

Steps of the channel management process

[Business](#), [Management](#)



I want to better explain the steps in the channel management process, using real life examples from the store that I work for and its primary supplier.

These steps include: analyzing the consumer, establishing channel objectives, specifying distribution tasks, evaluating and selecting intermediaries, and evaluating channel member performance (Hiam, 2007).

The first step of the channel management process is evaluating the customer. This primary goal of this step of the process is to identify a customer's need and determine how the customer goes about securing the product that fills said need. In order to complete this task and begin the development of proper channels, the person charged with this task, should be able to answer the following questions about their customers. Is our customer an immediate consumer, are they the end user of the product that we are distributing, or are they a little bit of both? What does our customer need? When and where does our customer make their purchases? Why does our customer purchase the products that they do? And how does our customer make payment for these purchases?

A great example of this situation is the store that I work for. Most of the store's customers are the end user; however, the store is an end user and an immediate consumer of the products that are purchased. The store has packaging materials are sold to customers, but that are also used in the day to day operations of business. The store is in regular need for packing materials that have certain minimum ratings which leaves the store with only two options for suppliers. The primary supplier used, was able to secure the account because the supplier was able to fill the need that the store had. The supplier is fairly local, has great operating hours so that the store can

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purchase the needed materials nearly any time of the day and have it all delivered, usually within a couple of days. The supplier also has the option so that the store can immediately make payment for the order placed, or, a more lenient option (R., 2018); charge it to an account to be paid at the beginning of the following month.

Next up on the list is establishing channel objectives. Summed up by what a company intends to do or needs to do in order to grow the business. This can be entering a new market, maintaining a customer base, increasing productivity by creating more effective distribution channels, and so much more (Learning, 2018).

The store's primary supplier is looking to grow their sales in order to reach new customers but expanding what they offer. The store owner loves the way the primary supplier does business and is hoping that a part of them expanding their product line will be offering the larger size packing materials that they previously have not offered (Lahtinen, 2018). If this is done, the supplier will grow their sales with this store and many others like it because the only other supplier in the area, for the larger materials, is much more expensive for the product and its delivery.

After a person is able to identify the necessary objectives, they must then identify what tasks will require completion in order to meet those objectives. This can include anything from finding new customers while still retaining existing customers, to product inventory and transportation, and even providing customer service. With this information, we find that the current primary supplier, is retaining customers by providing affordable

transportation/delivery and having great customer service, but they are also expanding their client base by expanding their inventory and researching their customer's needs. It is through researching customer needs that the supplier was able to discover that the larger materials were necessary.

Evaluating and selecting intermediaries is the following step to be looked at. This step begins with simply looking at how many different distribution levels there are and usually includes researching which player or players are going to be able to best complete the given task and who would be the best person to lead the given team. With the example of the store's supplier, they decided that it was going to be most affordable and productive to have the sales representatives complete the task of researching their customer's need as they make contact with each customer. This research included, asking each customer, what other products the customer would like to see them provide and if there were any changes that the customer would like to see made to the product to increase the versatility of their offered products. The shift managers were in charge of ensuring that all information was received from each customer contact. The information provided will also be convenient to use in future advertising for this supplier.

And finally, the all too necessary performance review of each channel member. It is important to keep in mind who and what the current competition is when conducting these performance reviews. All members that are being reviewed and those members that are conducting the reviews should be aware of who the competing products, vendors and team members. Performance reviews generally include inventory management,

overall sales for the member, and the attitude that the member holds toward the products that he/she is trying to sell.

I do not know what the evaluation included for the supplier that the store was in contact with, but I can tell you that the representative that I spoke with most recently had a good attitude and knowledge base of his product as well as that of the competition. He was able to order in some new materials that were previously unavailable through their company and was knowledgeable on what the needs of the store were. I can only hope that his evaluation result were as good as I felt that they should be, as he was competent and capable in all areas of his job and an important player in the development of the distribution channel for his company.