



MARKETING GUIDE

CREATING AND MANAGING MARKETING DISTRIBUTION CHANNELS



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DETERMINE IF A NEW DISTRIBUTION CHANNEL IS RIGHT FOR YOU

DISTRIBUTION IS ONE OF THE CLASSIC “4 Ps” OF MARKETING (PRODUCT, PROMOTION, PRICE, PLACEMENT A.K.A. DISTRIBUTION). IT’S A KEY ELEMENT OF YOUR MARKETING STRATEGY—DISTRIBUTION CHANNELS ARE HOW YOU REACH YOUR MARKET AND GROW REVENUE, WHETHER YOU’RE B2B OR B2C.

Most companies have the ability to distribute their products/services through more than one channel. For example, if you’re a manufacturer, you may sell 1) to wholesalers and 2) directly to your end-users. If you make software, you may sell 1) to retailers and 2) through consultants who bundle the software with hardware and offer services like installation, customization and training.



BUSINESS GOALS

ARE YOU LOOKING TO EXPAND YOUR MARKET REACH? TO CREATE A GOOD DISTRIBUTION CHANNEL, START BY FOCUSING ON THE NEEDS OF THE END-USERS OF YOUR PRODUCT/SERVICE.

For example, if your customers need personalized service, you can utilize a local dealer network or reseller program to provide that service. If your customers prefer to buy online, you can create an e-commerce website and fulfillment system and sell direct; you can also sell to another online retailer or distributor that can offer your product on their own sites. You can also build your own specialized sales team to prospect and close deals directly with customers. Or, if you have a consumer product, you can reach out to larger retail stores or specialty stores to entice them to carry your product.

Wholesalers, resellers, retailers, consultants and agents already have resources and relationships to quickly bring your product to market. If you sell through these groups instead of (or in addition to) selling direct, treat the entire channel as a group of customers—and they are, since they're buying your product and reselling it. Understand their needs and deliver strong marketing programs; you'll maximize everyone's revenue in the process.

If you're a new company, you're probably already considering channels to access your market. If you're an existing company, remember that your mix of channels might change throughout your product or service life cycle.

For B2C companies, people's lifestyles change, attitudes change, and the competitive landscape always provides alternate product and service options as your market evolves. Different channels can help you access new market segments and different price points.

For B2B companies, corporate needs can change rapidly, especially if you're selling anything related to IT.



Here are some business goals that a new distribution channel can help you achieve:

BUSINESS GOAL	POTENTIAL SCENARIO
LAUNCH A NEW PRODUCT TO A LARGE MARKET—QUICKLY	Use a distribution channel with a large sales force and market share if you're B2B, or use a large, national retailer if you're B2C. You'll have significantly more resources available to you than if you sold direct.
GROW REVENUE QUICKLY	Establish multiple streams of revenue through multiple distribution channels.
ACCESS AN EXISTING SALES FORCE	Explore relationships with channel partners that have experienced and trained sales reps. By using a channel, you can potentially reduce your overhead, limit training expenditures, and plug into existing sales relationships.
GAIN TRACTION IN NEW MARKETS	Enter a new market with confidence through a channel partner. By capitalizing on the channel's established relationships with end-users, you'll have a better chance of quickly establishing rapport.
BUILD A MORE EFFICIENT SERVICE OPERATION	Design and seek out channels that support the needs of your customers. You'll potentially increase service satisfaction and decrease overhead by delegating service, installation, and product integration to a specialized channel partner.
SPEED CASH FLOW	Sell direct to a wholesaler and negotiate pre-payment. The channel becomes responsible for storage (and storage expense) of the product/service and you receive money up front, instead of waiting for a sale to the end-user.
EXCEED THE NEEDS OF YOUR END-USERS	Offer your end-users additional products or expertise to complement yours, through an added value reseller or consultant channel.



What are the most important goals for you?

BUSINESS GOAL:

POTENTIAL SCENARIO:

You've seen the positives of distribution channels. Now, consider the potential downsides to creating a new channel.

POTENTIAL NEGATIVES	POTENTIAL SCENARIO
CHANNEL PARTNERS MAY NOT HAVE YOUR DESIRED LEVEL OF EXPERTISE	Utilize the channel partner's independent sales force with care. The quality, training or experience level of sales and service reps may be unacceptable or uncontrollable.
YOU MAY NEED TO CREATE A TEAM/DEPARTMENT TO MANAGE THE CHANNEL	Actively manage your channel, just as you would a sales team. Without dedicated attention, the channel may feel neglected or unsupported. Also, without your involvement in the process, the channel may run rampant.



POTENTIAL NEGATIVES	POTENTIAL SCENARIO
DISAGREEMENTS BETWEEN CHANNEL PARTNERS	Keep an eye on the interactive relationships in your channel network. Any one member's actions can upset the balance and performance of the entire channel, causing your sales to suffer.
PRODUCTION REQUIREMENTS	So Costco or Walmart decides to carry your product and it's a hot seller. They demand X level of production each month, which is 4 times your current production. Can you handle it?
CHANNEL PARTNERS MAY LOSE INTEREST IN YOUR PRODUCT IF SOMETHING BETTER COMES ALONG	Focus on building win-win relationships with your channel partners. Otherwise, distributors may switch to new, more exciting products (or those with better margins). Without a strong relationship, they may also put your product at the bottom of their priorities, if they have better opportunities to pursue.
PRICING IS NOT CONSISTENT ACROSS THE CHANNELS	Track your product pricing to ensure fair pricing through the distribution channels. End-users, channel partners, and your relationships can suffer if you don't.
YOU LOSE TOUCH WITH YOUR END-USERS	Losing touch with your end-users can make it difficult to understand how your market is viewing and interacting with your product/service.

What are the most important potential negatives for you?

COMMENTARY:



DISTRIBUTION CHANNEL EXAMPLES

SOMETIMES IT HELPS TO SEE EXAMPLES OF DISTRIBUTION CHANNELS AFTER THEY'VE BEEN ESTABLISHED. HERE ARE SOME CASE STUDIES:

TYPE	INDUSTRY	COMMENTS
B2C	Hospitality —Montage Resort & Spa, Laguna Beach	Direct channel via the Internet
B2C	Consumer Products —PepsiCo	Multi-channel distribution and logistics overview
B2C	Computer hardware —HP	How HP overtook Dell via retail channels
B2B	B2B Technology Distribution Channel Examples	Requires registration, but it's a free membership

If you'd like a more in-depth review before making your final decision, check out the book [The Channel Advantage](#) by Lawrence Friedman.

After considering the pros and cons, what's your decision? Will you pursue a new distribution channel?

NEW DISTRIBUTION CHANNEL DECISION:



EVALUATE AN EXISTING DISTRIBUTION CHANNEL

HOW WELL ARE YOUR EXISTING CHANNELS PERFORMING? THERE'S ALWAYS ROOM FOR IMPROVEMENT—IT'S JUST A QUESTION OF COST VS. BENEFIT. HERE YOU'LL EVALUATE YOUR CHANNEL PERFORMANCE AT A HIGH LEVEL. IF YOU'RE ALREADY AWARE OF SPECIFIC CHANNEL PROBLEMS YOU'D LIKE TO CORRECT, SUCH AS CHANNEL CONFLICT OR CHANNEL MANAGEMENT, FEEL FREE TO JUMP AHEAD TO CREATE CHANNEL MANAGEMENT PLAN.

EXISTING DISTRIBUTION CHANNEL NAME:

CHANNEL DESCRIPTION:

Channel management is often a hot issue in marketing. While most companies agree that their distribution channels are a critical component of their business and marketing plan, it's easy to put channel management at the bottom of the priority list.



As you're thinking about your channel, consider your performance in specific areas. Below are some examples.

POTENTIAL NEGATIVES	POTENTIAL SCENARIO
MANAGEMENT	How challenging is it to manage your channel? Do you have resources dedicated to channel management? Are they effective?
PERFORMANCE TRACKING	Are you able to easily track orders, volume and total revenue at each point? Do you know who your best performers are? How much time does it take to track the metrics?
CHANNEL COMMUNICATION	How strong are your relationships within your channel? Do you communicate effectively? Do your partners communicate effectively with you?
CHANNEL MARKETING	Do you support your channel with marketing campaigns? Do you send leads to your channel partner(s) if you're B2B? Do they follow up with the leads and convert them to sales?
PRICING CONFLICTS	Does your channel adhere to your pricing policies? Do they ever deviate, and create pricing conflicts?
CHANNEL DISCORD	How often do channel conflicts occur? Do you spend an inordinate amount of time and effort resolving them?
CHANNEL PERFORMANCE	How well does each channel perform, relative to your other channels? Have you measured ROI? If so, how does it compare to that of other channels?



You should also think about everything that's working well in your channel. It'll help to balance those things that are not working well, and give you an unbiased view of your existing channel's performance.

AREAS WORKING WELL:

AREAS NEEDING IMPROVEMENT:

After careful evaluation, what's your conclusion? Do you need to spend time and effort to improve the channel? Should you leave the channel as is? Should you discontinue the channel?

If you're not sure of the economic performance of your channel, feel free to jump ahead to Measure Channel ROI. The numerical analysis should help with your decision.

CHANNEL ANALYSIS:



ESTABLISH DISTRIBUTION GOALS

BEFORE REVIEWING THE TYPES OF CHANNELS THAT CAN WORK FOR YOU, IT'S HELPFUL TO DEFINE WHAT YOUR END-USERS NEED AND HOW YOU WOULD EXPECT A CHANNEL TO WORK.

Take some time to think through the following questions:

- How well do you truly understand the needs of your end-users and how your product helps them?
- How much guidance and one-on-one do the end-users need during the sales process? For example, do they need an in-depth personalized review?
- Do your users need to purchase other products or services to be used in conjunction with yours? What kind of training and service do your end-users need? How frequently do they need that support? How much control do you need over the delivery and servicing of your product—can it be effectively sold and serviced by someone else?
- Would you need to actively train and manage your channel partners? If so, would your company be willing to make a commitment to that activity?
- Are there inventory and product distribution issues to worry about? In the best scenario, who would carry the inventory?

Now, record any important elements you'll need to address in a potential new distribution channel.

DISTRIBUTION ELEMENTS TO CONSIDER:



Now, determine your distribution channel goals. These can be either qualitative or quantitative. Start high level. You'll be able to refine these later, after you've created more structure around your channel.

DISTRIBUTION CHANNEL GOALS:



SELECT CHANNEL TYPE

NOW IT'S TIME TO REVIEW CHANNEL TYPES. IF YOU'RE A SERVICE PROVIDER, IT'S TYPICALLY PRETTY STRAIGHTFORWARD—YOU EITHER SELL DIRECT OR THROUGH AN AGENT/PARTNER.

Manufacturers, of both business and consumer products, have many options.

Below is a more in-depth list of channel types along with some of the pros and cons of each. These can be applicable to either B2B or B2C.

CHANNEL TYPE	DESCRIPTION	PROS AND CONS
WHOLESALER/ DISTRIBUTOR	<p>A company that buys products in bulk from many manufacturers and then resells smaller volumes to resellers or retailers. A distributor carries inventory; when a reseller or retailer runs out of stock, they call the distributor.</p> <p>By selling to a distributor, you can potentially reach a wide market very quickly, depending on the distributor's industry focus and customer list.</p>	<p>Distributors have the relationships and expertise to get a product quickly to market. They make money by turning over large volumes of inventory. When a manufacturer is also selling direct, it competes head-to-head with the distributor and can easily ruin the channel or create damaging mistrust. Distributors also insulate you from end-users or VARs who can provide valuable feedback and data. Finally, a distributor sells to resellers or retailers, so you're three steps away from your end-user.</p>



CHANNEL TYPE	DESCRIPTION	PROS AND CONS
<p>VAR (VALUE-ADDED RESELLER)</p>	<p>A VAR works with end-users to provide custom solutions that may include multiple products and services from different manufacturers. For example, a VAR may have a customer who needs a new system implemented; the VAR decides what the customer needs, and then purchases the necessary products from a distributor or an individual manufacturer. The VAR installs and services the system, as well.</p> <p>With this type of channel, you have to build a relationship with each individual VAR and treat that VAR as a potential customer who buys from you in small quantities on an ongoing basis.</p> <p>However, a VAR needs fast turnaround and may be ordering many products from different manufacturers; they would often prefer to buy from a distributor than directly from a manufacturer to save time and hassle.</p>	<p>A VAR is often an expert in a particular industry and works closely with end-users to create the right solution for their particular problems. A VAR may have built a strong customer base over many years; VARs may have a handful or hundreds of employees and sales reps. The VAR needs to earn a fair profit and feel that your product is the right fit for their customers and services; if they have any trouble or if they feel that their profit doesn't justify their time, they will discontinue the program.</p> <p>Many VARS would prefer to call a distributor rather than a manufacturer, particularly if there are a lot of products in the solutions the distributor sells – it's easier to make one call.</p>



CHANNEL TYPE	DESCRIPTION	PROS AND CONS
CONSULTANT	<p>A consultant develops relationships with companies and provides very specific or broad services. These consultants may recommend a manufacturer's product or service, or simply purchase it to deliver a solution for the customer.</p> <p>A consultant relationship is essentially the same as a VAR relationship – you need to build your network, provide tools for the network to sell your solutions and fulfill orders on demand.</p>	<p>Consultants sell services and can influence and make suggestions to their clients to purchase from outside firms like yours. Consultants are typically looking for new opportunities to generate more revenue from their existing clients, so if you offer them a worthwhile commission and your product is the right one, they can recommend it.</p> <p>Other potential negatives are the same as with a VAR.</p>
SALES AGENT/ MANUFACTURER'S REP FIRM	<p>You can essentially outsource your sales team for a particular industry if desired. A "manufacturer's rep" is a firm or a company that sells different manufacturers' products to a group of similar customers in a specific territory. They typically don't carry inventory; they function like a normal sales rep and earn commission when they place an order with you for a customer in their territory.</p>	<p>A sales agent or manufacturer's rep is an outsourced sales force that typically specializes in a specific field. By hiring them, you gain sales reps that have an understanding of your product, your market and your end-user, so they can immediately begin moving your product through the channel.</p> <p>Sales agents/manufacturer's reps typically sell multiple products, so yours will compete with others for their "sales time." You probably won't be able to control their required sales volume and will need to figure out ways to incent them to sell your product.</p>



CHANNEL TYPE	DESCRIPTION	PROS AND CONS
DEALER	<p>A company or person who buys inventory from either a manufacturer or distributor, and then resells to an end-user. A dealer may sell via a retail space, a catalog, a website, or through a sales team that calls on potential customers.</p>	<p>Like resellers and VARs, dealers have relationships with end-users.</p> <p>Other potential negatives are the same as with a VAR.</p>
RETAIL	<p>Retailers sell directly to end-users via a physical store and/or website. Depending on the store's focus, the sales reps may or may not have extensive training and knowledge about the individual products they sell.</p> <p>You can sell directly to a retailer; you can also sell to a distributor who sells to multiple retailers. You can sell products or services through a retailer – if retail is a good way to reach your end-users. Be creative when thinking about these opportunities. You may be able to set up a store-within-a-store, offer services to the retailer's customers, and/or run a wide variety of promotions.</p>	<p>You can reach a large number of people when they're actively shopping for your product or related products. Retail salespeople may not have enough training to effectively sell a complex product; large companies who need higher volumes prefer to buy from a distributor or the manufacturer.</p>



CHANNEL TYPE	DESCRIPTION	PROS AND CONS
DIRECT – INTERNET	You sell directly to your end-users from your website. Since you're handling the order processing and the inventory, and shipping the product to the end-user, your website will need a full ecommerce engine that should be as integrated to your inventory database as possible. You may also need to have it integrated to your customer relationship management software for account management and customer service.	<p>A good e-commerce website can automate most of the sales and ordering process, and can handle a large volume of transactions accurately and efficiently. An example is Dell Computers, which became the #1 computer manufacturer based solely on website sales.</p> <p>Building the site can be expensive and time consuming. And, you have to substantially increase your marketing efforts to get end-users to visit the site.</p>
DIRECT – CATALOG	You sell directly to your end-users and they purchase from a catalog. Typical catalog orders are placed via the phone or facsimile, so you'll need an order-taking department.	<p>It's easier to set up, print and distribute a catalog than it is to set up a good ecommerce website. Fulfilling catalog sales can be labor intensive and can have a greater propensity for fulfillment errors, with people handling large volumes of individual transactions.</p>



CHANNEL TYPE	DESCRIPTION	PROS AND CONS
DIRECT – SPECIALIZED INTERNAL SALES TEAM	<p>If you have different customer segments with very different needs, or if you sell a line of products that vary widely, you can break up your own sales efforts so that you have teams that specialize in and focus on their own areas.</p> <p>By splitting up your internal efforts, you can hire reps with more specialized skill sets, create more specific and attainable quotas, and better manage reps' activities to meet their goals.</p>	<p>You can control the quality and frequency of your marketing efforts to the end-users. A good sales force will know the end-users' exact needs, and can probably do a better job selling your product than can anyone in the channel.</p> <p>Building a direct sales force can be challenging and it takes time to establish relationships with end-users that a potential distribution partner may already have.</p> <p>If you have a direct sales force and a distribution channel, you need to avoid channel conflict as much as possible</p>

Which of these options seems most appealing and will support the business goals that you outlined previously? Select those that you'd like to evaluate, and list examples in your industry of those types that interest you.

As you're considering potential new channels, remember that a decision to create a new distribution channel is a long-term, strategic decision. Setting up and managing a new channel requires significant time and resources. If done well, it can significantly impact your market reach. If unsuccessful, it'll probably reduce your bottom line due to the lost investment.

Also consider your channel strategy—are you focusing on a vertical distribution strategy, or a horizontal distribution strategy? In a vertical distribution system, suppliers and distributors work closely together while planning production, delivery, promotion and pricing. There are typically one or a handful of partners at each level, with little competition between each. An example could be an auto parts manufacturer, who contracts with a sole steel supplier, and a single retail distributor who has locations throughout its geographical market.



In a horizontal distribution system, numerous companies operate on the same level, often times working together to exploit marketing opportunities. An example could be a manufacturer that sells a food product (specialty cookies, flavored tea, or ice cream) to full service groceries, to mom and pop stores, and to large discount clubs such as Sam’s Club or Costco. Horizontal systems can also create channel conflict if one outlet is selling the same product or service at a substantially lower price.

TYPE OF DISTRIBUTION CHANNEL TO ESTABLISH AND DESCRIPTION:

COMMENTARY:



PROJECT CHANNEL REVENUE

IF YOU'VE IDENTIFIED A NEW CHANNEL TO PURSUE, TAKE A FEW MINUTES TO PROJECT THE REVENUE THE CHANNEL COULD POTENTIALLY GENERATE. THIS IS A ROUGH ESTIMATE, BUT IT WILL HELP YOU GAUGE HOW IMPACTFUL THE NEW CHANNEL COULD BE, AND HELP YOU PRIORITIZE YOUR CHANNEL ACTIVITIES.

Download the Excel workbook that supports this task: [3.7-Distribution-Channels](#)

Use 3.7.a to help you estimate the amount of revenue you think you can generate from a channel. 3.7.b will summarize your results in a report format for printing.

You'll need to estimate:

- The number of channel partners you bring on board in months 1-3, 4-6, 7-9, and 10-12 of your program
- The average per-unit revenue you can generate, when you sell to an average channel partner
- The number of units an average channel partner could sell per month, for the first three months and on a monthly basis thereafter. (A partner will probably start off slowly and ramp up as they reach the market with your message.)

CHANNEL REVENUE PROJECTION:



COMMENTARY:

To start setting up your channel, continue with Design Channel.



DESIGN CHANNEL

BY NOW, YOU SHOULD HAVE AN IDEA OF WHAT TYPES OF CHANNELS ARE APPROPRIATE FOR YOUR BUSINESS.

Here you'll create your channel structure and think about your channel logistics.

DISTRIBUTION CHANNEL TO CREATE:

DISTRIBUTION CHANNEL PURPOSE:

Since you're developing a new channel to deliver products/service to the end-user, start your design by thinking about your end-user's needs. [You can access this content in the Competitive Positioning subject of our marketing planning and management app. Create your account [here](#).]

For the benefits, focus on the end-users' benefits—not yours.

TARGET MARKET SEGMENTS AND END-USER DESCRIPTION AND BENEFITS FROM USING CHANNEL:



Now, for each segment, think about the steps involved in reaching your end-user. For example, if you sell to a VAR, who sells to an end-user, it's a two-step process.

Examples:

CHANNEL EXAMPLE	STEP 1: YOU SELL TO:	STEP 2: THEY SELL TO:	STEP 3: THEY SELL TO:
DISTRIBUTOR MODEL #1	Distributor with VAR relationships	VARs	End-users
DISTRIBUTOR MODEL #2	Distributor with retail relationships	Retailers	End-users
VAR	VARs	End-users	
RETAIL	Retailers	End-users	
CONSULTANT	Consultants	End-users	
OUTSOURCED SALES	Manufacturer's agents	End-users	
DIRECT – SALES GROUP	End-users via your sales team		
DIRECT – INTERNET	End-users via your website		
DIRECT – CATALOG	End-users via a catalog		

After thinking about your potential channel structure, outline it below, considering each of the following:

- Channel name
- Product
- Customer segment you're trying to reach
- Purpose of the channel
- Step 1—you sell to
- Step 2—who sells to
- Step 3—who sells to



TIPS

- 1 The fewer channel partners you have, the less training and management you'll need to do; think about ways to reach the largest market in the fewest possible steps.
.....
- 2 The closer you are to the end-user, the better, unless your product is truly a commodity—then sheer volume is your goal.
.....
- 3 You'll probably want to provide marketing support to your channel partners; the farther you are from the end-user, the more difficult that becomes.
.....

DISTRIBUTION CHANNEL STRUCTURE:

LOGISTICS

Now think about logistics. Here are some questions to consider:

- Inventory: In a perfect scenario, who would carry the inventory?
- How should orders be processed and fulfilled?
- Who is responsible for generating leads?
- Who is responsible for qualifying leads?
- Who will create sales literature and tools?
- Who will service the product?
- Who is responsible for collecting bad debts?



FIND CHANNEL PARTNERS

AFTER YOU'VE DESIGNED YOUR CHANNEL, YOU'LL WANT TO START RESEARCHING THE TYPES OF COMPANIES TO CONTACT AS POTENTIAL CHANNEL PARTNERS AND CONNECT WITH THEM TO GIVE THEM YOUR PITCH.

First, list your channel type:

- Wholesaler/distributor
- VAR (value-added reseller)
- Consultant
- Sales agent/ manufacturer's rep firm
- Dealer
- Retail
- Direct—Internet
- Direct—catalog
- Direct—specialized internal sales team

CHANNEL TYPE:

Before you start contacting your target companies, think about the key criteria you're looking for. For example, if you're selling software and you're going to sell to VARs, you will need to find VARs with the kind of expertise and customer base that enables reps to quickly get your product to the end-users who need it.

Treat this step as if you're designing a marketing campaign—if you do a good job targeting your potential channel partners, it will be easier to get them on board and get them producing.



Things to consider:

- What kind of customers does this company need to have?
- What kind of skills and experience will the company need to have to sell this product?
- What kind of geographical territory does the company need to serve?
- Do you have any quantitative criteria such as the size of the company, the number of sales reps, the number of customers they have, or the number of years they've been in business?
- What is your value proposition and brand strategy, and how can you make sure this company upholds those tenets? [Competitive Positioning and Brand Strategy can help. Access these subjects our marketing planning and management app. Create your account [here.](#)]

Download the Excel workbook that supports this task: [3.7-Distribution-Channels](#)

You can use 3.7.c to help you track the companies that you find in your initial research. You can store your key criteria in the workbook for easy reference.

If you're approaching a handful of distributors, you'll use a different approach than if you're contacting hundreds or thousands of potential VARs, consultants, resellers, etc. In the latter case, you'll probably create a full-scale marketing campaign to generate interest and start a dialog with various companies. [Marketing Campaigns can help]

IDEAL CHANNEL PARTNER DESCRIPTION:



PARTNER SALES PITCH

As with any sales pitch or marketing campaign, focus on the needs of the company you're pitching.

- Describe the value you can provide to this type of company.
- What's your message to the potential partner? What are the key benefits of working with you?
- What are the benefits to the partner's end-customers?
- What kind of marketing support will you provide? (This is relevant to B2B and select B2C marketers. This question is an important one. Outline Channel Support delivers suggestions about how to create marketing programs and support your channel partners.)

Be sure you have a solid presentation prepared, including a product presentation, a slide demo and any relevant facts about your market and your product. You have only one chance to make an impression!

PITCHING BIG CONSUMER RETAILERS

If you're B2C looking to pitch a top-tier retailer, be sure you have "all your ducks in a row" before getting a meeting. More succinctly, be prepared, as you will probably have only one chance to impress the buyer and get another meeting.

If you've never pitched a huge retail distributor like a Walmart, Costco, Home Depot, Macy's, etc., make sure you research your potential partner's supplier application process, so you understand exactly what you'll need to do to meet their qualifications.

Since each retailer may have a different process, it's best to research them online and contact them if necessary. However, here's a general outline for preparation for a meeting with a big retail supplier:

- **Familiarize yourself with the retail outlet.** Visit a few different locations and make sure it's a good fit for your product.
- **Research the retailer's vendor evaluation process.** You can probably find it online, or contact them directly.
- If the retailer uses buyers, **identify the buyer for your product.** You might be able to ask a local manager for the buyer's contact information.



- **Prepare for a meeting.** Get your product samples ready, along with your presentation. Think about any objections the retailer might present, and prepare your responses.
- **Arrange a meeting.** You may need to ship product beforehand. Don't be over-anxious! It's common for some buyers to wait 2 to 4 weeks to have a meeting.
- **Complete a new vendor application.** You may need to provide financial information and production capabilities, so be prepared ahead of time.
- **Be prepared to be able to fulfill future orders** if things go well, and you're selected. If you can't fulfill their orders, you'll lose out on a great opportunity.

TARGET COMPANY AND SALES PITCH:

PREPARATION REQUIRED:

COMMENTARY:



PARTNER ON-BOARDING PLAN

If you're B2C getting into a big retailer, the retailer will drive the on-boarding process. If you're B2B, or B2C with a smaller partner, think about the steps you will follow in your sales and implementation processes. They can vary by industry, but here is a basic outline:

- Develop support materials and/or campaigns as needed
- Approach potential channel partner or launch a campaign
- Sell the value of the partnership
- Negotiate partnership terms and execute a partnership agreement
- Establish mutual goals for the partnership
- Identify how the partner will handle service requests
- Define the reports you'll need to measure progress
- Determine what kind of marketing support you'll provide
- Determine how marketing data will flow (for example, if you run campaigns to generate leads for a VAR, how will you transmit that data and ensure that it's followed up?)
- Develop & deliver any sales/support materials they might need
- Deliver inventory (if necessary)
- Train the partner
- Begin selling through the partner
- Manage and improve performance

IMPLEMENTATION STEPS AND COMMENTARY:



CREATE CHANNEL PARTNER MANAGEMENT PLAN

IT'S IMPORTANT TO UNDERSTAND THE COMMITMENT THAT A CHANNEL STRUCTURE DEMANDS, ESPECIALLY IF YOU'RE CREATING A CHANNEL THAT WILL HAVE A LARGE NUMBER OF PARTNERS. CAREFULLY DESIGN YOUR CHANNEL MANAGEMENT PLAN, AND ALLOCATE RESOURCES TO MANAGE IT LONG-TERM.

Start by determining your channel manager and outlining the risks.

- Who will manage your channel?
- What are the main risks that could prevent the channel from being successful?
- How will you manage against those risks?

CHANNEL MANAGER:

CHANNEL RISKS:



Now, address each area requiring management. Outline your requirements, as well as the person responsible for each and the projected time commitment. Below are some suggestions:

CHANNEL MANAGEMENT AREAS

- Channel Support
- Inventory
- Credit Management
- Order Placement and Processing
- Sales Support
- Marketing Support
- Marketing Planning
- Marketing Tools and Collateral
- Tradeshows and Event Management
- Training
- Distributor On-boarding
- Conflict Resolution
- Distribution Contracting

Now, list your requirements for each channel management area.

CHANNEL MANAGEMENT AREA AND REQUIREMENTS:

COMMENTARY:



MINIMIZE CHANNEL PRICING CONFLICT

CHANNEL PRICING CAN BE CHALLENGING, ESPECIALLY IF YOU ALSO SELL DIRECT. YOU HAVE A NUMBER OF MAJOR GOALS THAT CAN DIRECTLY CONFLICT WITH EACH OTHER.

A main focus of your pricing strategy, when using multiple channels, is to minimize pricing conflicts. With multiple channels, it's a good idea to carefully map out the price for each step in your channel and include a fair profit for each type of partner. Then compare the price that the end-user will pay; if a customer can buy from one channel at a lower price than from another, your partners will rightfully have concerns. Pricing conflict is common, and it can jeopardize your entire distribution strategy, so do your best to map out the price at each step and develop the best solution possible.

Your other channels (direct and indirect) will affect how you approach your channel pricing strategy. How are you approaching the market?

MARKET PENETRATION METHOD	TYPE OF CHANNELS
TARGETING SAME CUSTOMER GROUP SELLING DIRECT, AS WELL AS WITH A CHANNEL	You are 1) selling directly to customers and 2) using a channel that's selling the same product to the same group of customers.
KEEPING DIRECT AND INDIRECT CHANNELS TARGETING SEPARATE CUSTOMER GROUPS	You are using an indirect channel (i.e., distributor, VAR, consultant, etc.), in addition to, or instead of, your own direct channel.



CHANNEL MARKET PENETRATION METHOD:

Each company in your channel needs to earn an acceptable profit margin in order to continue participating in the channel. You sell to another company and they need to mark up your price; the more steps in the process, the more the product is marked up, and the more the end-user will pay.

Remember, your channel partners are investing valuable time and energy into offering your product. If the channel is an important revenue stream for you, do your best to make it work for all parties.



Consider the following market penetration methods and the inherent challenges:

MARKET PENETRATION METHOD	CHALLENGE	POTENTIAL SOLUTIONS
<p>TARGETING SAME CUSTOMER GROUP SELLING DIRECT, AS WELL AS WITH A CHANNEL</p>	<p>If you sell the same product to the same end-users at a lower price than that of your channel partners, you're putting your entire channel strategy at risk. It might work in the short term, but this scenario rarely works for the long term. Your partners will:</p> <ul style="list-style-type: none"> • Mistrust you for undercutting their price • Lose revenue as their customers eventually learn that they can get a better price from you • Probably fight you on the issue, and then defect 	<p>Stop competing with your channel for that product and customer segment; focus your efforts elsewhere.</p> <p>If you sell directly, sell at the same price. If the channel offers substantially more value, you may be able to offer the product at a slight discount on their end price. However, it's wise to talk about that strategy with your partners – if the channel is worth having, then it's worth avoiding this issue.</p> <p>If the channel's price is simply too high, look at the profit margins and markups that each company in the chain is earning. Each company deserves a fair profit for the value they provide; it's possible that too many middlemen are forcing the price too high.</p> <p>Consider lowering the price at which you sell to your channel. It may be worth it to lower your profit margins for that revenue stream, in order to keep the revenue flowing.</p> <p>You may need to try to use fewer steps in your channel.</p> <p>You may need to more forcefully establish a "recommended retail price" and promote it heavily to your entire channel. The pressure to meet that price could help you convince them to lower their prices throughout the chain. However, you'll need to make a strong case that, by doing so, they will sell more volume and increase their total revenue.</p>



MARKET PENETRATION METHOD	CHALLENGE	POTENTIAL SOLUTIONS
<p>KEEPING DIRECT AND INDIRECT CHANNELS TARGETING SEPARATE CUSTOMER GROUPS</p>	<p>When you create a channel instead of selling directly to the end-user, you lose control over the final price of your product / service.</p> <p>For example, if you're a manufacturer and sell at a wholesale price to a wholesaler, who then sells to a distributor, who then sells to a value-added reseller (VAR), that VAR will typically set the end-user price.</p> <p>The problem arises when the seller at the end of your channel uses a pricing strategy that's inconsistent with your value proposition and brand promise. In a quest for short-term revenue, they may offer discounts and promotions that undermine your long-term strategy.</p>	<p>You may need to more forcefully establish a "recommended retail price" and promote it heavily to your entire channel. The pressure to meet that price could help you convince them to lower their prices throughout the chain. However, you'll need to make a strong case that, by doing so, they will sell more volume and increase their total revenue.</p> <p>Work with your channel – provide training, marketing materials, campaigns and justification to ensure that they understand your value proposition and why your recommended pricing is best for the long term.</p> <p>They may be using these tactics because they're not selling enough volume at the price you recommend. You may need to take a hard look at your pricing strategy. [Pricing can help]</p>



Now, outline potential challenges and solutions to your distribution channel.

POTENTIAL CHALLENGES:

POTENTIAL SOLUTIONS:

COMMENTARY:



DETERMINE CHANNEL MARKUPS

HERE YOU WILL DETERMINE HOW YOU'LL MARKUP YOUR PRICES AT EACH STEP IN YOUR DISTRIBUTION CHANNELS UNTIL YOUR PRODUCT/SERVICE REACHES THE END-USER.

Download the Excel workbook that supports this task: [3.7-Distribution-Channels](#)

You can use 3.7.d to review prices and markups at each step, to see what happens to the price for the end-user. Remember to tie your price to your value proposition, evaluate the market and your competitors' prices, and determine your price floor. [Pricing can help]

CHANNEL DESCRIPTION:

CHANNEL STEP AND MARKUP:



SET CHANNEL PRICING

NOW, DETERMINE YOUR FINAL PRICING. YOU MAY WISH TO USE 3.7.E TO FINALIZE YOUR INPUTS, TO DETERMINE YOUR CHANNEL PRICING STRUCTURE.

Download the Excel workbook that supports this task: [3.7-Distribution-Channels](#)

Data you'll need:

COST OF GOODS:

DESIRED PROFIT MARGIN:

If you also sell direct, enter different suggested retail prices to see if you're undercutting any of your suggested channel prices.

What is the result?

SUGGESTED CHANNEL PRICE:

COMMENTARY:



OUTLINE CHANNEL SUPPORT

THOUGH YOUR CHANNEL PARTNERS HAVE RELATIONSHIPS IN PLACE AND ARE SELLING YOUR PRODUCT, THEY'RE ALSO SELLING OTHER PRODUCTS. INSTEAD OF MARKETING JUST YOUR PRODUCT, THEY'RE MARKETING THEIR OWN SERVICES OR COMPANY. YOUR MISSION IS TO HELP THEM GENERATE INTEREST AND CLOSE DEALS FOR YOUR SPECIFIC PRODUCT, AND THAT TAKES SOLID MARKETING AND RELATIONSHIPS TO WORK PROPERLY.

Service your channel partners as you'd service your best customers, and work with them to drive revenue. For example, provide them with marketing funds or materials to promote your products; run campaigns to generate leads, and forward them to your partners.

As you're thinking about the support to provide your channel, don't just think about the company that you're selling to directly; think about the companies at every step, and most importantly, the end-user.

DISTRIBUTION CHANNEL:



Now, for each customer segment, think about the steps involved to reach your end-user. For example, if you sell to a VAR, who sells to an end-customer, it's a two-step process.

EXAMPLES

CHANNEL EXAMPLE	STEP 1: YOU SELL TO:	STEP 2: THEY SELL TO	STEP 3: THEY SELL TO
DISTRIBUTOR MODEL #1	Distributor with VAR relationships	VARs	End-users
DISTRIBUTOR MODEL #2	Distributor with retail relationships	Retailers	End-users
VAR	VARs	End-users	
RETAIL	Retailers	End-users	
CONSULTANT	Consultants	End-users	
"OUTSOURCED SALES"	Manufacturer's agents	End-users	
DIRECT – SALES GROUP	End-users via your sales team		
DIRECT – INTERNET	End-users via your website		
DIRECT – CATALOG	End-users via a catalog		



TIPS

- 1 The fewer channel partners you have, the less training and management you'll need to do; think about ways to reach the largest market in the fewest possible steps.
- 2 The closer you are to the end-user, the better, unless your product is truly a commodity—then sheer volume is your goal.
- 3 You'll probably want to provide marketing support to your channel partners; the farther you are from the end-user, the more difficult that becomes.

DISTRIBUTION CHANNEL STRUCTURE:

PARTNER TRAINING

There are two types of training you might need to develop:

- Sales training to help the partner sell your product
- End-user training to help the customer use your product

SALES TRAINING

Look at all of your channel partners—not just the Step 1 partners, but everyone in the channel. What kind of training could you develop to help them convey your messaging, understand the users' needs, and successfully position and sell your product?

You have a variety of options for delivering training. Think creatively—don't limit yourself to written guidebooks or materials, which usually are not very interesting or effective. Instead, think about better ways to capture their attention and get your message across.

Think about each channel partner and their current ability to support your offering. Are there common needs across your entire partner base?



TRAINING IDEAS

- Develop a monthly webinar with follow-up emails
- Create a section on your website with interactive Q&A
- Create video presentations so they can watch and listen, rather than read
- Host live events at trade shows
- Create a compelling marketing campaign that tickles them with new information at each delivery
- Use a blog, social media or RSS feed to send out information to your entire channel
- Reference guidebook (make it short and reader-friendly!)

TRAINING SUBJECTS

Here are a few potential training subjects. Help your channel to understand how to do the following:

- Convey your value proposition and brand strategy
- Understand and use your written and verbal messages
- Understand the specific wants and needs of the end-user and how your product can solve their problems
- Successfully position your product against those of your competitors
- Use your sales literature and tools to close deals
- Create feedback processes to ensure that your programs and materials are working



TRAINING MATERIALS

Think creatively—your channel partners are busy and probably won't read lengthy materials. How can you deliver training that's effective, interesting and ongoing?

CHANNEL TRAINING SUBJECTS:

CHANNEL TRAINING MATERIALS TO CREATE:

TRAINING COMMENTARY:

Make sure any materials or events you create are compelling, interesting, and as short as possible. Your partners should be selling, not poring over your materials. Be succinct!

END-USER TRAINING

Your channel partners may also be responsible for training your end-users, especially if you're B2B. If you already have training materials for those customers, great! If not, you'll need to create them. You'll also need to help your channel partners deliver that training.

Once again, think creatively—don't limit yourself to written guidebooks or materials, which usually are not very interesting or effective. Instead, think about better ways to capture their attention and get your message across.



TRAINING IDEAS

- Develop a webinar for end-users
- Create a customer section on your website with training materials, Q&A, and archived webinars
- Create video presentations so they can watch and listen, rather than read
- Host live events at trade shows to meet with current customers, share trends, and answer questions
- Use a blog, social media or RSS feed to send out information
- Create a reference guidebook (make it short and user-friendly!)

Now for each customer group, identify what training you need to develop and how you can help the channel partner deliver it.

END-USER TRAINING SUBJECTS:

END-USER TRAINING MATERIALS TO CREATE:

SALES LITERATURE & TOOLS

In addition to training your channel partners, you'll need to create literature & tools to help them in the sales process.

Make sure you have created a sales process that your channel partners can use to sell to potential customers. [Sales Process can help] It's an important exercise—it helps you break down the sales cycle into distinct steps. When you break it down, it's easier to develop tools and literature that will be effective because each piece will have a distinct sales purpose.



For example, you'll address:

- What are the steps the prospect must undergo before buying the product/service?
- At each step, what does the prospect need to know, feel and receive in order to get to the next step?
- How long does the prospect typically spend on each step?

You should also ask for detailed and honest feedback from your channel partners. Is the literature working? What else can you provide?

If you already have literature and tools in place, how good are they? Do they convey your brand and message succinctly and credibly? Could they be better?

If a piece doesn't move the prospect at least one step closer to purchase, then it's either unnecessary or ineffective.

To answer these questions, ask your team for feedback:

- | | |
|--|---|
| ■ Goal of the piece | ■ Is it simple to use? |
| ■ How effective is the piece in reaching the goal? | ■ Is it credible? |
| ■ What is the key message of the piece? | ■ Are your reps trained to use it properly? |
| ■ Does it meet your branding requirements? | ■ What are some ideas for improvement? |

SALES TOOLS AND LITERATURE TO CREATE:

Now, list any other ideas for channel support.

OTHER CHANNEL SUPPORT IDEAS:



DESIGN CHANNEL MARKETING CAMPAIGNS

MARKETING CAMPAIGNS SHOULD BE AN IMPORTANT PART OF YOUR CHANNEL MARKETING STRATEGY. YOU MAY WANT TO RESEARCH YOUR COMPETITORS AND/OR GET FEEDBACK FROM YOUR PARTNERS ABOUT WHAT OTHER COMPANIES HAVE DONE, WHAT HAS WORKED WELL, AND WHAT RECOMMENDATIONS THEY HAVE. ASK FOR THEIR IDEAS AND USE THEM; YOU'LL BUILD A MUCH STRONGER PROGRAM AND PARTNERSHIP IN THE PROCESS.

Potential questions:

- What's the best marketing support campaign you've used in the past and why did it work so well?
- What other types of programs work for you?
- What doesn't work and why?
- What can we do to make your job easier and help sell more product?

With this feedback, you can start honing in on the types of programs you'll offer. Here are a few examples:

- Lead generation campaigns
- Lead qualification processes
- Lead nurturing
- Special events

DISTRIBUTION CHANNEL:



MARKETING CAMPAIGN TO DESIGN:

COMMENTARY:

After you've outlined the campaigns you want to deliver, continue with the exercises in the Marketing Campaigns subject in our marketing planning and management app. Create your account [here](#) to plan your metrics and execution.



CREATE CHANNEL MANAGEMENT PLAN

CHANNEL PARTNERS ARE LIKE YOUR CUSTOMERS. YOU'LL NEED TO WORK TOGETHER TO CREATE A SMOOTH PROCESS FOR SUCCESSFUL RESULTS. TO MAXIMIZE THE SUCCESS OF YOUR CHANNEL, CREATE A PLAN TO ADDRESS KEY AREAS ON A REGULAR BASIS.

Consider the following elements and add the relevant ones to your channel management plan.

KEY ELEMENTS IN A CHANNEL MANAGEMENT PROGRAM	EXPLANATION
MAKE IT A PRIORITY	Make sure you have resources dedicated to channel management – preferably a dedicated channel manager whose sole responsibility is to manage those relationships and build the marketing programs to drive revenue through the channel.
DEVELOP MEASUREMENTS AND TRACK PERFORMANCE	It's important to know who your best performers are, in terms of sales, at each point in the channel. By tracking orders, volume and total revenue at each point, you'll be able to identify and improve underperforming partners and keep your top performers happy.
COMMUNICATE WITH THE CHANNEL	Build relationships at each step of your channel. If you're not talking with your partners, how can you identify problems and solve them? And how will you know whether your programs are working and how to make them better?
DRIVE REVENUE THROUGH THE CHANNEL	Take ownership of the marketing campaigns that will drive revenue at all levels through the channel. Your partners have to focus on building their own customer base, and not marketing just your product (remember that you're not the only solution they offer).



KEY ELEMENTS IN A CHANNEL MANAGEMENT PROGRAM	EXPLANATION
AVOID PRICING CONFLICTS	Establish a pricing strategy and stick to it. If channel conflict arises because of price, attempt to resolve it ASAP.
ADDRESS CONFLICTS SWIFTLY	Since distrust and channel conflict is common, it's important to address problems quickly to find a solution.

Now, list the key elements of your channel management plan along with the requirements for each.

PLAN ELEMENT AND REQUIREMENT:

REPORTS & MEASUREMENTS

Good reports can help you better manage your channels. However, it may be difficult to get data from your channel partners in order to create these reports. For example, if your channel looks this:

You → Distributor → Reseller → End-user

You'll know how many units the distributor is ordering, but how will you know who your best resellers are and which markets are most successful for you? That data may be incredibly valuable, and difficult to obtain.

Resellers, VARs and distributors often have a wealth of end-user information that doesn't get shared with the manufacturer. It may be due to technical difficulty—for example, they may not compile the data, or it could be costly to organize and distribute. Or there may be no incentive or reward for a channel partner to provide you with that data.



When you use channels, the data simply is not the same quality as data that you can generate with your own marketing efforts. However, it's still important to develop concrete reporting methods and work with your channel to gather and distribute that data.

List the reports you'll use to manage your channels below.

REPORTS TO USE AND DESCRIPTION:

Create the reports to collect the same information from your channel as you would with your direct sales force.

ANALYZE DATA TO IMPROVE PERFORMANCE

The more data you have about your channel's performance, the easier it is to improve areas that are underperforming. You can use 3.7.f to help you track the revenue you generate from the companies you sell to directly.

Download the Excel workbook that supports this task: [3.7-Distribution-Channels](#)

Use the workbook to:

- Track monthly revenue for each distribution channel or channel partner (depending on how you want to use the sheet)
- Track the total number of partners you work with in each channel on a monthly basis

The report will then tell you:

- The percentage of total revenue that a particular channel or partner represents
- The average gross revenue per partner in a channel



Use the report to identify opportunities for improvement.

THINGS TO LOOK FOR	SUGGESTED ACTIONS
A CHANNEL OR CHANNEL PARTNER WHOSE SHARE OF TOTAL REVENUE HAS SUDDENLY DROPPED	<ul style="list-style-type: none"> • Talk to them – discuss the problem; ask how you can help. • Put together a plan to address the problem and set a date to check on progress and adjust if needed.
A CHANNEL OR CHANNEL PARTNER WHOSE SHARE OF TOTAL REVENUE HAS BEEN STEADILY DECLINING	<ul style="list-style-type: none"> • Talk to them – discuss the problem; ask how you can help. • Create training materials to improve their knowledge and understanding (if needed). • Create sales materials & tools to help them sell your product (if needed). • Discontinue if the problem can't be resolved.
A CHANNEL OR CHANNEL PARTNER WHOSE AVERAGE REVENUE IS SUBSTANTIALLY LOWER THAN AVERAGE	<ul style="list-style-type: none"> • Same as previous suggest actions.

If you're thinking about discontinuing a channel or ending a relationship with a partner, here are some things to think about:

- Percent of revenue the channel represents
- Channel positives
- Channel negatives
- Have you attempted to improve the negatives?

DISTRIBUTION CHANNEL AND IMPROVEMENT AREA:

COMMENTARY:



MEASURE CHANNEL ROI

IF YOU'D LIKE TO IMPROVE THE PERFORMANCE OF ONE OF YOUR DISTRIBUTION CHANNELS, YOU'LL PROBABLY HAVE TO MAKE AN ADDITIONAL INVESTMENT. YOU CAN USE 3.7.G TO ESTIMATE THE COSTS OF IMPROVING YOUR CHANNEL'S PERFORMANCE AS COMPARED TO THE ADDITIONAL REVENUE THE IMPROVEMENT WILL GENERATE.

Download the Excel workbook that supports this task: [3.7-Distribution-Channels](#)

The worksheet uses the following data points:

CURRENT CHANNEL ANNUAL REVENUE:

DESIRED % INCREASE IN ANNUAL REVENUE:

COSTS TO IMPROVE THE CHANNEL:



GROSS PROFIT MARGIN:

HURDLE RATE:

CHANNEL ROI ANALYSIS:

Is your Net ROI positive? If so, does this channel need improvement?

SUGGESTED CHANGE AND ANTICIPATED RESULT:



RESOLVE CHANNEL CONFLICTS

CHANNEL CONFLICTS USUALLY RESULT FROM DIFFERENT PRICES TO THE END-USER FOR THE SAME PRODUCT/SERVICE. WHILE MINOR DISAGREEMENTS SOMETIMES SEEM UNIMPORTANT, EVEN THE SMALLEST CONFLICTS CAN HAVE A GREAT IMPACT ON THE ENTIRE DISTRIBUTION CHANNEL.

Here are some common channel conflicts:

- Late shipments to end-users, poor customer service, stocking issues or other fulfillment problems can impact the entire channel and potentially lose a sale.
- Utilizing a distribution channel, it's possible to lose touch with your market and end-user perceptions.
- Channel members are setting their own prices, undercutting each other, and devaluing your product in the market.
- Managing multiple types of channels (phone sales, Internet sales, in person/direct sales) can prove challenging.
- Channel members just aren't doing what they said they would do—selling product, maintaining inventory, shipping product.

Now, find any challenges you may be facing and review potential solutions:

COMMON CHANNEL CONFLICT	AREA	POTENTIAL SOLUTIONS
CHANNEL MEMBERS ARE SETTING THEIR OWN PRICES, UNDERCUTTING EACH OTHER, AND DEVALUING YOUR PRODUCT IN THE MARKET.	Underselling your product	<ul style="list-style-type: none"> • Actively manage your channel, just as you would a sales team. • Establish a channel manager to supervise the overall functions of the channel network, including pricing issues.



COMMON CHANNEL CONFLICT	AREA	POTENTIAL SOLUTIONS
MANAGING MULTIPLE TYPES OF CHANNELS (PHONE SALES, INTERNET SALES, IN PERSON/ DIRECT SALES) CAN PROVE CHALLENGING.	Managing multiple types of channels	<ul style="list-style-type: none"> • Treat each channel as its own distinct sales process. Track response rates and design campaigns to support buying trends. • Establish a channel manager to supervise the overall functions of the channel network, including sales support and tactics.
CHANNEL MEMBERS JUST AREN'T DOING WHAT THEY SAID THEY WOULD DO - SELLING PRODUCT, MAINTAINING INVENTORY, SHIPPING PRODUCT.	Non-performance	<ul style="list-style-type: none"> • Communicate with the channel and identify the reason for the poor performance. If it can't be fixed, it's best to find a new channel partner.
UTILIZING A DISTRIBUTION CHANNEL, IT'S POSSIBLE TO LOSE TOUCH WITH YOUR MARKET AND END-USER PERCEPTIONS.	Market perceptions	<ul style="list-style-type: none"> • Ask the sales team for market feedback and buyer response regularly. • Establish marketing campaigns to evaluate end-user satisfaction and expectations. • Establish a channel manager to supervise the overall functions of the channel network, including market perception.
LATE SHIPMENTS TO END-USERS, POOR CUSTOMER SERVICE, STOCKING ISSUES OR OTHER FULFILLMENT PROBLEMS CAN IMPACT THE ENTIRE CHANNEL AND POTENTIALLY LOSE A SALE.	Fulfillment	<ul style="list-style-type: none"> • Communicate with your channel members regularly to clearly define each partner's responsibilities and expectations. • Hold regular meetings to discuss potential problems, issues, or opportunities.
CHANNEL PARTNERS ARGUING AMONGST THEMSELVES.	Inter-channel relationships	<ul style="list-style-type: none"> • Establish a channel manager to supervise overall functions of the channel network. Functioning as a mediator for channel disruptions and disagreements, an effective manager will keep disagreements under control.



Now, list any of your channel conflict areas along with a potential solution for each.

CHANNEL CONFLICT ITEM AND POTENTIAL SOLUTION:

COMMENTARY:





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