries

Wholesaler

Pharmacies  
Hospitals  
Care Institutes

Patients

Physicians

Communication flow

Intermediaries

**Channel  
Levels**

**Distribution  
Systems**

**Agents & Brokers**

**INDIRECT**

Intermediaries who bring buyers and sellers together and assist in negotiating an exchange **BUT do not take title of the goods.**





**Channel  
Levels**

**Distribution  
Systems**

**Wholesaler**

An intermediaries that sells products to **other organizations** such as retailers, manufacturers,...

**INDIRECT**





Channel  
Levels

Distribution  
Systems

**Wholesaler**

An intermediaries that sells products to **other organizations** such as retailers, manufacturers,...

Operate on **high volumes** and low margins.

**INDIRECT**



**Wholesaler**

**Channel  
Levels**

**Distribution  
Systems**

**Merchant Wholesaler**

**INDIRECT**

An independently owned organization that takes the title of the merchandise they handle for full





**Wholesaler**

**Channel  
Levels**

**Distribution  
Systems**

**Full Service Wholesaler**

Carry stock, maintain a sales force, offer credit, make deliveries, provide business assistance, ...

**INDIRECT**





**Wholesaler**



**Channel Levels**

**Distribution Systems**

**Limited Service Wholesaler**

Range of services is limited.  
Mostly Cash & Carry

**INDIRECT**



**Channel  
Levels**

**Distribution  
Systems**

**Retailer**

An organisation that sells the product to  
**the final customer**

**INDIRECT**



**Retailer**

**Channel  
Levels**

**Distribution  
Systems**

**Specialty Store**

**INDIRECT**

Have a narrow product or (single) brand line





**Retailer**

**Channel  
Levels**

**Distribution  
Systems**

**Department Store**

Have a several product lines

**INDIRECT**





**Retailer**

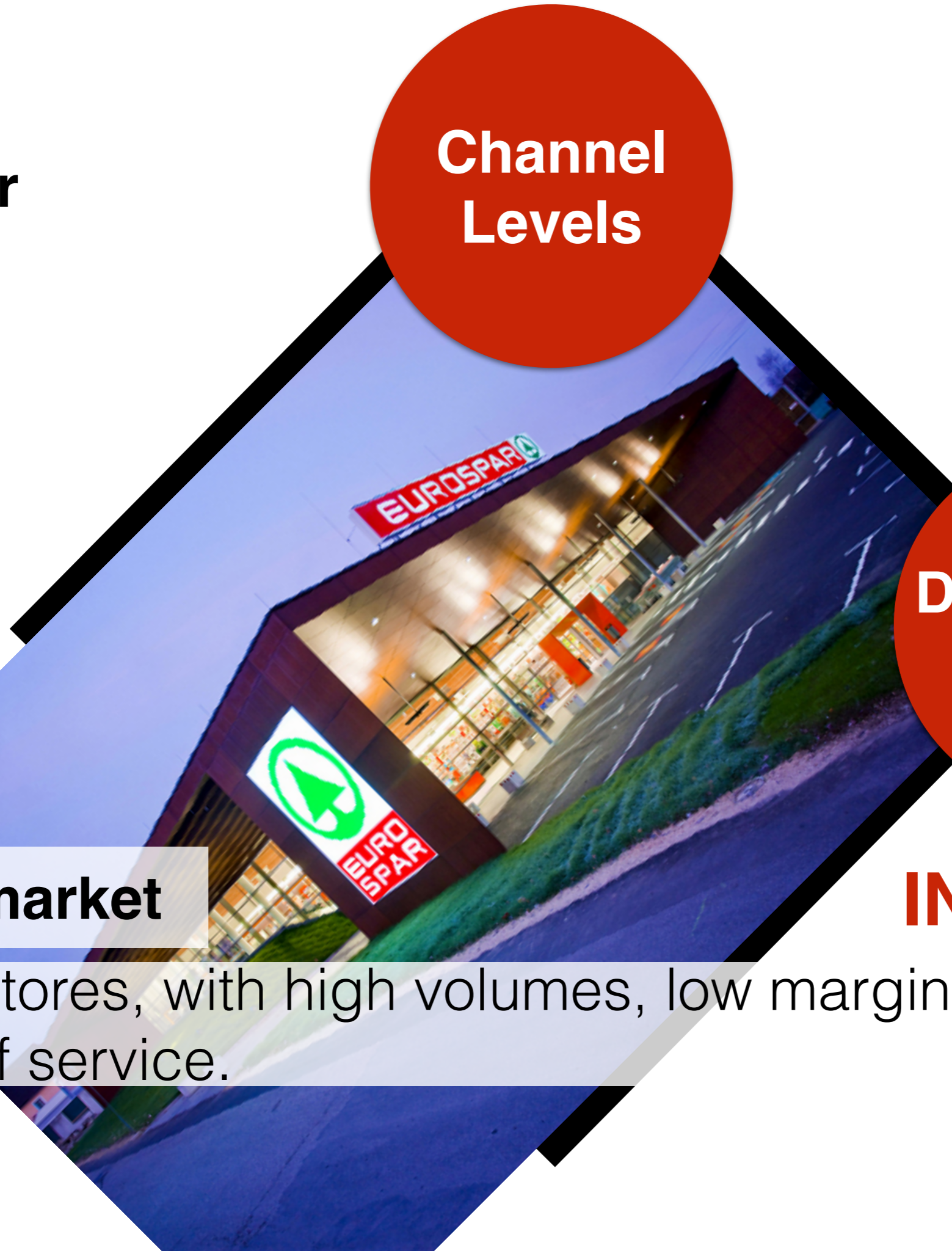
**Channel  
Levels**

**Distribution  
Systems**

**Supermarket**

Large stores, with high volumes, low margins, low costs and self service.

**INDIRECT**





**Retailer**

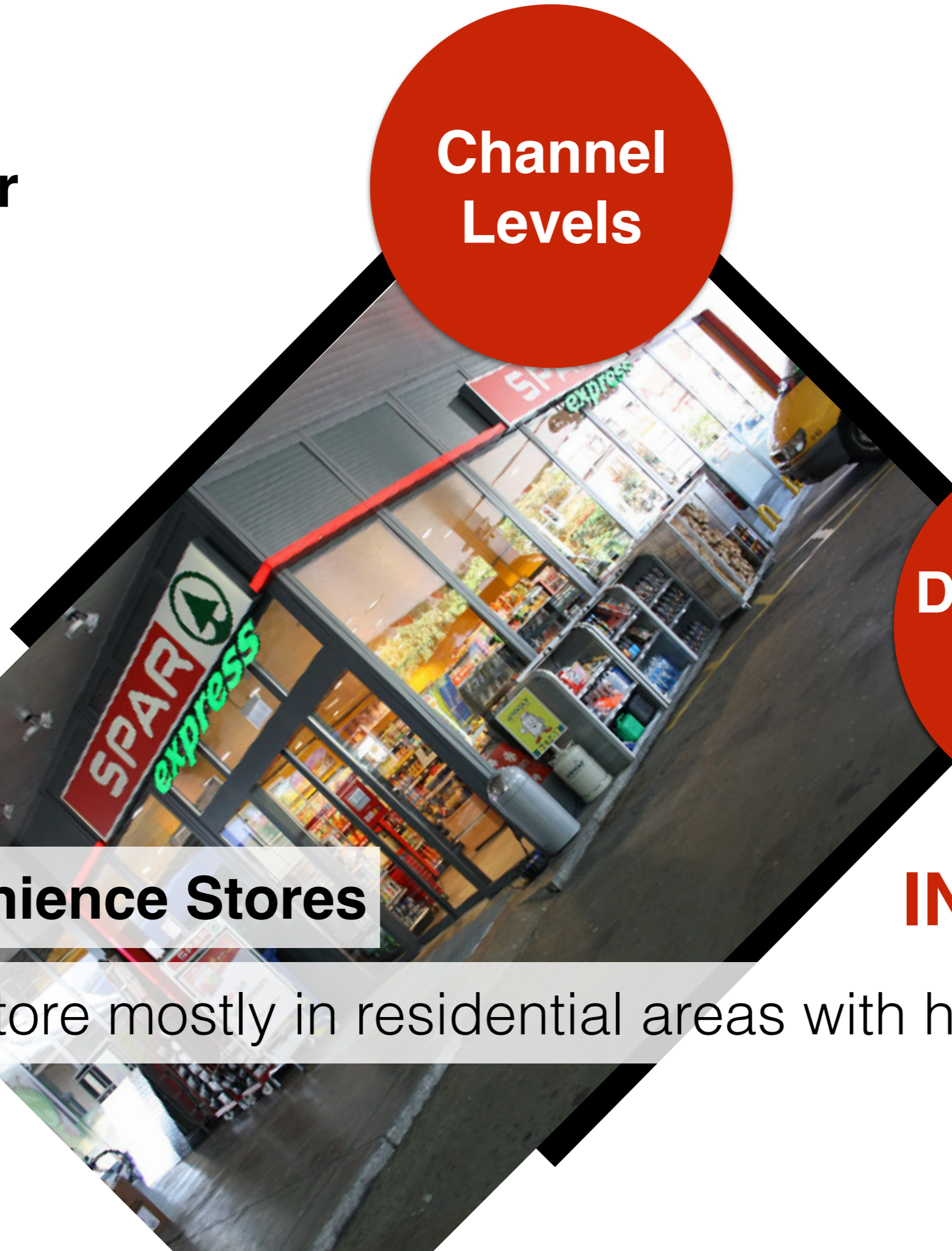
**Channel  
Levels**

**Distribution  
Systems**

**Convenience Stores**

**INDIRECT**

Small store mostly in residential areas with higher margin





**Retailer**

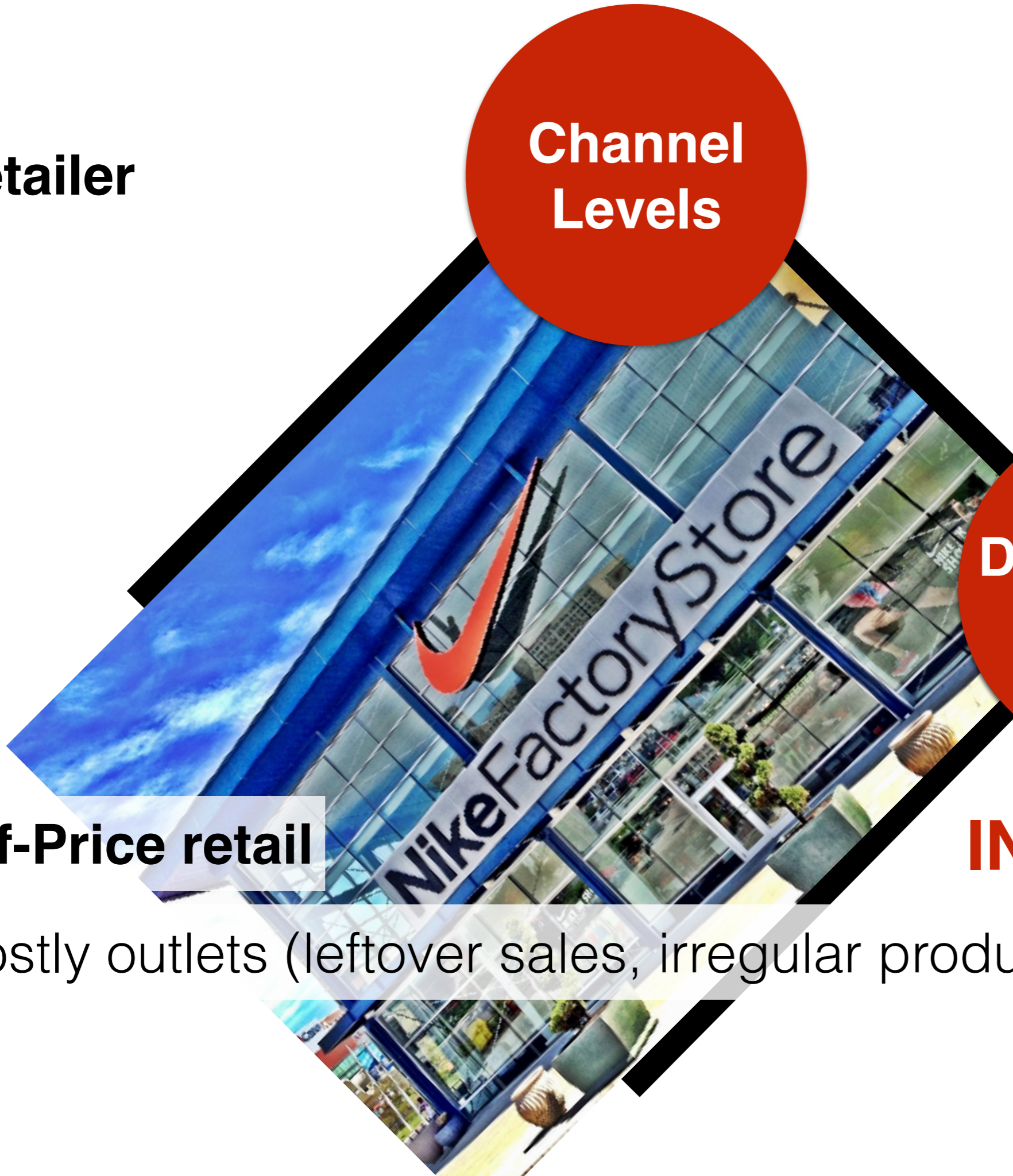
**Channel Levels**

**Distribution Systems**

**Off-Price retail**

**INDIRECT**

Mostly outlets (leftover sales, irregular product line)





**Retailer**

**Channel  
Levels**

**Distribution  
Systems**

**Superstores**

Very huge store with routine assortment of food products and non-food products. Mostly very deep assortment in one category.

**INDIRECT**





**Retailer**

**Channel Levels**

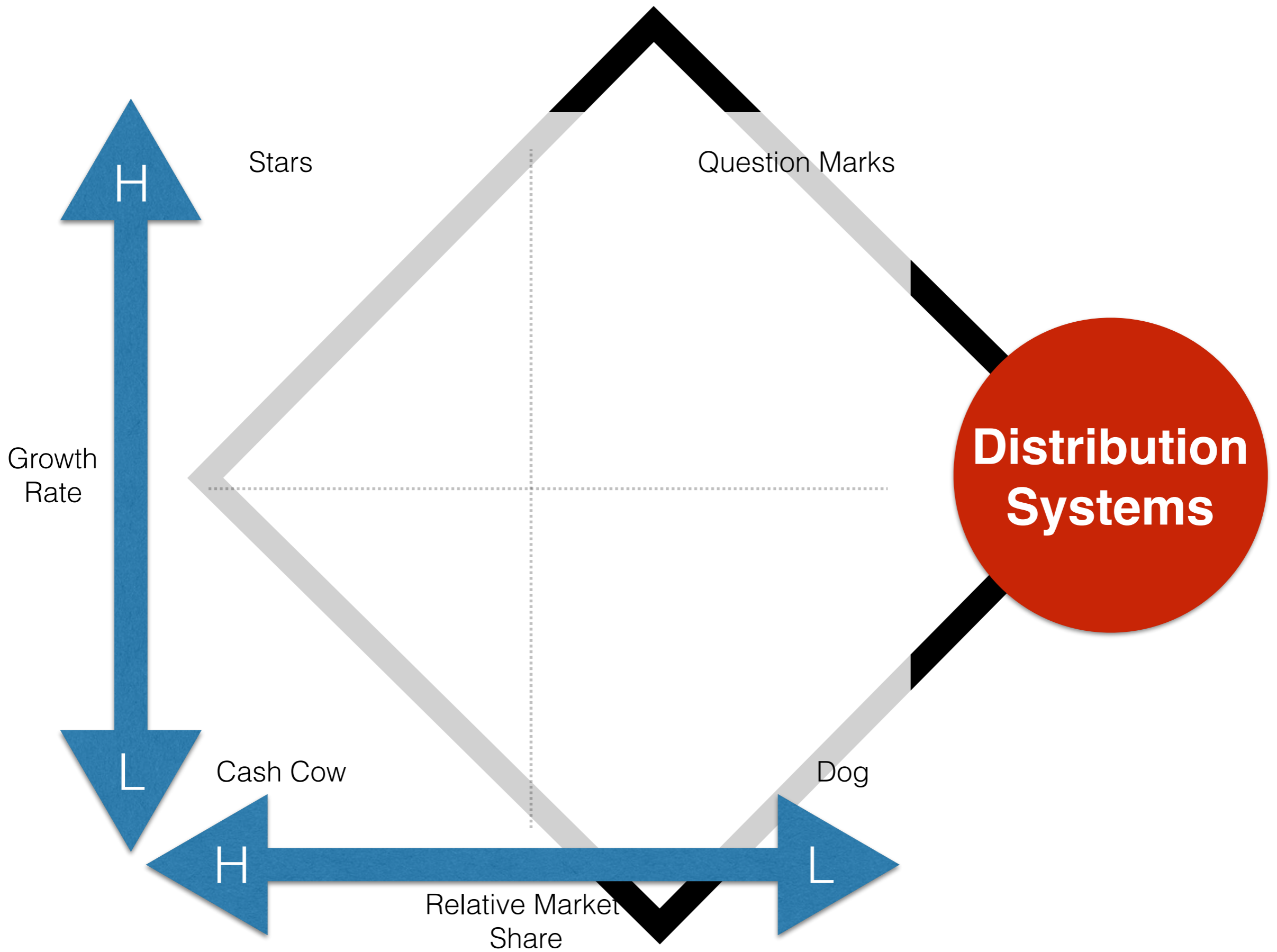
**Distribution Systems**

**Catalogue**

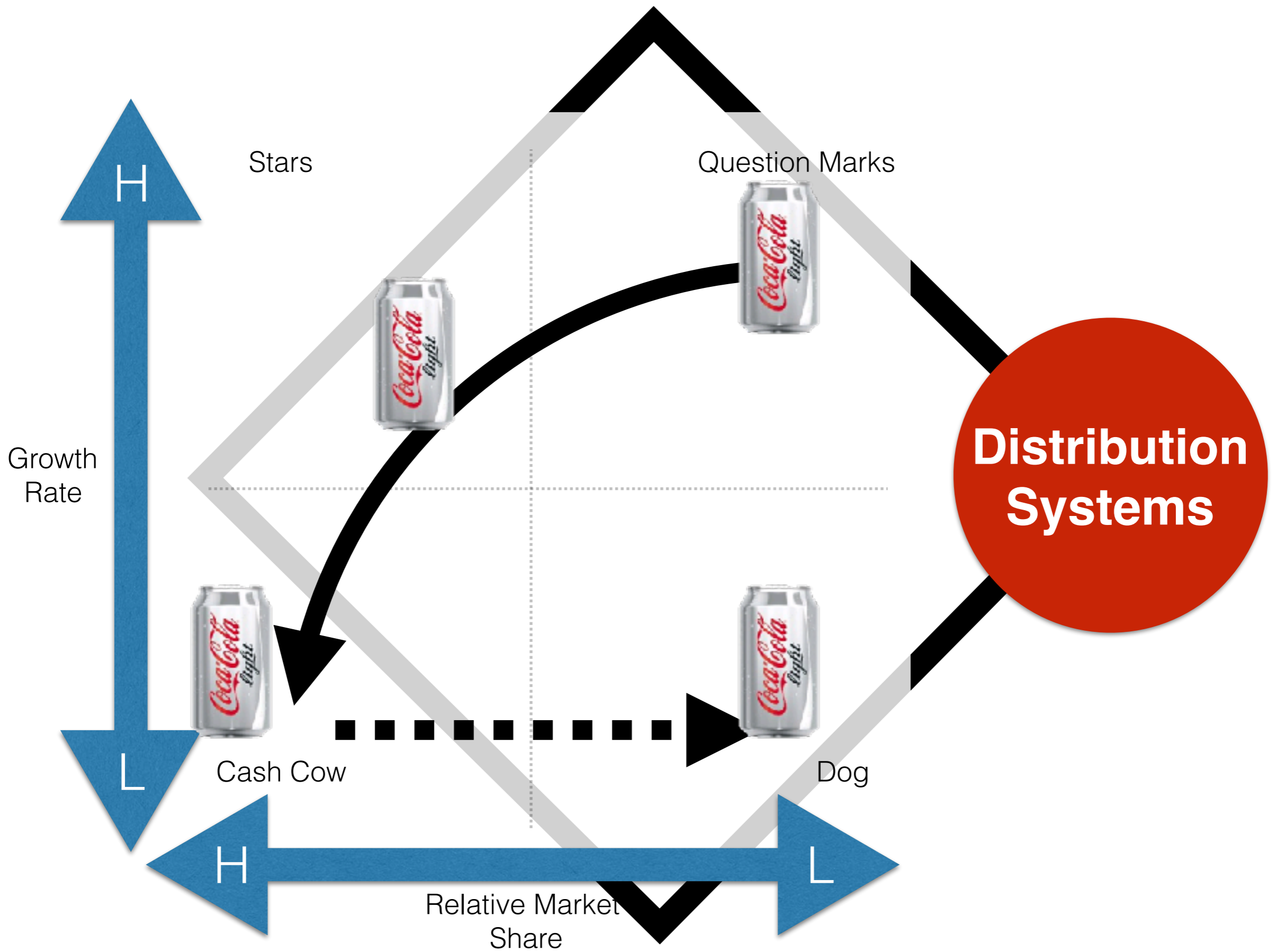
**INDIRECT**

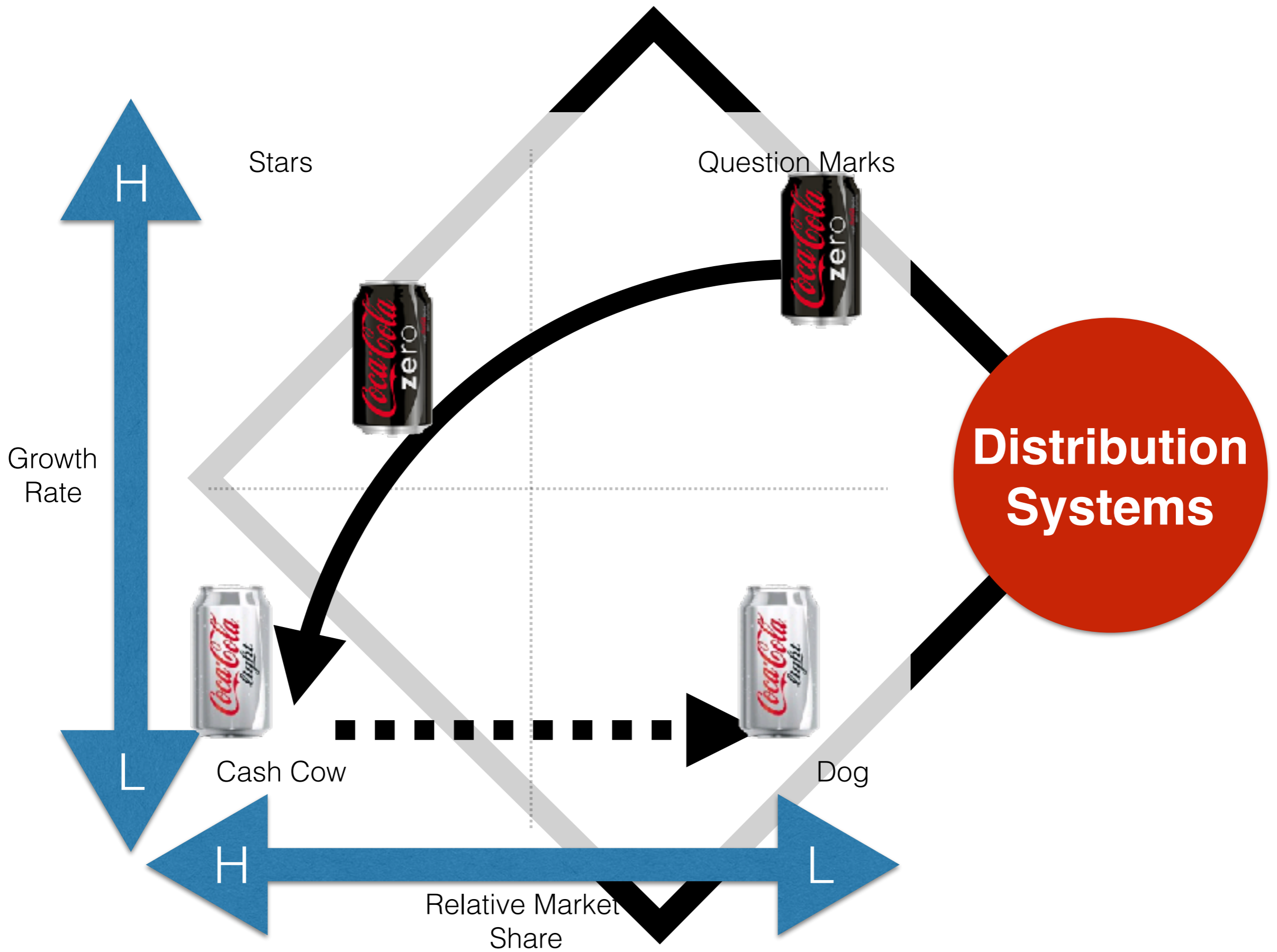
Broad selection of high markup, fast moving brand name goods sold by catalogue (sometimes with discount)



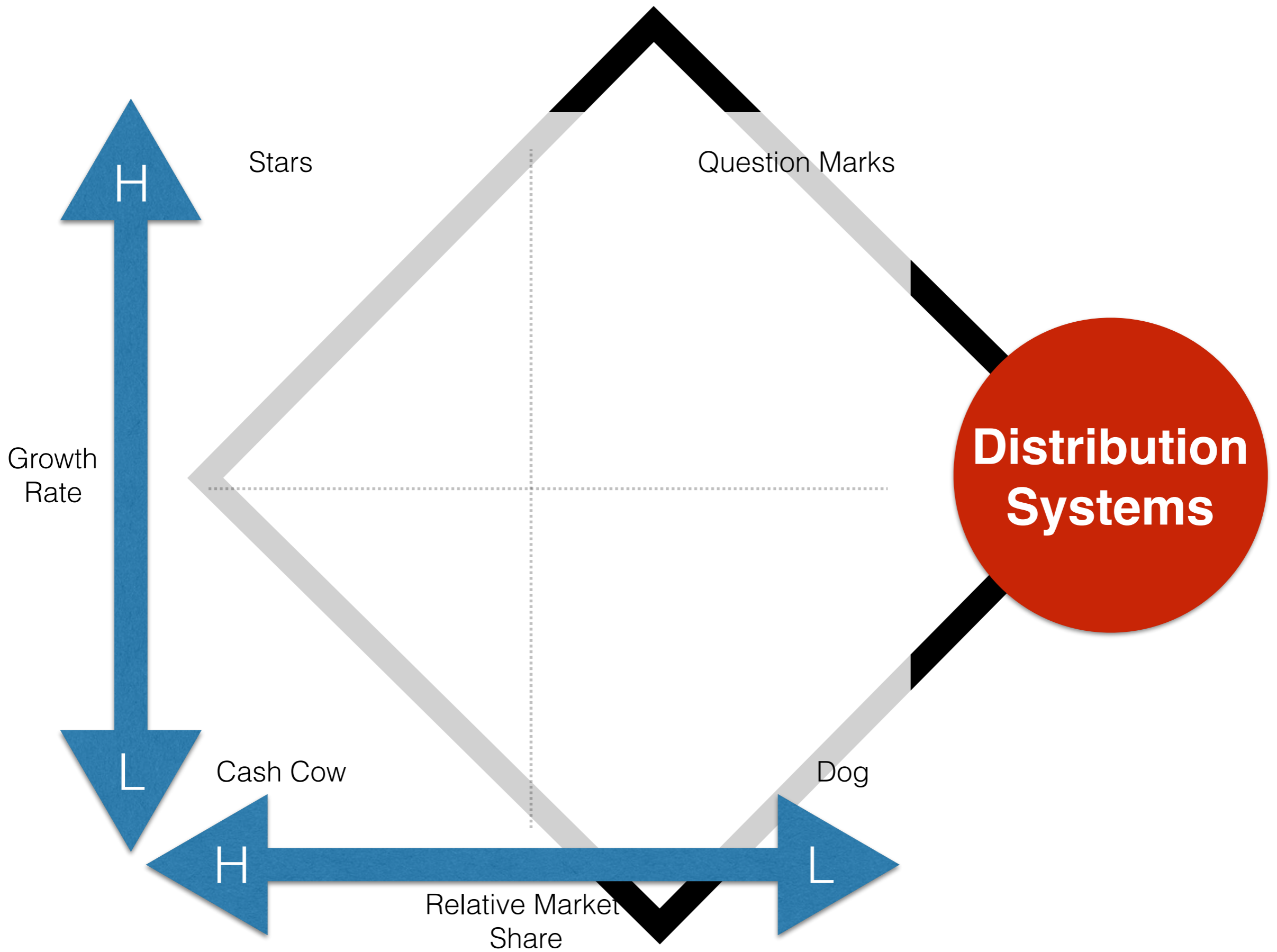


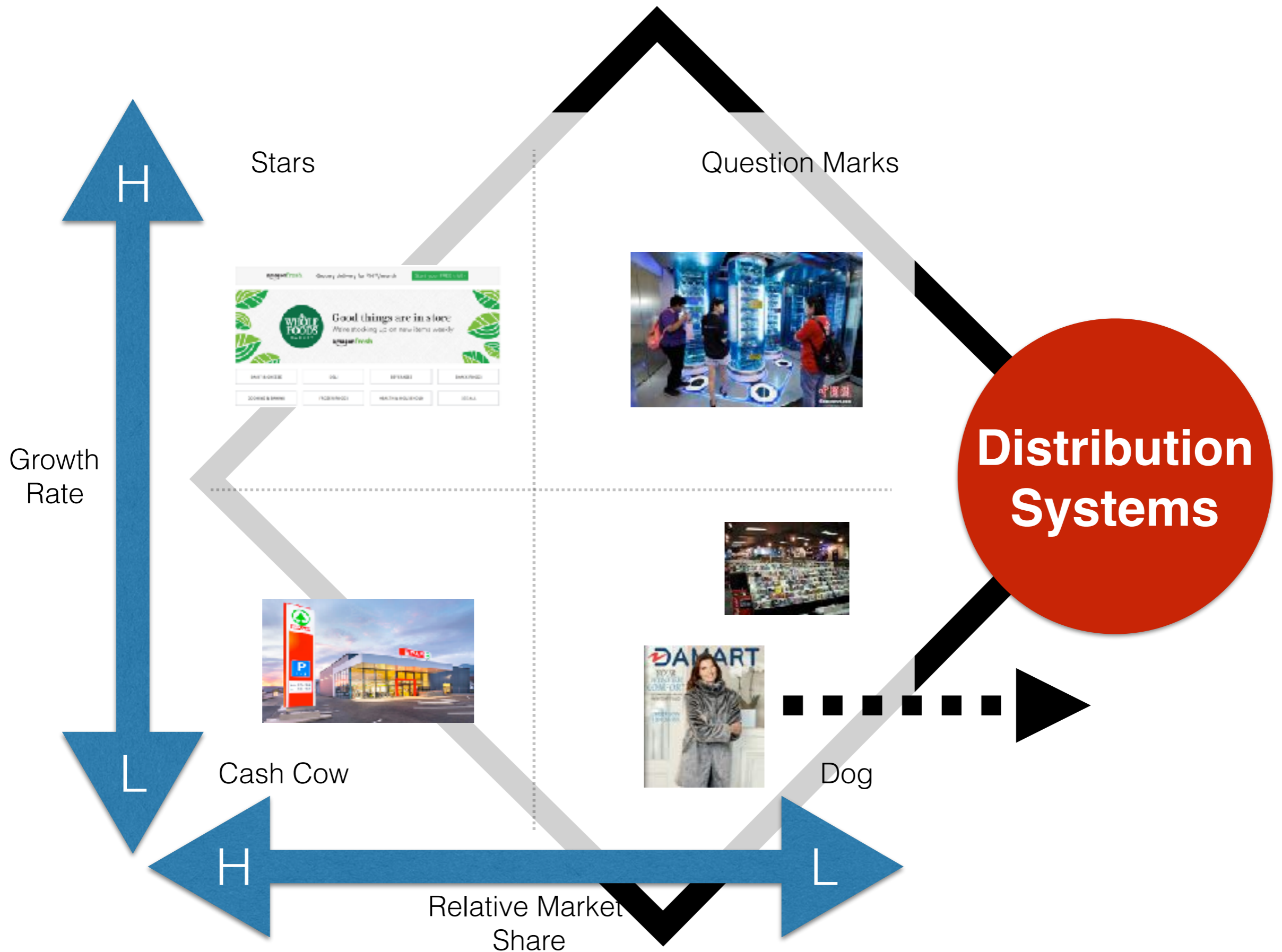






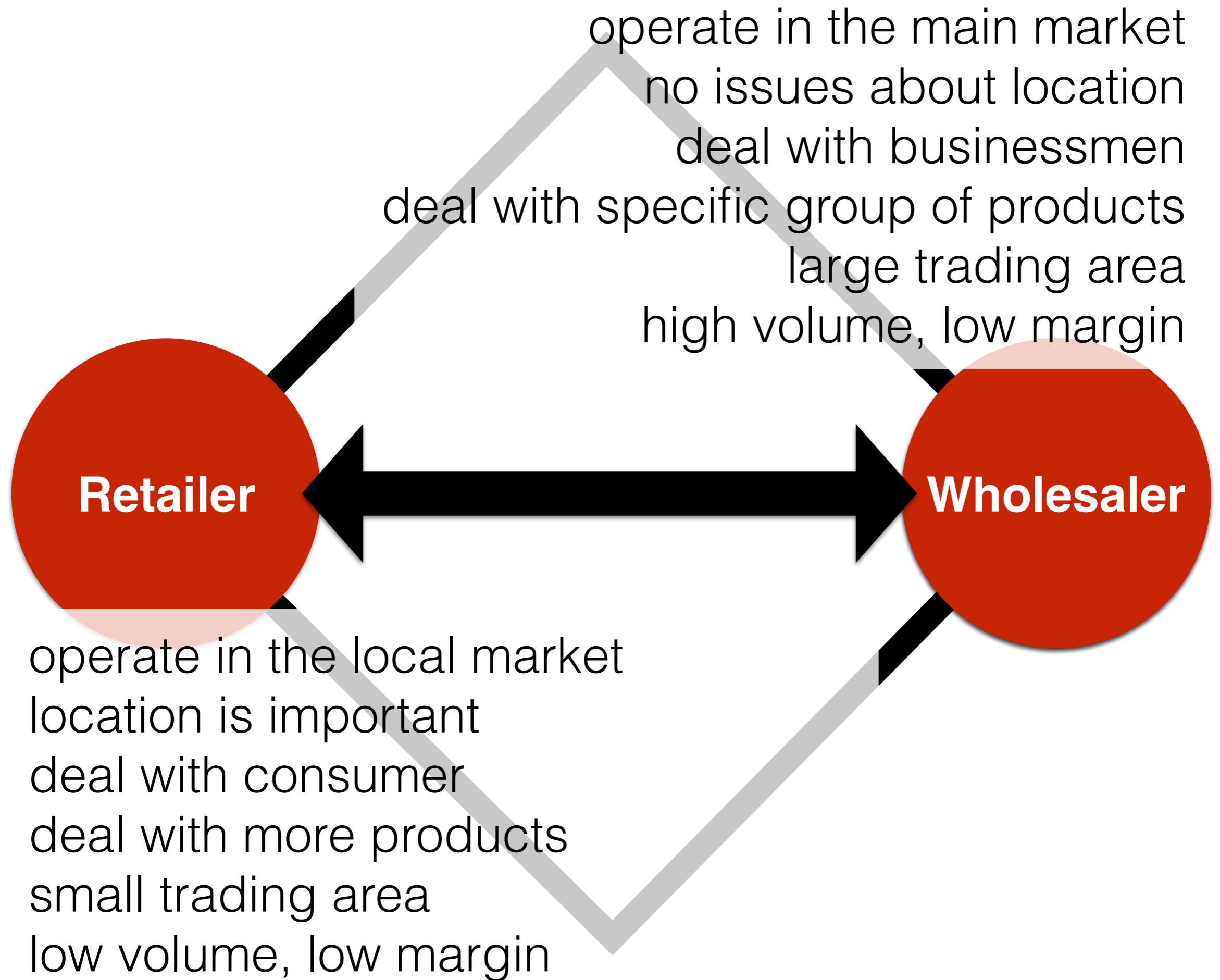














# Channel Levels

# Distribution Systems

Border

Manufacturer

Consumer

Manufacturer

Retailer

Consumer

Manufacturer

Wholesaler

Retailer

Consumer

Manufacturer

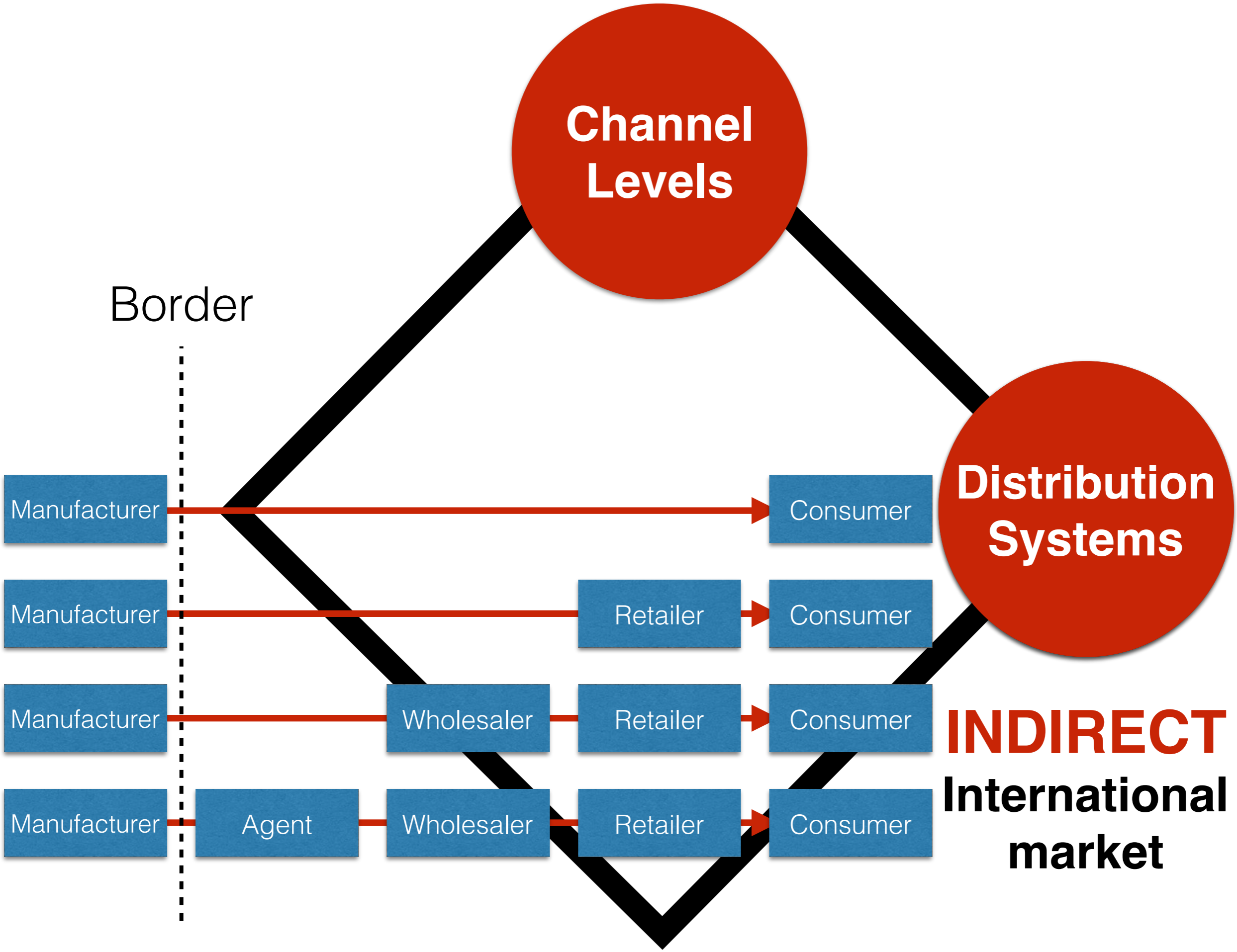
Agent

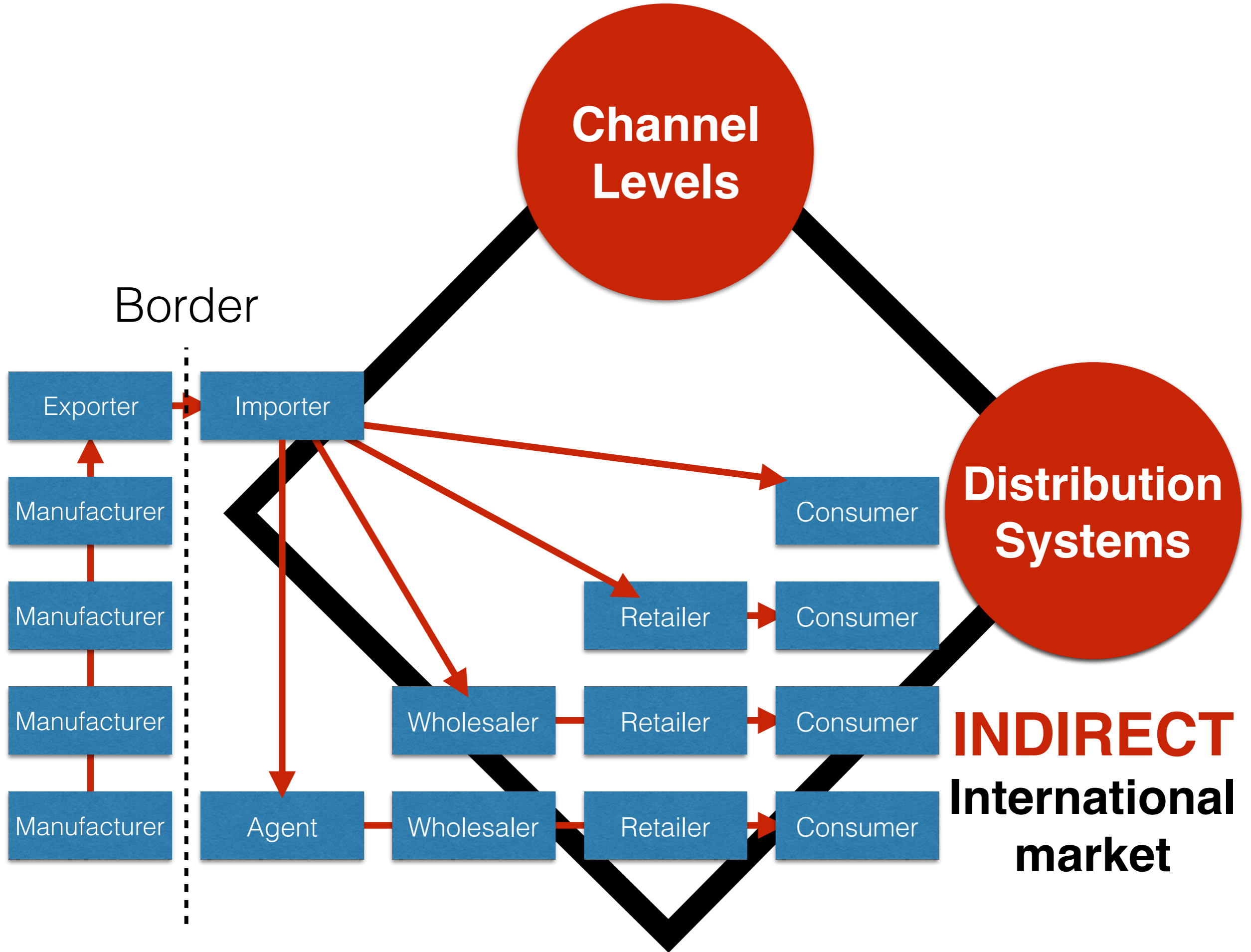
Wholesaler

Retailer

Consumer

**INDIRECT**  
**International market**







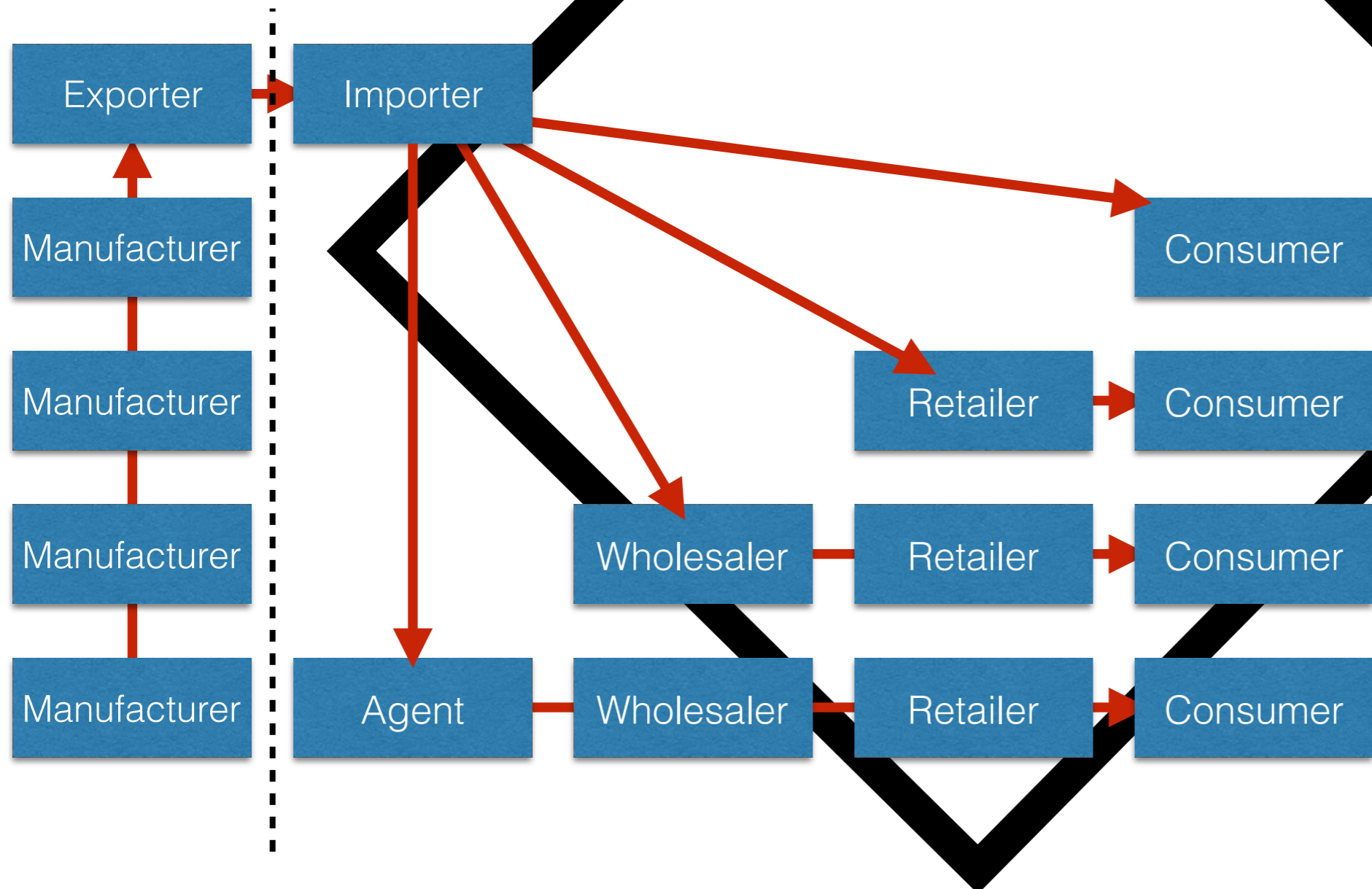
# Channel Levels

Other people introduce your product into the foreign market.  
Cheap! (& easy)  
Little or no control!

# Distribution Systems

**INDIRECT**  
**International market**

Border



# Channel Levels

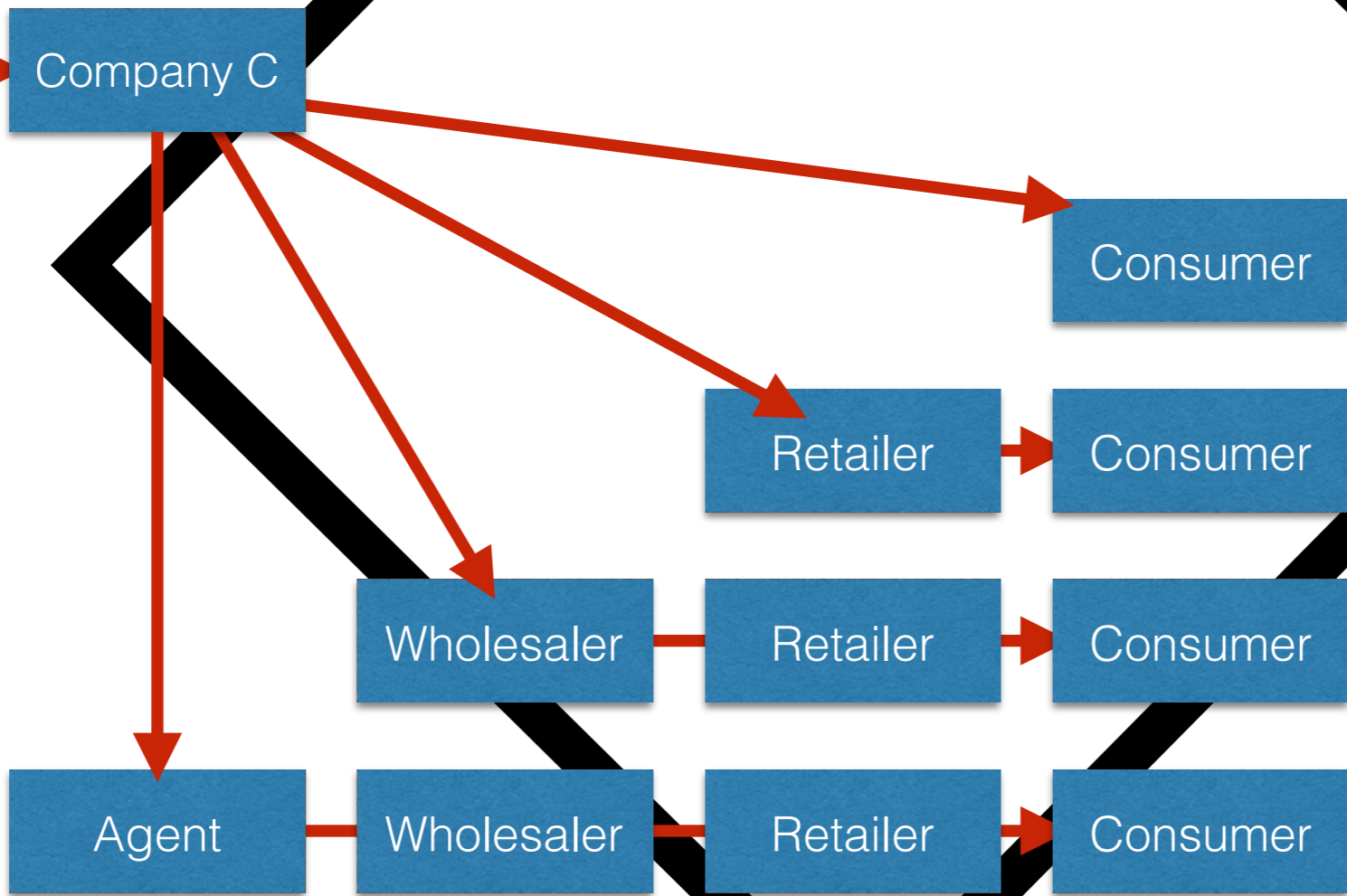
Contract Manufacturing - quality  
Licence and franchise - right  
Joint Venture

Closer to the end-user!

# Distribution Systems

**DIRECT**  
**International market**

Border



Manufacturer

Manufacturer

Manufacturer

Manufacturer

Company C

Agent

Wholesaler

Wholesaler

Retailer

Retailer

Retailer

Consumer

Consumer

Consumer

Consumer



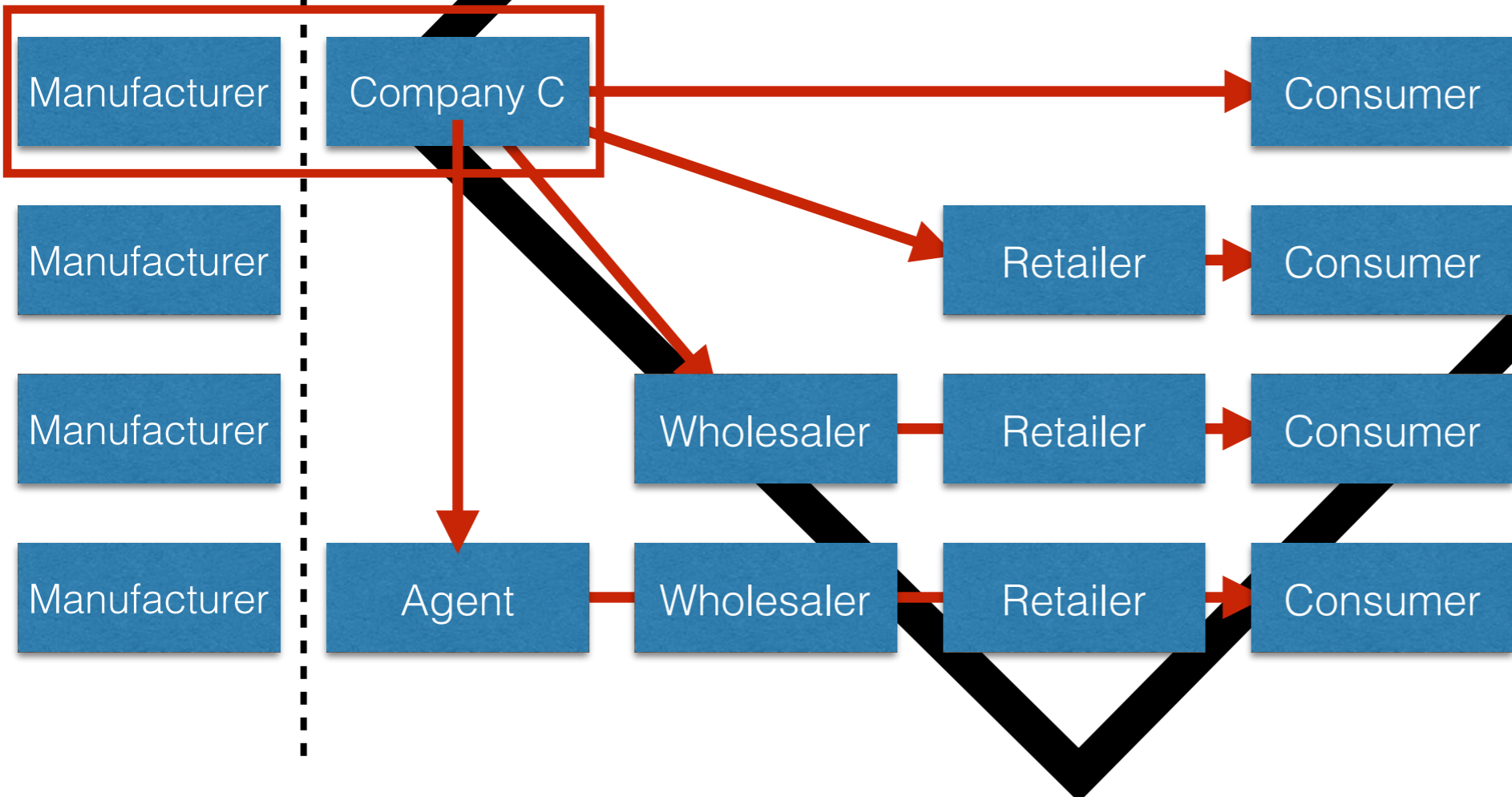
# Channel Levels

(full) subsidiary  
(Production and/or sales)  
Transnational Organisation

# Distribution Systems

**DIRECT**  
International  
market

Border





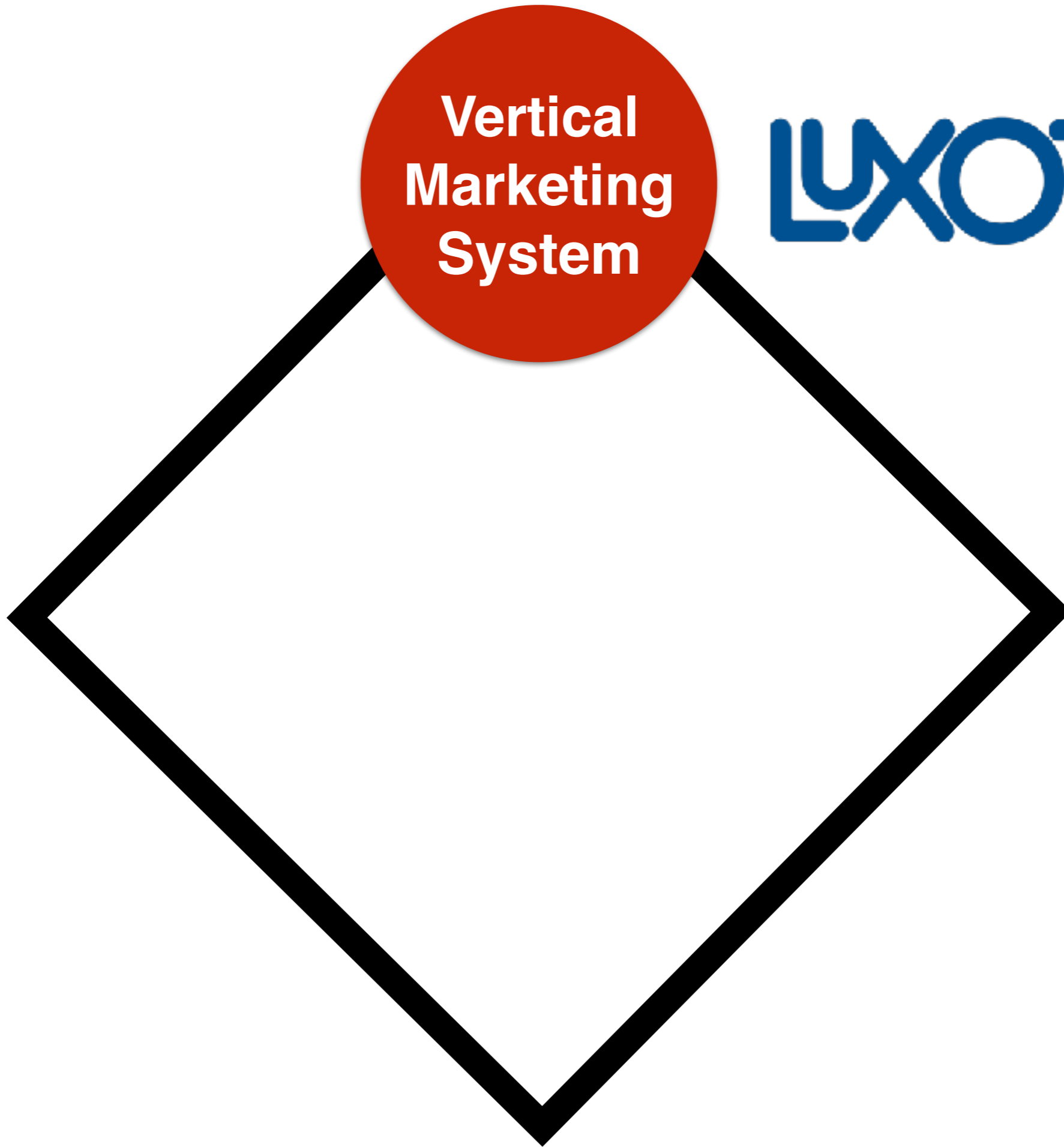
**Vertical  
Marketing  
System**

Producers, wholesalers and retailers acting as a unified system



**Vertical  
Marketing  
System**

**LUXOTTICA®**



**Vertical  
Marketing  
System**





**LUXOTTICA®**





# Vertical Marketing System

# LUXOTTICA®

|                            |           |  |        |  |   |  |   |  |   |  |
|----------------------------|-----------|--|--------|--|---|--|---|--|---|--|
| Acquisition of the license |           |  | 2009   |  | STELLINGMARTNEY  |  |   |  |   |  |
|                            |           |  | 2007   |  | POLO <small>RAUL LOPEZ</small>  |  | 2008  |  | TIFFANY & CO.   |  |
| Enters the Group           | 1971      |  | 1990   |  | 1995  |  | 2007  |  | 2012  |  |
|                            | Sferoflex |  | VOGUE  |  | Persol  |  | BARLEY<br>Includes: Oliver Peoples and The Paul Smith License |  |   |  |
|                            | 1996      |  | 1999   |  | 2003  |  | 2006  |  | 2013  |  |
|                            | BVLGARI   |  | CHANEL |  | VERSACE PRADA   |  | DOICE & GABBANA BURBERRY*                                     |  | GIORGIO ARMANI  |  |
|                            |           |  |        |  |   |  |   |  | 2012  |  |
|                            |           |  |        |  |   |  |   |  |    |  |
|                            |           |  |        |  |   |  |   |  | 2012  |  |
|                            |           |  |        |  |   |  |   |  |  |  |
|                            | 1970      |  | 1980   |  | 1990  |  | 2000  |  | 2010  |  |

**1961 / Inception**  
Leonardo Del Vecchio founds Luxottica di Del Vecchio enters the group e C. S.A.S. which in 1964 was transformed into a joint-stock company named Luxottica S.p.A.

**1971 /** The first Luxottica brand optical eyewear collection makes its debut at the MIDO international trade fair in Milan.  


**1988 /** Is launched. The foundation provides free vision care and eyewear around the world to those in need.  
  
**1990 /** Luxottica Group is listed on the NYSE.

**1995 /** One of the largest optical retail chains in North America.  
  
**2000 /** Luxottica Group is listed on the Milan Stock Exchange's Mercato Telematico Azionario managed by Borsa Italiana.

**2001 /** A major distributor of premium sunglasses.  
  
**2003 /** Among the leading optical retailers in Australia and New Zealand.  
  
**2004 /** A leading retail chain in North America.  


**2011 /** Acquisition of TecnoL, Brazil.  


# Vertical Marketing System

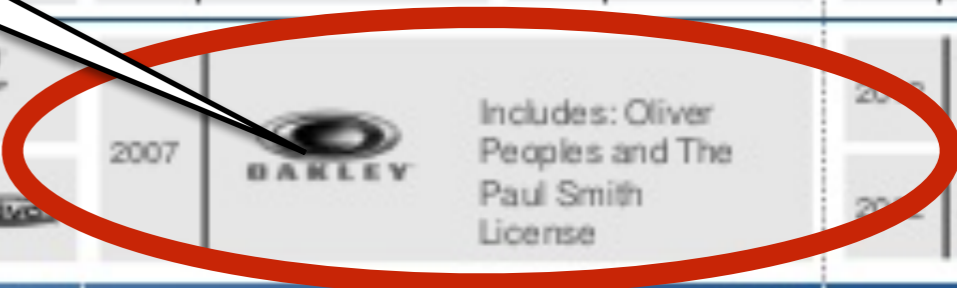
# LUXOTTICA®

The own the product

Acquisition of the license

Enters the Group

|      |                   |                 |               |   |                |
|------|-------------------|-----------------|---------------|---|----------------|
| 2009 | STELLA McCARTNEY  |                 |               |   |                |
| 2007 | POLO RALPH LAUREN | 2008            | TIFFANY & CO. |   |                |
| 2006 | CHANEL            | DOUCE & GABBANA | BURBERRY®     | 2013  | GIORGIO ARMANI |
| 1998 | GARIBOLDI         | 2003            | VERSACE PRADA | 2003  | DONNA KARAN    |
| 1995 | Persol            | 2007            | BARLEY        | Includes: Oliver Peoples and The Paul Smith License |                |
| 1990 | Ralph Lauren      | REVO            |               | 2005  | WILD MOUTH     |
|      |                   |                 |               | 2002  | Sun Planet     |



|  |  |   |  |  |
|--|--|---|--|--|
| 1970   | 1980   | 1990  | 2000   | 2010   |
| <p><b>1961 / Inception</b><br/>Leonardo Del Vecchio founds Luxottica di Del Vecchio enters the group e C. S.A.S. which in 1964 was transformed into a joint-stock company named Luxottica S.p.A.</p> | <p><b>1971 /</b><br/>The first Luxottica brand optical eyewear collection makes its debut at the MIDO international trade fair in Milan.</p> | <p><b>1988 / Is launched.</b><br/>The foundation provides free vision care and eyewear around the world to those in need.</p> <p><b>1990 / Luxottica Group is listed on the NYSE.</b></p> | <p><b>1995 /</b> One of the largest optical retail chains in North America.</p> <p><b>2000 /</b> Luxottica Group is listed on the Milan Stock Exchange's Mercato Telematico Azionario managed by Borsa Italiana.</p> | <p><b>2001 /</b> A major distributor of premium sunglasses.</p> <p><b>2003 /</b> Among the leading optical retailers in Australia and New Zealand.</p> <p><b>2004 /</b> A leading retail chain in North America.</p> |
|  |  |   |  | <p><b>2011 /</b> Acquisition of TecnoL, Brazil.</p>  |



# Vertical Marketing System

# LUXOTTICA®

The own/make the product

|      |                      |                 |               |   |                |
|------|----------------------|-----------------|---------------|---|----------------|
| 2009 | STELLA MCCARTNEY     |                 |               |   |                |
| 2007 | POLO<br>RALPH LAUREN | 2008            | TIFFANY & CO. |   |                |
| 2006 | CHANEL               | DOUCE & GABBANA | BURBERRY*     | 2013  | GIORGIO ARMANI |
| 1998 | GARIBOLDI            | 2003            | VERSACE PRADA | 2003  | DONNA KARAN    |
| 1995 | Persol               | 2007            | BAILEY        | Includes: Oliver Peoples and The Paul Smith License |                |
| 1990 | Ray-Ban              |                 |               | 2012  | CRACKER        |
|      |                      |                 |               | 2011  | SUN PLANET     |

Acquisition of the license

Enters the Group

1970

1980

1990

2000

2010

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The own the retailer

**2000 /** Luxottica is listed on Milan Stock Exchange's Mercato Telematico Azionario managed by Borsa Italiana.

**2003 /** Among the leading optical retailers in Australia and New Zealand.

**2004 /** A leading retail chain in North America.

sunglass hut

OPSM

Cole National

Tecnol

# Vertical Marketing System

# LUXOTTICA®



## NORTH AMERICA

**Optical** | leading retailer in NA



**Sun** | leading specialty sun retailer



## CENTRAL and SOUTH AMERICA



## EUROPE

leading high-end retailer



## AFRICA, MIDDLE EAST and INDIA

**Sun** | franchising sun retailer



## SOUTH AFRICA

**Sun** | leading specialty sun retailer



## CHINA and HONG KONG

**Optical** | leading high-end retailer



**Sun** | sun retailer



## AUSTRALIA - NEW ZEALAND

**Optical** | leading optical retailer



**Sun** | leading sun retailer







# Vertical Marketing System

# LUXOTTICA®



Foothill Ranch



Agordo (BL)



Dongguan







Vertical  
Marketing  
System



LUXOTTICA®



**Corporate VMS** integrates successive stages of production and distribution under **single ownership**.



## Vertical Marketing System

**Contractual VMS** consists of **independent firms** at different levels of production and distribution who join together through contracts to obtain more economies of sales impact than each could achieve alone.



# Vertical Marketing System

*The Coca-Cola Company*

 **Coca-Cola**  
Hellenic Bottling Company

**Contractual VMS** consists of **independent firms** at different levels of production and distribution who join together through contracts to obtain more economies of sales impact than each could achieve alone.



## Vertical Marketing System

- Wholesalers sponsored voluntary chains
- Retailer cooperatives
- Franchise organisations

**Contractual VMS** consists of **independent firms** at different levels of production and distribution who join together through contracts to obtain more economies of sales impact than each could achieve alone.



# Franchise

## Vertical Marketing System



**Contractual VMS** consists of **independent firms** at different levels of production and distribution who join together through contracts to obtain more economies of sales impact than each could achieve alone.

## Contractual VMS Franchise

Vertical  
Marketing  
System



**Business format franchise** not only distributes the franchisor's products and services under the franchisor's trademark, but also implements the franchisor's format and business procedure.



**Contractual VMS  
Franchise**

**Vertical  
Marketing  
System**



**TOYOTA**

In **Product distribution franchise** the franchisee merely sells the franchisor's products or services.

**Contractual VMS  
Franchise**

**Vertical  
Marketing  
System**



The **management franchise** provides the management expertise, format and/or procedure for conducting the business.





**Vertical  
Marketing  
System**

**Administrative VMS** has **a few dominant channel members** without common ownership. Leadership comes from size and power.



**Vertical  
Marketing  
System**



**P&G**



**Administrative VMS** has **a few dominant channel members** without common ownership. Leadership comes from size and power.





## Horizontal Marketing System

Horizontal Marketing Systems are when two or more companies **at one level join together** to follow a new marketing opportunity. Companies combine financial, production, or marketing resources to **accomplish more than any company could alone.**

## Horizontal Marketing System

STARBUCKS | iTunes

The iTunes Wi-Fi Music Store now playing at Starbucks.

Now you can wirelessly download and enjoy music from the iTunes Wi-Fi Music Store at Starbucks. To get started make sure you have the latest version of iTunes at [www.apple.com/itunes](http://www.apple.com/itunes).

powered by T-Mobile

Horizontal Marketing Systems are when two or more companies **at one level join together** to follow a new marketing opportunity. Companies combine financial, production, or marketing resources to **accomplish more than any company could alone**.

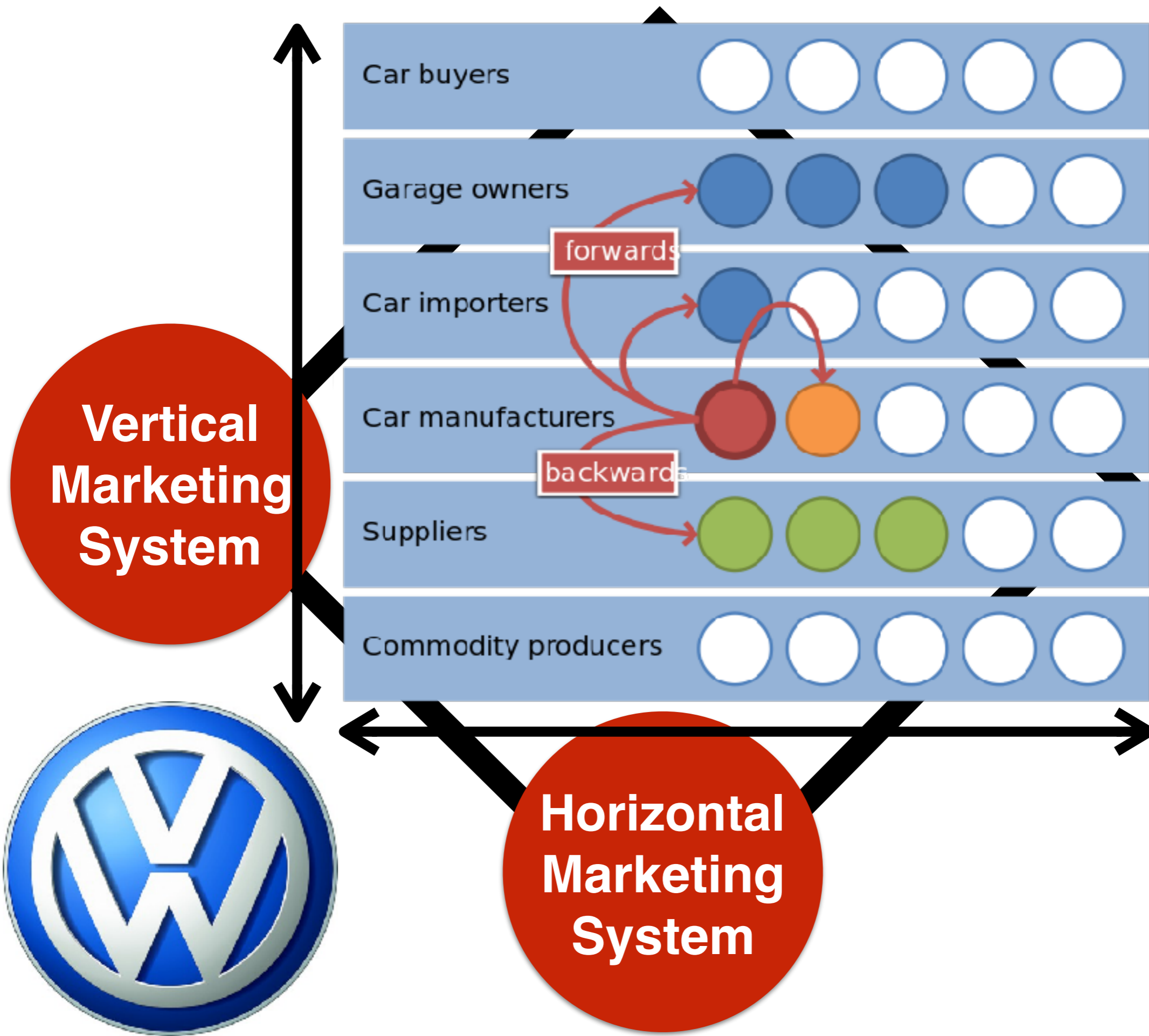




## Horizontal Marketing System

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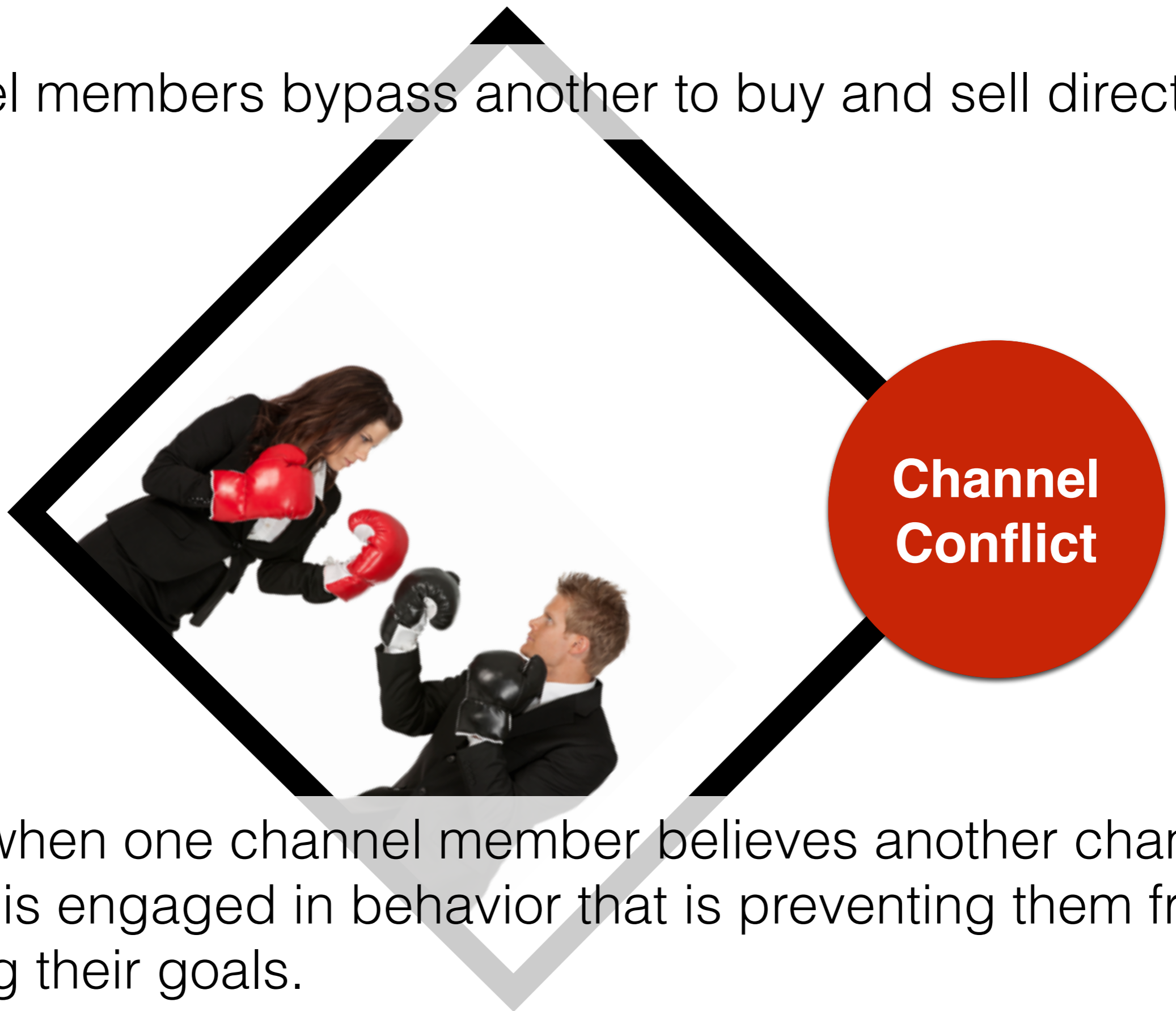






Occurs when one channel member believes another channel member is engaged in behavior that is preventing them from achieving their goals.

1 channel members bypass another to buy and sell direct



Occurs when one channel member believes another channel member is engaged in behavior that is preventing them from achieving their goals.



- 1 channel members bypass another to buy and sell direct
- 2 profit margins are uneven between channel members



Occurs when one channel member believes another channel member is engaged in behavior that is preventing them from achieving their goals.

1 channel members bypass another to buy and sell direct

2 profit margins are uneven between channel members

3 manufacturers believes a channel member is not providing attention to its products



**Channel  
Conflict**

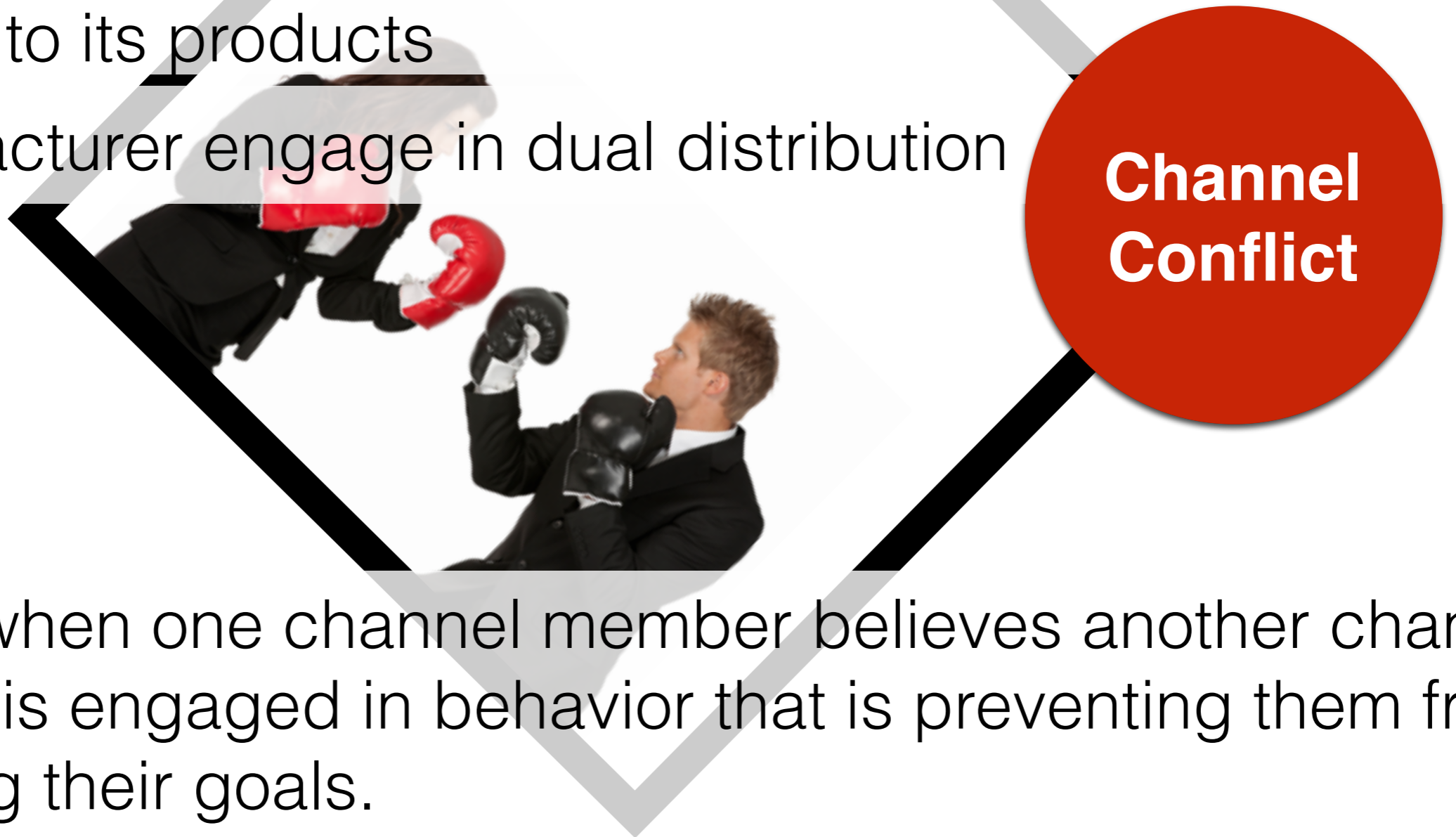
Occurs when one channel member believes another channel member is engaged in behavior that is preventing them from achieving their goals.

1 channel members bypass another to buy and sell direct

2 profit margins are uneven between channel members

3 manufacturers believes a channel member is not providing attention to its products

4 manufacturer engage in dual distribution



Occurs when one channel member believes another channel member is engaged in behavior that is preventing them from achieving their goals.



**Horizontal  
Conflict**



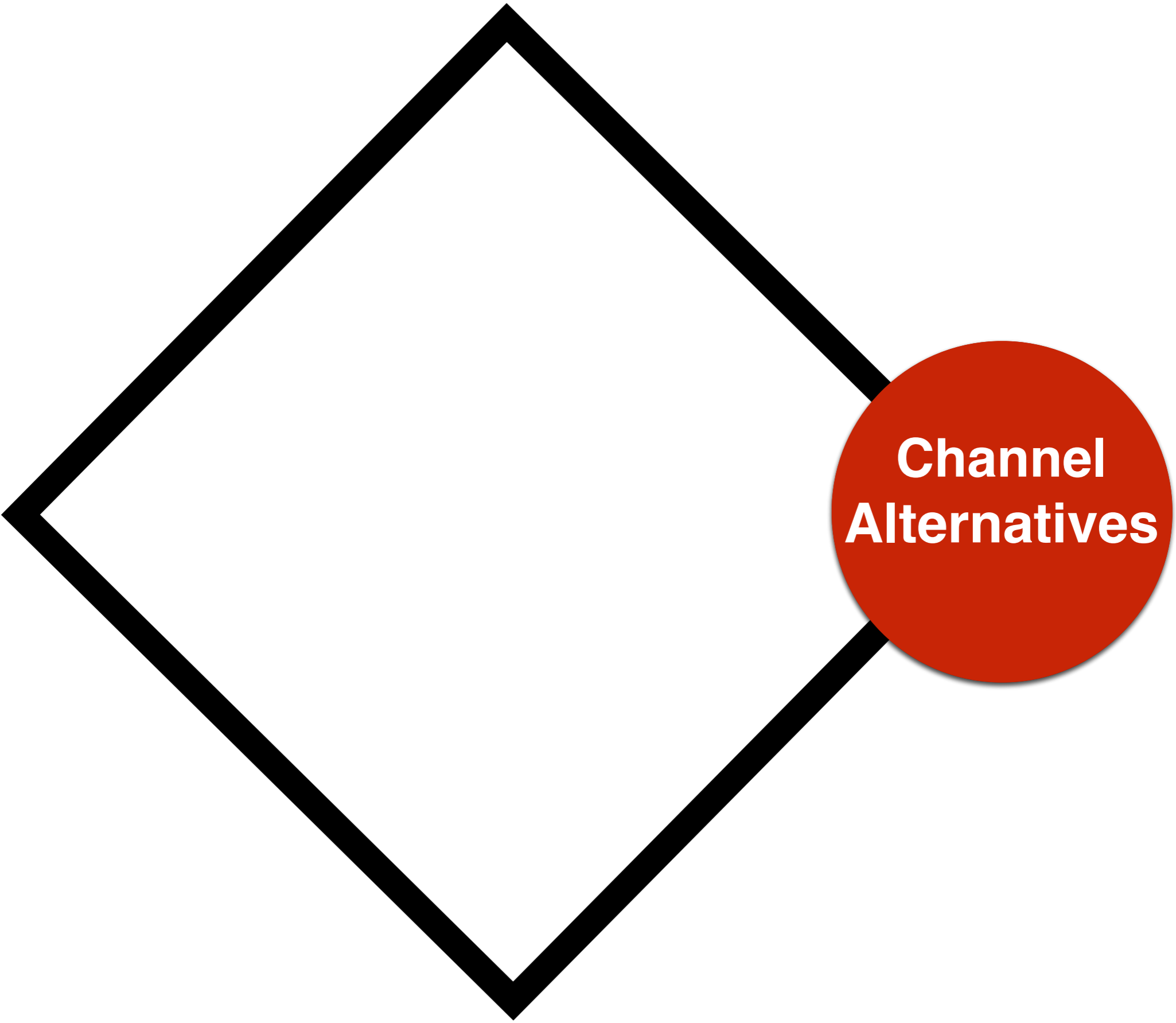
**Channel  
Conflict**

**Vertical  
Conflict**

**Horizontal  
Conflict**

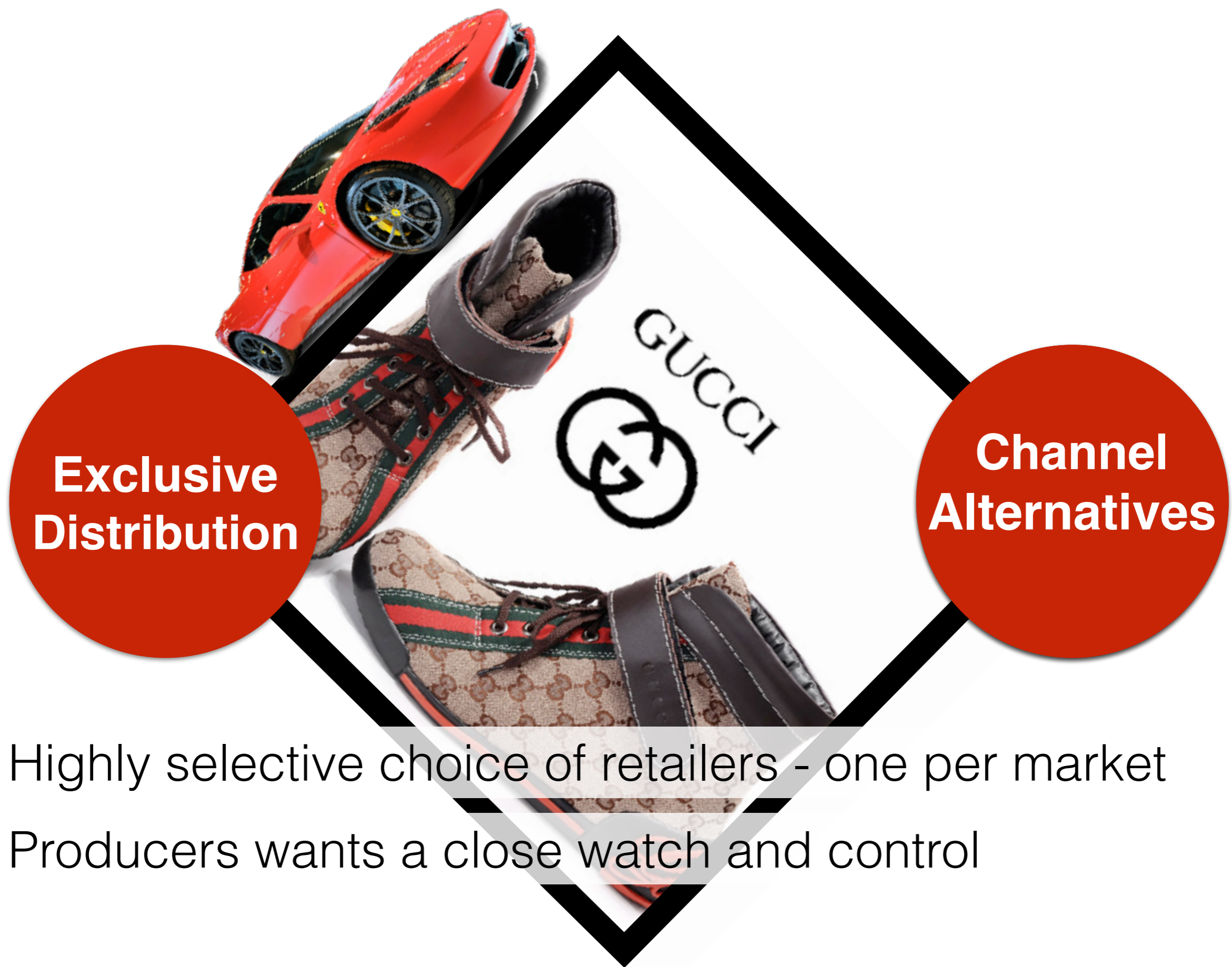
**Channel  
Conflict**





**Channel  
Alternatives**









**Intensive  
Distribution**

**Channel  
Alternatives**

As much retailers as possible

Preferably for consumer (FMCG) and pharmaceutical products and automotive spares.





**Selective  
Distribution**

**Channel  
Alternatives**

Retailers will be selected in line with the company/brand image

Preferred for his value products

Keep distribution cost low(er)



**Product  
Life  
Cycle**

**Channel  
Decisions**



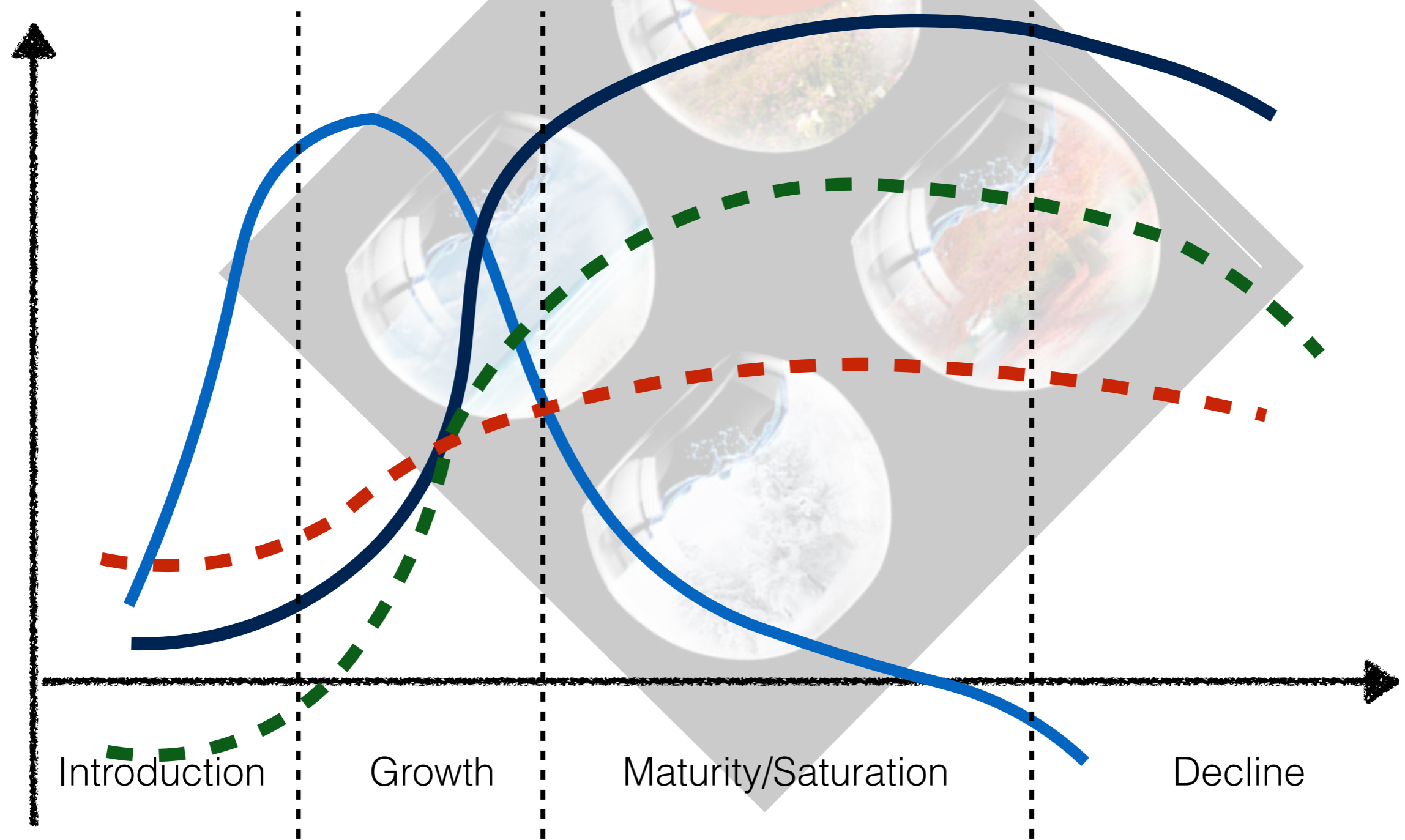
# Product Life Cycle

Marginal Revenue

Revenue

Cost

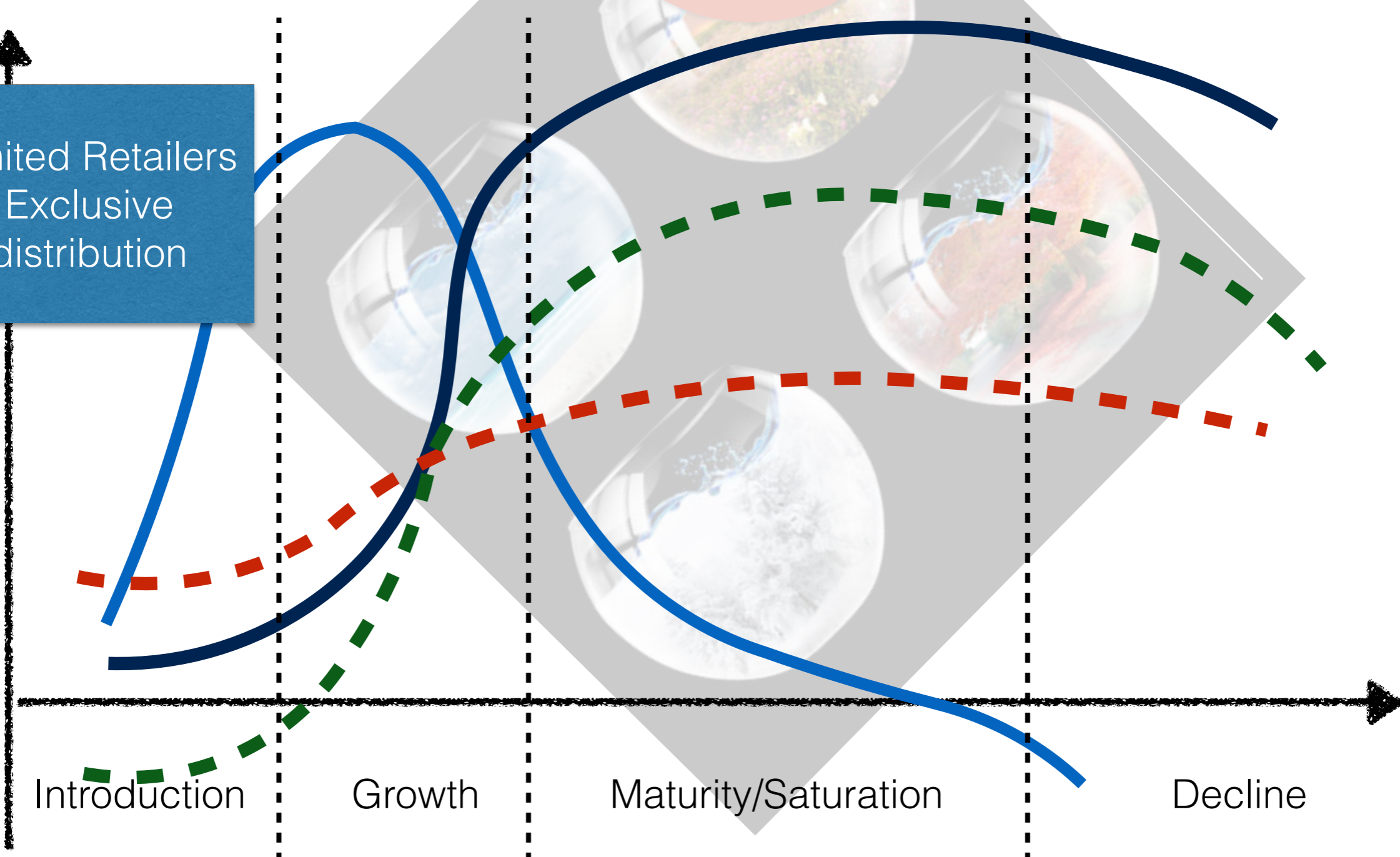
Profit



# Product Life Cycle

Marginal Revenue  
Revenue  
Cost  
Profit

Limited Retailers  
Exclusive  
distribution



Introduction

Growth

Maturity/Saturation

Decline



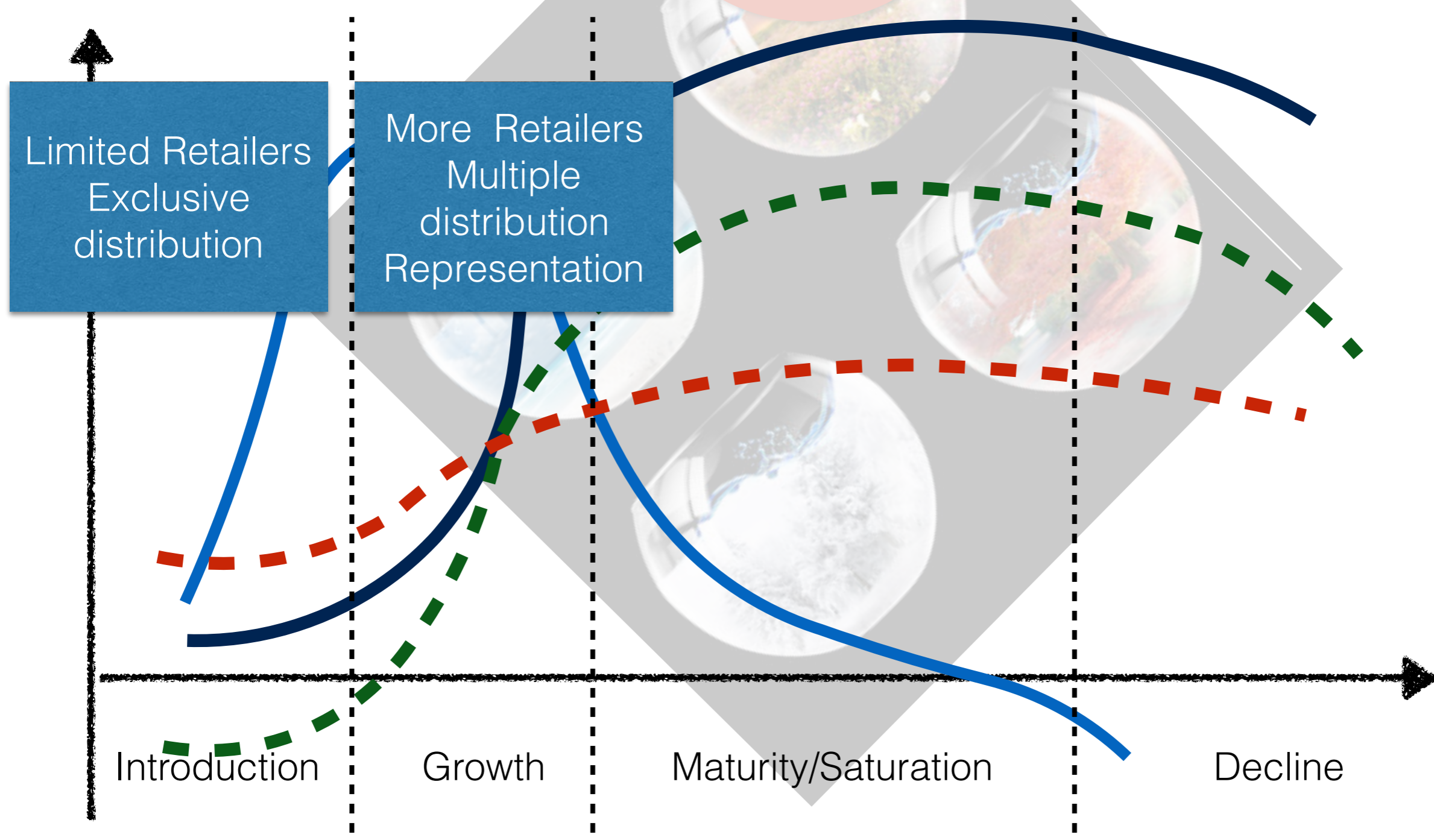
# Product Life Cycle

Marginal Revenue

Revenue

Cost

Profit



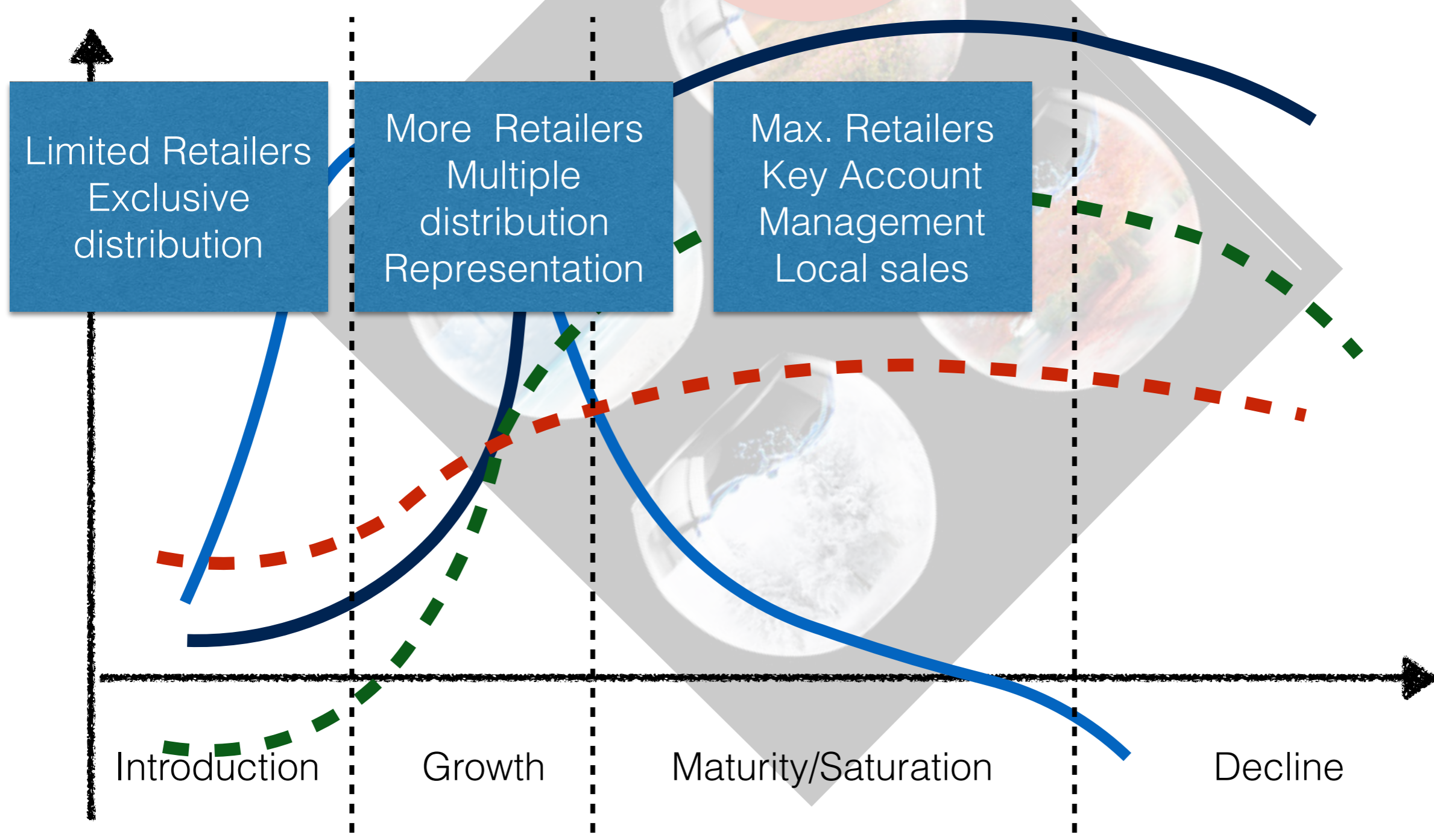
# Product Life Cycle

Marginal Revenue

Revenue

Cost

Profit



Limited Retailers  
Exclusive  
distribution

More Retailers  
Multiple  
distribution  
Representation

Max. Retailers  
Key Account  
Management  
Local sales

Introduction

Growth

Maturity/Saturation

Decline

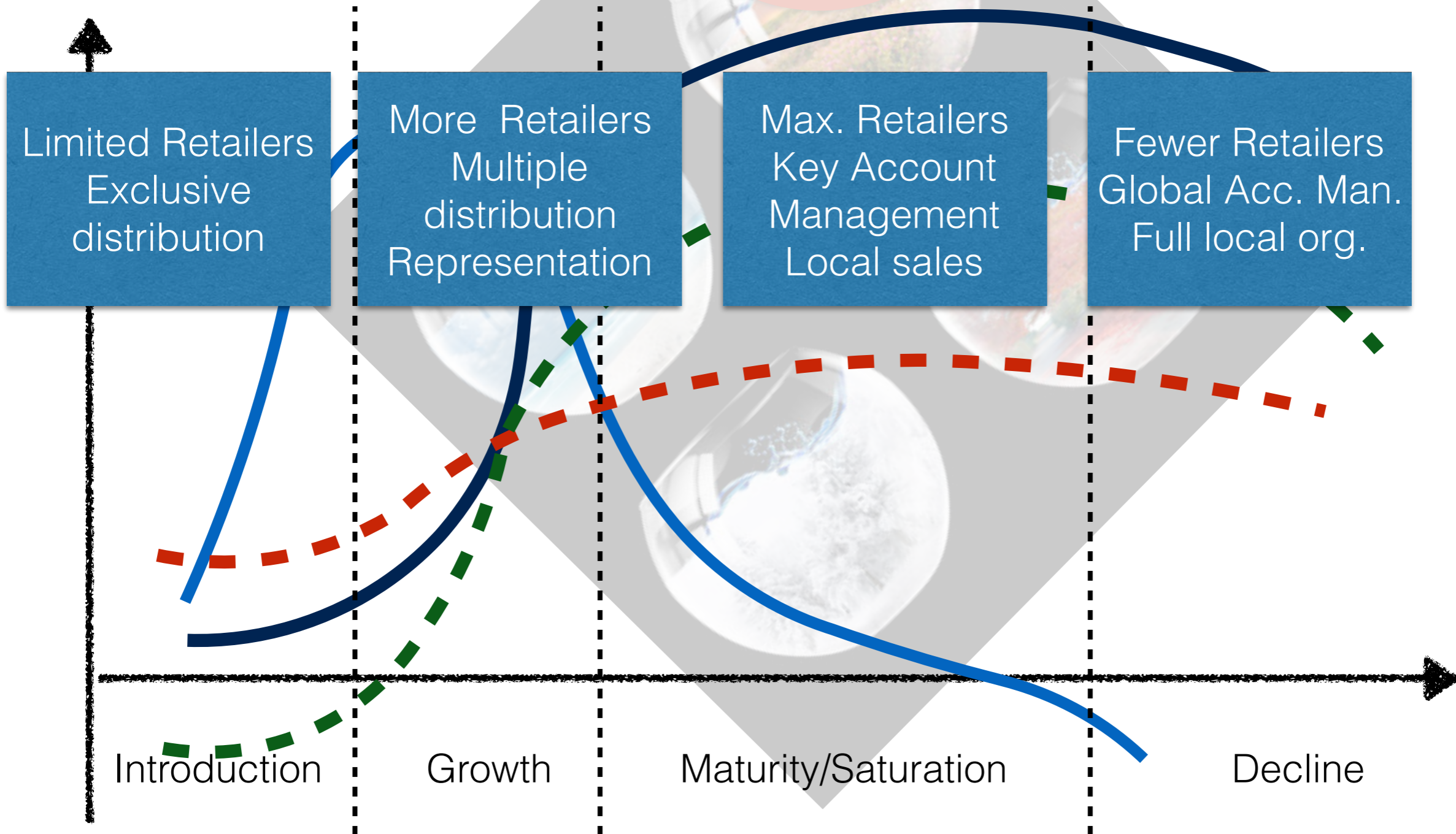
# Product Life Cycle

Marginal Revenue

Revenue

Cost

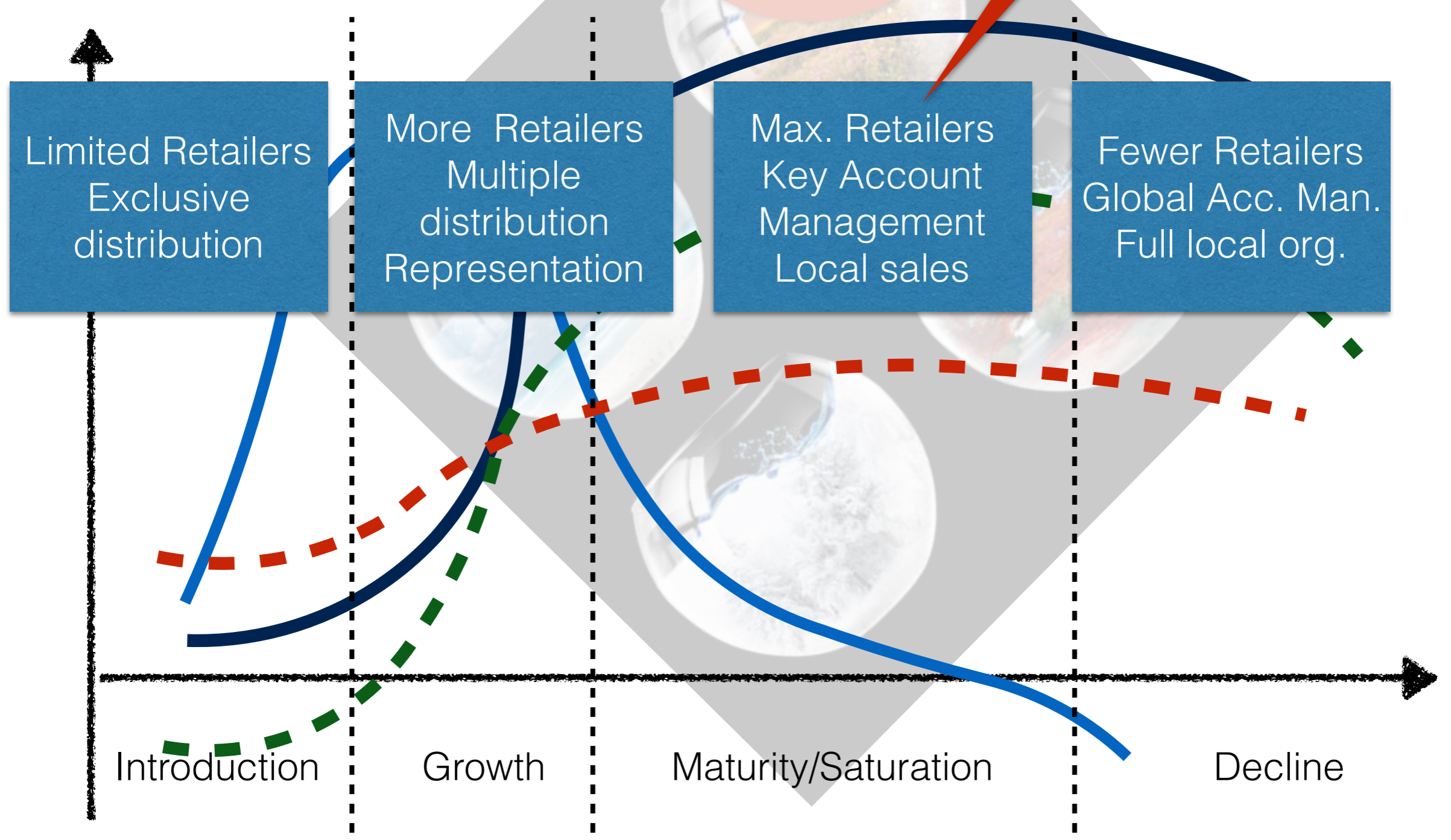
Profit





# Product Life Cycle

Marginal Revenue  
Revenue  
Cost  
Profit



Limited Retailers  
Exclusive  
distribution

More Retailers  
Multiple  
distribution  
Representation

Max. Retailers  
Key Account  
Management  
Local sales

Fewer Retailers  
Global Acc. Man.  
Full local org.

Set up direct sales  
channels

Introduction

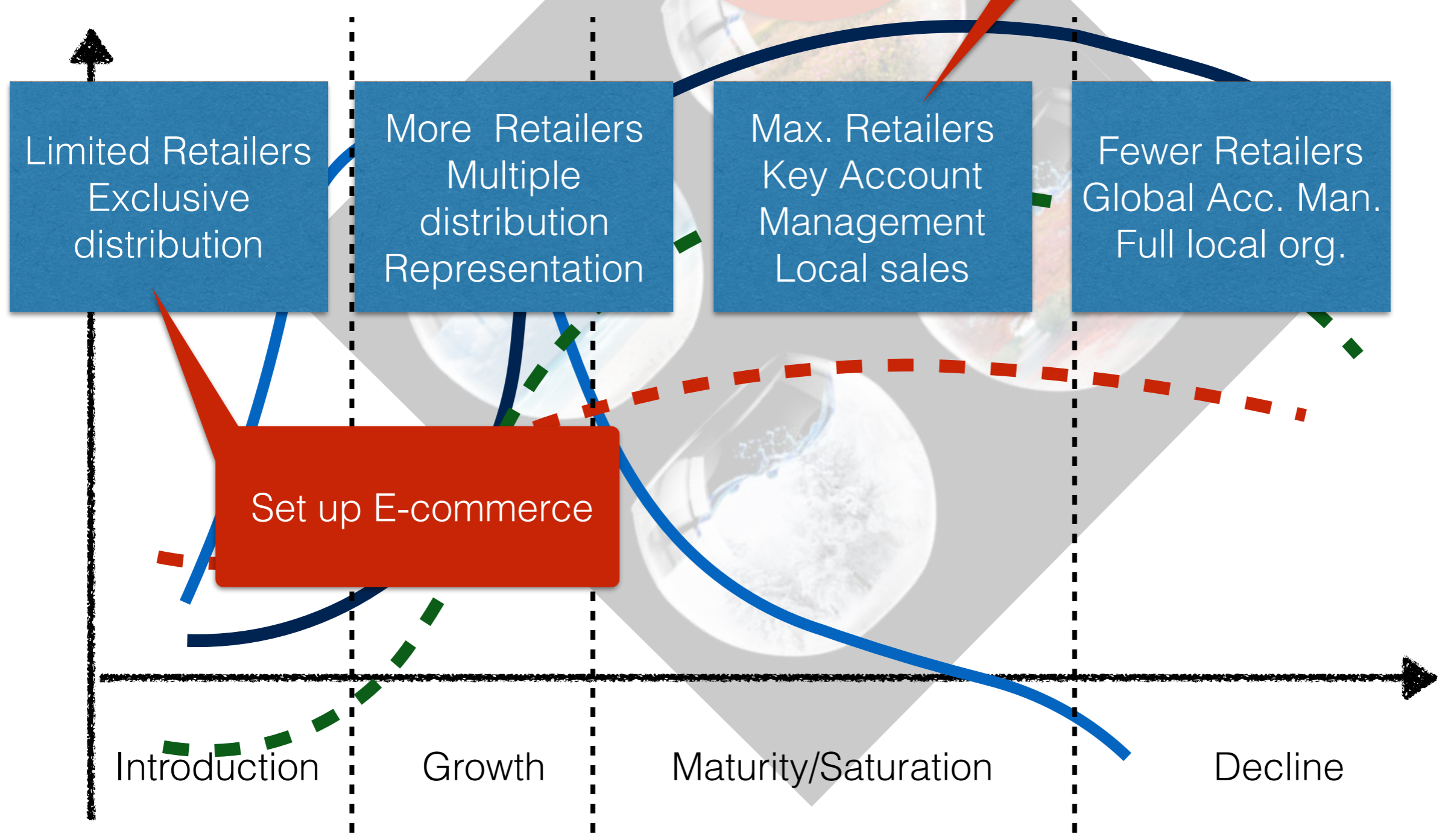
Growth

Maturity/Saturation

Decline

# Product Life Cycle

Marginal Revenue  
Revenue  
Cost  
Profit



Limited Retailers  
Exclusive  
distribution

More Retailers  
Multiple  
distribution  
Representation

Max. Retailers  
Key Account  
Management  
Local sales

Fewer Retailers  
Global Acc. Man.  
Full local org.

Set up E-commerce

Set up direct sales  
channels

Introduction

Growth

Maturity/Saturation

Decline



# Channel Design

designing international distribution channels






## Channel Design

Channel design are all decisions involving the development of new marketing channels where none has existed before, or the modification of existing channels.

The channel design should contribute to the firm's quest for **differential advantage.**

**Channel  
Design**





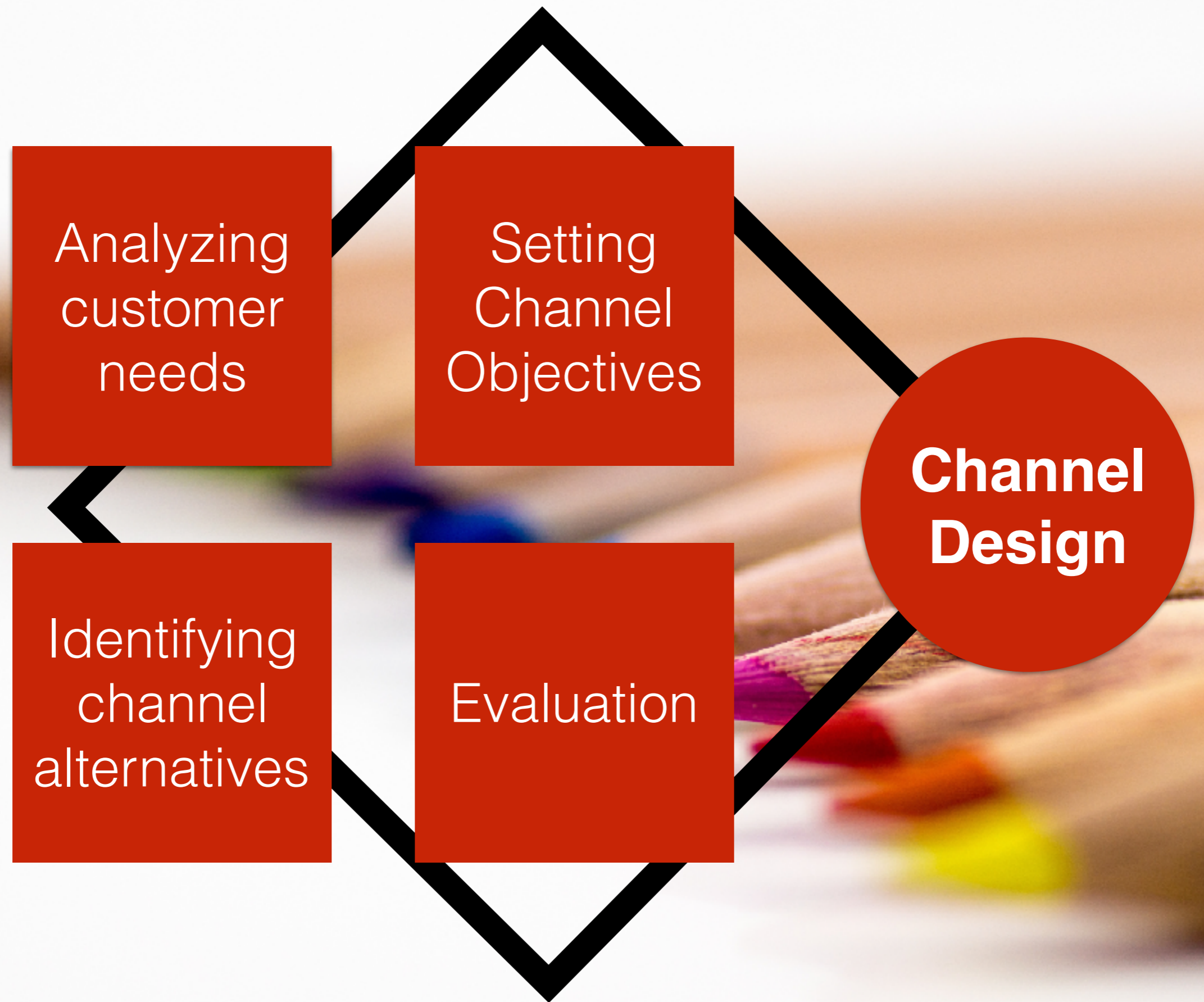
The channel design should contribute to the firm's quest for **differential advantage.**

**Channel  
Design**

Differential advantage =  
Unique benefits or characteristics of a firm, product, or program that set it apart and above its competitors in the customers' viewpoint.







Analyzing  
customer  
needs

Setting  
Channel  
Objectives

Identifying  
channel  
alternatives

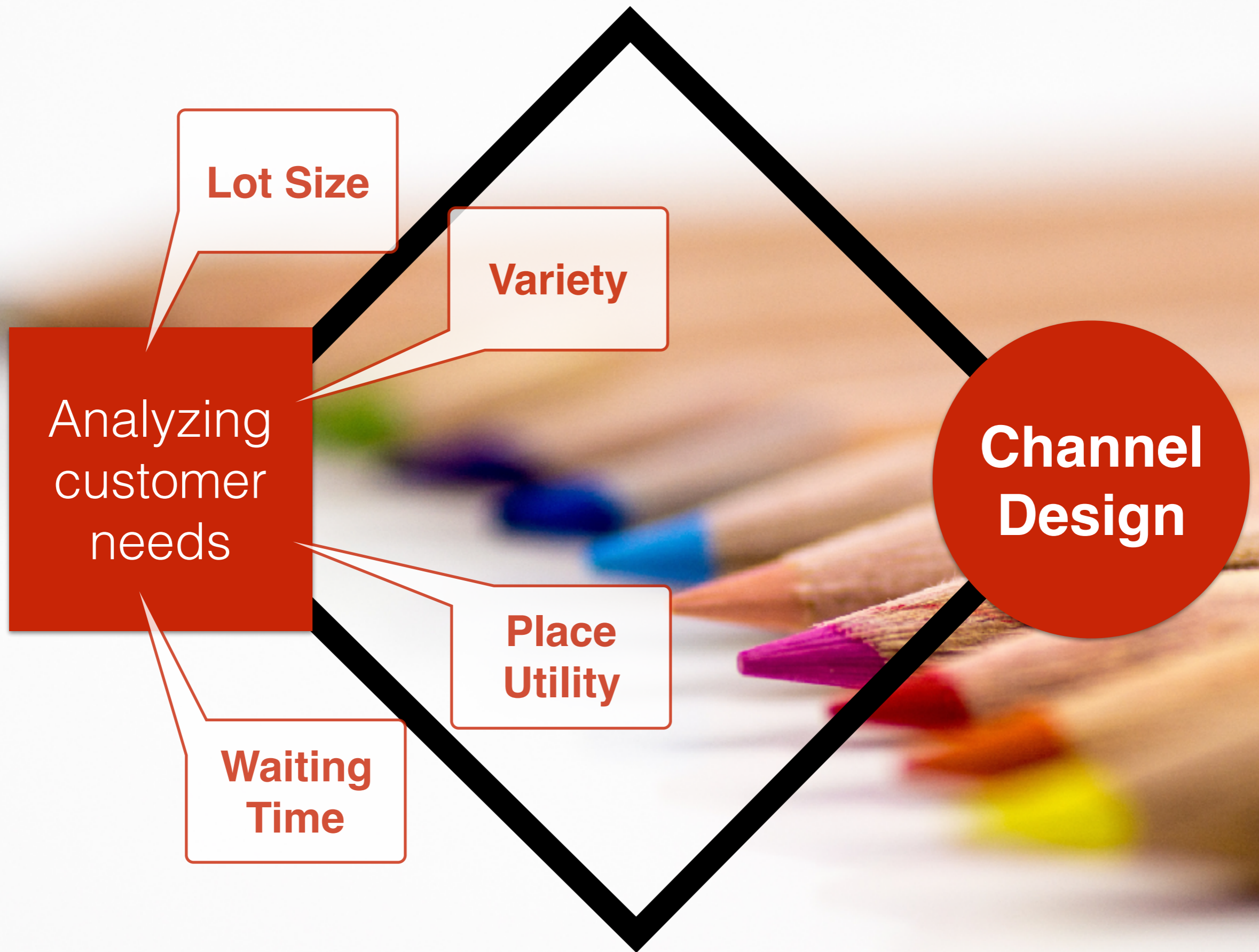
Evaluation

**Channel  
Design**

Analyzing  
customer  
needs

**Channel  
Design**





Analyzing customer needs

Channel Design

Table 5.2 Aligning channels with customers' needs

| Customer need                    | Channel           |                                  |                                   |                       |              |             |          |
|----------------------------------|-------------------|----------------------------------|-----------------------------------|-----------------------|--------------|-------------|----------|
|                                  | Field sales force | Value added partners (e.g. VARs) | Volume resellers and distributors | Retail/mass merchants | Call centers | Direct mail | Internet |
| Expert advice and 'hand-holding' | ✓✓✓               | ✓✓✓                              | ✓                                 | ✓✓                    | ✓✓           | ✓           | ✓        |
| Training                         | ✓✓✓               | ✓✓✓                              | ✓✓                                | ✓                     | ✓            | ✓           | ✓        |
| Customization to specifications  | ✓✓✓               | ✓✓✓                              | ✓                                 | ✓                     | ✓            | ✓           | ✓✓       |
| Integrated 'total solution'      | ✓✓                | ✓✓✓                              | ✓✓                                | ✓                     | ✓            | ✓           | ✓        |
| On-site set-up and installation  | ✓✓✓               | ✓✓✓                              | ✓✓                                | ✓✓                    | ✓            | ✓           | ✓        |
| Self-service, independence       | ✓                 | ✓                                | ✓                                 | ✓✓✓                   | ✓✓           | ✓✓✓         | ✓✓✓      |
| Low prices                       | ✓                 | ✓✓                               | ✓✓                                | ✓✓                    | ✓✓✓          | ✓✓✓         | ✓✓✓      |
| Fast local support               | ✓✓                | ✓✓✓                              | ✓✓                                | ✓✓                    | ✓            | ✓           | ✓        |
| 24 x 7 support                   | ✓                 | ✓✓                               | ✓                                 | ✓                     | ✓✓✓          | ✓           | ✓✓✓      |

✓✓✓, excellent channel choice; ✓✓, good/OK channel choice; ✓, marginal/poor channel choice.



Setting  
Channel  
Objectives

**Channel  
Design**



Setting  
Channel  
Objectives

**Channel  
Design**

Know your customer segments.

Setting  
Channel  
Objectives

**Channel  
Design**

**After  
sales**

Know your customer segments.

What's the targeted level of customer service?



Setting  
Channel  
Objectives

**Channel  
Design**

**After  
sales**

Know your customer segments.

What's the targeted level of customer service?

What are the best channels to use?



Setting  
Channel  
Objectives

**Channel  
Design**

Know your customer segments.

What's the targeted level of customer service?

What are the best channels to use?

Cost-efficient way to meet customer requirements

Identifying  
channel  
alternatives

**Channel  
Design**



Identifying  
channel  
alternatives

**Channel  
Design**

Types of intermediaries.



Identifying  
channel  
alternatives

**Channel  
Design**

Types of intermediaries.

Number of intermediaries

Identifying  
channel  
alternatives

**Channel  
Design**

Types of intermediaries.

Number of intermediaries

Responsibility of each channel member



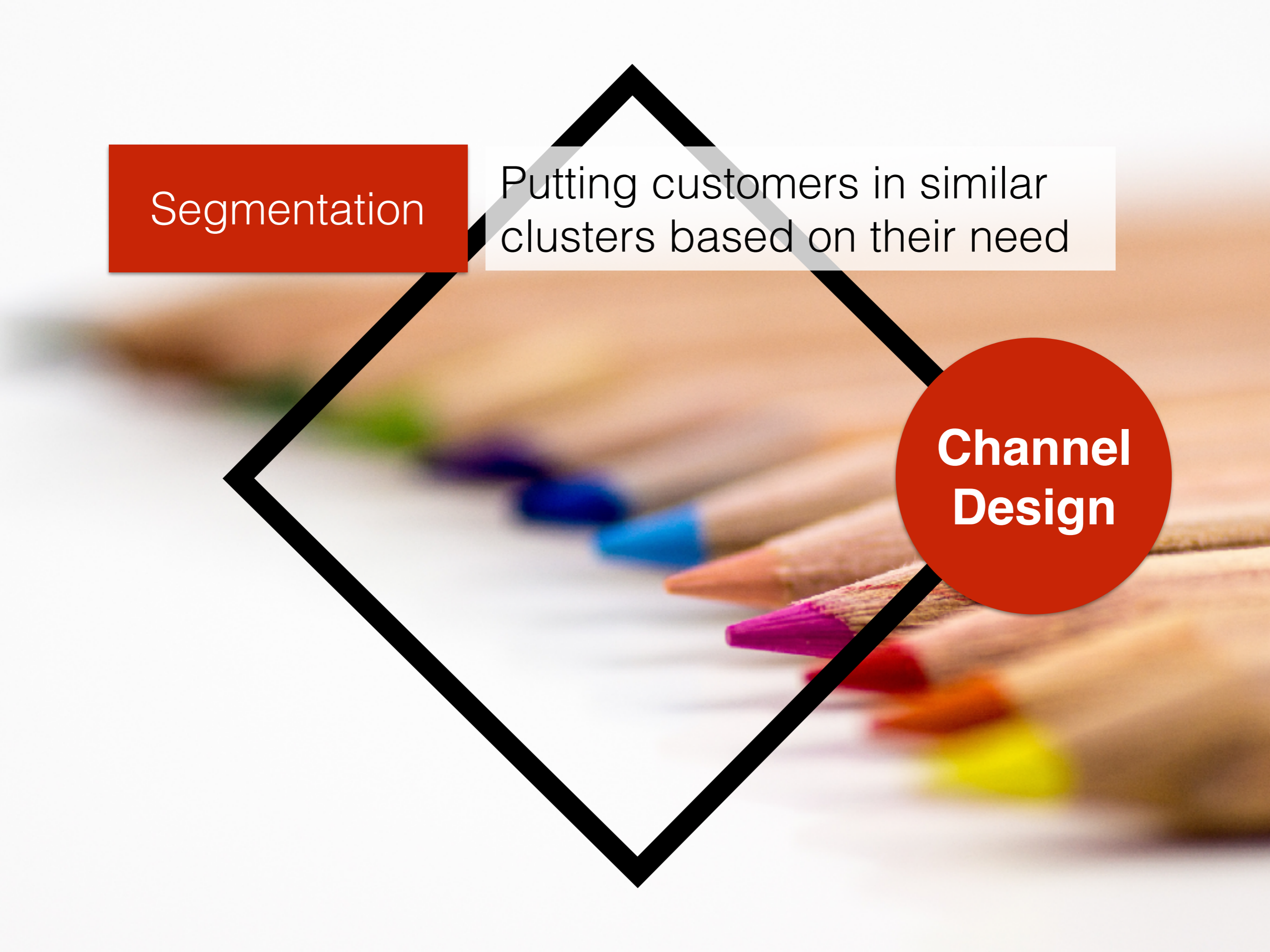
Evaluation

**Channel  
Design**

Segmentation

Putting customers in similar clusters based on their need

Channel Design





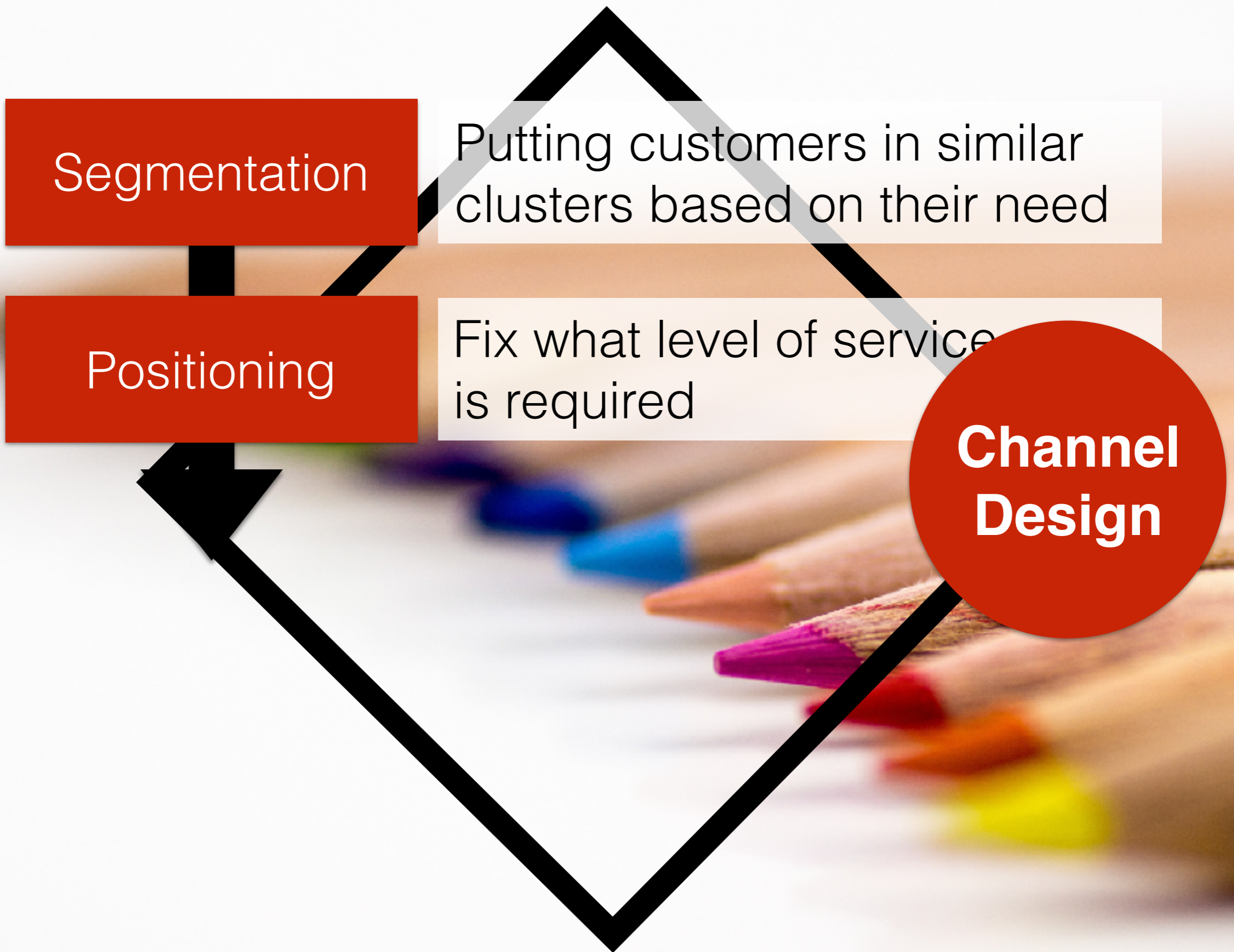
Segmentation

Putting customers in similar clusters based on their need

Positioning

Fix what level of service is required

**Channel Design**



Segmentation

Putting customers in similar clusters based on their need

Positioning

Fix what level of service is required

Focus

The sky is not the limit! Choose!

**Channel Design**



Segmentation

Putting customers in similar clusters based on their need

Positioning

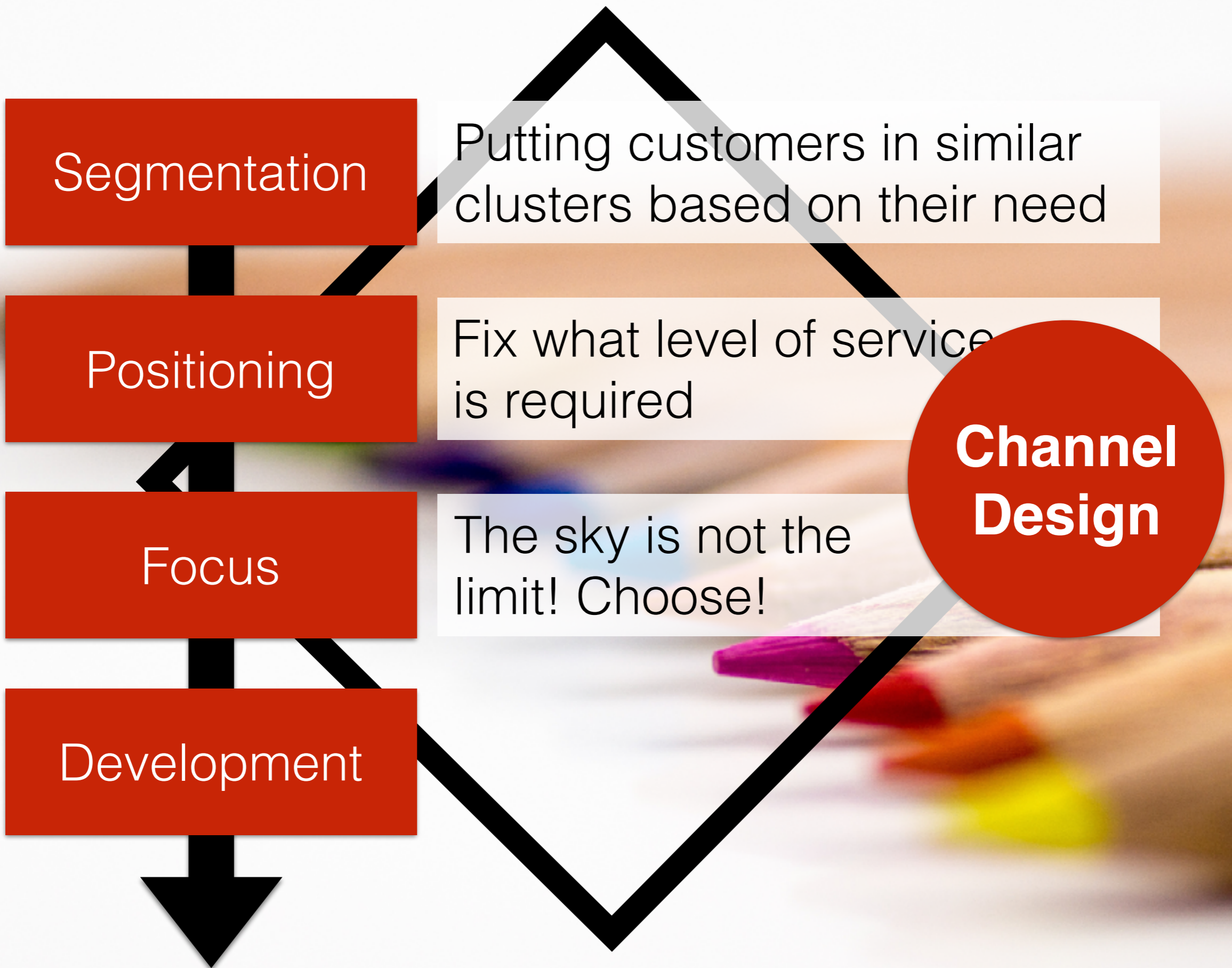
Fix what level of service is required

Focus

The sky is not the limit! Choose!

Development

**Channel Design**



## MOTIVATION

Reward - incentives

Coercion - punishment

Referent - strong image

Legitimate - contract

Expert - knowledge

Support - extra benefits

Competition

## Channel Design



**MOTIVATION**



**Channel  
Design**

Evaluation

**Channel  
Design**





Evaluation

**Channel  
Design**

Cost of operation



Evaluation

**Channel  
Design**

Cost of operation

Ability to manage & control





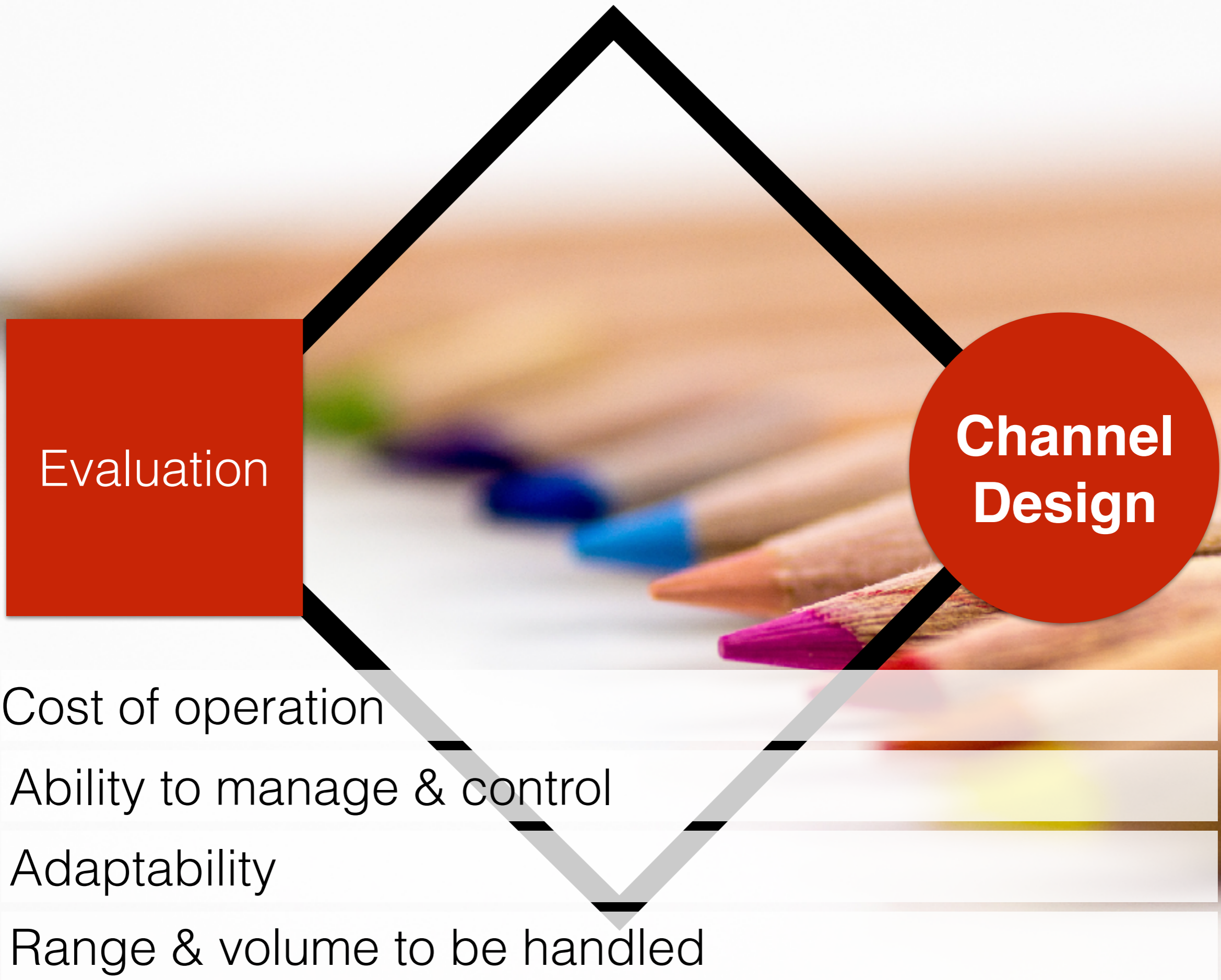
Evaluation

**Channel  
Design**

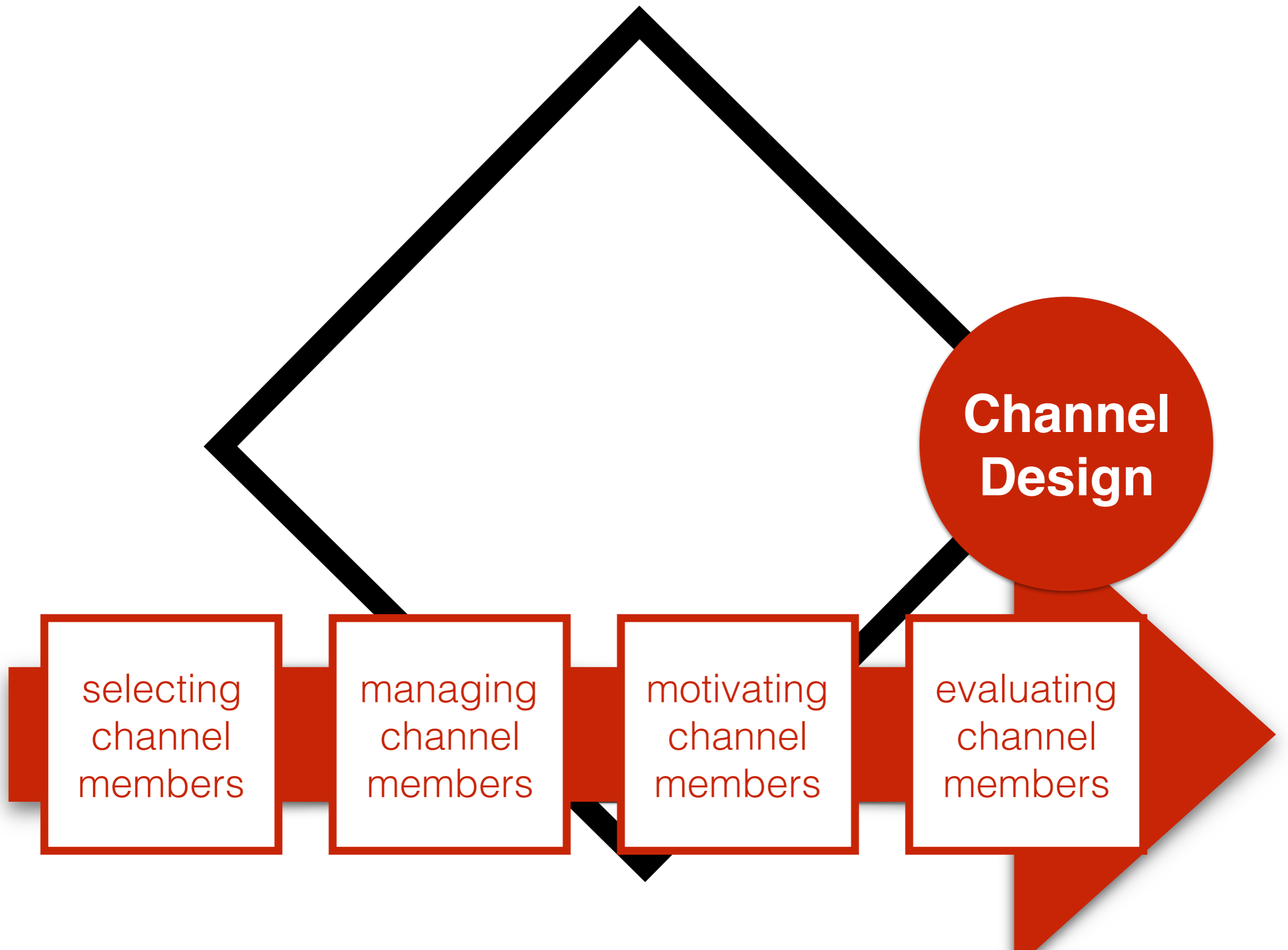
Cost of operation

Ability to manage & control

Adaptability







# Channel Design

selecting  
channel  
members

managing  
channel  
members

motivating  
channel  
members

evaluating  
channel  
members



**FAIL**





Ignoring end user buying patterns

Assuming that your direct sales force will assist the indirect channels

Expecting channels to change for you

Sticking to traditional partners/channels

Being casual about selecting & evaluating channel members

Hoping that one channel can sell to every customer

Avoiding a channel conflict instead of managing it

**FAIL**

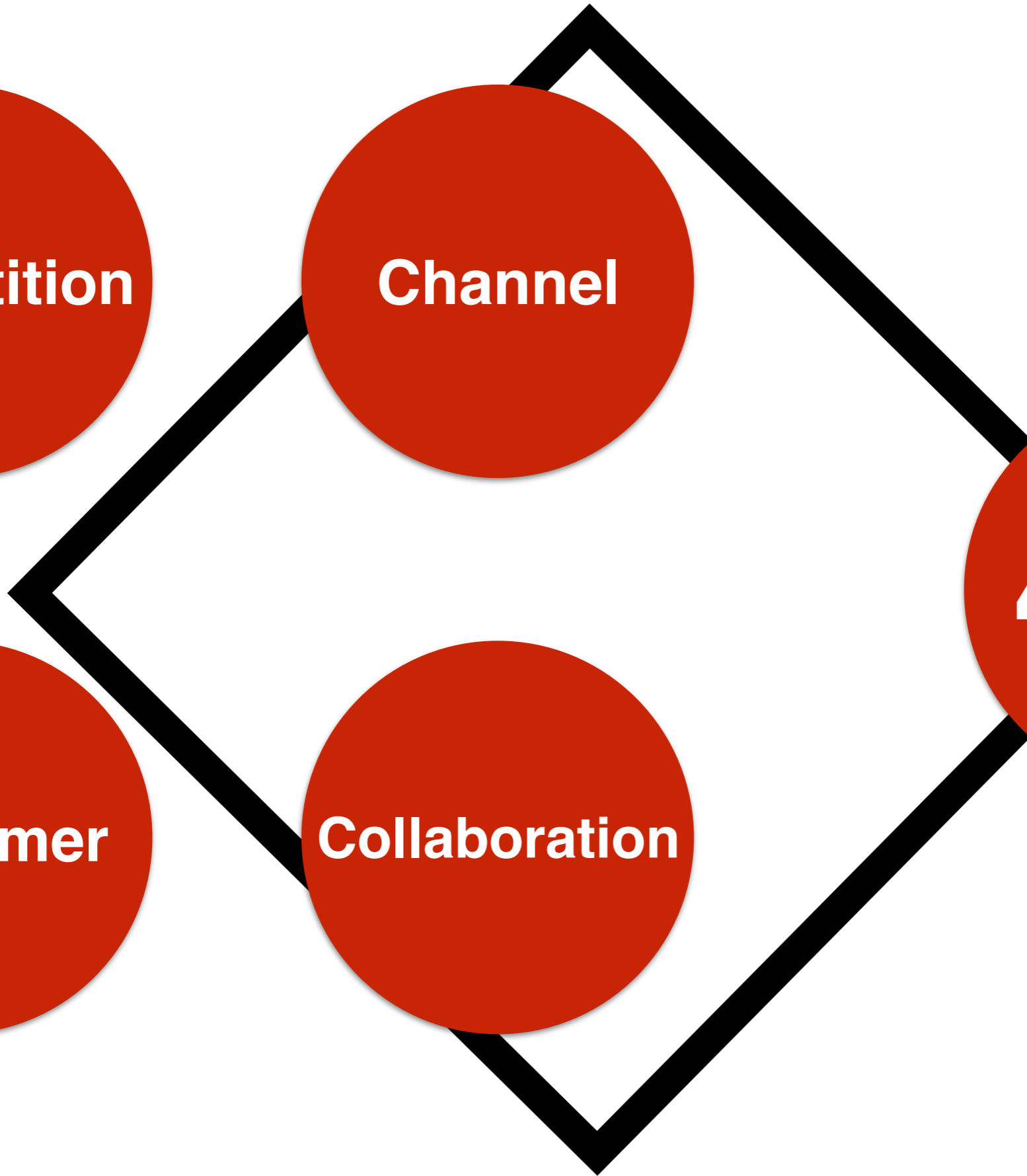
**Competition**

**Channel**

**Consumer**

**Collaboration**

**4C's**





Let's go to work

South Africa



Argentina



Malaysia



South Korea



Australia



Peru



Mexico



**Let's go to  
work**



**VAUDE**

What is Vaude all about? (Mission/Vision/Strategy)  
What are they selling?

Make a country analysis. (f.i. Pestel)

Compose the customer journey of a Vaude Customer.

Who is your customer in the target countries?

Why are these targeted countries for Vaude?

Develop a marketing channel strategy for Vaude  
to introduce Vaude in your target country.



**Let's go to  
work**



**VAUDE**

Think about the 4 steps!

Be aware of channel potential conflicts!

...there is more to add after next class!

**Let's go to  
work**



**VAUDE**

Your end-product

One-Page Strategy (+ appendix)

5m presentation (Management Summary)

You evaluate on other introduction - max 1p!

My Evaluation

Not the what, but the how is important





# **Global Channel Management**

**Management Internationaler Verkaufskanäle**