



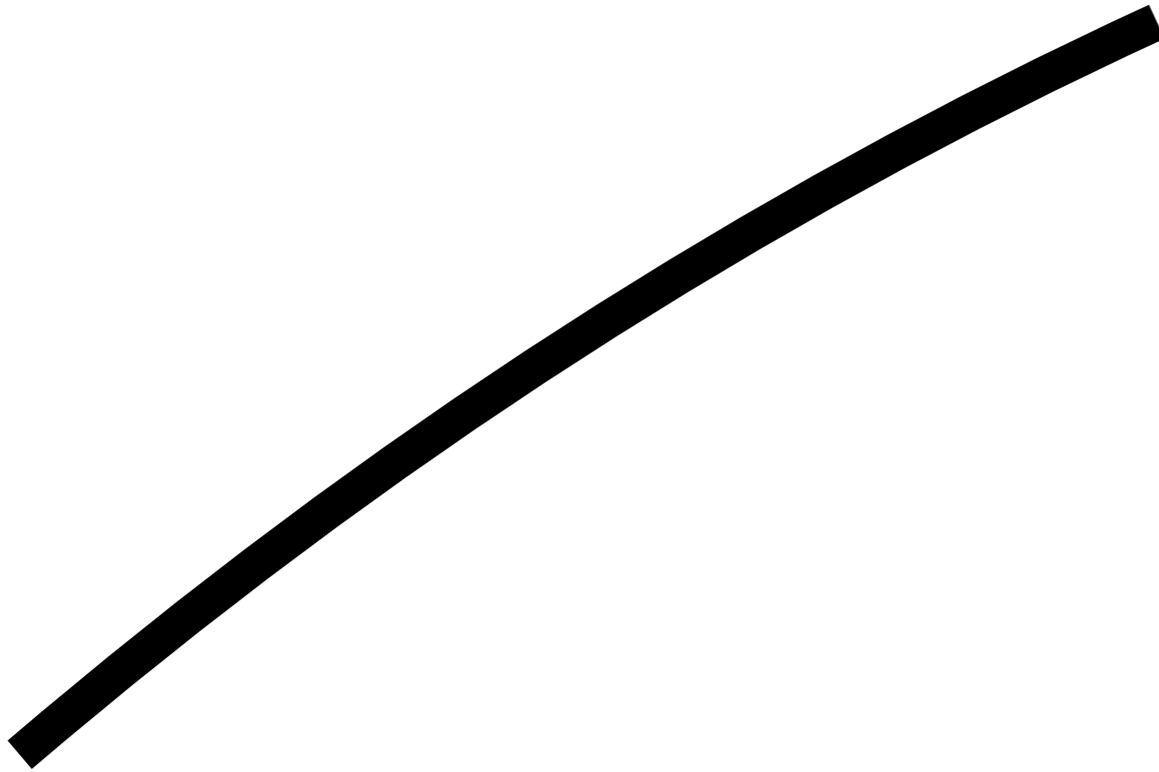
# **Global Channel Management**

**Management Internationaler Verkaufkanäle**

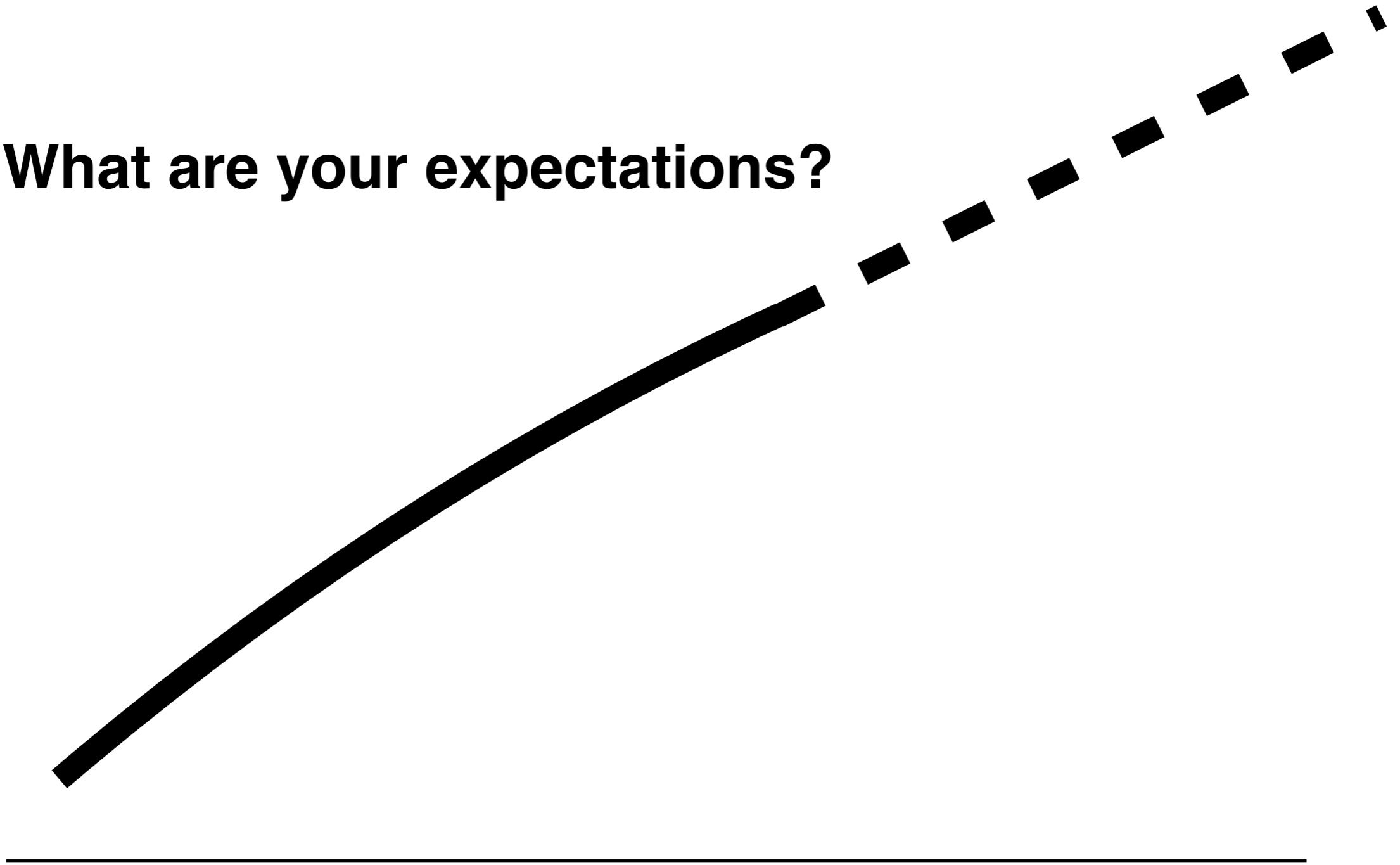
Tom Fleerackers  
[tom.fleerackers@kdg.be](mailto:tom.fleerackers@kdg.be)



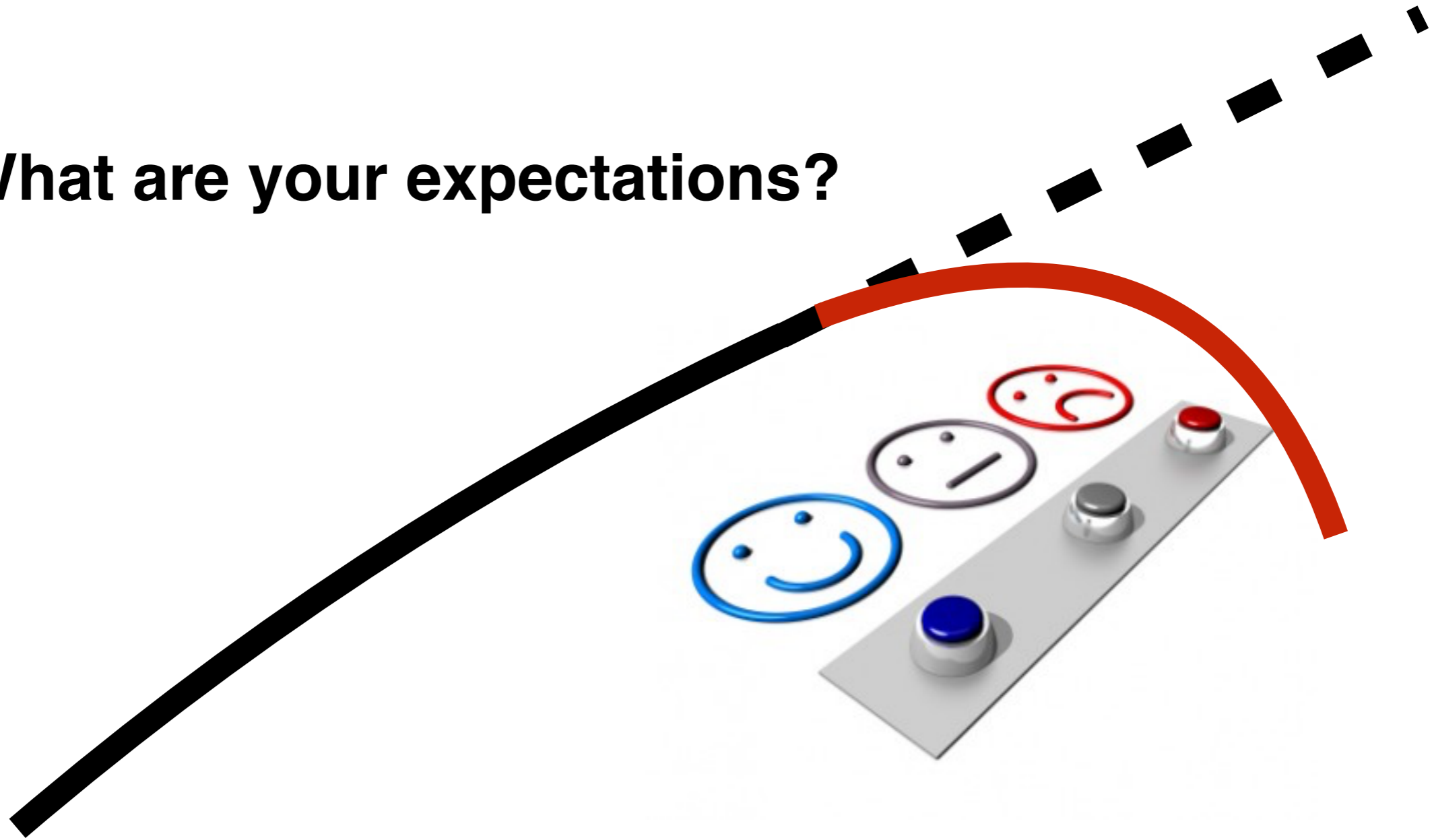
**What are your expectations?**



**What are your expectations?**



**What are your expectations?**







1.8 Billion bottles sold daily



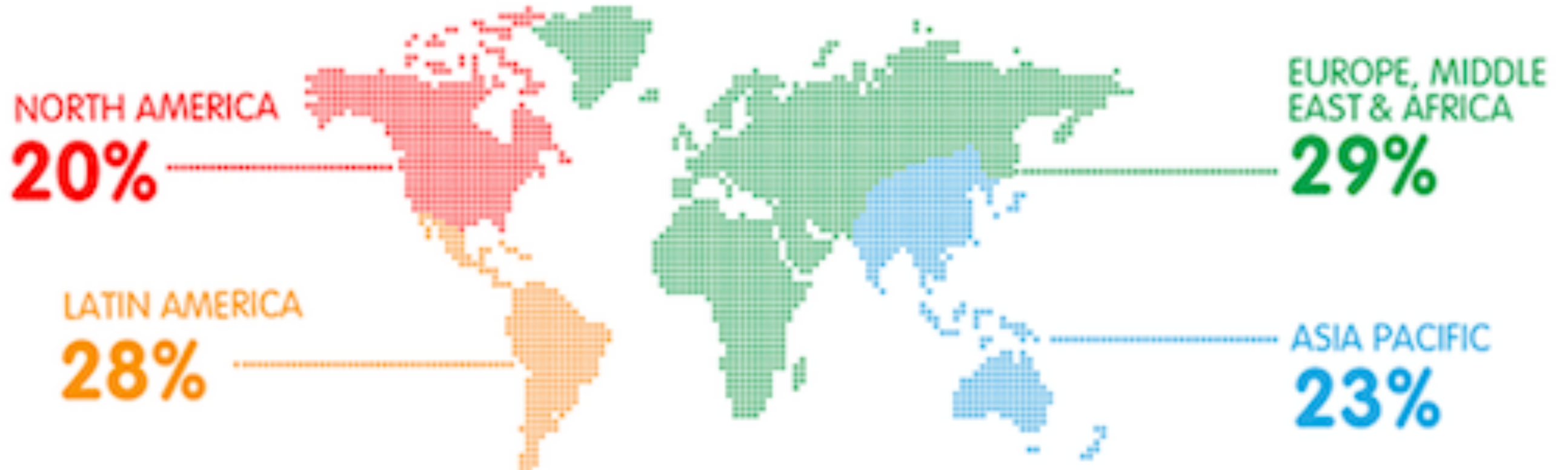


1891 - 9 servings daily



2016

Worldwide unit case volume







Coca-Cola



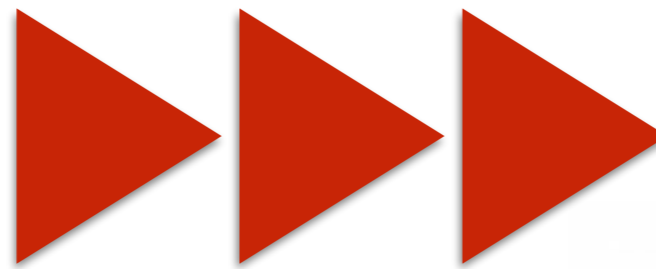
2016/2017 - Reshaping the story

## 2017 - Reshaping the story

Offering Choice



Volume



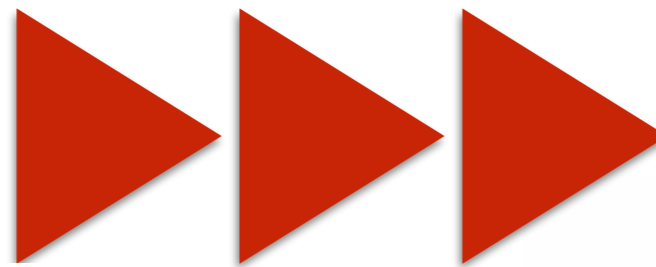
Shaping Choice



Value

## 2017 - Reshaping the story

Offering Choice



Shaping Choice



Multiple Brands



One brand



Consumer



Production



Consumer



Production



Bottler



Consumer



Production



Bottler

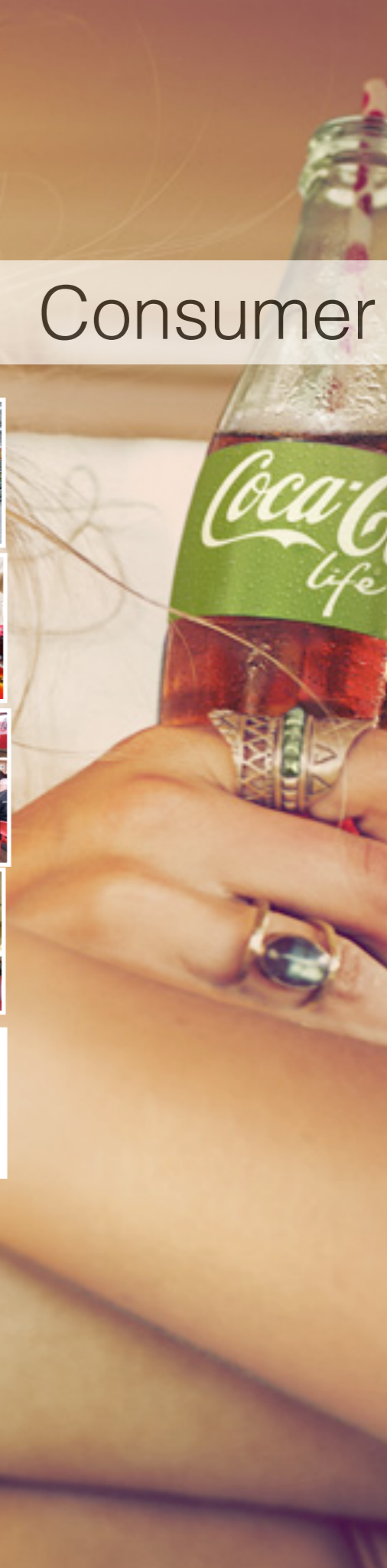


Retailer

- supermarket
- airlines
- clubs, bars
- restaurants
- vending machines



Consumer



# *The Coca-Cola Company*



Owner of the trademark

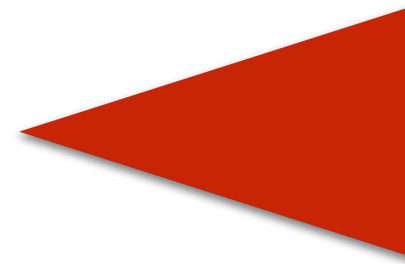
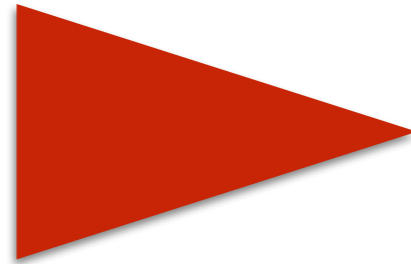
Concentrate supply

Brand development

Consumer Marketing

*The Coca-Cola Company*

Bottling Company



Bottling

Sales & Distribution

Customer management

in outlet execution

investment in production facilities, ...

delivers demand

*The Coca-Cola Company*

Coca Cola BIG



create demand

delivers demand

*The Coca-Cola Company*

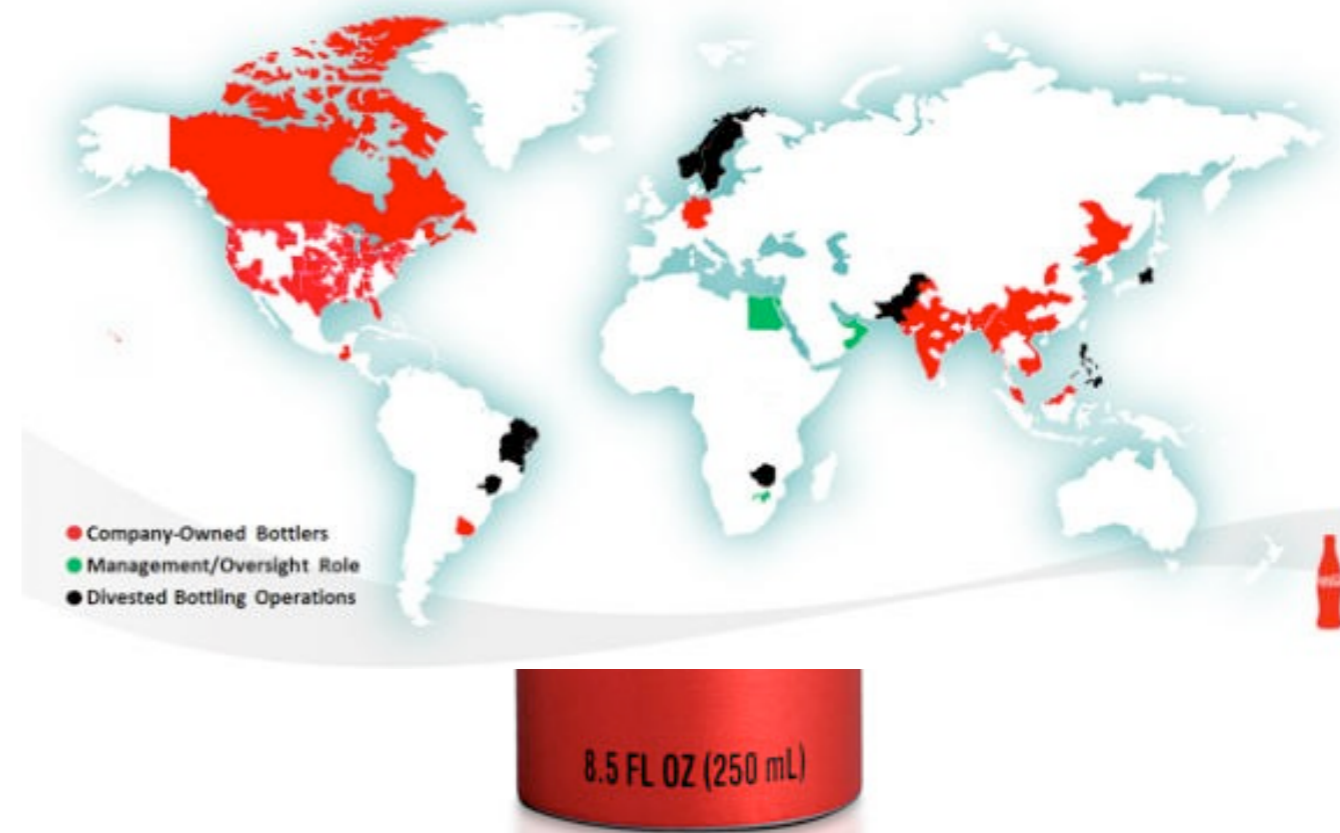


create demand

Coca Cola BIG



Bottling Investments Group Global Footprint



delivers demand



*The Coca-Cola Company*

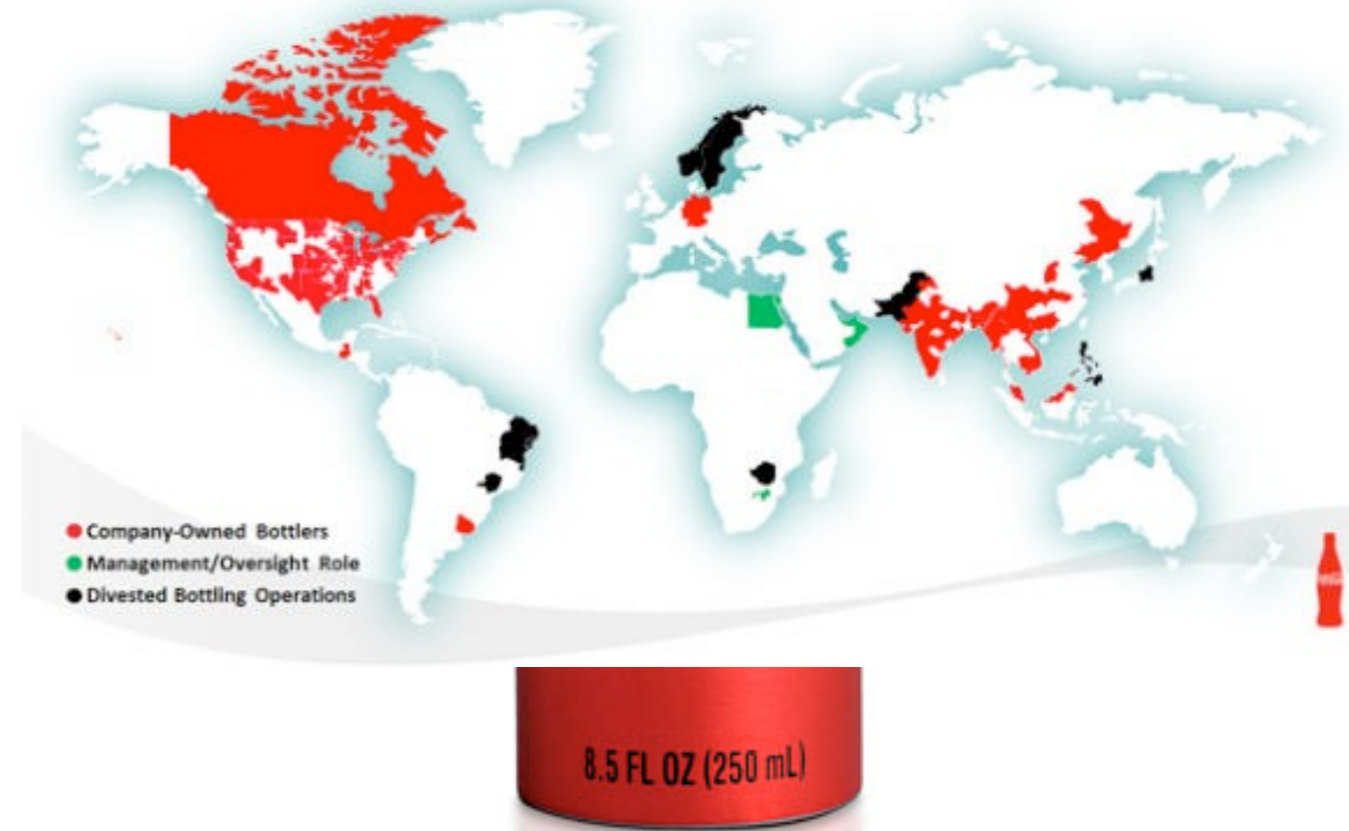


create demand

Coca Cola BIG  
2015 - 25% of all bottling



Bottling Investments Group Global Footprint



delivers demand

# Coca Cola is re-franchising in the US

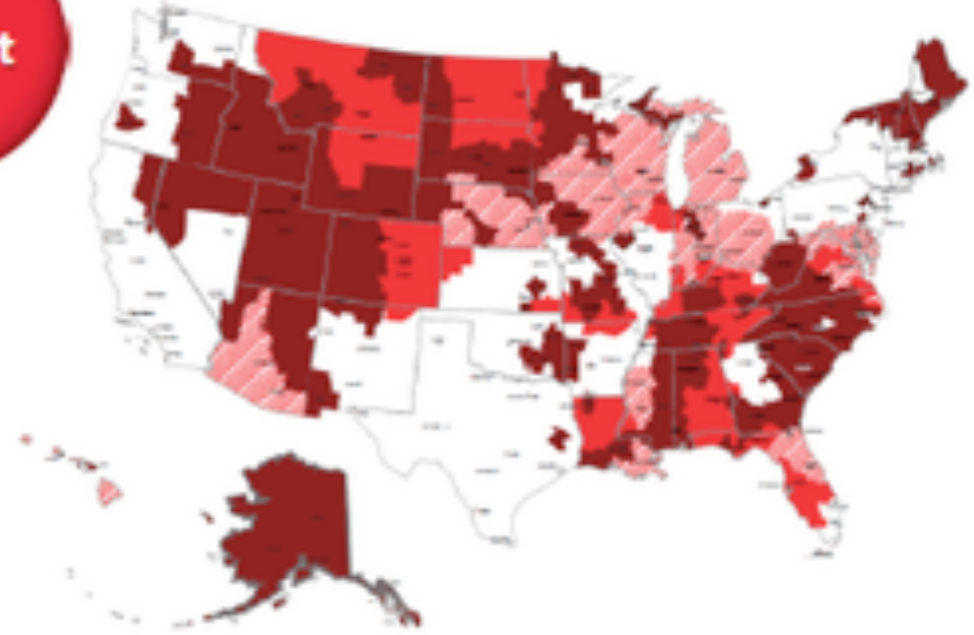
Pre-Transitions



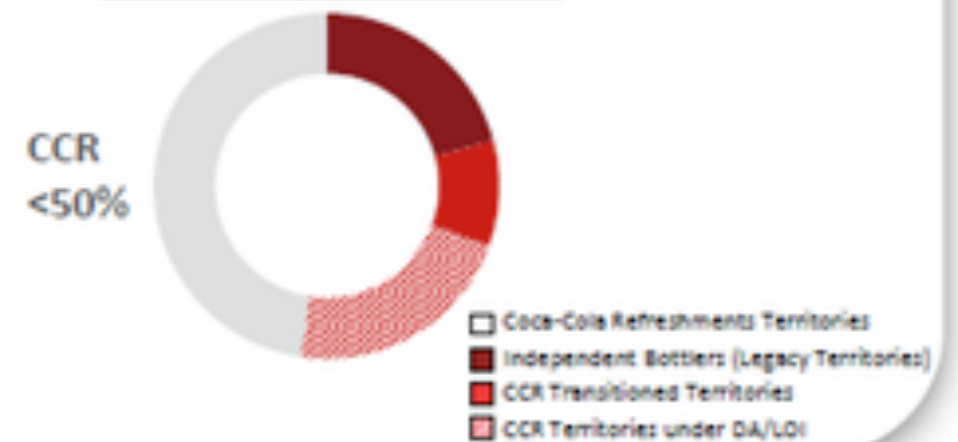
US bottle/can volume



Current

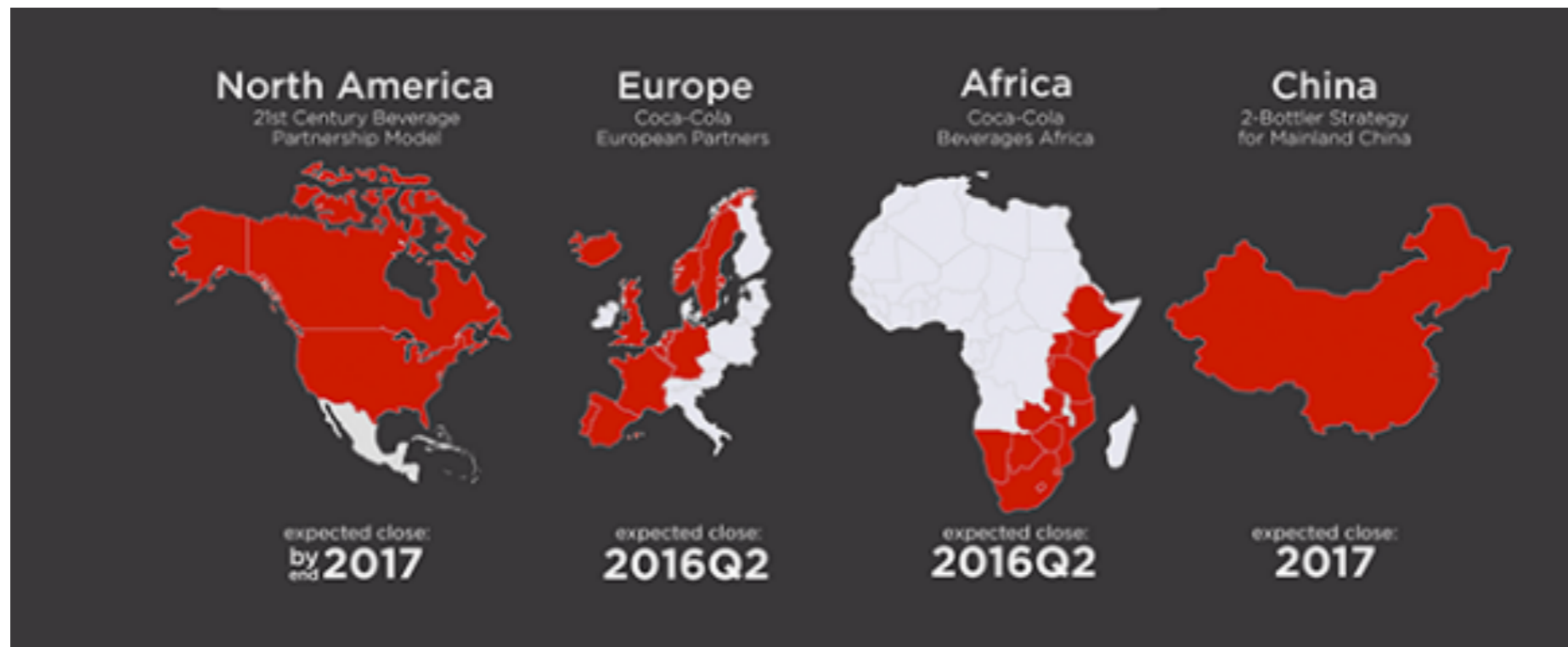


US bottle/can volume



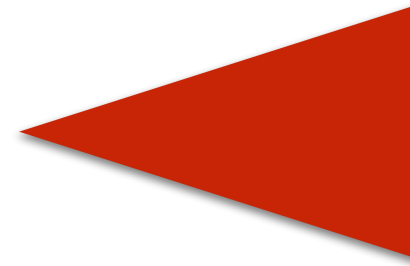
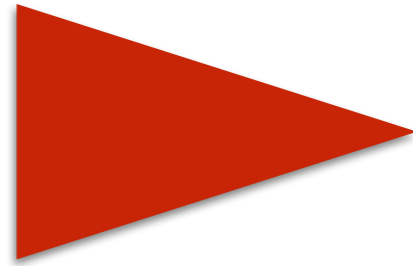
Territory boundaries are approximate/illustrative. All transactions subject to both parties reaching Definitive Agreement.  
Total U.S. Bottler Delivered Business for Coca-Cola brands, bottle/can distribution only (excludes Foodservice). Volume in unit cases.

# Coca Cola is re-franchising in the world



*The Coca-Cola Company*

Bottling Company  
Coca Cola BIG



# The Coca Cola System

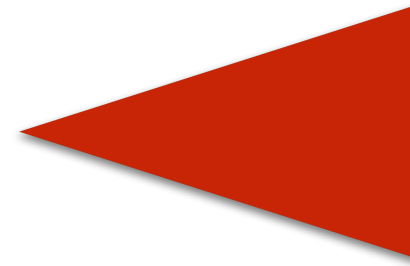
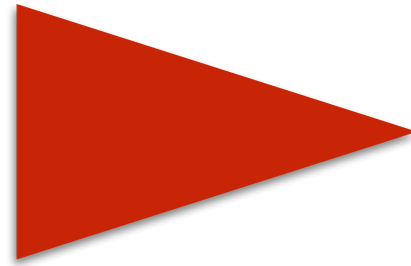
create demand

delivers demand

*The Coca-Cola Company*

Bottling Company

~~Coca-Cola~~ BIG



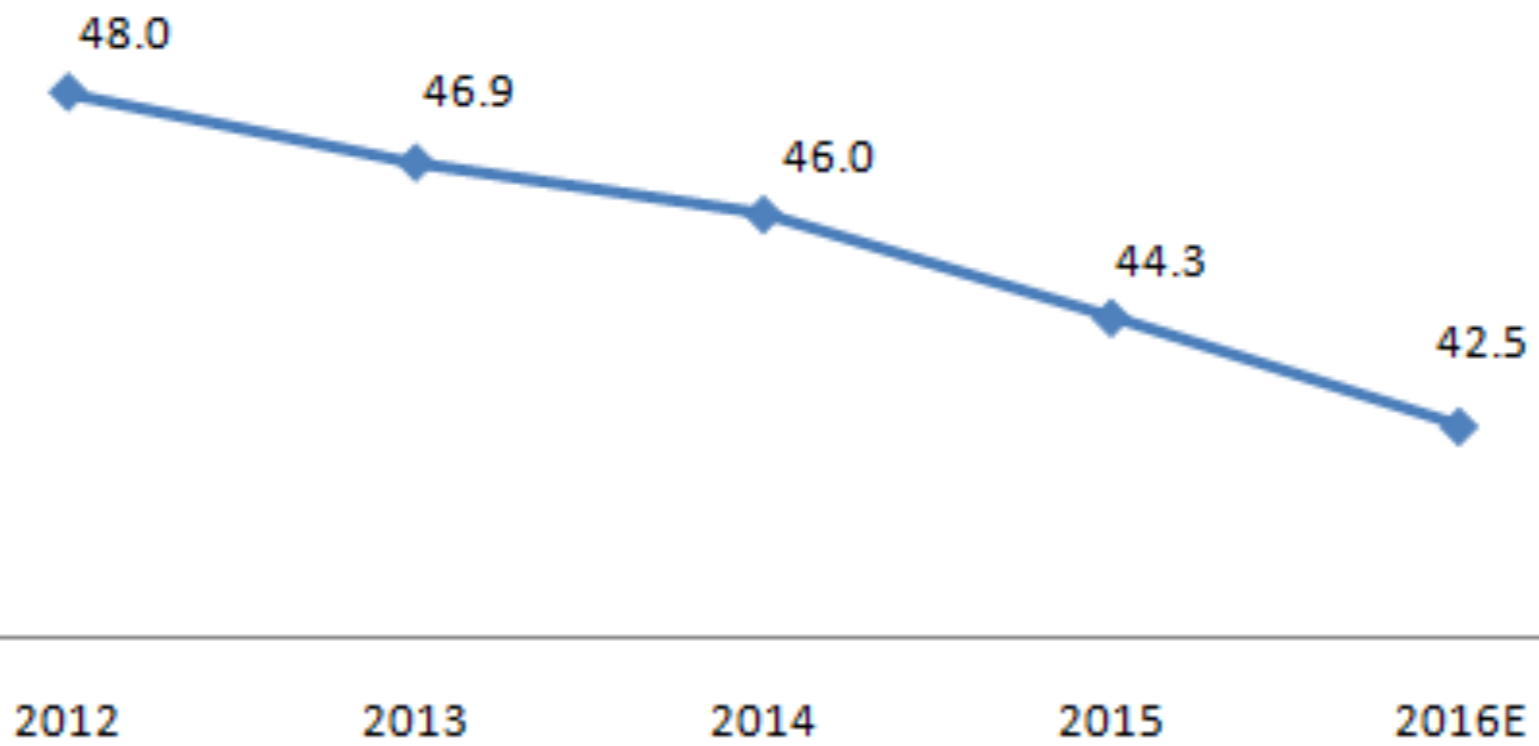
# The Coca Cola System

create demand

delivers demand

## Coca-Cola Revenue (\$Bil)

—◆— Coca-Cola Revenue (\$Bil)



The franchise model allows The Coca-Cola Company to avoid costs associated with manufacturing, storage, and distribution.

approx. **3500** products







Global Business  
Local Scale



Coca Cola World Map

one brand worldwide









"This model has allowed the company to leverage global brands but remain very local."

David Butler

Coca Cola VP of innovation and entrepreneurship

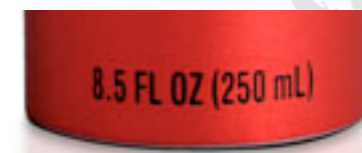
*The Coca-Cola Company*

 **Coca-Cola**  
**Hellenic Bottling Company**



*The Coca-Cola Company*

 **Coca-Cola**  
**Hellenic Bottling Company**





*The Coca-Cola Company*

 **Coca-Cola**  
**Hellenic Bottling Company**



 **Coca-Cola HBC**  
**Österreich**





# Mission

- To refresh the world...
- To inspire moments of optimism and happiness...
- To create value and make a difference.

Product



Product



\$1.99

Price



**Product**



**\$1.99**

**Price**

**Promotion**



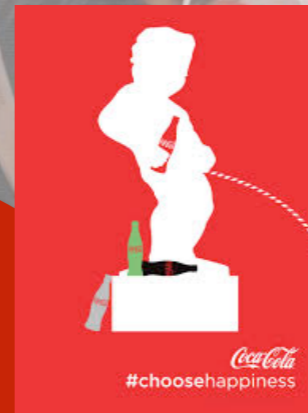
**Product**



**\$1.99**

**Price**

**Promotion**



**Place**



**Product**



**4P's**

**Price**

**\$1.99**

**Promotion**



**Place**



**Product**



**7P's**

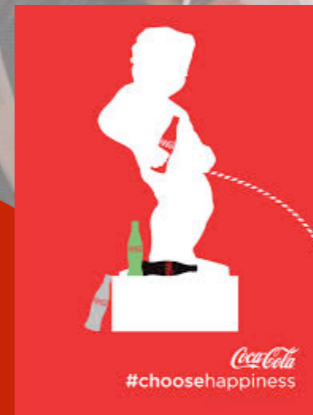
**\$1.99**

**Price**

**People**



**Promotion**



**Process**



**Physical Evidence**



**Place**







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# 7P's

**Product**



**Price**

\$1.99



**People**



**Promotion**



**Process**



**Physical Evidence**



**Place**



# 7P's

**Product**

**Price**

**People**

**Promotion**

**Process**

**Physical Evidence**

**Place**

\$1.99





# International Marketing



# International Marketing

Create a sustainable competitive advantage in the international market.



A woman with blonde hair is shown in profile, drinking from a Coca-Cola Zero can. A glowing globe of the Earth is overlaid on the right side of the image. A large black diamond shape is superimposed over the center of the image, with a white arrow pointing from the right towards the text.

# International Marketing

Create a sustainable competitive advantage in the international market.

Pursue an international consumer need that they can serve better than the(ir) (local) (international) competitor.

A woman with blonde hair is shown in profile, drinking from a Coca-Cola Zero can. A glowing globe is overlaid on the right side of the image. A large, black-outlined diamond shape is superimposed over the scene, with the text and list placed inside its left-pointing arrow.

# International Marketing

Key decisions to be made

1. Company decision to **go** international
2. Decision on which **country** to enter
3. **Strategy** for market entry
4. Design an **international marketing plan**
5. **Implement** the plan



**Globalisation**



# International Marketing



**Glocalisation**

# Nine Strategic Windows (Solberg, 1997)

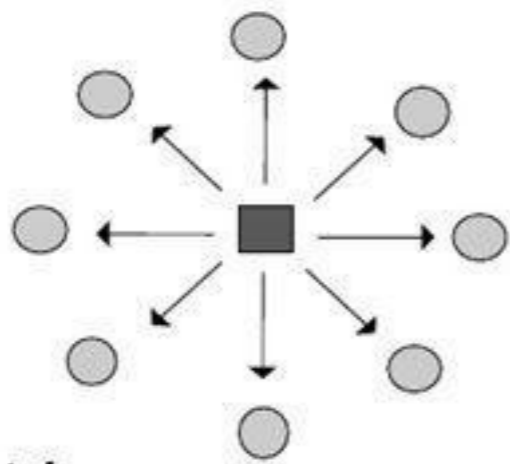
The "nine strategic windows" model uses industry globalism and the firm's preparedness as criteria for deciding if the firm should go abroad, internationally or rather to stay at home.

		Industry globalism		
		<i>Local</i>	<i>Potentially global</i>	<i>Global</i>
Preparedness for internationalization	<i>Mature</i>	3. Enter new business	6. Prepare for globalization	9. Strengthen your global position
	<i>Adolescent</i>	2. Consolidate your export markets	5. Consider expansion in international markets	8. Seek global alliances
	<i>Immature</i>	1. Stay at home	4. Seek niches in international markets	7. Prepare for a buyout

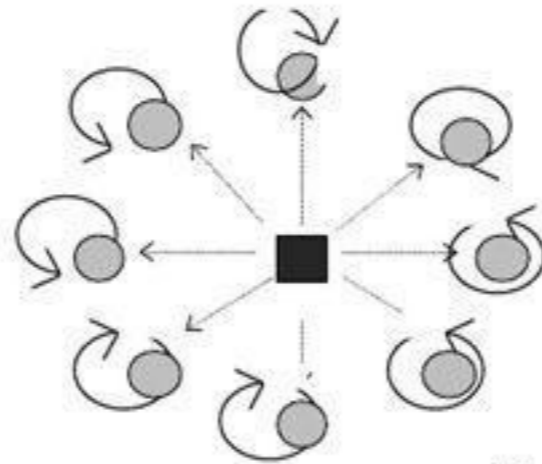


# EPRG framework (Perlmutter, 1979)

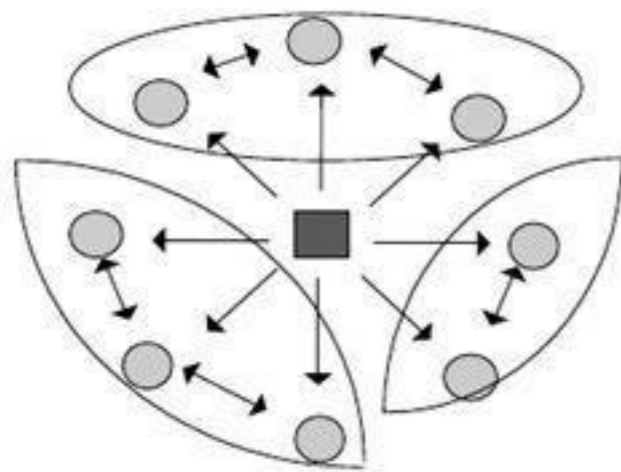
The way businesses and staff view the world is described as international management orientations.



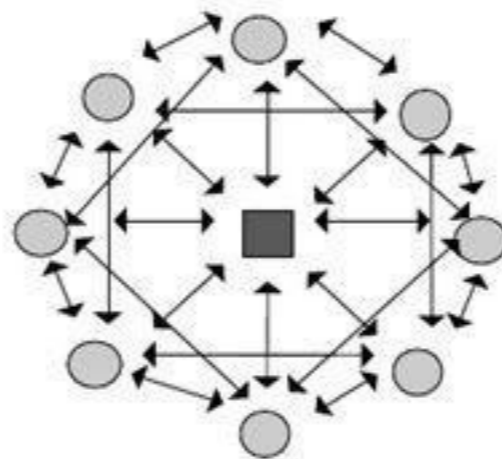
Ethnocentric



Polycentric



Regiocentric



Geocentric



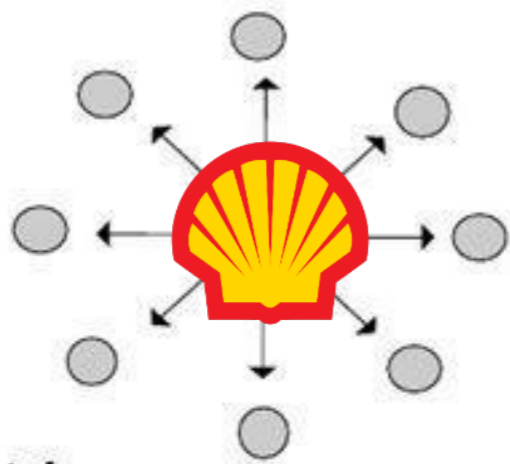
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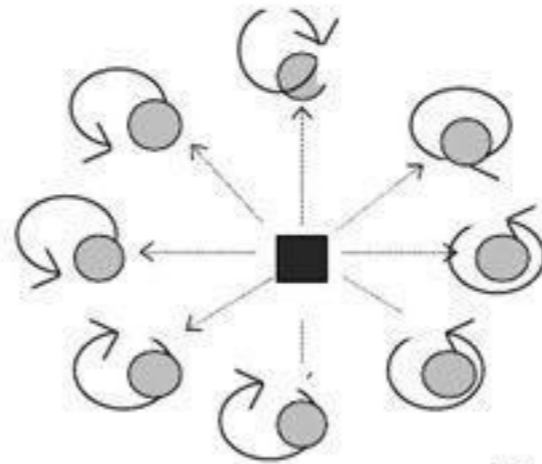


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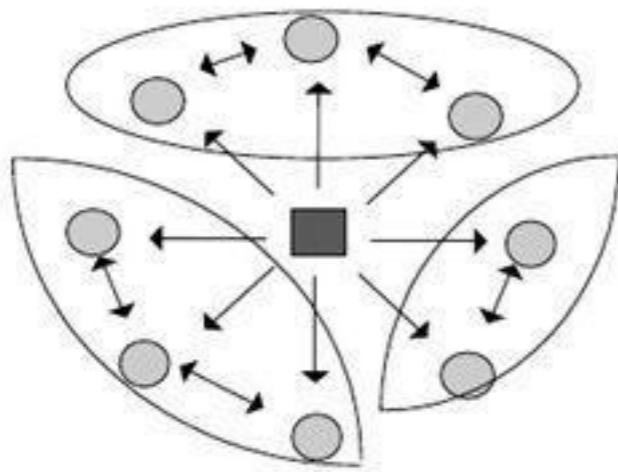
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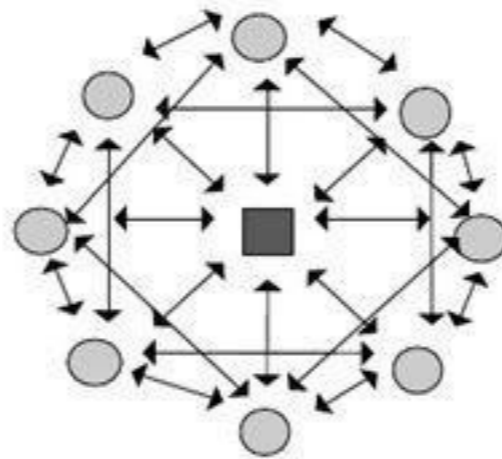
Ethnocentric



Polycentric



Regiocentric

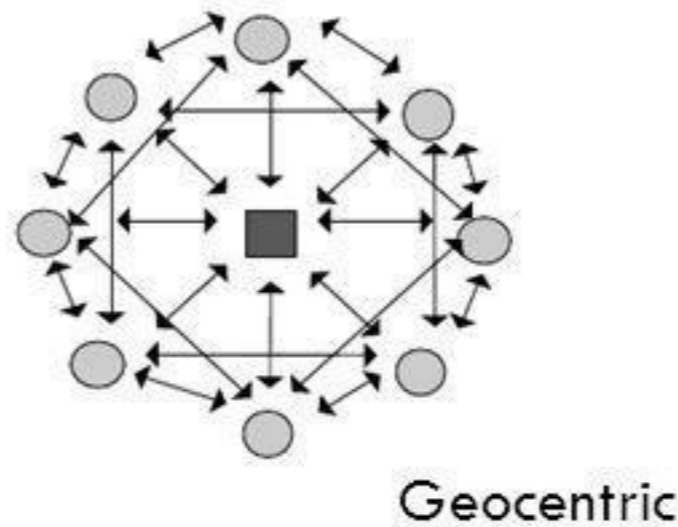
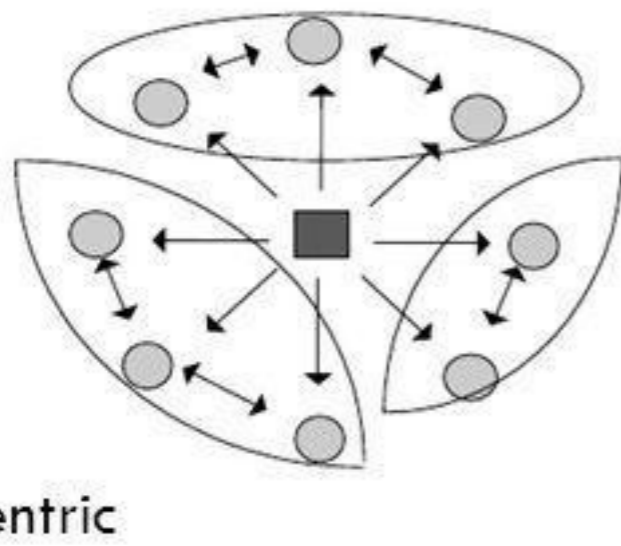
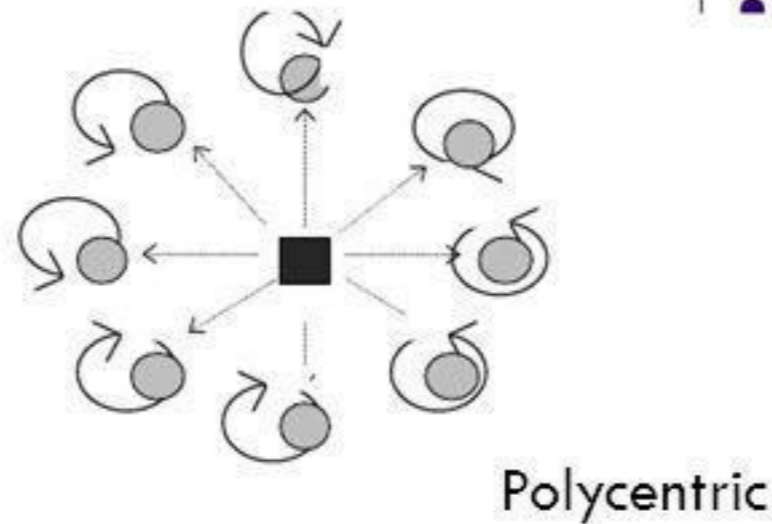
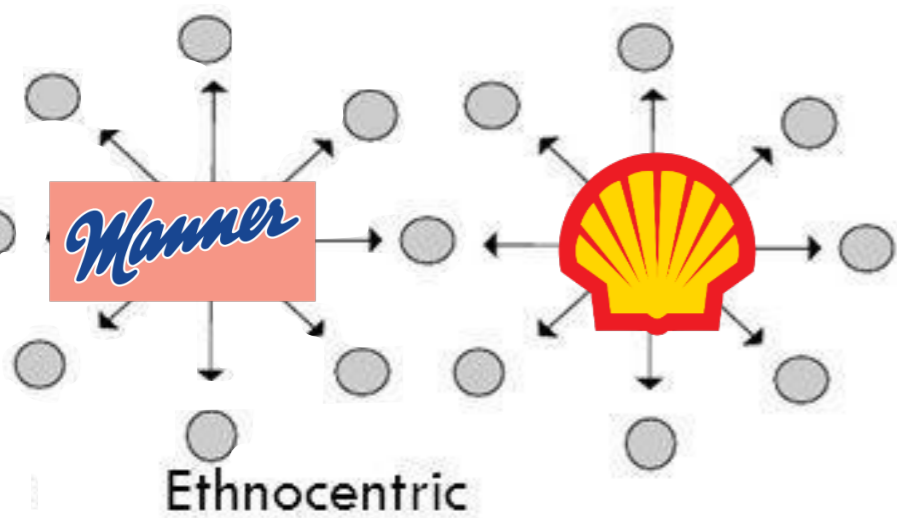


Geocentric



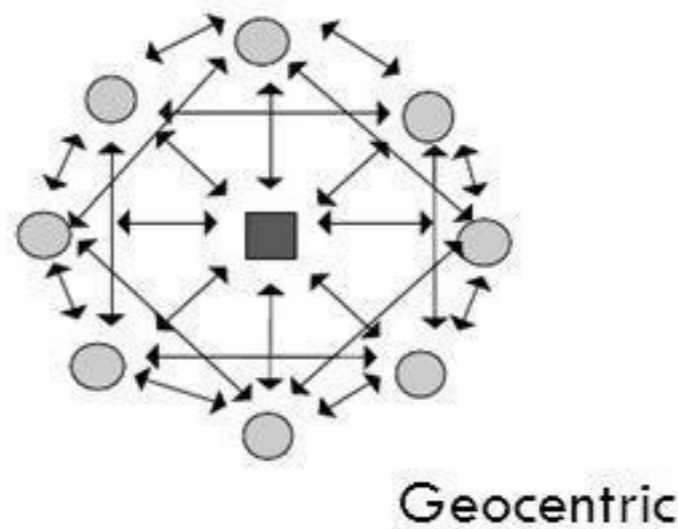
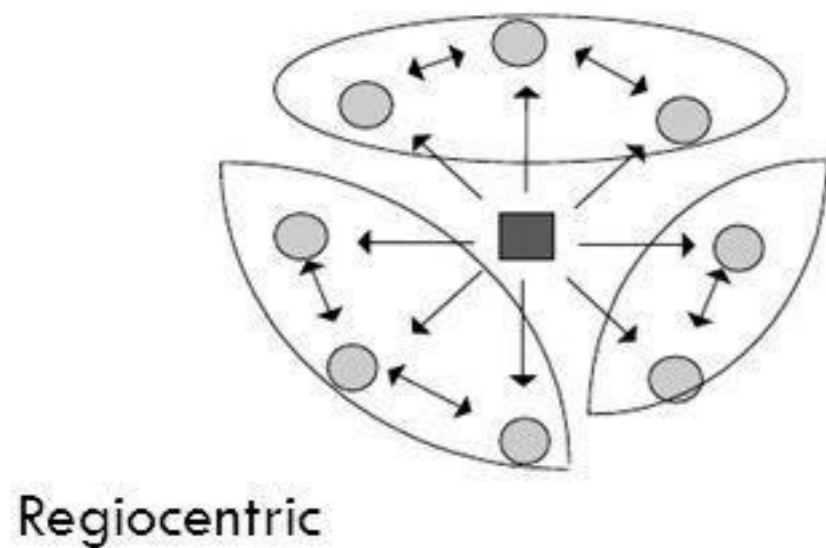
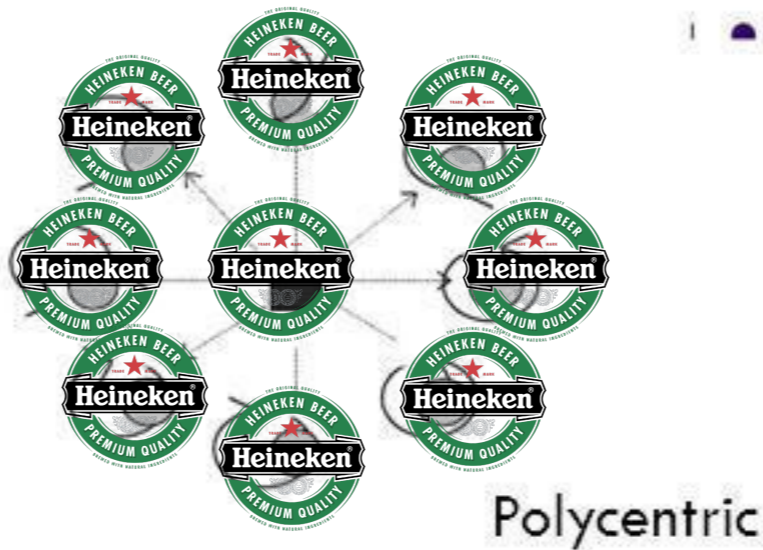
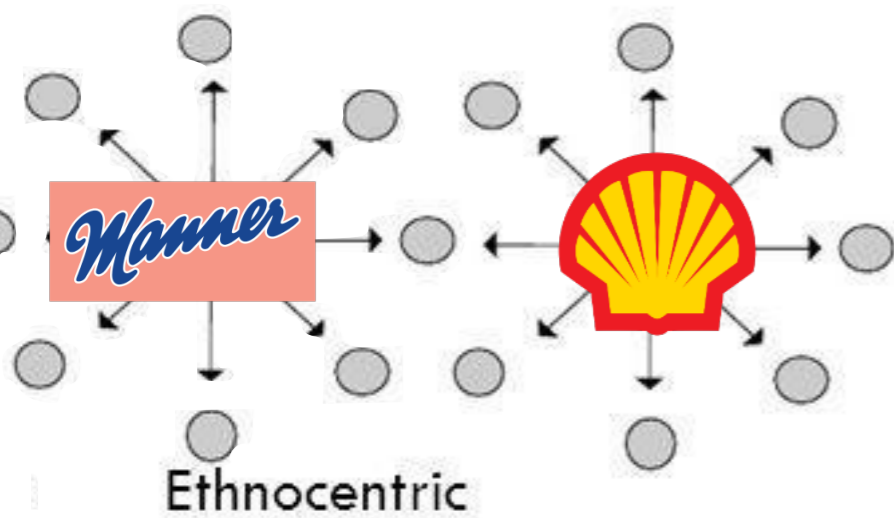
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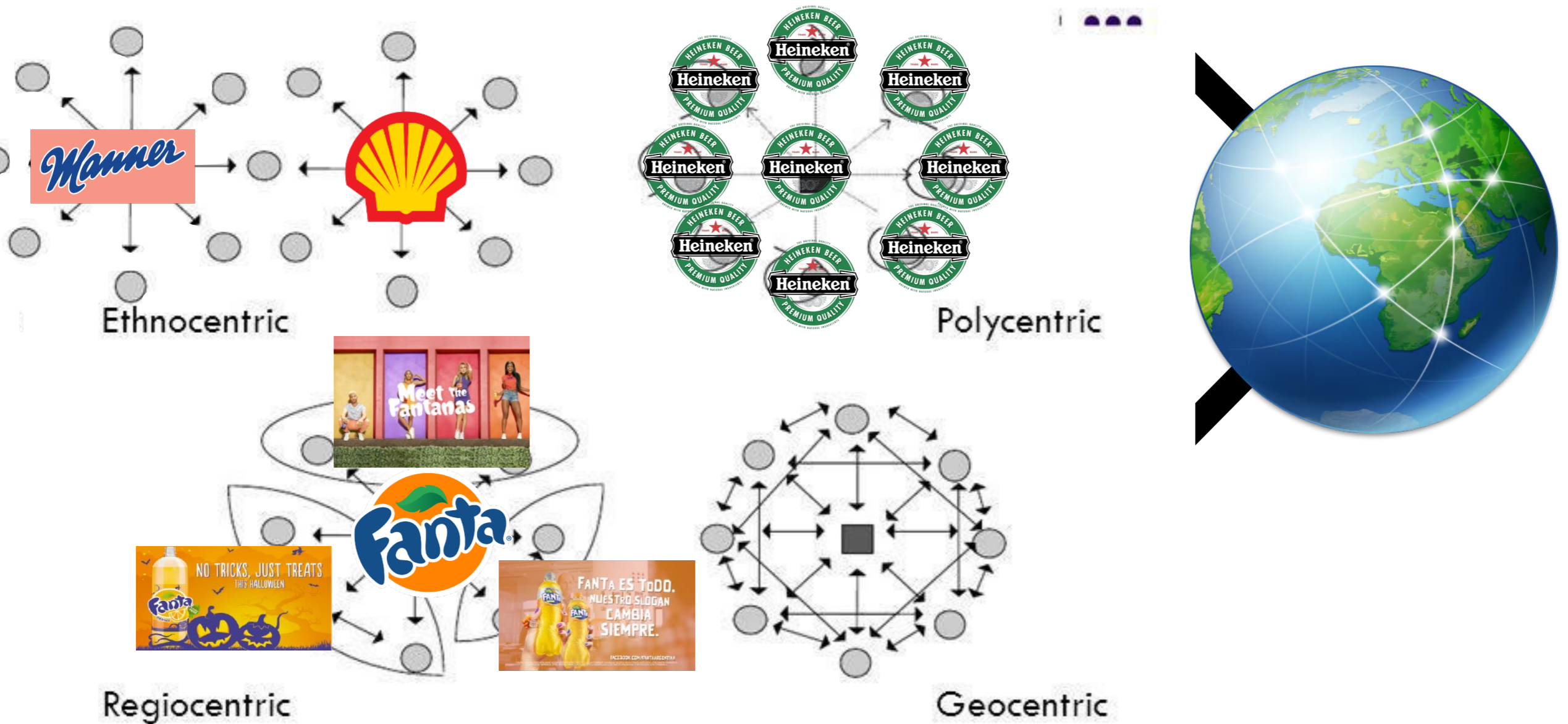
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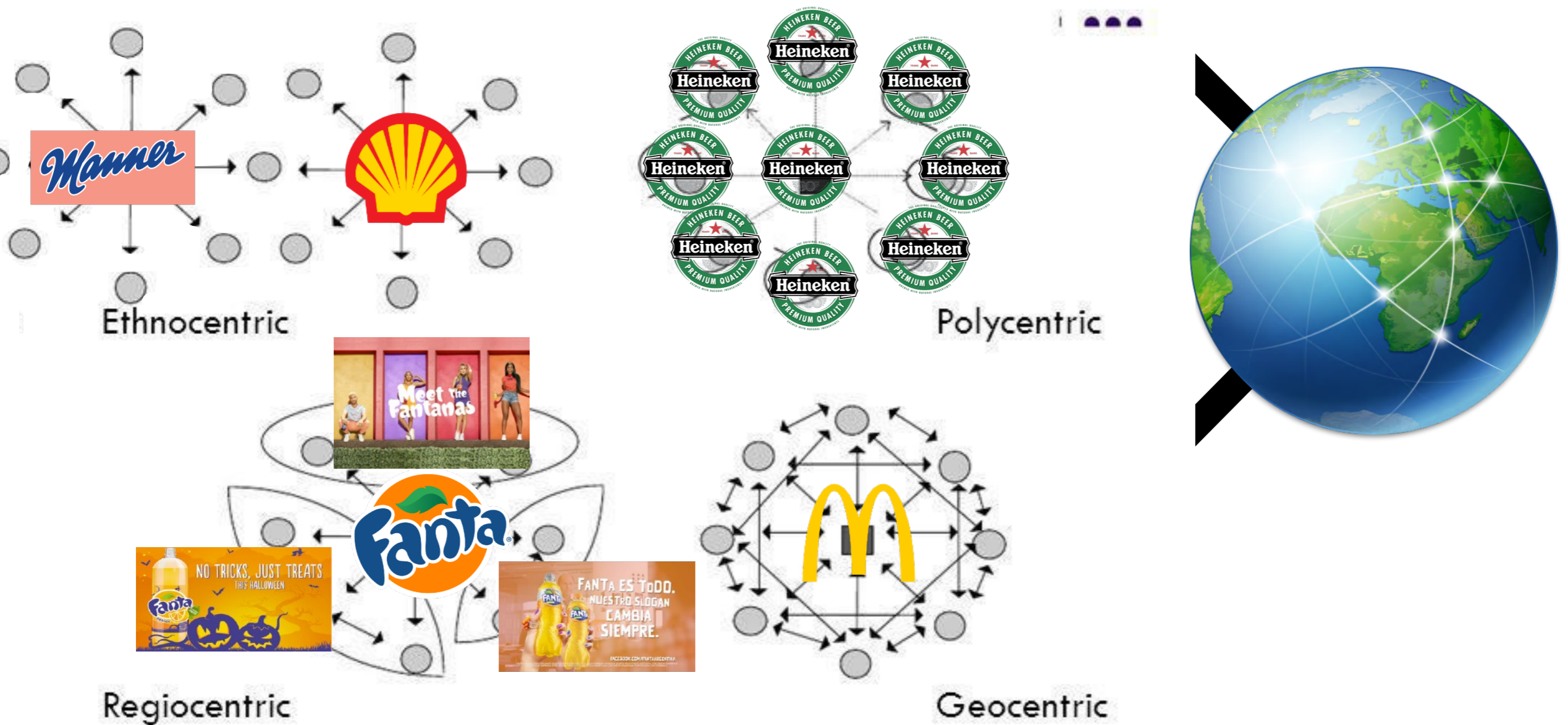
The way businesses and staff view the world is described as international management orientations.





# EPRG framework (Perlmutter, 1979)

The way businesses and staff view the world is described as international management orientations.



# Glocalization (Framework Hollenson, 2010)

a product or service that is developed and distributed globally, but is also adjusted to accommodate the user or consumer in a local market.



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# Uppsala Model for internationalisation

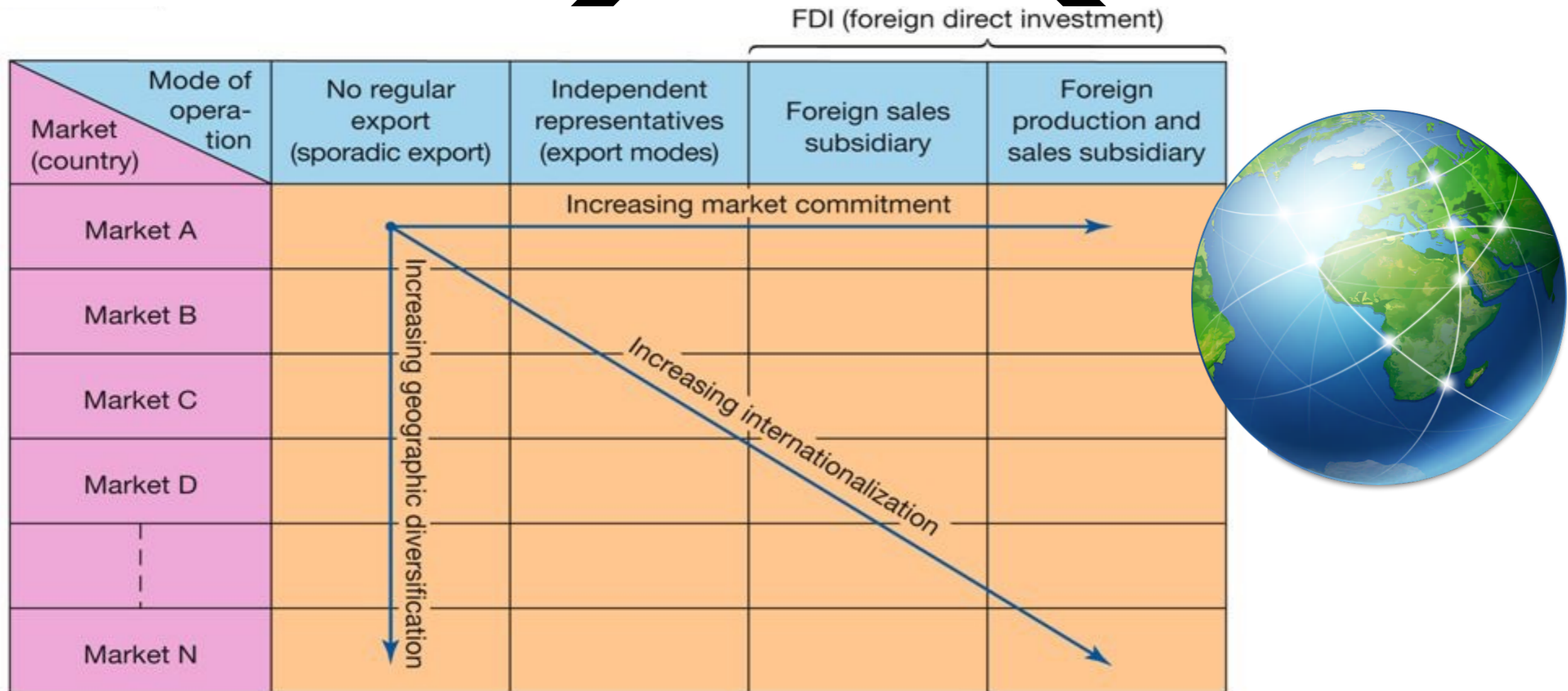
(Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977)



1. No regular export/international activities
2. International/Export activities via independent rep.
3. Establish a foreign sales subsidiary
4. Foreign production/manufacturing

# Uppsala Model for internationalisation

(Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977)



# Born Global theory

(Michael Rennie, 1993)  
Instant international firms







# Fundamental strategic distribution decisions



**Place**  
(distribution)

# Fundamental strategic distribution decisions

1. What role should distribution play in the firm's overall objectives and strategies?

**Place**  
(distribution)

# Fundamental strategic distribution decisions

1. What role should distribution play in the firm's overall objectives and strategies?
2. What role should distribution play in the marketing mix?



**Place**  
(distribution)

# Fundamental strategic distribution decisions

1. What role should distribution play in the firm's overall objectives and strategies?
2. What role should distribution play in the marketing mix?
3. How should the firm's marketing channels be designed to achieve its distribution objectives?

**Place**  
(distribution)

# Fundamental strategic distribution decisions

1. What role should distribution play in the firm's overall objectives and strategies?
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3. How should the firm's marketing channels be designed to achieve its distribution objectives?
4. What kind of channel members should be selected to meet the firm's distribution objectives?

Place



# Fundamental strategic distribution decisions

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5. How can the marketing channel be managed to implement the firm's channel design effectively and efficiently?

Place

# Fundamental strategic distribution decisions

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3. How should the firm's marketing channels be designed to achieve its distribution objectives?
4. What kind of channel members should be selected to meet the firm's distribution objectives?
5. How can the marketing channel be managed to implement the firm's channel design effectively and efficiently?
6. How can channel member performance be evaluated?

Place

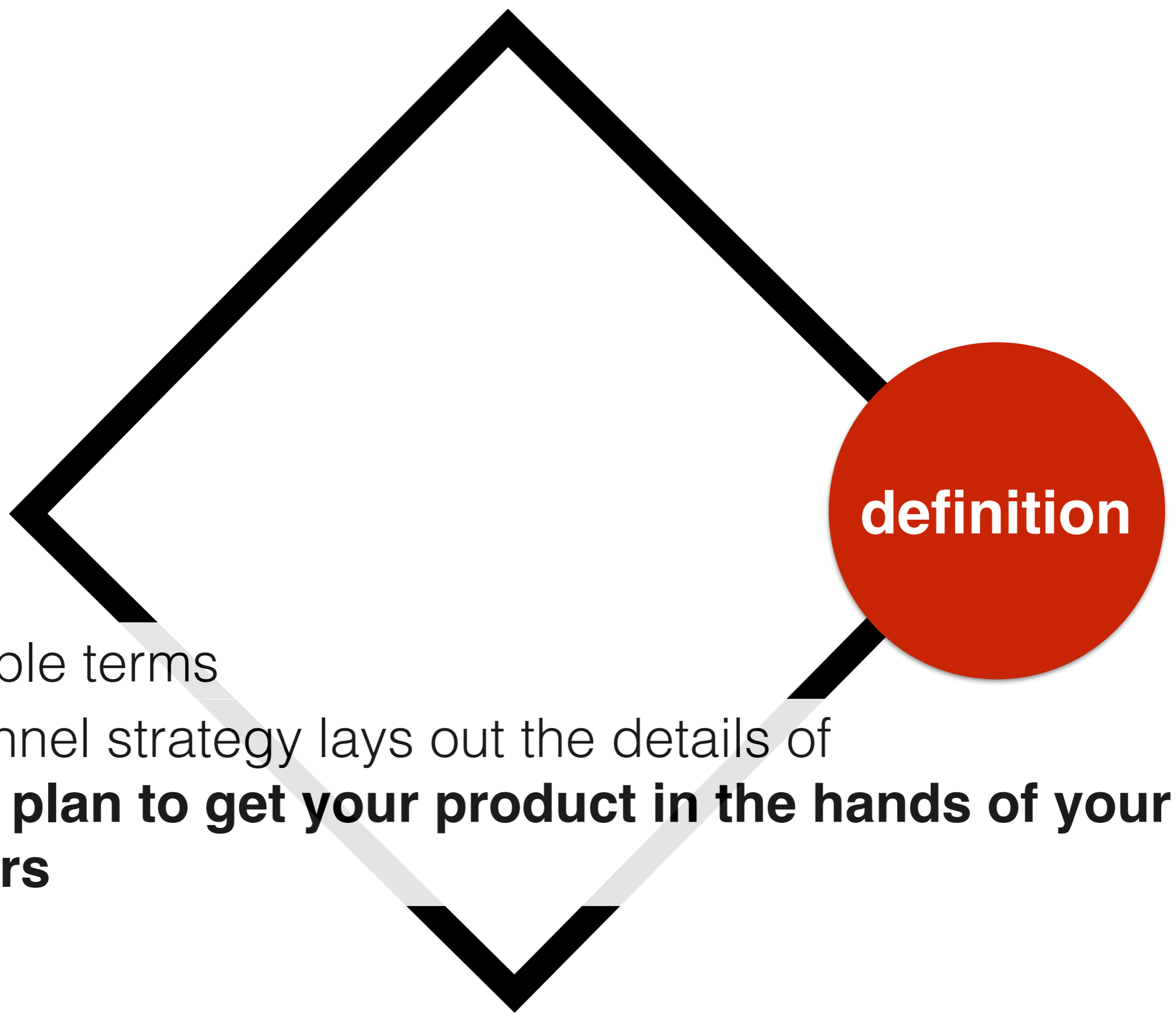


## definition

A **marketing channel**<sup>1</sup> is a set of practices or activities necessary to transfer the ownership of goods, and to move goods, from the point of production to the point of consumption and, as such, which consists of all the institutions and all the marketing activities in the marketing process.

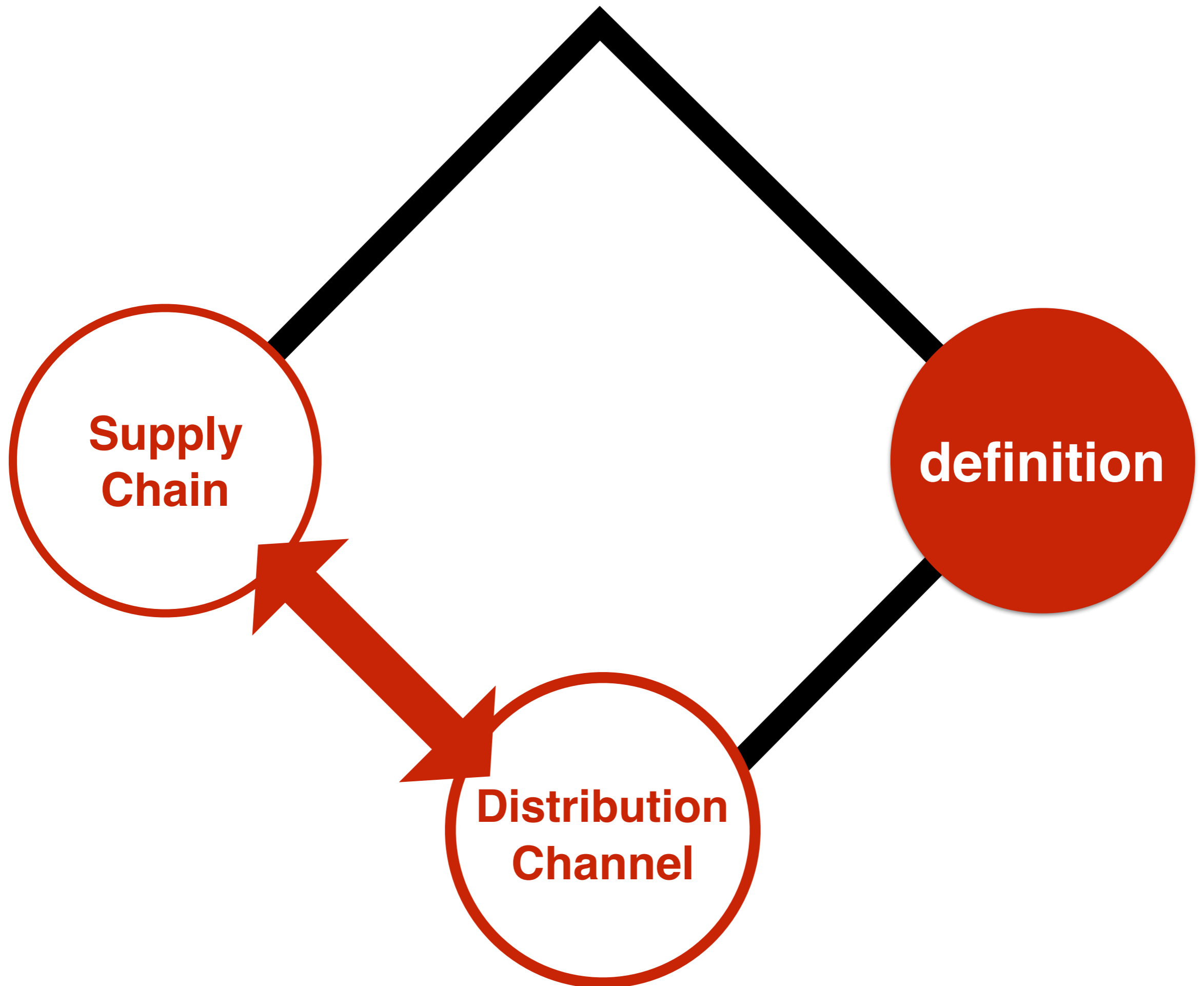
<sup>1</sup> Marketing channel or distribution channel





Or in simple terms

Your channel strategy lays out the details of  
**how you plan to get your product in the hands of your customers**



**Supply  
Chain**

**definition**

**Distribution  
Channel**

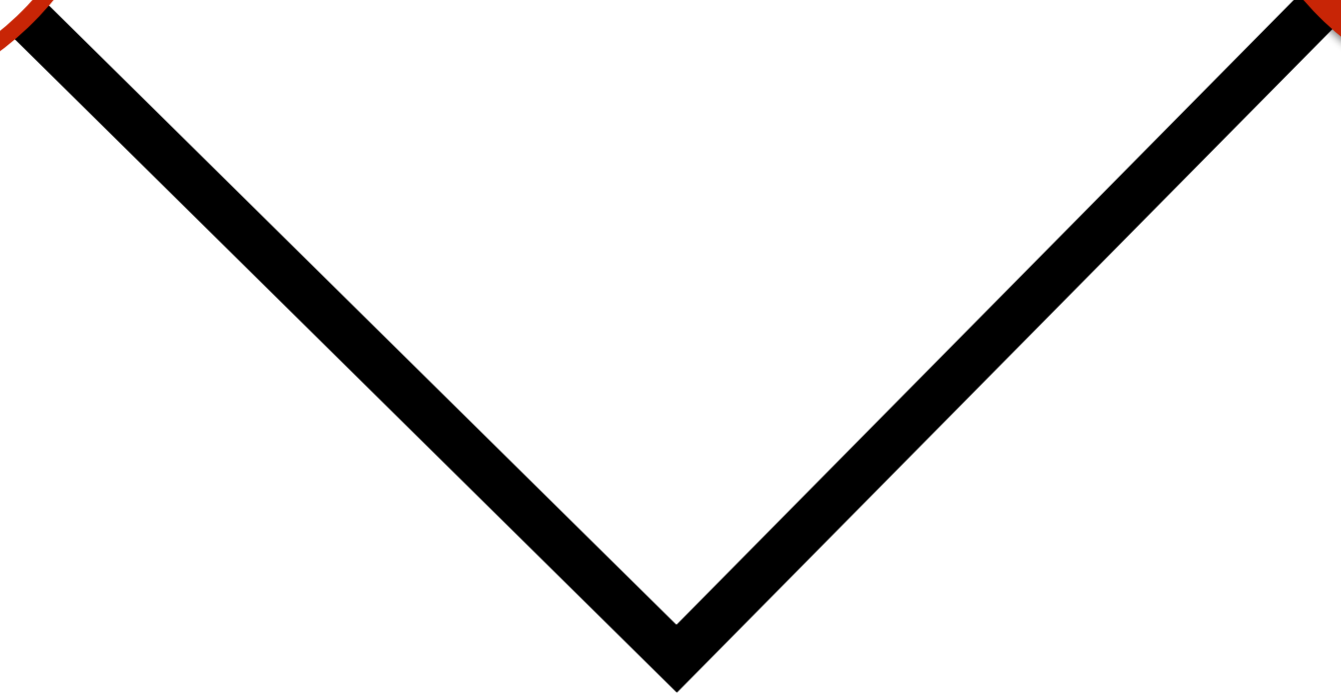


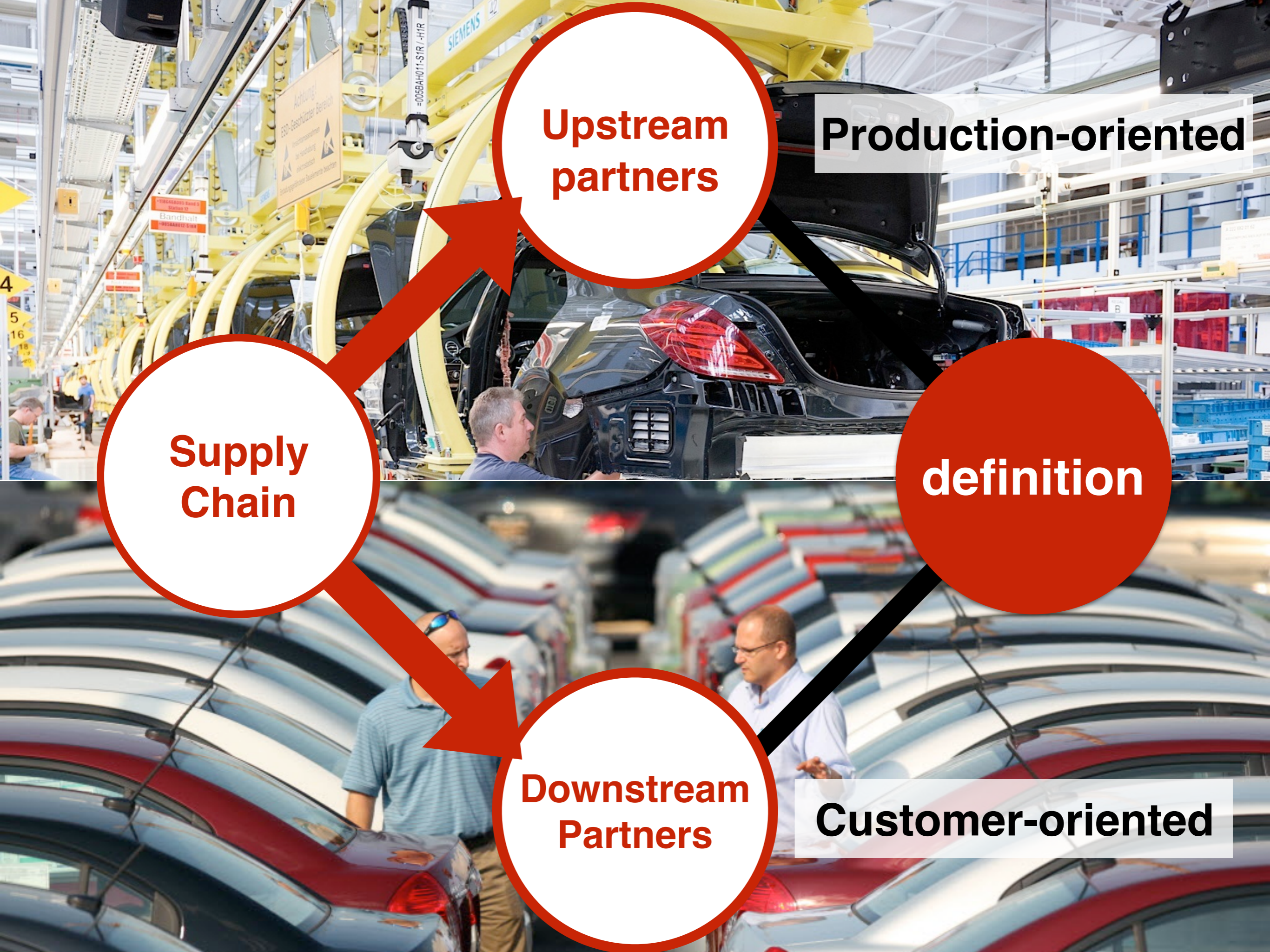
**Upstream partners**

**Production-oriented**

**Supply Chain**

**definition**





**Upstream partners**

**Production-oriented**

**Supply Chain**

**definition**

**Downstream Partners**

**Customer-oriented**

**Supply  
Chain**

**'Make & Sell'**

**definition**

**'Sense & respond'**

**Demand  
Chain**



A demand chain view starts with planning the need of the target customer, and the firm responds to these needs by organizing a chain of resources and activities with the goal of **creating customer value.**

**definition**

**'Sense & respond'**

**Demand  
Chain**

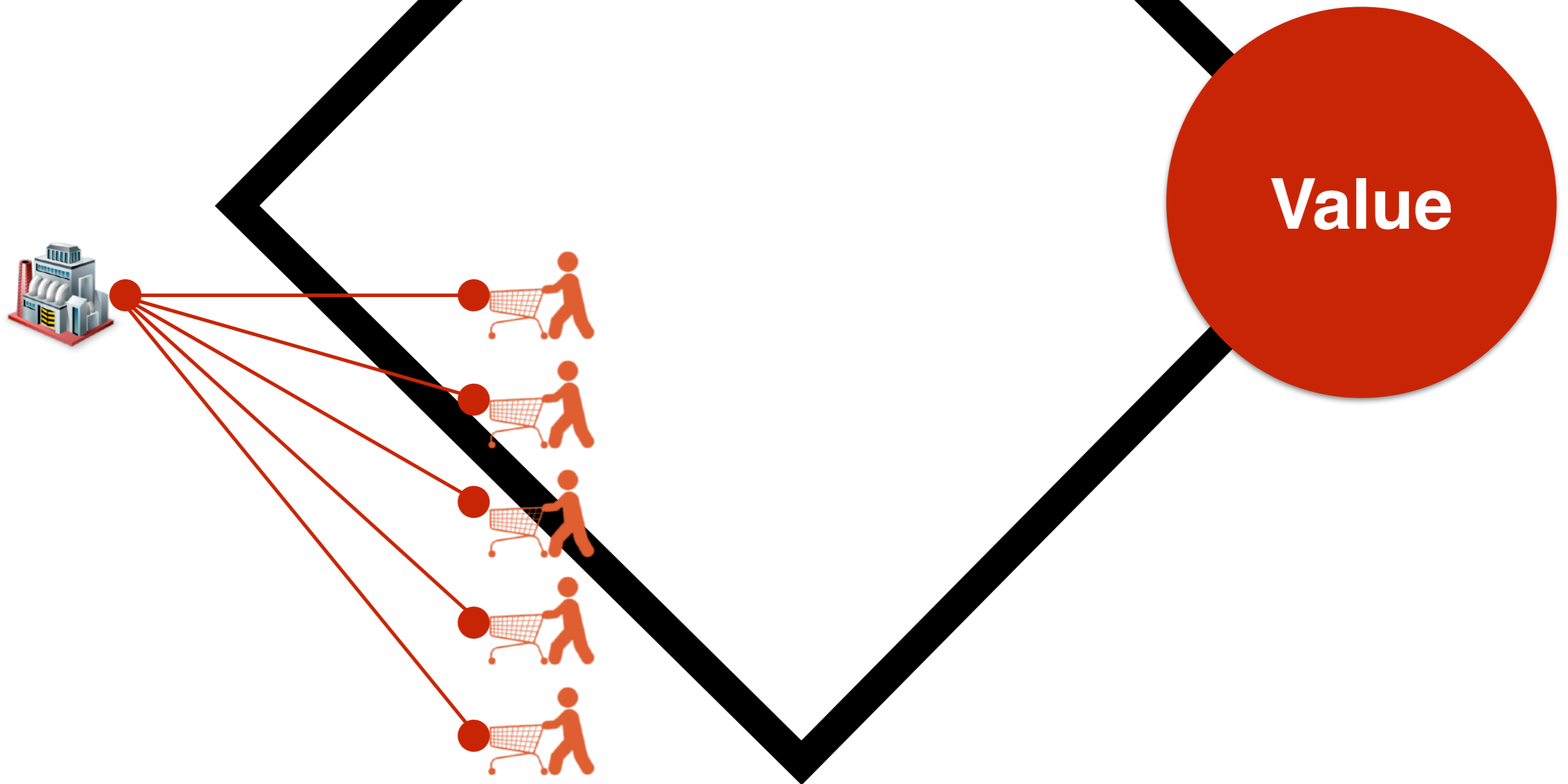


Intermediaries offer producers greater **efficiency** in making goods available to target markets.



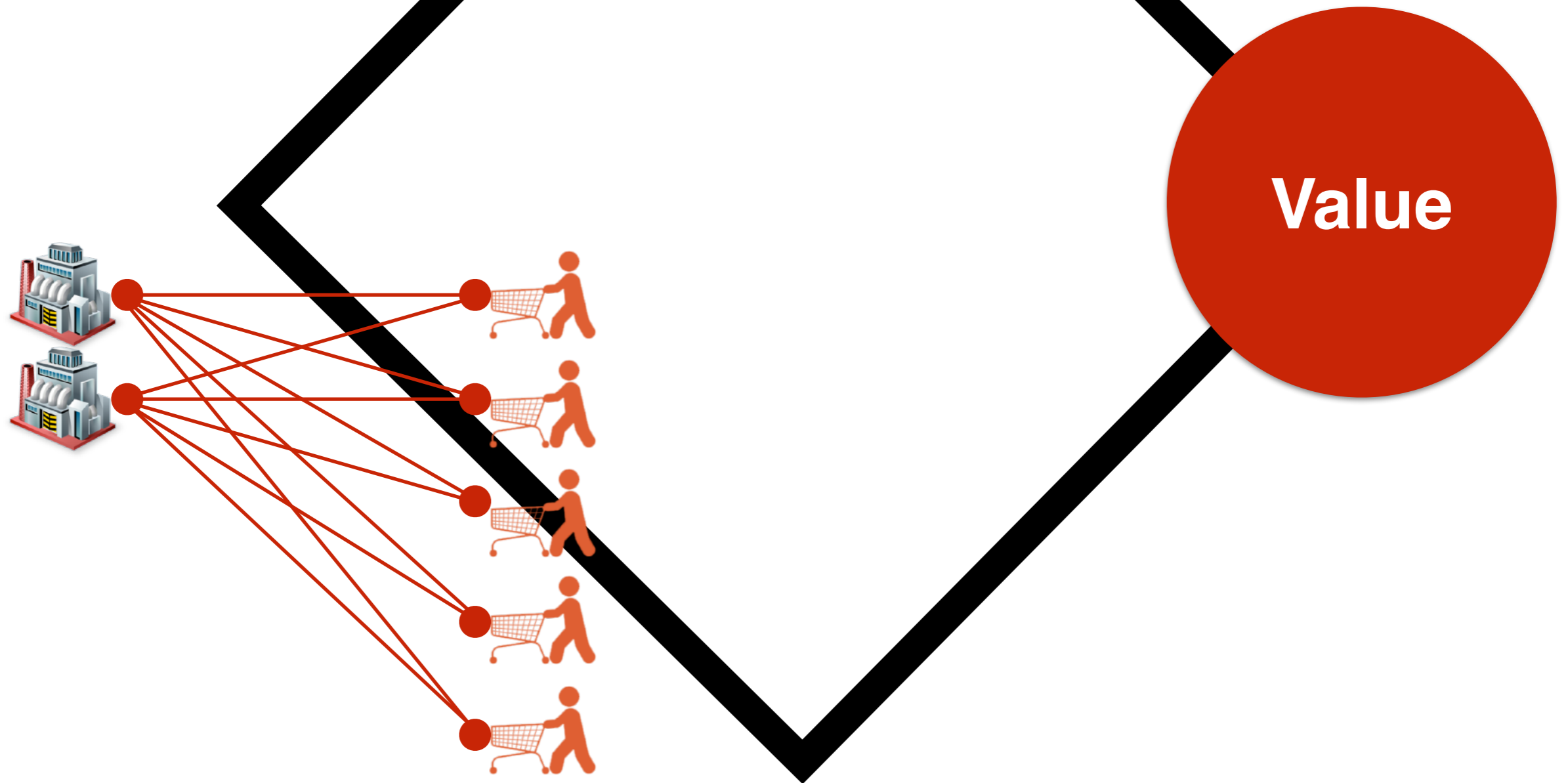
**Value**

Intermediaries offer producers greater **efficiency** in making goods available to target markets.

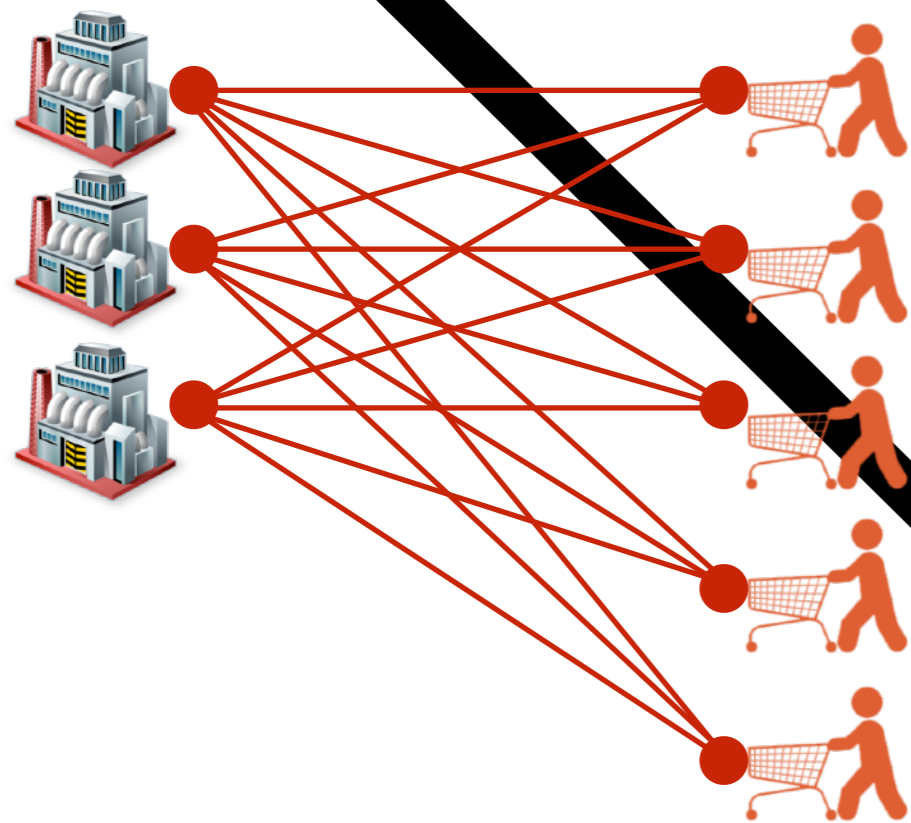




Intermediaries offer producers greater **efficiency** in making goods available to target markets.

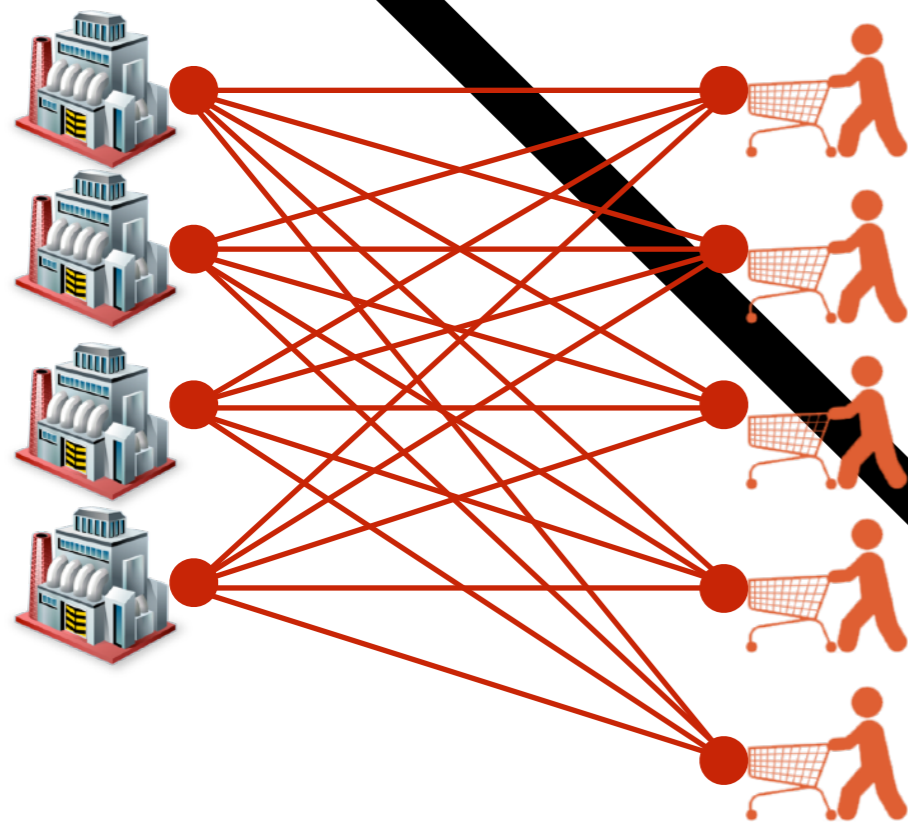


Intermediaries offer producers greater **efficiency** in making goods available to target markets.



**Value**

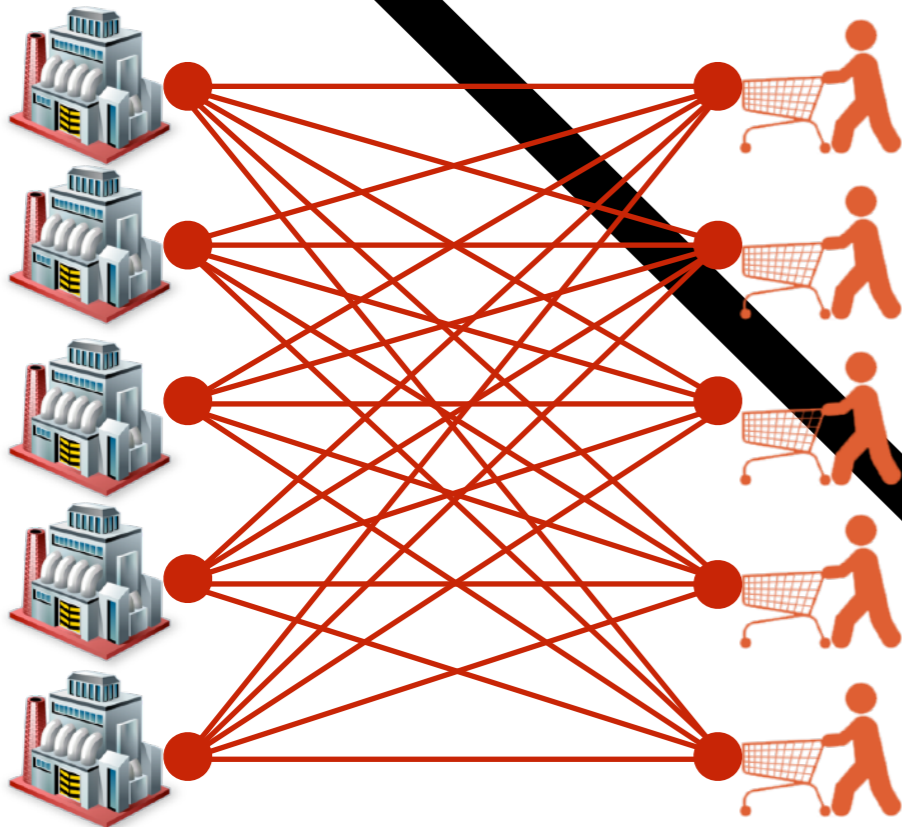
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**Value**

Intermediaries offer producers greater **efficiency** in making goods available to target markets.

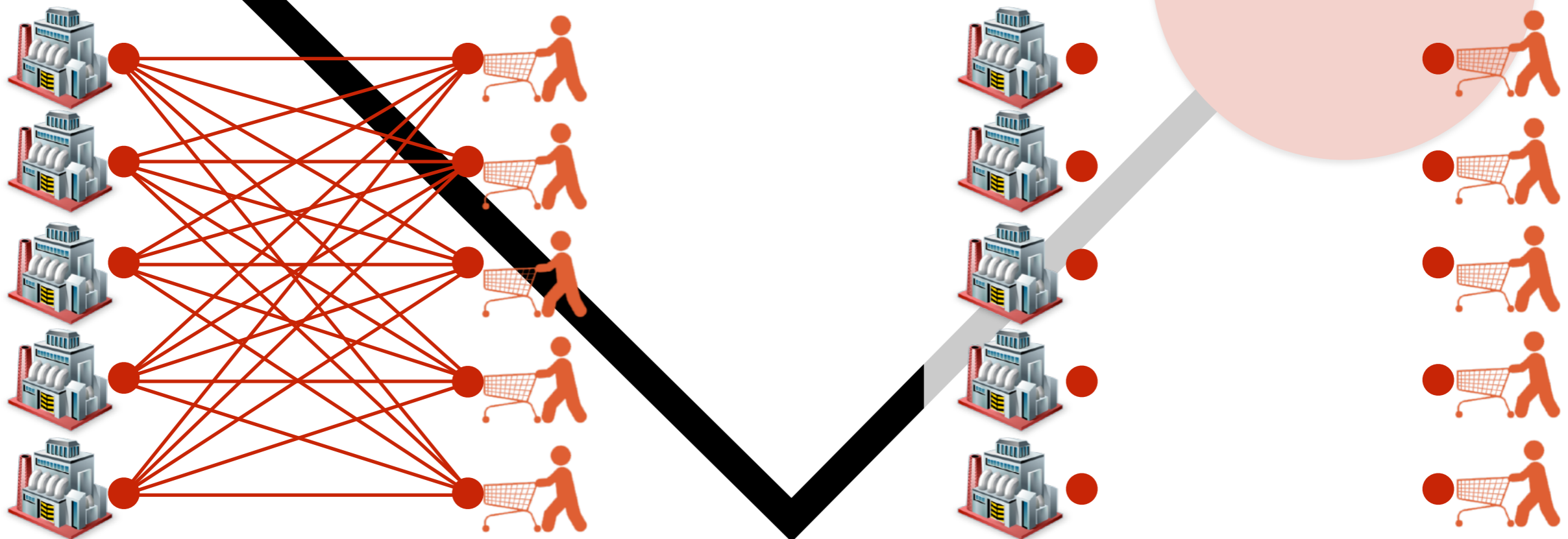
Number of contacts = 25



**Value**

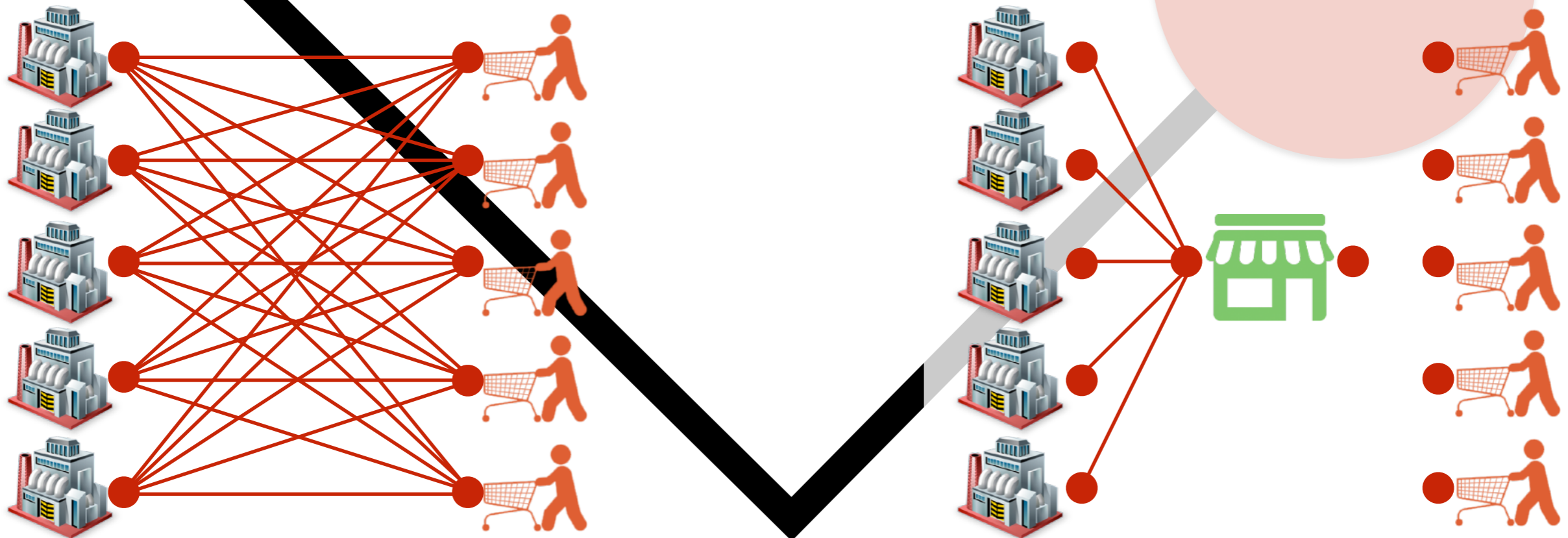
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Number of contacts = 25



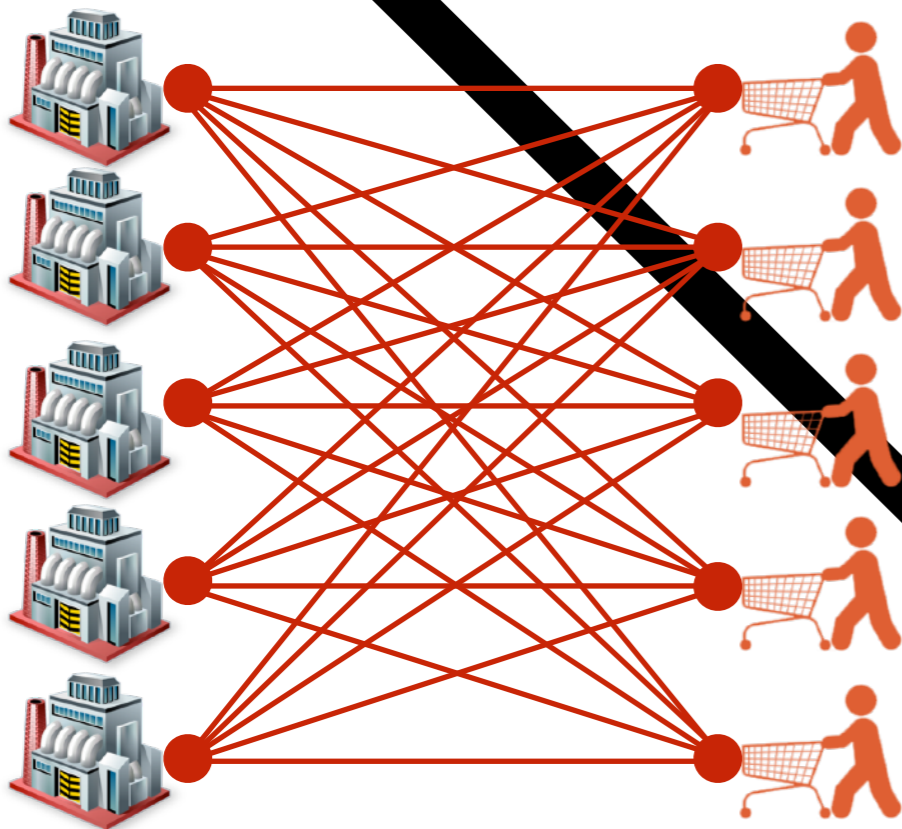
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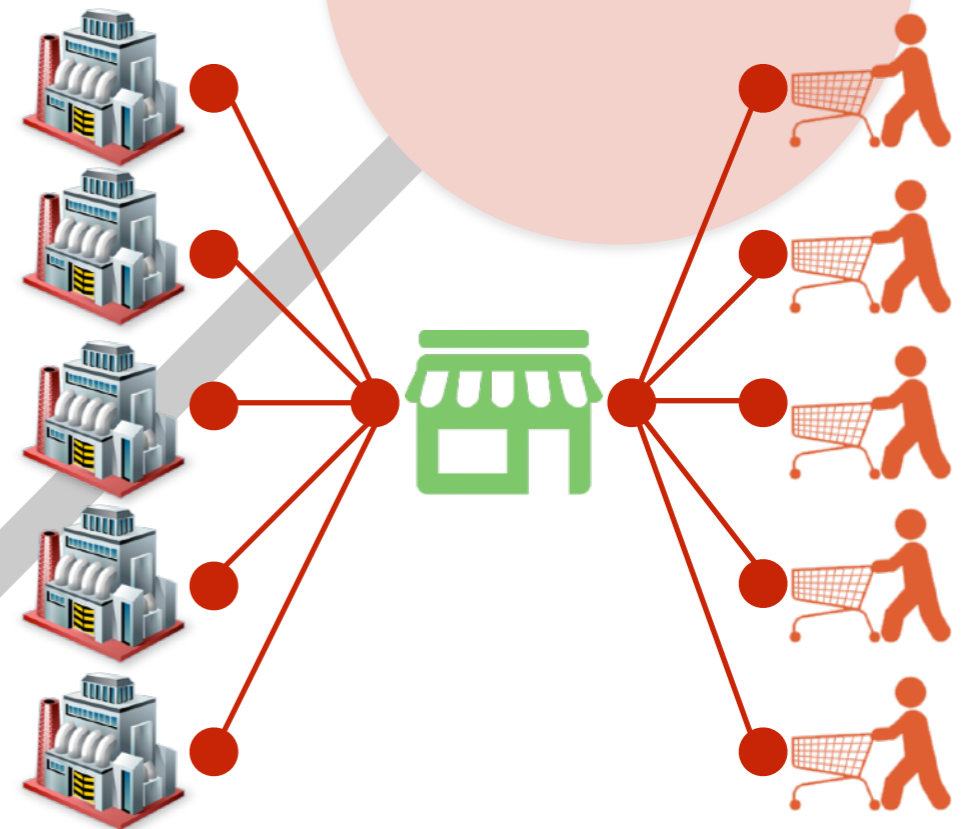


Intermediaries offer producers greater **efficiency** in making goods available to target markets.

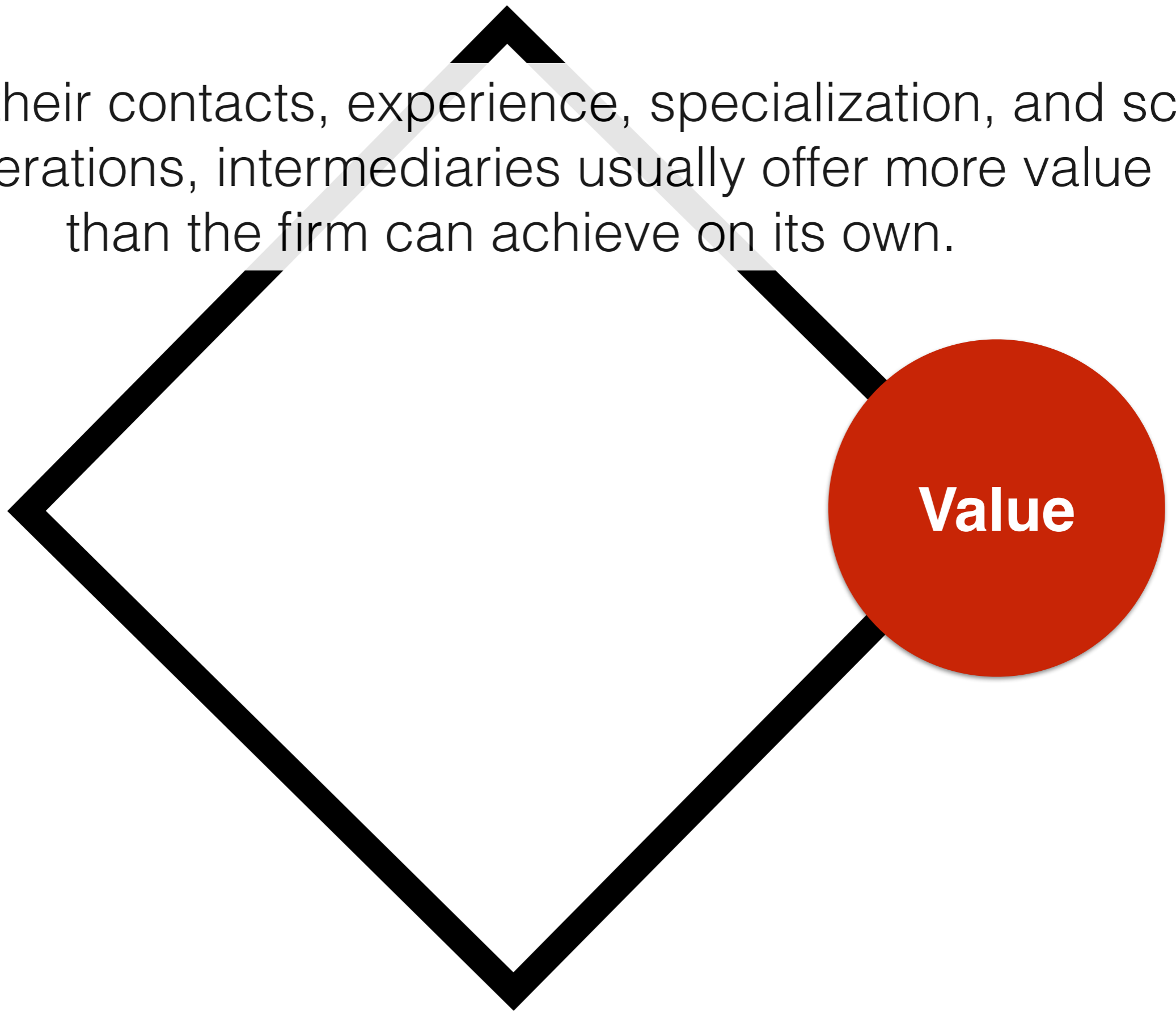
Number of contacts = 25



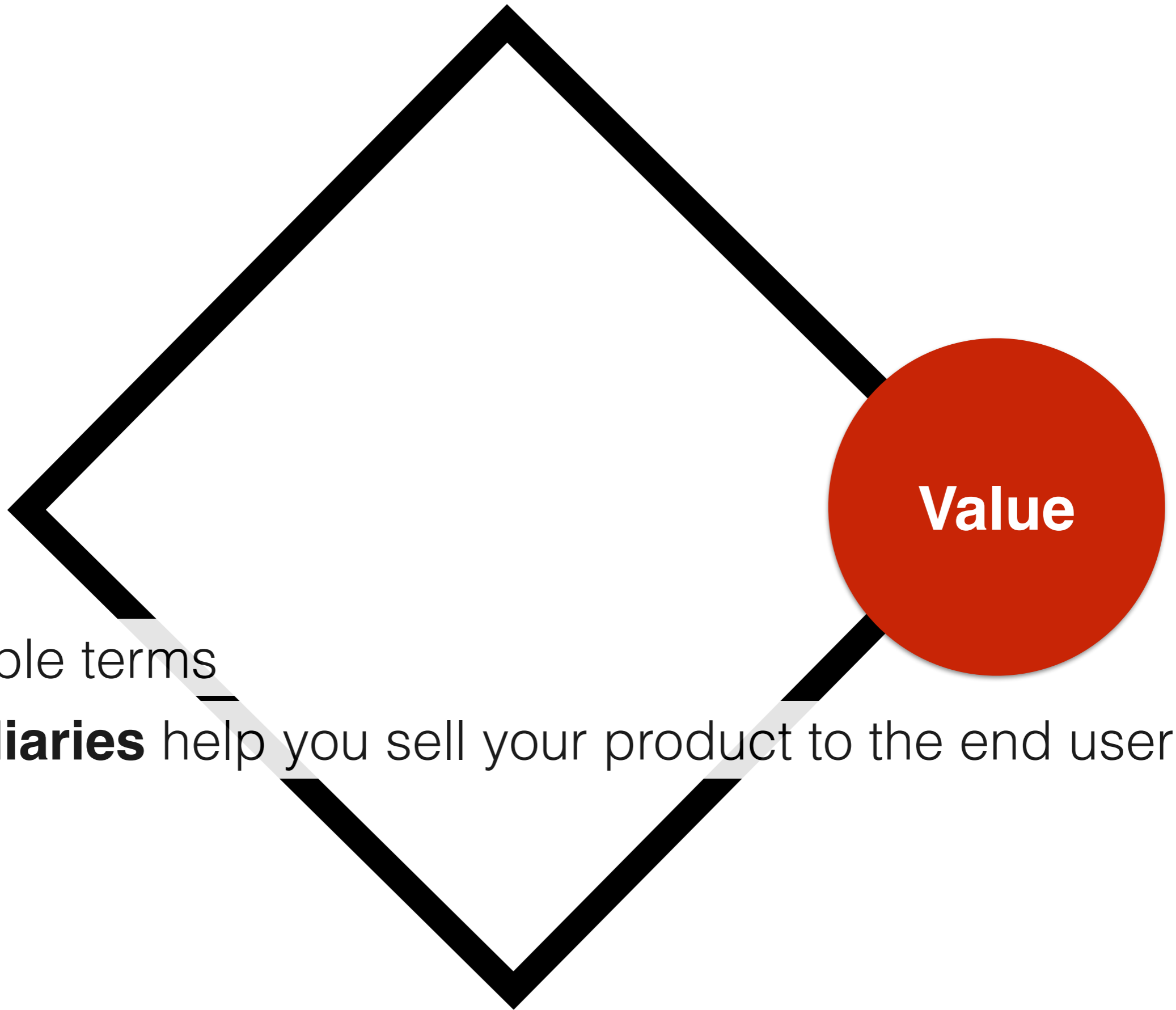
Number of contacts = 10



Through their contacts, experience, specialization, and scale of operations, intermediaries usually offer more value than the firm can achieve on its own.

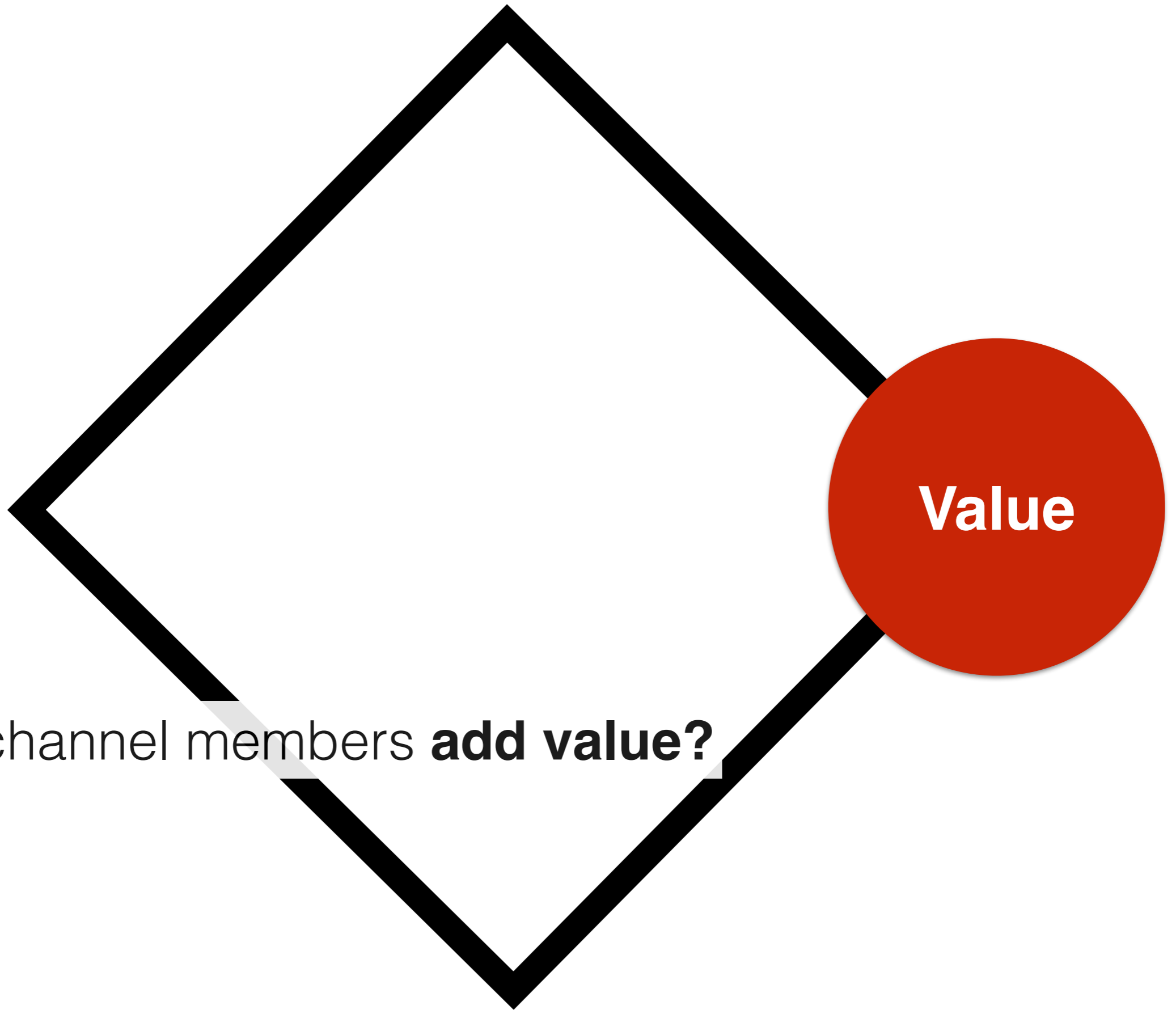






Or in simple terms

**Intermediaries** help you sell your product to the end user



How do channel members **add value**?



**Value**

How do channel members **add value?**

Intermediaries transform the assortment of products into assortments wanted by consumers



**value**

How do channel members **add value**?

Intermediaries bridge major time, place and possession gaps that separate goods and services from those who would use them.



value

Or in simple terms

Marketing intermediaries can be eliminated  
but **their activities can not!**

# *The Coca-Cola Company*

worldwide & multi-local

- Product (development)
- Marketing (Communication)



**design**

*The Coca-Cola Company*

worldwide & multi-local

- Product (development)
- Marketing (Communication)

Sell Cola Cola concentrate



**Coca-Cola  
Hellenic Bottling Company**

local & multi-local

- Production
- Distribution & Sales

**design**

# *The Coca-Cola Company*

worldwide & multi-local

- Product (development)
- Marketing (Communication)

Sell Cola Cola concentrate



## **Coca-Cola Hellenic Bottling Company**

local & multi-local

- Production
- Distribution & Sales

Create demand

**design**



Consumer  
always local



# *The Coca-Cola Company*

worldwide & multi-local

- Product (development)
- Marketing (Communication)

Sell Cola Cola concentrate



## **Coca-Cola Hellenic Bottling Company**

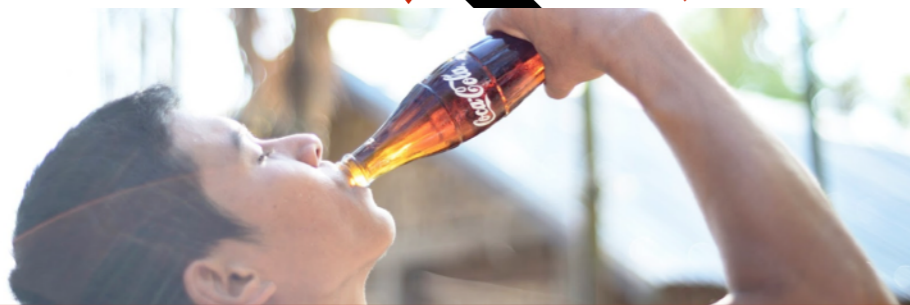
local & multi-local

- Production
- Distribution & Sales

Create demand

Direct Sales  
vending machines

**design**



Consumer  
always local

# The Coca-Cola Company

worldwide & multi-local

- Product (development)
- Marketing (Communication)

Sell Cola Cola concentrate



## Coca-Cola Hellenic Bottling Company

local & multi-local

- Production
- Distribution & Sales

Create demand

B2B sales  
Key-accounts

**design**

Direct Sales  
vending machines



Consumer  
always local



Business  
local & multi-local

# The Coca-Cola Company

worldwide & multi-local

- Product (development)
- Marketing (Communication)

Sell Cola Cola concentrate



## Coca-Cola Hellenic Bottling Company

local & multi-local

- Production
- Distribution & Sales

Create demand

B2B sales  
Key-accounts

**design**

Direct Sales  
vending machines



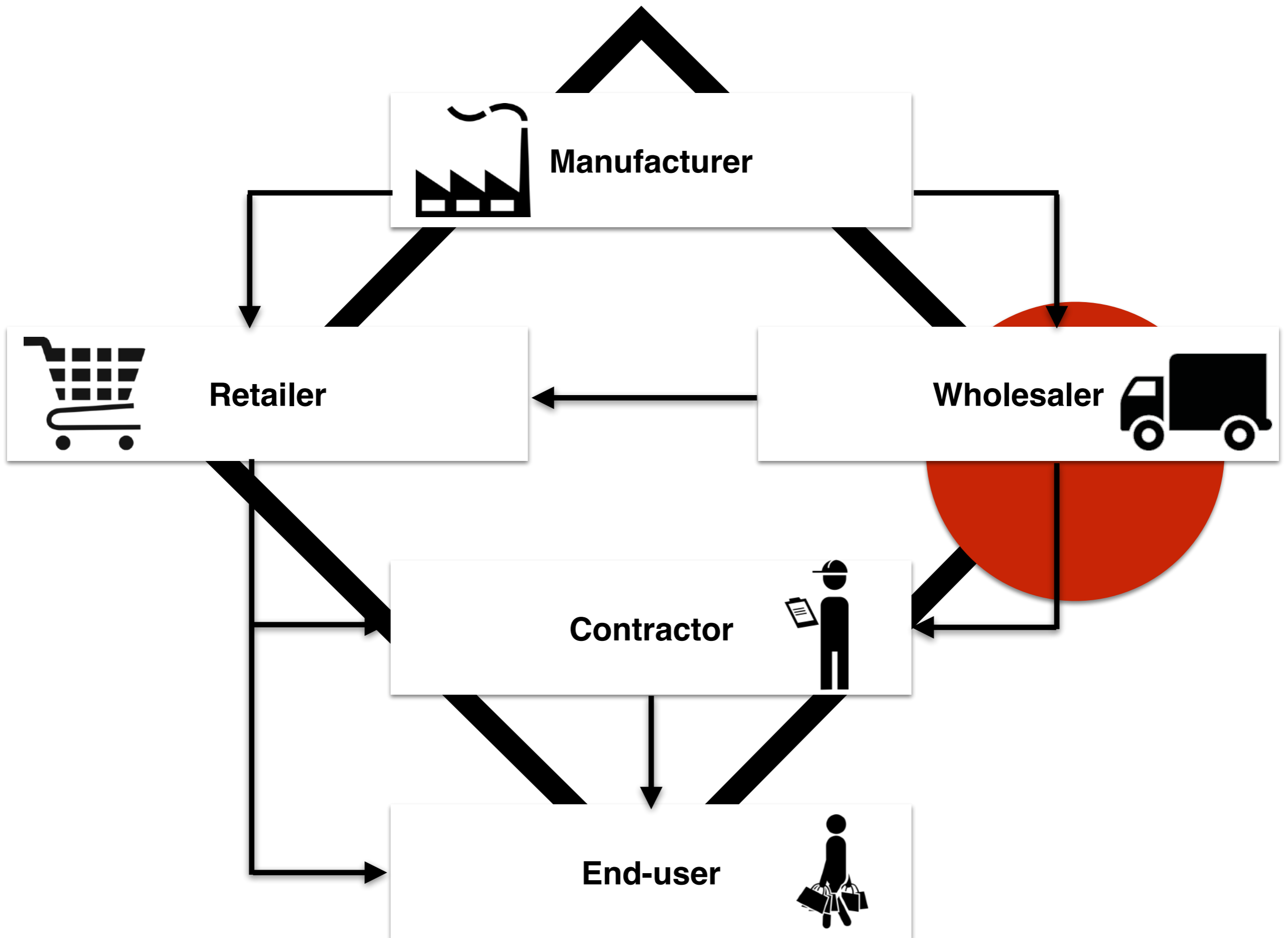
Consumer  
always local



Business

local & multi-local


Fullfill demand



Channel/Distribution Management is important because it affects **sales**.



Importance



Channel/Distribution Management is important because it affects **sales**.

**Importance**

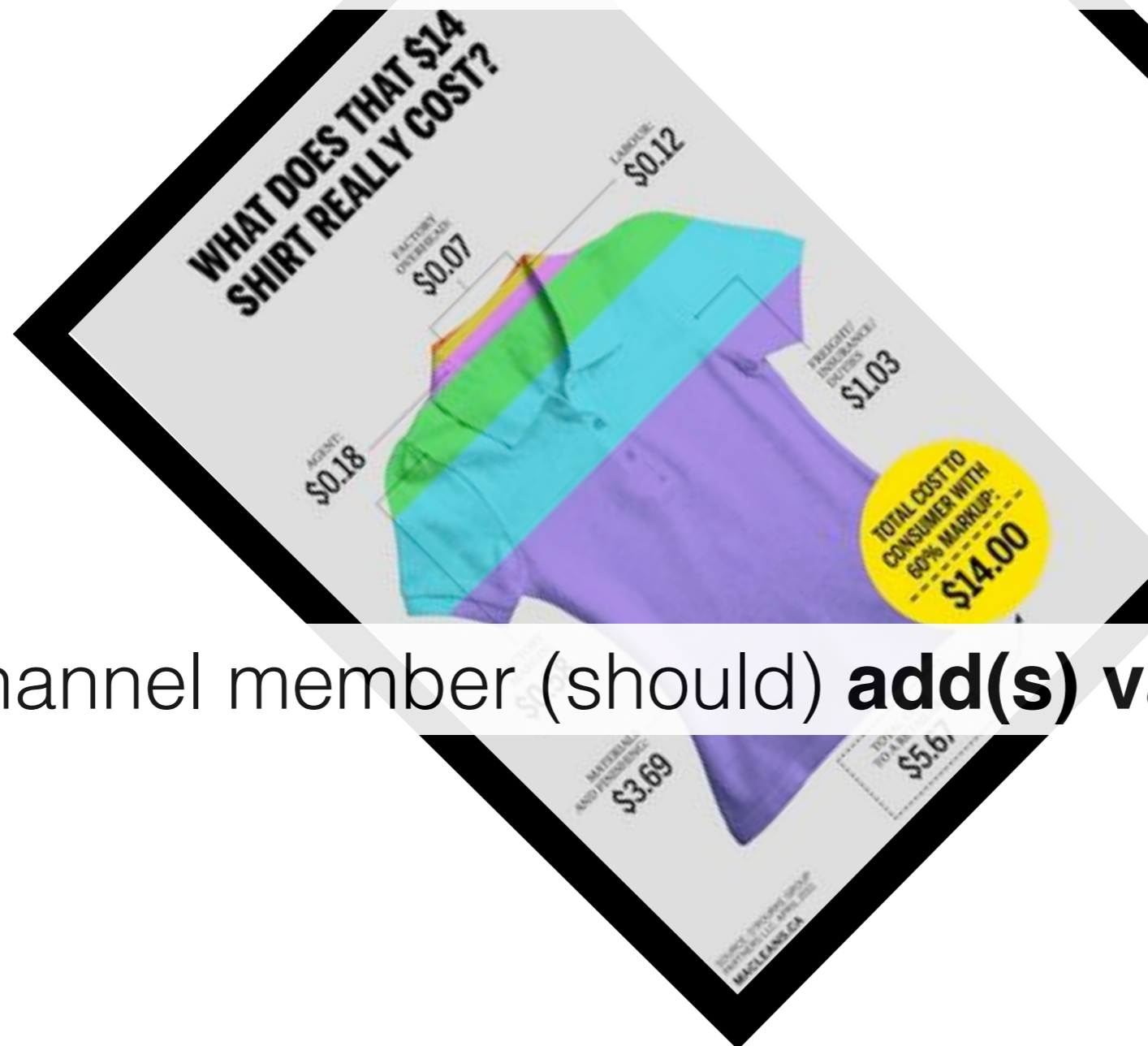
Availability is key for **customer loyalty!**

Channel/Distribution Management is important because it affects **profits**.



**Importance**

Channel/Distribution Management is important because it affects **profits**.



**Importance**

Each channel member (should) **add(s) value!**



Channel/Distribution Management is important because it affects **profits**.

Total Cost

**\$6.70**

WHAT DOES THAT \$14 SHIRT REALLY COST?



FREIGHT/INSURANCE/OTHERS  
**\$1.03**

TOTAL COST TO CONSUMER WITH 60% MARGIN:  
**\$14.00**

FACTORY MARGIN:  
**\$0.58**

MATERIALS AND FINISHING:  
**\$3.69**

TOTAL COST TO A RETAILER:  
**\$5.67**

SOURCE: THOMSON GROUP  
HARTFORD, CT, APRIL 2002  
MADE IN USA

**Importance**

Channel/Distribution Management is important because it affects **profits**.

Total Cost

**\$6.70**

Sold to retailer

**\$15.00**

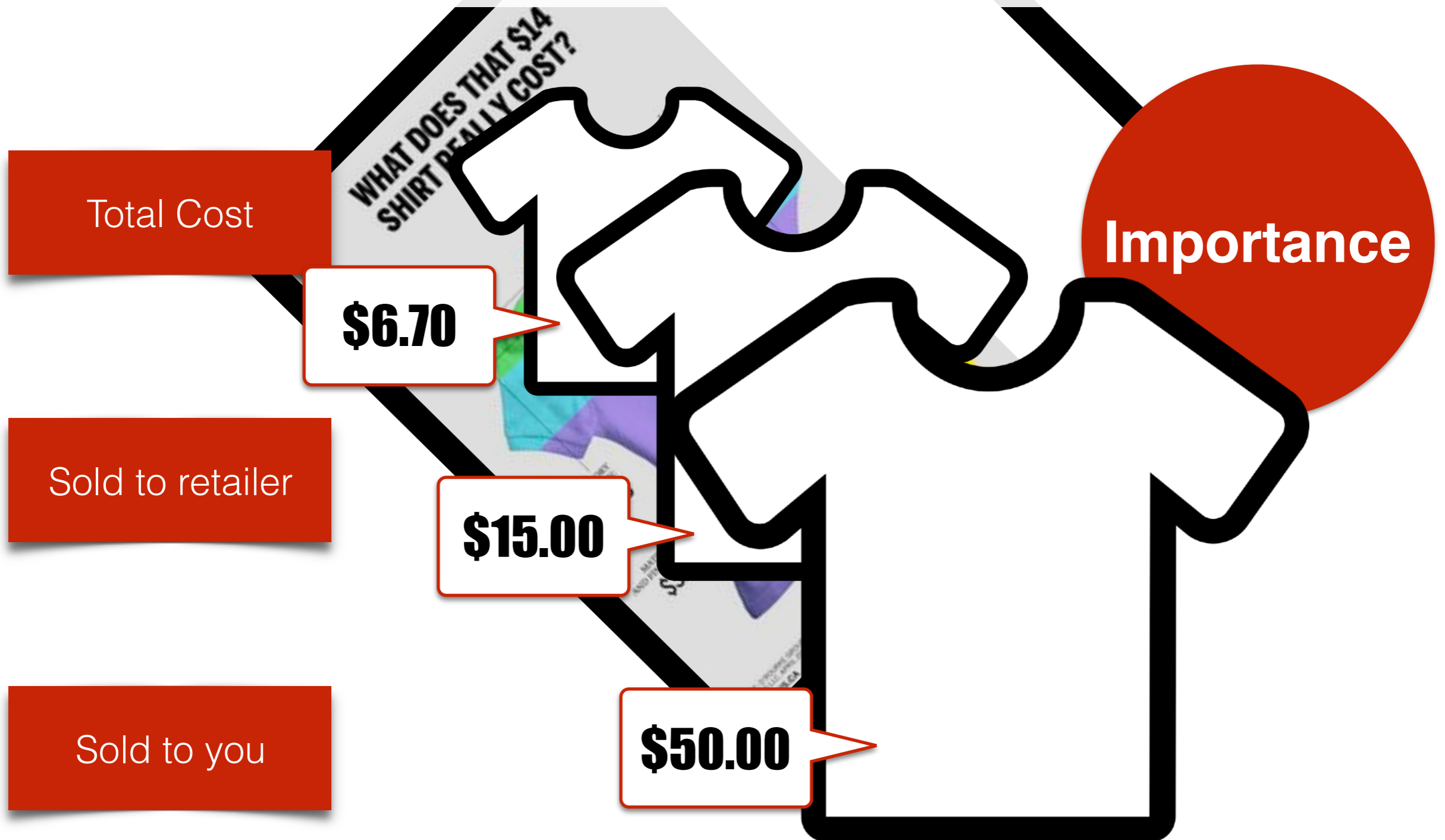
**Importance**

WHAT DOES THAT \$14 SHIRT REALLY COST?

1.00

MADE IN CA

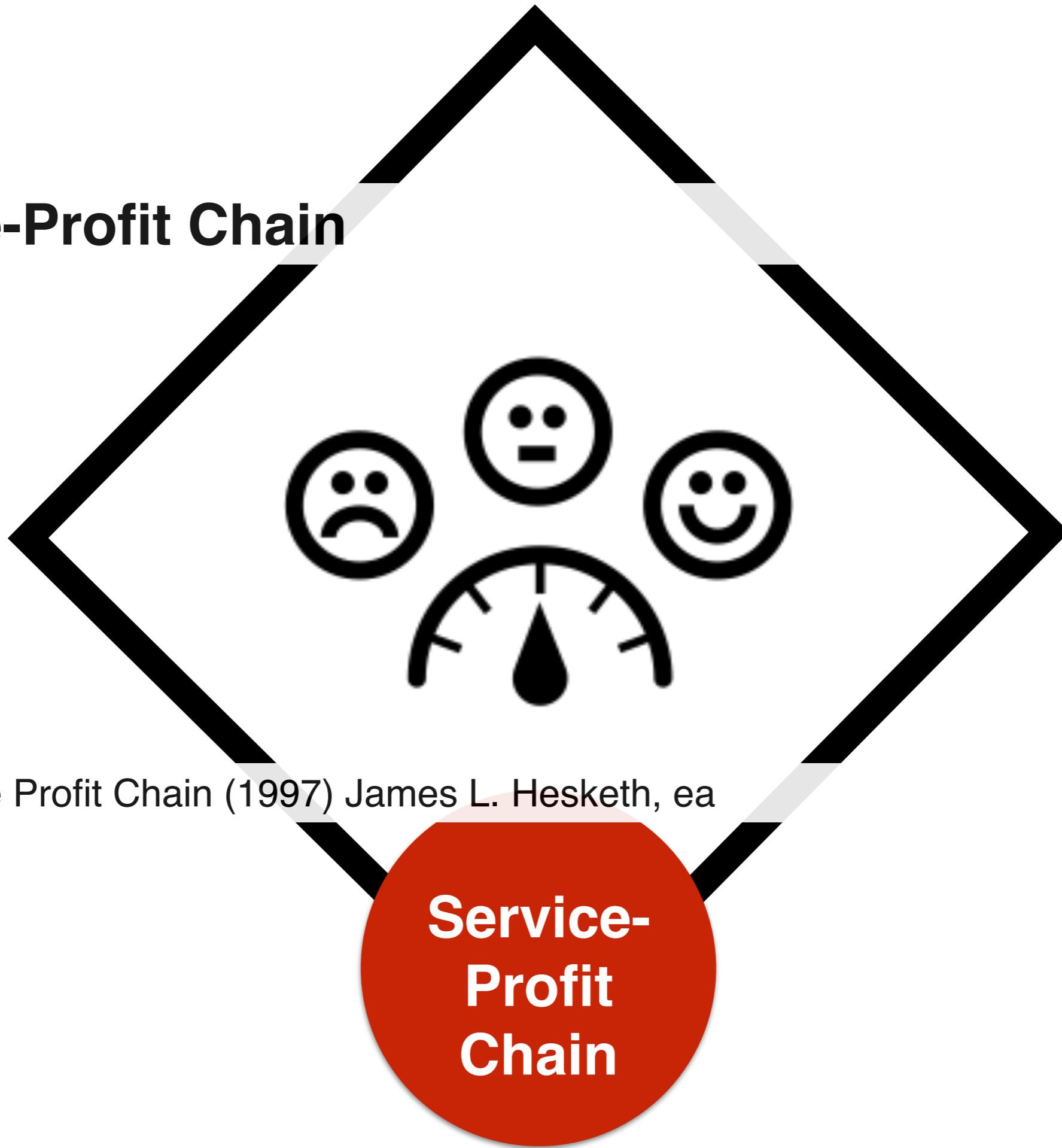
Channel/Distribution Management is important because it affects **profits**.



Channel/Distribution Management is important because it affects **customer satisfaction**.

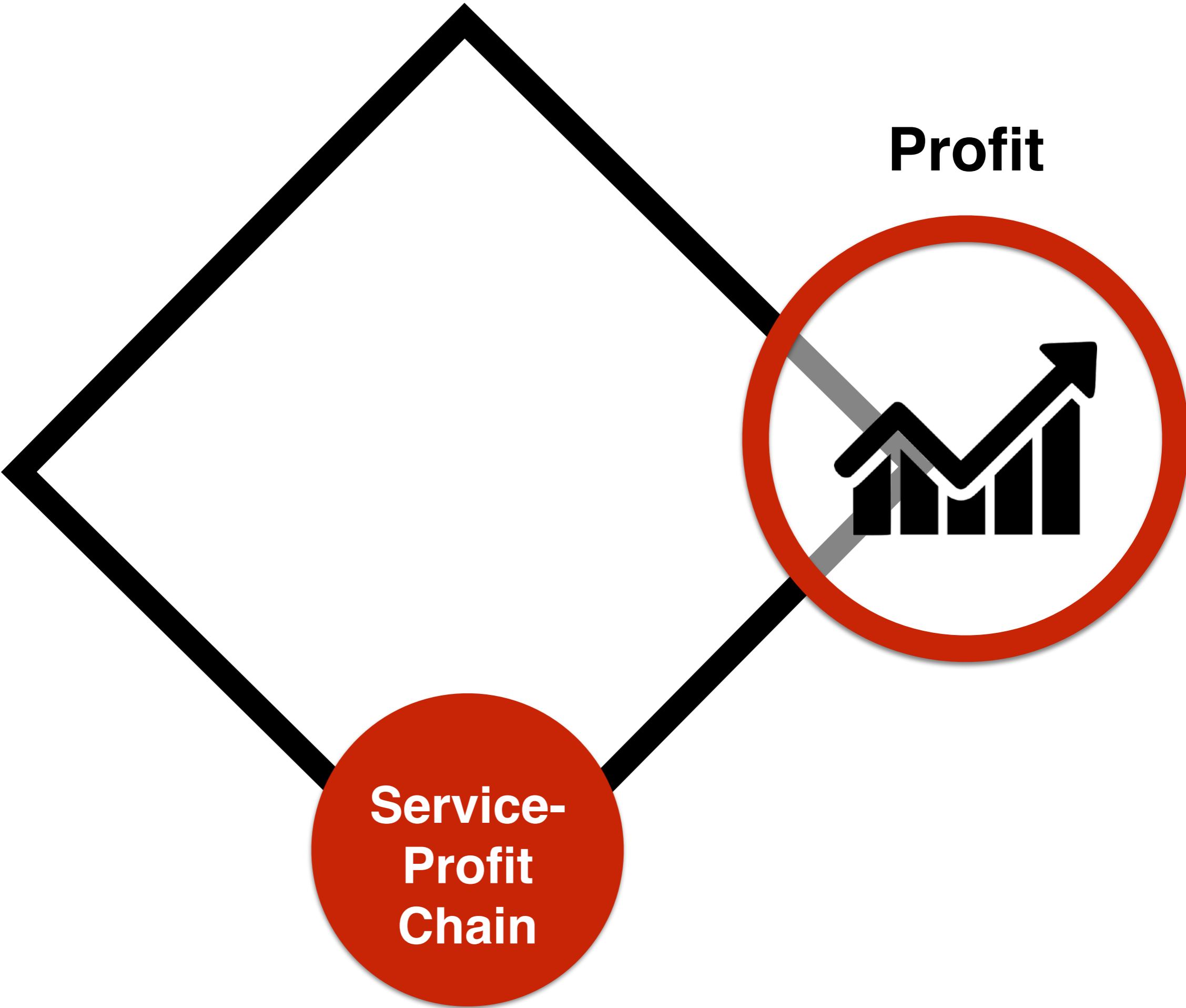


# Service-Profit Chain



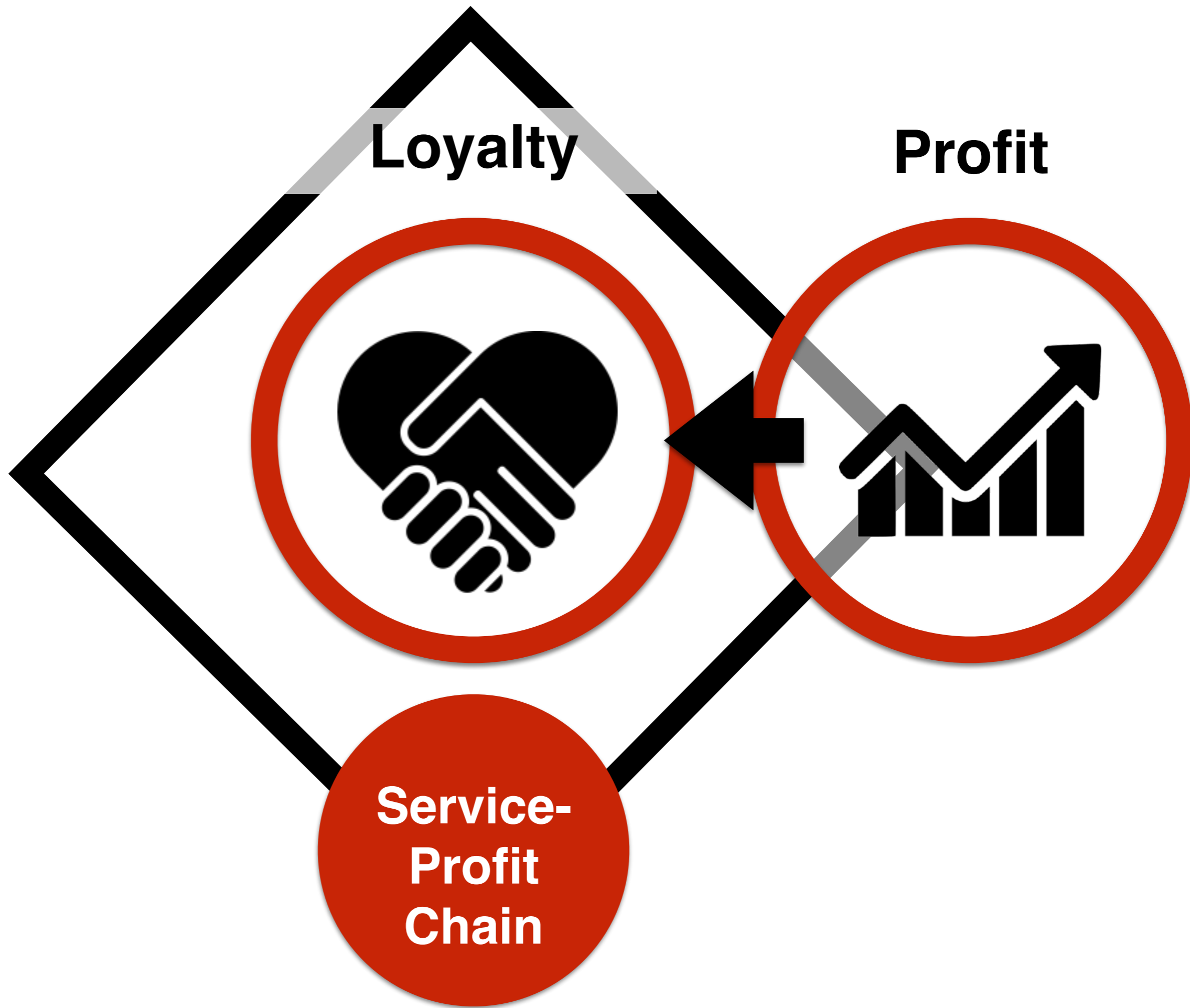
The Service Profit Chain (1997) James L. Hesketh, ea

**Service-  
Profit  
Chain**



**Profit**

**Service-  
Profit  
Chain**



**Satisfaction**

**Loyalty**

**Profit**



**Service-  
Profit  
Chain**



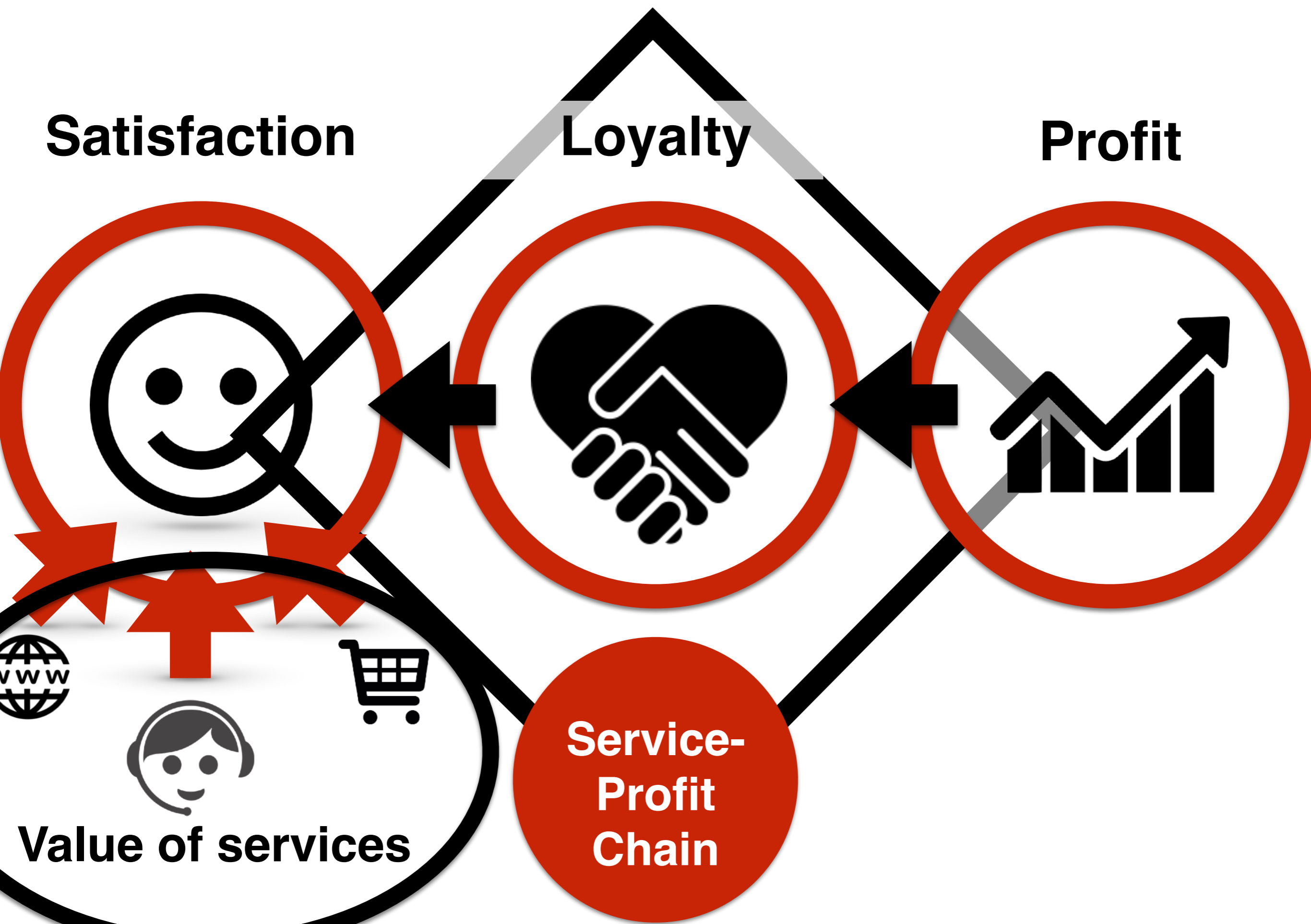
**Satisfaction**

**Loyalty**

**Profit**



**Service-  
Profit  
Chain**



Channel/Distribution Management is important because it affects **customer satisfaction**.



How to **increase** customer satisfaction?!

Channel/Distribution Management is important because it affects **customer satisfaction**.

How to **increase** customer satisfaction?!

1. Be reliable - deliver on your promise!

**Importance**



Channel/Distribution Management is important because it affects **customer satisfaction**.

How to **increase** customer satisfaction?!

1. Be reliable - deliver on your promise!
2. Speed of delivery.



**Importance**



Channel/Distribution Management is important because it affects **customer satisfaction**.

How to **increase** customer satisfaction?!

1. Be reliable - deliver on your promise!
2. Speed of delivery.
3. Keep it fast and simple.

**Importance**



Channel/Distribution Management creates the **utility of form**



**Utility**

**What** does your customer have the utility to buy?

Channel/Distribution Management creates the **utility of time**



**Utility**

**When** does your customer have the utility to buy?

Channel/Distribution Management creates the **utility of time**



**Utility**

**When** does your customer have the utility to buy?



Channel/Distribution Management creates the **utility of place**

**Utility**

**Where** does your customer have the utility to buy?

A hand is shown using a tablet computer in a living room. The tablet screen displays a website with a blue header that says "In winkelwagen" (Add to cart) and the IKEA logo. The background shows a modern living room with a white sofa, a coffee table, and a lamp. A thick black diagonal line runs across the top left of the image.

Channel/Distribution Management creates the **utility of place**

**Utility**

**Where** does your customer have the utility to buy?

Channel/Distribution Management creates the **utility of possession**

A photograph of a jewelry store interior. The background is filled with rows of colorful display cases in shades of red, orange, yellow, green, and purple. A staff member in a dark suit and glasses is interacting with a customer. A red circle with the word "Utility" is overlaid on the right side of the image.

**Utility**

**How** does your customer get access?



Channel/Distribution Management creates the **utility of possession**

Utility

**How** does your customer get access?

Channel/Distribution Management creates the **utility of information**

**Utility**

**How** do you communicate with your customer?



**Know  
Your  
Customer**



**Know your end-user**

# Know Your Customer



Your end user is **the final user** of your product or service

# Know Your Customer


1. Who are your potential customers?








# Know Your Customer

- 
1. Who are your potential customers?
  2. Where do they buy?




# Know Your Customer

- 
1. Who are your potential customers?
  2. Where do they buy?
  3. When do they buy?




# Know Your Customer

- 
1. Who are your potential customers?
  2. Where do they buy?
  3. When do they buy?
  4. How do they buy?



# Know Your Customer

- 
1. Who are your potential customers?
  2. Where do they buy?
  3. When do they buy?
  4. How do they buy?
  5. What do they buy?

# Know Your Customer

Develop marketing channel behavior insights  
for your product!



# Know Your Customer

15% buy with iPhone



50% are men



100% domestic sales

USA



single men without children



25% buy in store



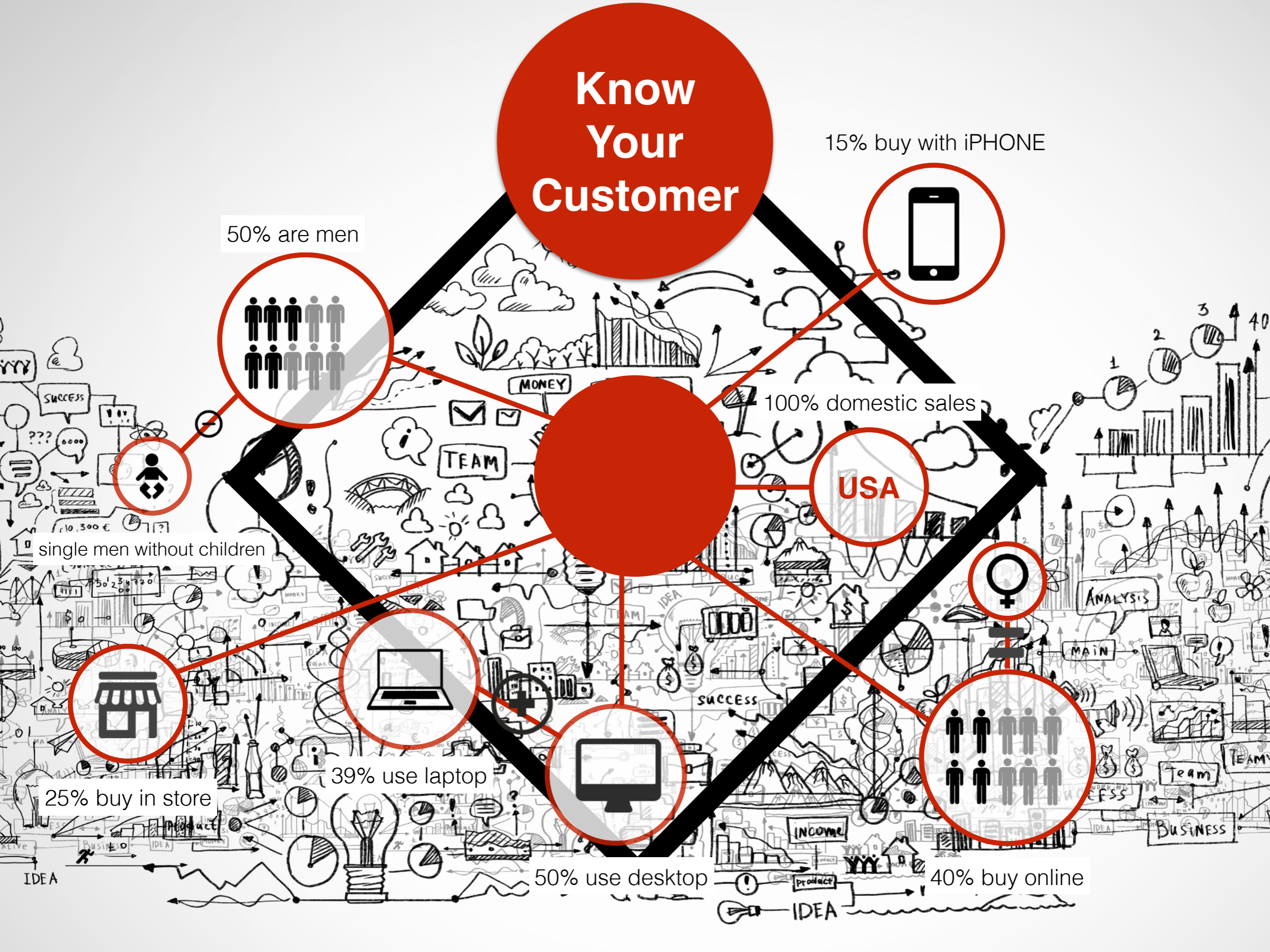
39% use laptop



50% use desktop



40% buy online



# Know Your Customer

1. Does the end user need personalized service?  
If so, who is the best person to provide that  
service to them?



# Know Your Customer

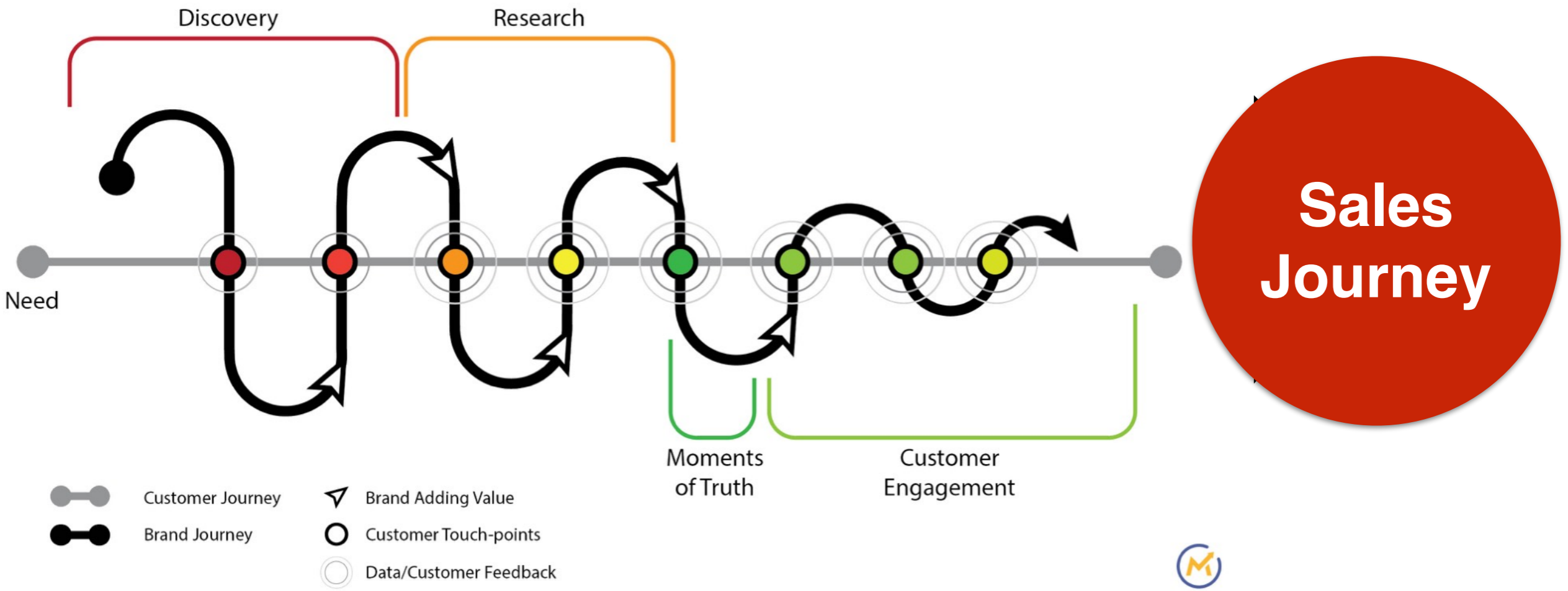
2. How much will you need to educate the end user on your product? Who is in the best position to help you educate the end user?

**Expert advice.  
Personalised help.  
Every step of the way.**

Now there's a whole new way to get help from the Apple Online Store. When shopping for a new iPad or iPhone, you can get answers to all your questions through a personalised, online guided tour. We can even help set up your new product after you get it.



# Know Your Customer



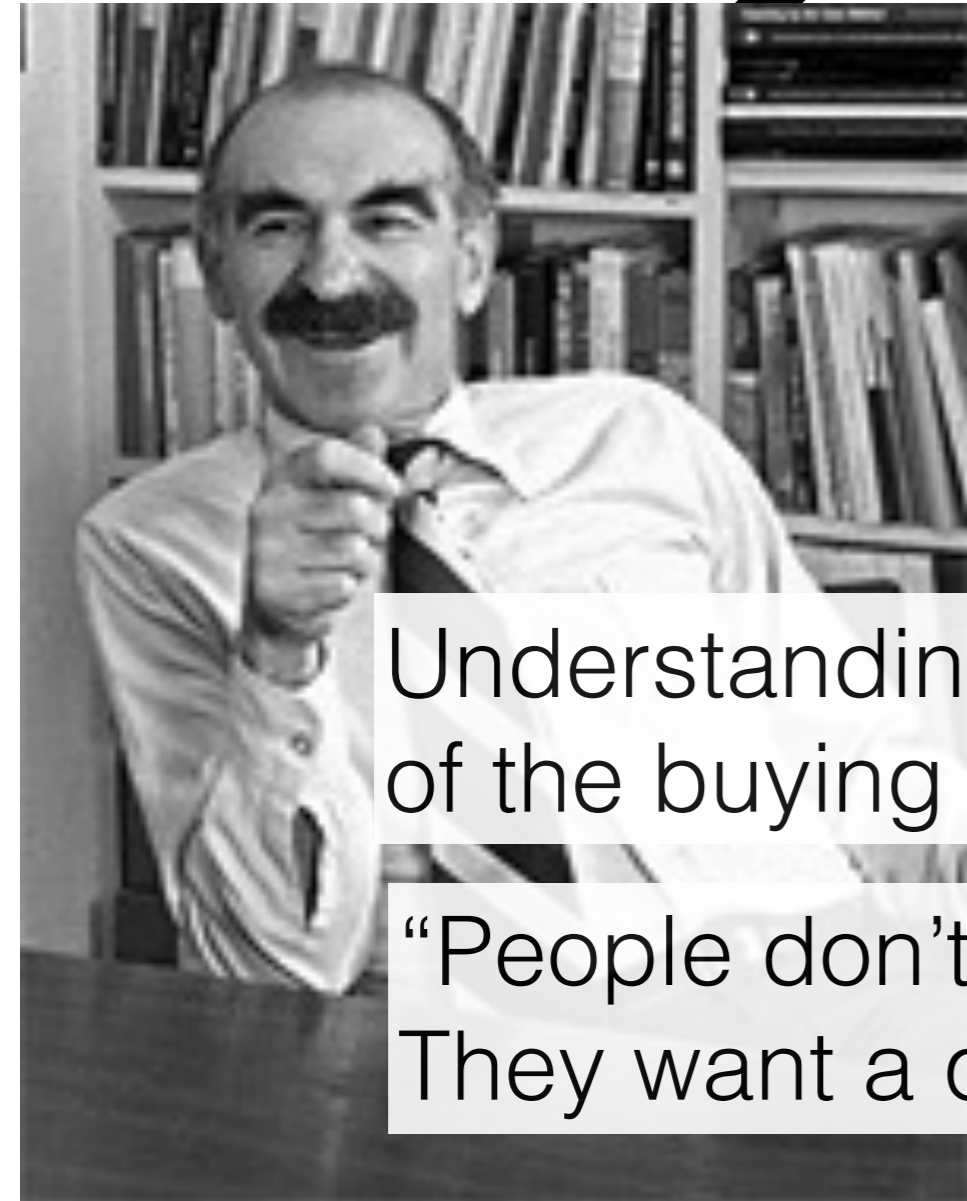
**Know  
Your  
Customer**

**Sales  
Journey**

Understanding the psychology  
of the buying process

“People don’t want to buy a quarter-inch drill.  
They want a quarter-inch hole”

Theodore Levitt

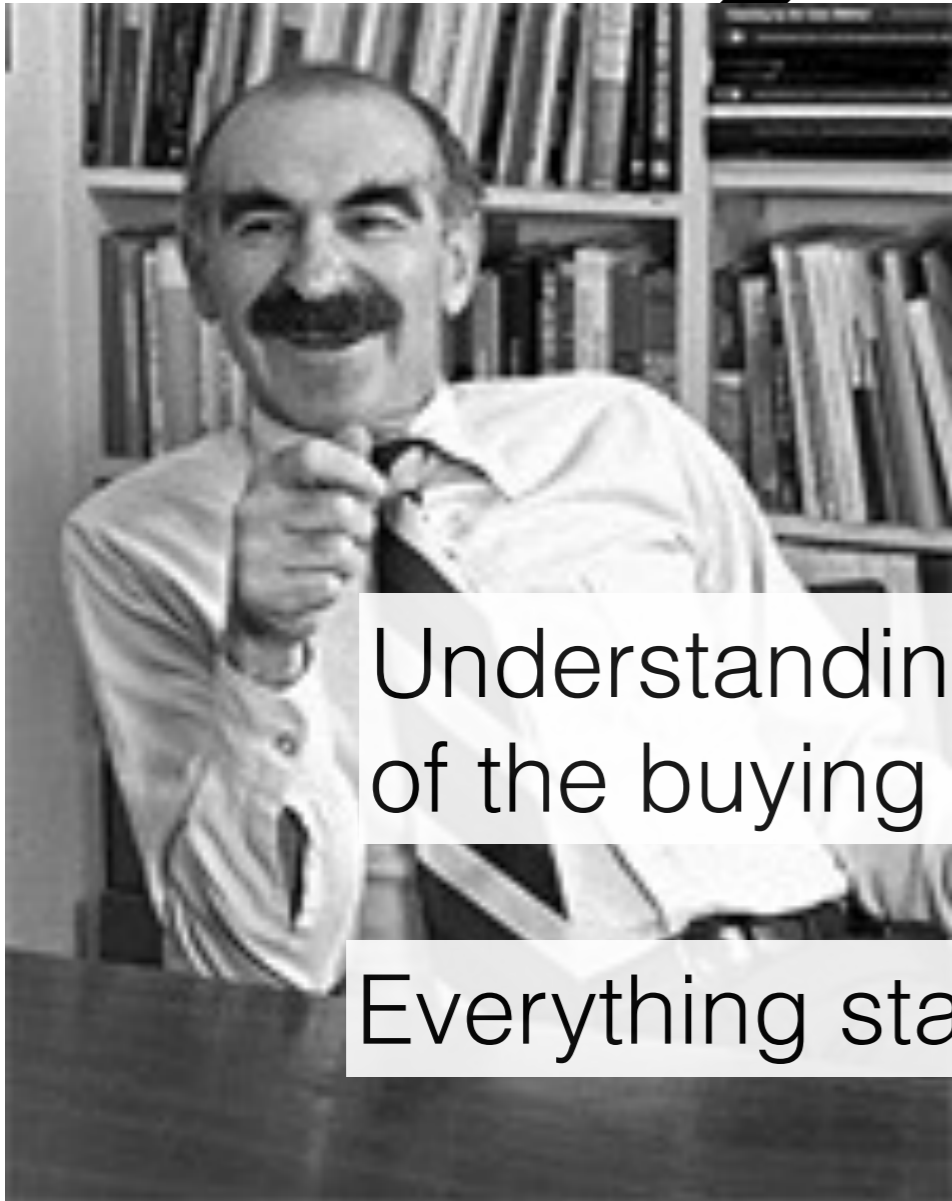


**Know  
Your  
Customer**

**Sales  
Journey**

Understanding the psychology  
of the buying process

Everything starts with a need!



**Know  
Your  
Customer**

**Sales  
Journey**

## What influences a customer's purchase?



Content information availability



Loyalty



Price incentives



Business differentiators

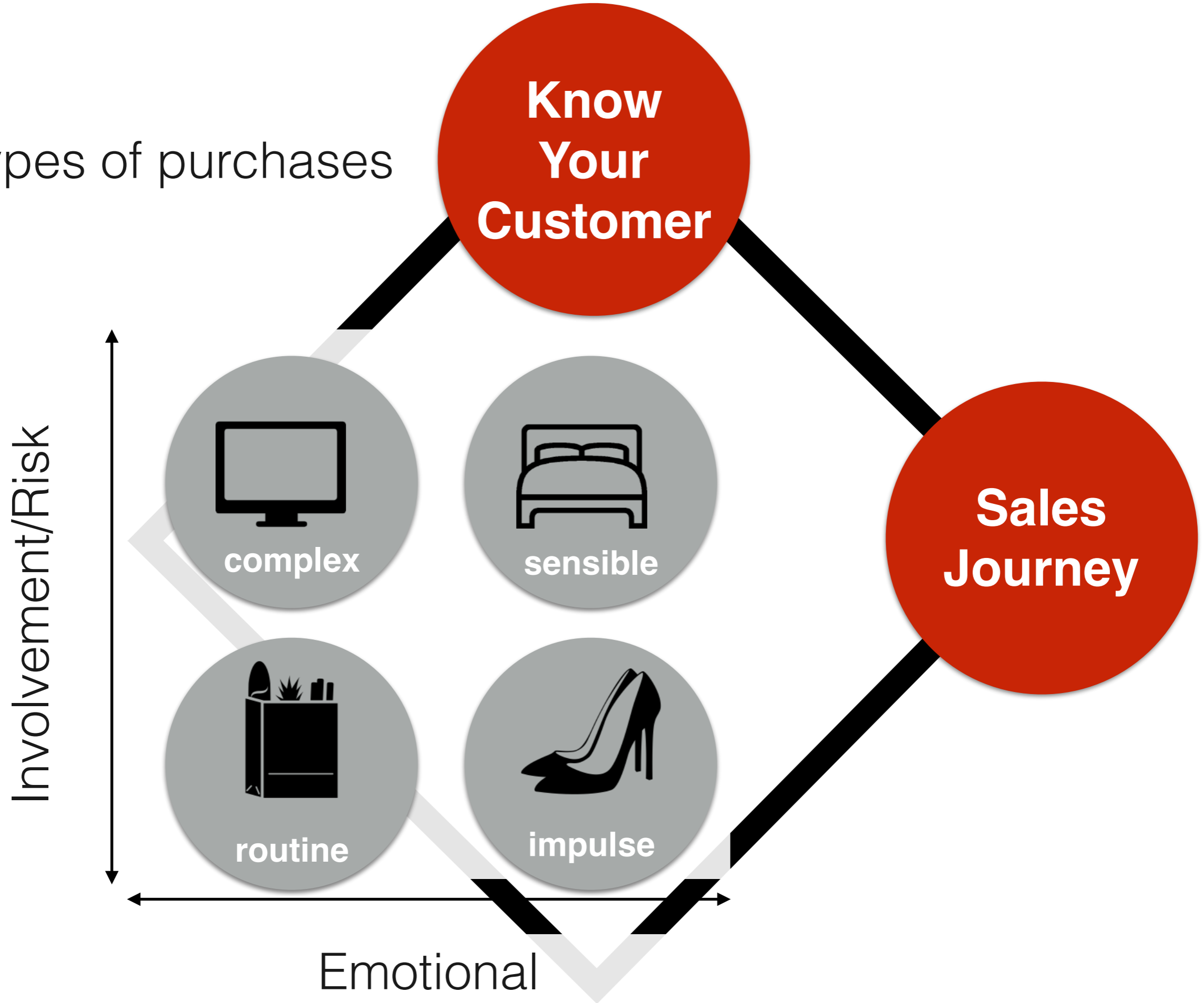


Reviews & Referrals

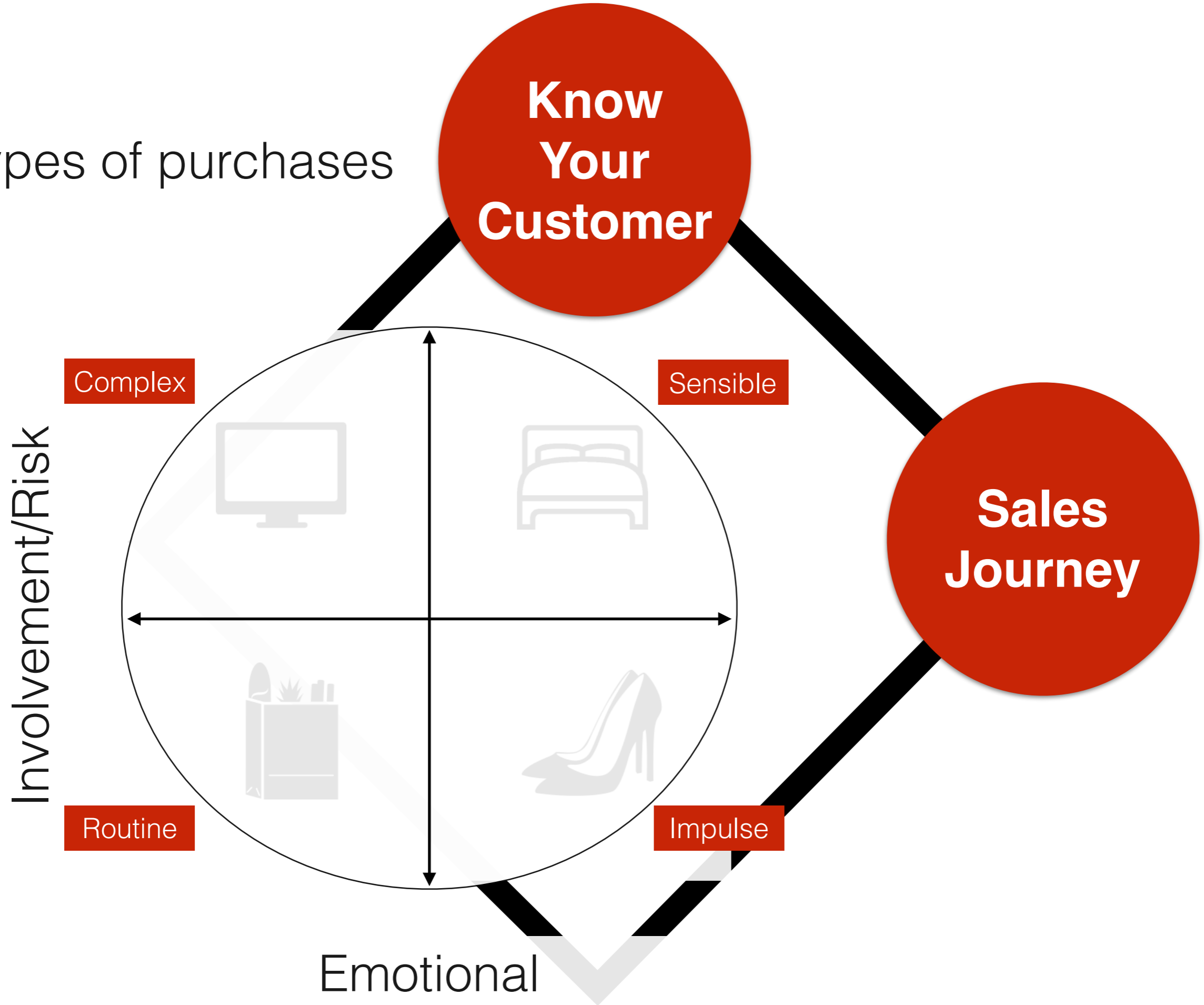


Location

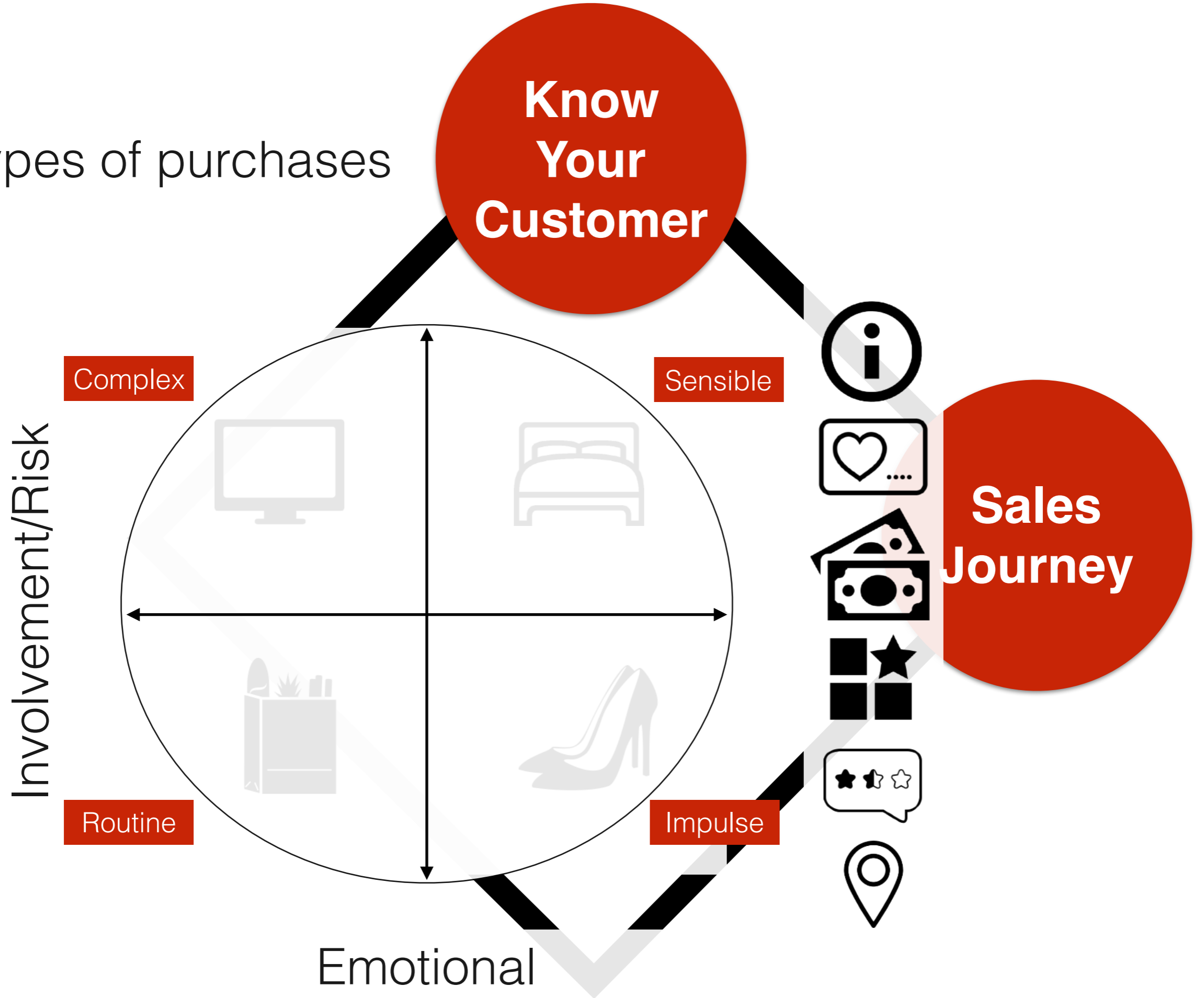
4 types of purchases



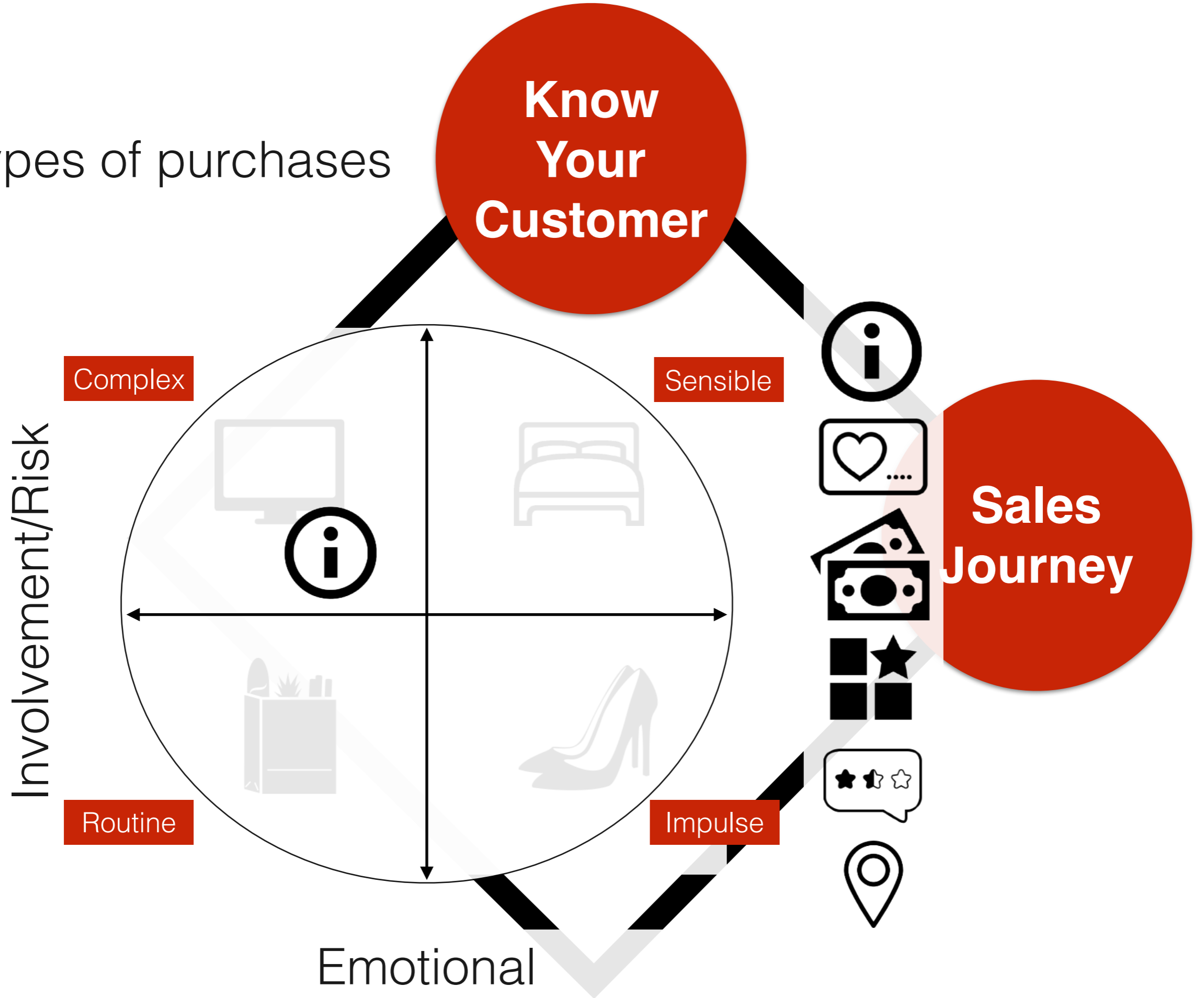
4 types of purchases



4 types of purchases

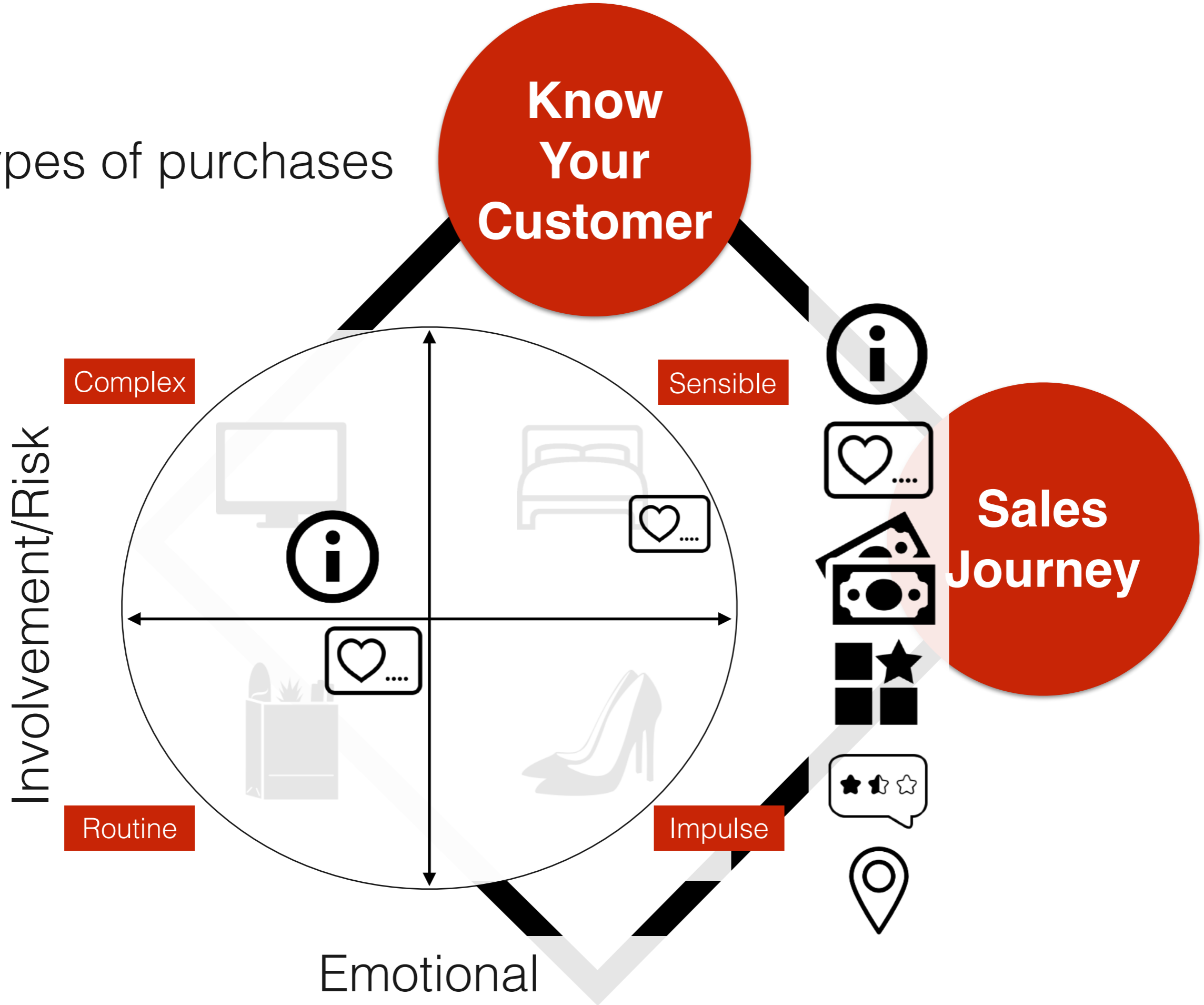


4 types of purchases



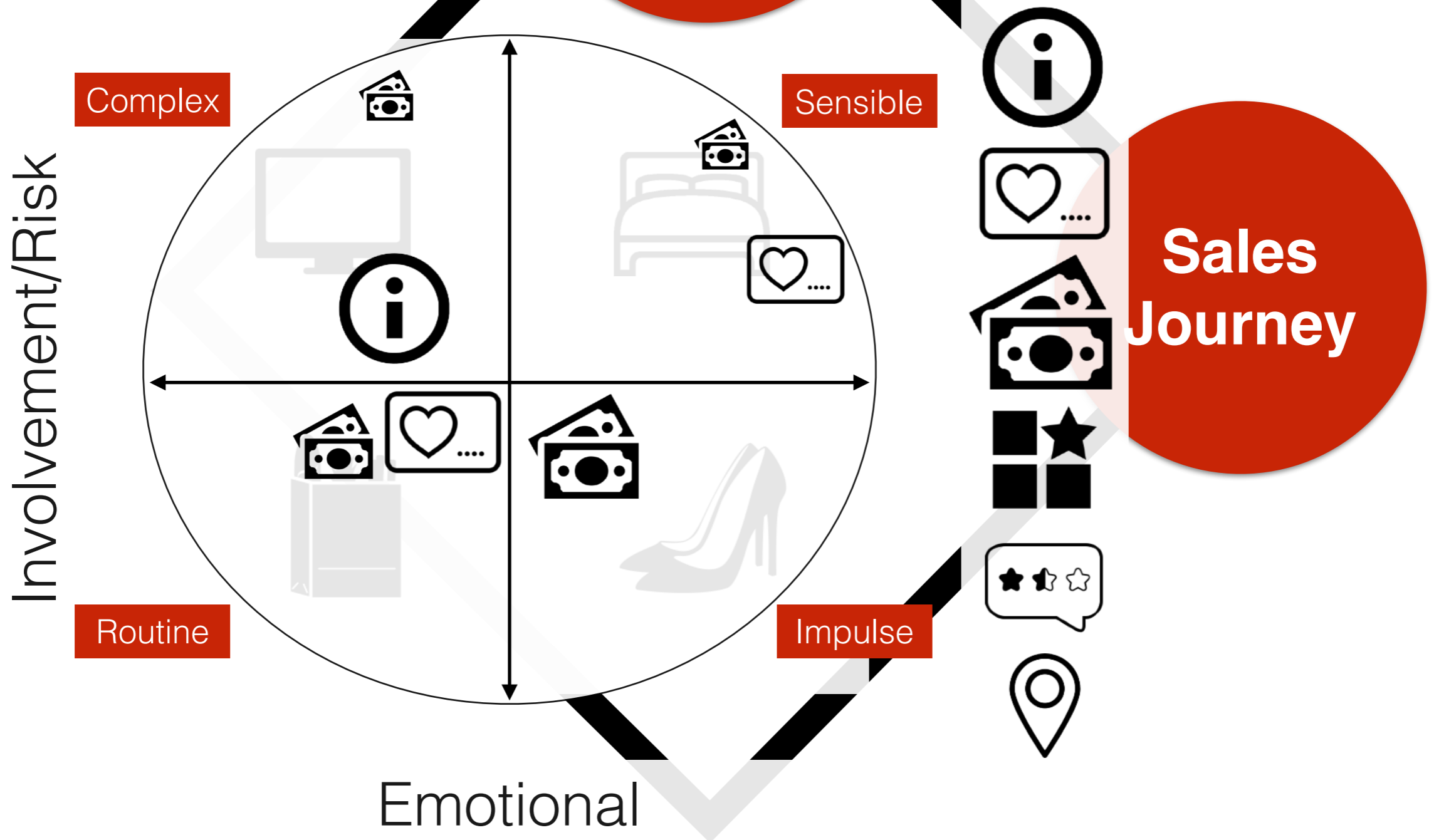


4 types of purchases



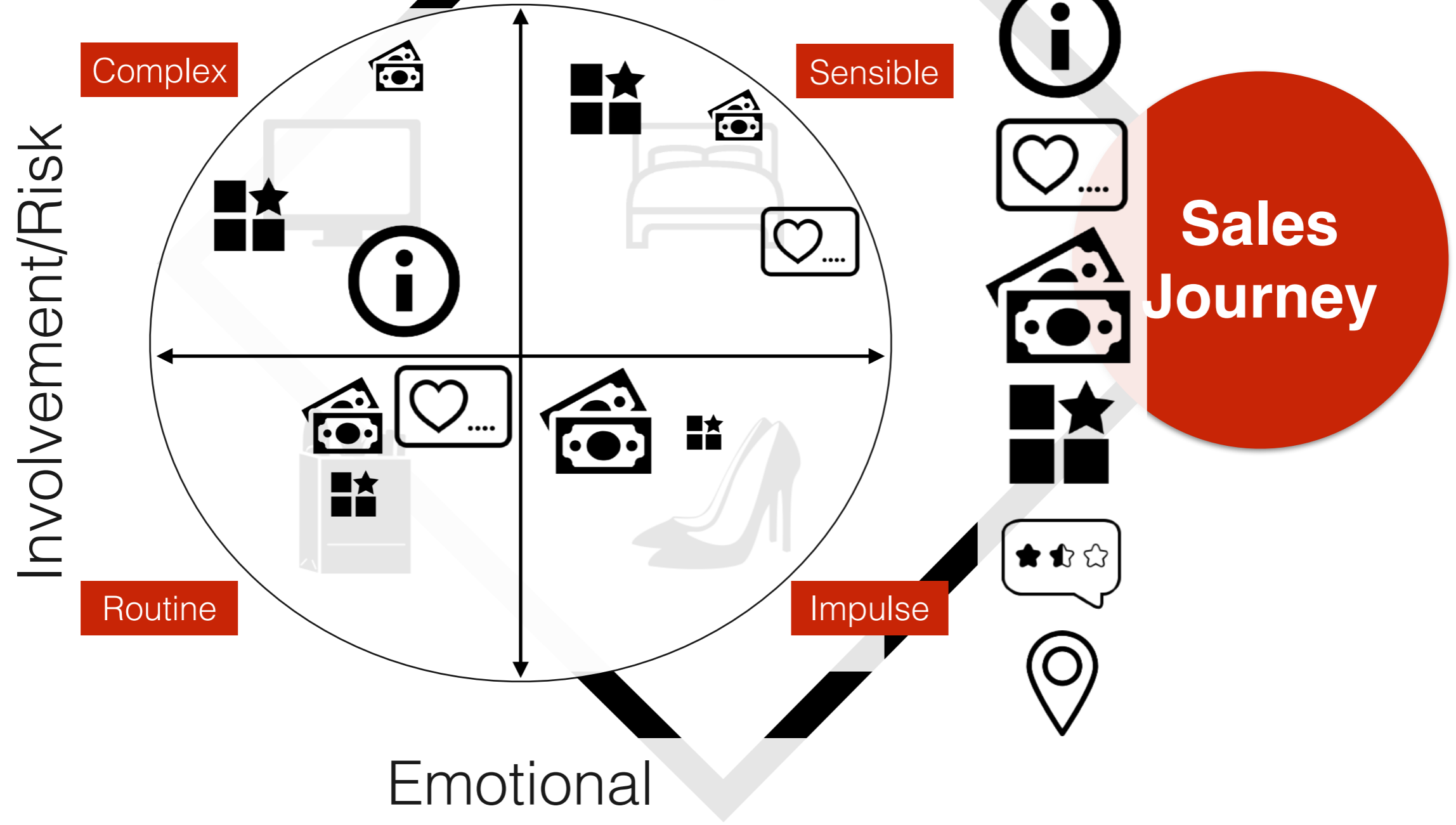
4 types of purchases

**Know  
Your  
Customer**



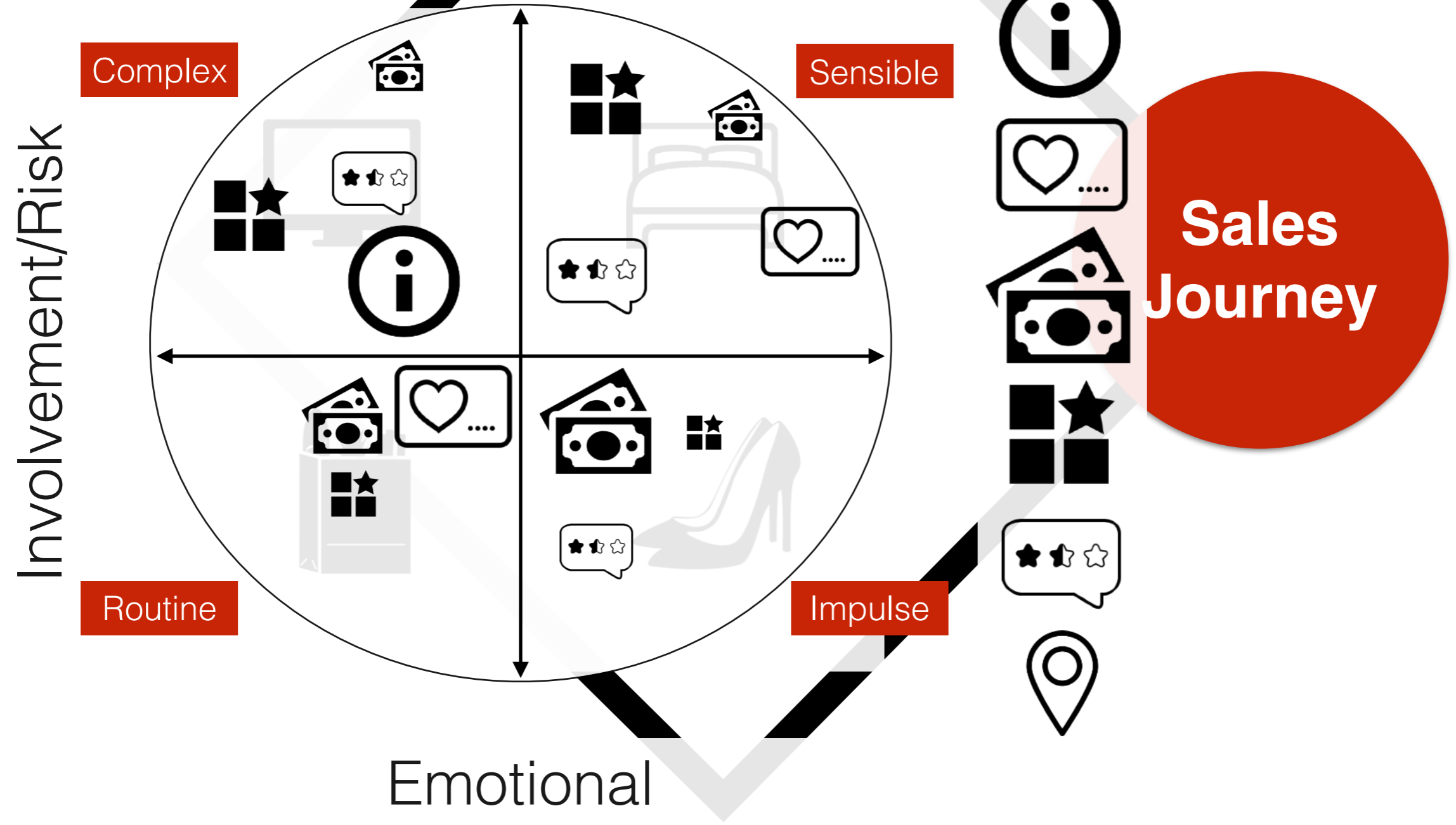
4 types of purchases

# Know Your Customer



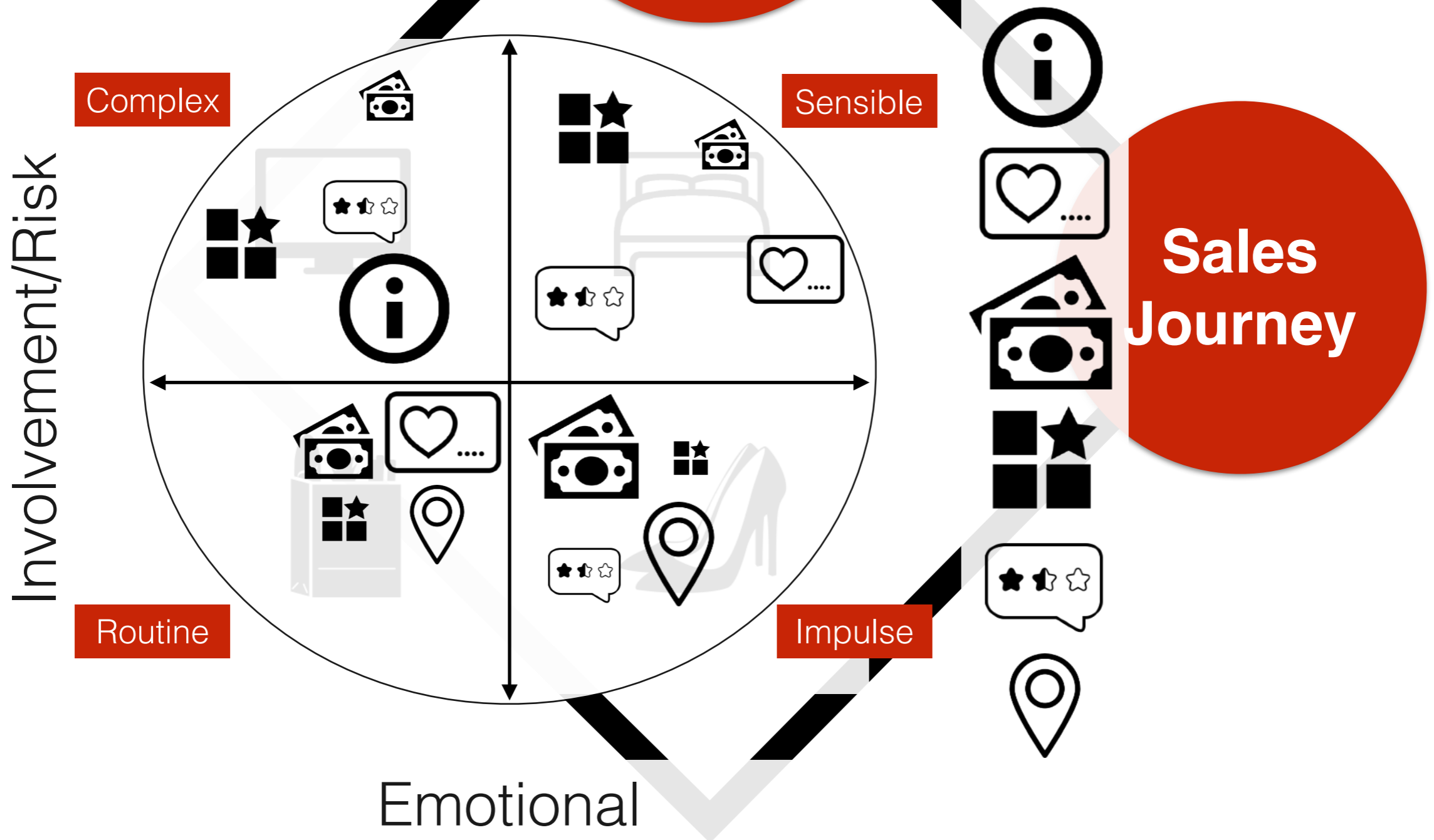
4 types of purchases

# Know Your Customer



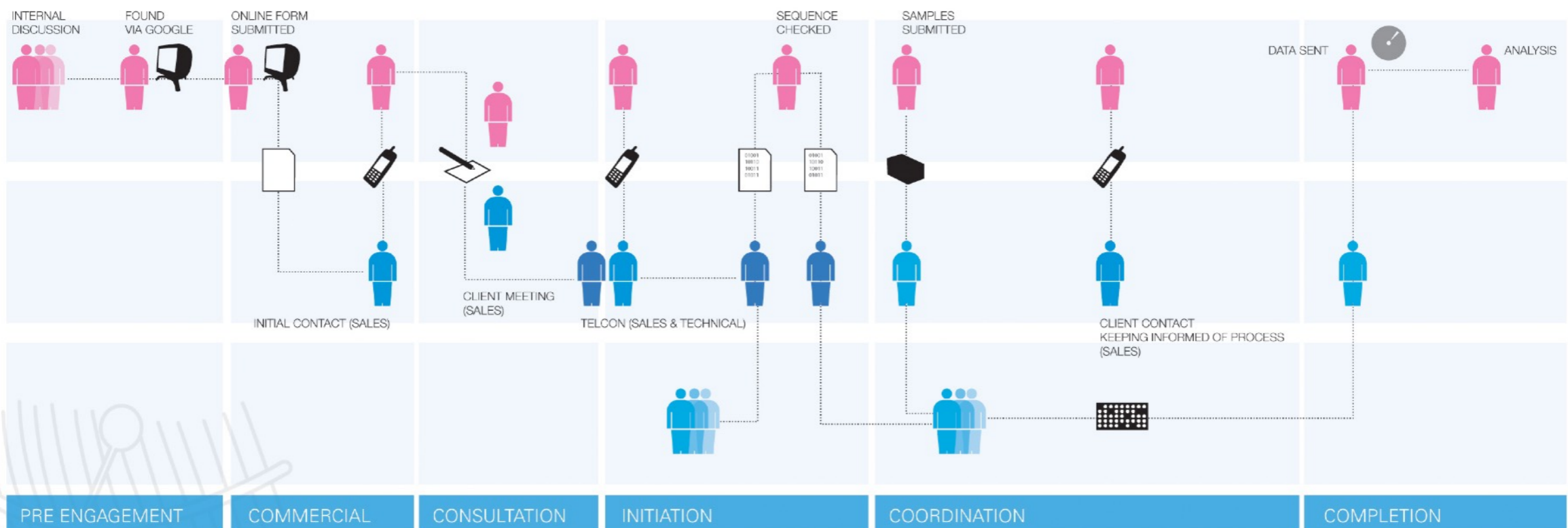
4 types of purchases

**Know  
Your  
Customer**



# Know Your Customer

# Sales Journey





# Know Your Customer



Once you've evaluated the end user,  
start working your way **backwards** in the distribution model.

**Let's go to  
work**



**VAUDE**



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 analysis)  
Compose the customer journey of a Vaude Customer.  
Who is your customer in the target countries?  
Why are these targeted countries for Vaude?

**Let's go to  
work**



**VAUDE**

Your end-product

One-Page Strategy (+ appendix)

5m presentation (Management Summary)

Evaluation

Not the what, but the how is important



# **Global Channel Management**

**Management Internationaler Verkaufskanäle**