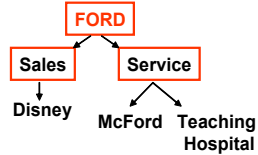


Direct Sales ~ Dell / DirectLine Insurance / EasyJet
 AVON : chose door-to-door because it couldn't break into Department Stores

Case Study – Ford Motor Company
 Problem – Customer Satisfaction Survey POOR
 Ford depended on distribution channel - Dealer Relationship POOR

FORD introduced Certification ~ Blue Oval



not just store vs. store
 > distribution vs. distribution
 > channel vs. channel
 PUSH vs. PULL

CUSTOMERS WANT : faster order fulfilment | highly customised products/service
 Increasing **UNCERTAINTY** in the marketplace ~ forecasting difficult

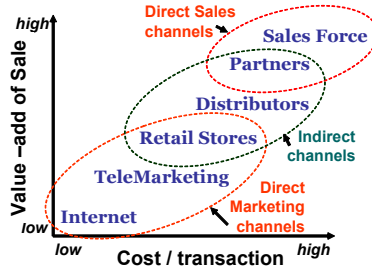
PROBLEMS

Customer Satisfaction
 Delivery Performance
 Inventory Levels

BALANCE

Customers expect Channel Integration

Today



Channel alternative ~ different sales & cost. If switch customers to lower-cost channel ~ Channel advantage

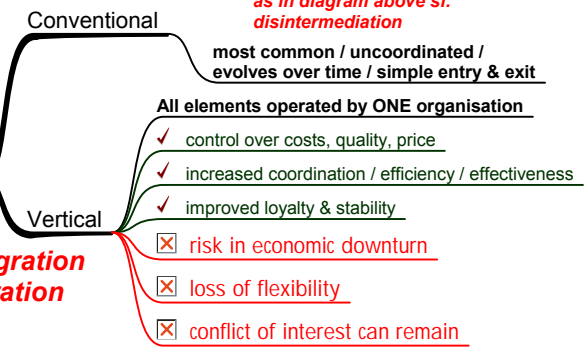
Distribution



Components

		Relative Importance (Perception)	
		Lo	Hi
Customers Expectation	Hi	Wasted Time IV	Relative Strength I
	Lo	Minor Annoyance III	Area for Improvement II

Types of Channel



Backwards Integration
Forwards Integration

Physical Distribution
 storage / unitisation / comms / transport / inventory
 Target Market coverage | Customer Reqs | Profitability | Push/Pull | Degree of Conflict

Channel Management
 Select / Train / Motivate / Evaluate Intermediaries CAREFULLY
 can be Characterised by CONFLICTS

'Moments of Truth'
 point of interaction between customer & organisation
 deliver & add expected values
 Get PEOPLE right
 Get SYSTEMS right

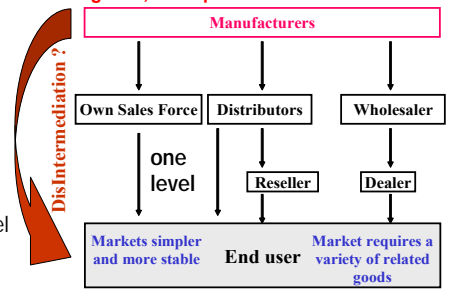
Customer Care
 SERQUAL = EXPECTATION - ACTUAL
 5 Gaps
 5 Dimensions: Tangibles, Reliability, Responsiveness, Assurance, Empathy

Identify customer related elements of system to be managed	Improve & develop systems with objective of adding value to customer & business via long term relationship	Continuous maintenance of customer-service interface	Motivate staff to ensure maximum business and customer value generated by the system
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Management to: System	Customer	Interface
- Often low level contact - Confined to key accounts	Continuous measurements of customer satisfaction	- design enhanced values in product service, communications and delivery - evaluate marketing / non-marketing activity - staff and reward system

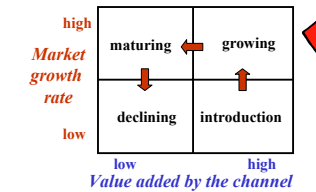
Wholesalers / Retailers ~ Merchants ; Brokers / Representatives ~ Agents ; Transport / Banks ~ Facilitators

Channel Strategy
 Analyse Customers Needs
 Establish Channel Objectives
 Identify Channel Alternatives
 Evaluate Channel Options



INTRO

When do you go through Distributors / Retailers ?
 ? When do you deal DIRECT ? **Key Question**
 Channels NOT STATIC ; change over time



Intermediaries

- ✓ lower transaction cost
- ✓ wider market coverage
- ✓ rivals competitors offers
- ✓ smooth flow of goods / services
- ✗ costs
- ✗ quality
- ✗ changes in consumer demand

Conflict

Normally arises when different channels reach the same customer segment
 Who is in charge?
 Who owns it?
 more channels = conflict
 different GOALS
 different PERCEPTIONS
 different CONTROLS
 Coke vs. bottlers who also did DrPepper
 Ford who accused other franchises of aggressiveness
 Specialty stores complained when Levi distributed thro' discount stores

Overcome Conflict by : offer different brands on the Internet / higher commissions / take orders off the web but retailers deliver

Value Network - system of partnerships that a firm creates to source, augment & deliver its offerings