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CONCEPT OF CHANNEL

Channel provides a great link between a producer and customer. Channels are the internal and external organizational units that perform the functions which are necessarily important to product. In any manufacturing concern, distributing of product is of prime important activity of marketing program. And this distribution which is the physical flow of goods takes place through channels. The utilities created by channel are place, availability of a product, service at a time in the location etc. fills the customers' needs. According to American Marketing Association, " the Structure of intra-company organization units and extracompany agents and dealers, wholesale and retail, through which a commodity, product or service is marketed ". Channels, an aspect of marketing program and is dependent on the consideration and management of local marketing management group. Channel strategy is one of the most challenging and difficult components of marketing program.
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Importance of Channel Selection:

Marketing Channel selection is one of the most complex and challenging facing the firm of our time. The prime objective of every manufacturing concern is to sell their products or to reach to right users, so each firm usually confronts a number of alternative ways to reach the market. No doubt, good channels preserve the force to accelerate the movement of the product from producers to customers. Marketing channels are not static but are characterised by continuous and dramatic change. Bucklin has defined marketing channels as, "a set of institutions which performs all of the activities (functions) utilized to move a product and its title from production to consumption". (Marketing Management - Philip Kotler, 4th Edition, Chap. 16, Page No. 413, Prentice Hall of India Ltd, New Delhi).

Each channel system has a different potential for creating sales and producing costs. Once channel system is chosen for operation the firm must adhere to it for a certain period as because we know it is changing in nature and above all marketing process it self is dynamic and change-adopted in nature. Good channel design is considered by the particular characteristics of customers, products, middlemen, competitors and environment. Therefore best channel design is to be taken as importantly as other marketing mix. Manufactures can put emphasis on the production of goods by evaluating contd...p/2
the performance of individual channel members against their own past sales, other channel members' sales, and sales quotas.

Manufacturers can be aware of marketing changes whenever they feel marketing channel system should be redesigned. The greater the disequilibrium in a channel, the more apparent it will be to observers that channel modification would lead to increased profit.
Before selecting effective channel the marketing specialist should consider some important facts such as the determination of needs and preferences of the target market; there are the potential customers located; what are their preferences for service? How sensitive are they to price? Channel strategy is very complicated, for example, an appropriate strategy which is effective to one company but may not fit to another. In order to select channel one must not hesitate to recognise the quality of the channel which would provide management with a maximum amount of excellence in building a linkage to the consumer.

Effective channel should serve as an effective unit to company's capacity and function and it must be completely sensitive to company's objectives.

Effective Channel should be able to adopt itself creatively to changing condition of market. Because if a channel has been established, it is not easy to change it. If the executive in the first choice is wrong, he would not have a chance to make another one. So the effective channels, for the successful physical movement of the product, must be both progressive and flexible to adapt themselves to the inevitable market shift.
Effective Channels should provide for the physical movements of the goods in time and to the point of consumption.

The movement of most products requires a promotional push. Of course in certain circumstances the flow is automatic. Effective channels should provide optimum quality of promotion and communication to assure rapid sale of the product.

Introduction of new product and improving distribution patterns are really risky and constantly accelerating. If companies are unable to take carefully designed action to keep abreast of changes, another company will steal the market. Feedback from institutions which sell the products information is essentially important to Company. Therefore effective channels should provide adequate feedback information that can help the company to modify its product or the procedures through which possible to meet the demand of the market.

Another important fact, the market research specialist should bring into this their consideration that is the characteristics of the customer viz. their number, shopping habits, income, status, education, and reaction to different selling methods. All these factors vary from country to country, therefore, require different channel appreciations, which undoubtedly exert an important influence on channel design.
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Development of Channel System and Acceleration of the Whole Marketing System.

Designing a best channel system can not result in a good sales force. Channel system can be developed by maintaining a good relationship with the distributors/whole salers. It is true that manufacturers must rely on the distributors/wholesalers because they control the market. If channels function well or with great interest the whole marketing system must be developed. It is the duty of the manufacturer elect all outlets of the chosen type or types that will buy his products, he may be able to gain complete coverage of his total market rather quickly.

If manufacturers can not maintain a good relationship with the distributor the manufacturer would certainly face a great difficulty and in fact it is really a problem to get the best distributor in every market. The quality of the manufacturer's marketing performance in an area is dependent on the excellence of his selected distributor and the good dealings amongst them. Good dealings, undoubtedly, inspire the distributor. If manufacturer do not encourage the distributor they would not find interest to sell his product with an earnest effort. Once, if distributors, in an area lose confidence, marketing of product of the very area would be collapsed and without good representation another that company sales force would be weak, another competitor will enter and occupy the market successively. Despite these, another risk lies that most of the agents, distributors etc. are one-man firm or partnership.

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so their continuity is highly uncertain.

Sometimes the distributors may be feel disturbed when a manufacturer selected many distributors in an area and do not care the performance of a single distributor. In this situation the problem is "deep-rooted", and not a single distributor becomes agree to sell the product of that firm, ultimately the company's sales force is hampered. When the manufacturer designate only one distributor as his sole outlet in a given area and make a vated contract to this effect, the manufacturer can exert a greater degree of control over the distributor and this tends to generate a much closer working relationship between then (manufacturer & distributor).

It is found that the spirit of cooperation between manufacturer and distributor and recognition of common interest which supports to produce a higher quality of marketing effort. The middlemen or distributor manifest themselves in aggressive selling and by carrying stocks. They also cooperate with the manufacturer in promotional programs and they also show greater willingness to render the kind of service called for the manufacturer's sales strategy. This is only possible when a distributor is quite sure that the business he develops for a product in his territory can not be shared by other competitors.

Distributors are very much interested to know

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what kind of protection the manufacturer is prepared to offer them on the prices of their stocks in case of price reductions.

The middlemen or the distributors also expect to get a good commission from the manufacturer because this is the only margin between the price at which they buy goods and at that at which they can sell them. Whenever the middlemen get offer to sell products on an attractive commission they would obviously be interested to sell that Company's product rather than others. And it results that the particular product, within a short period, would capture the given territory and others will suffer tremendously. Obviously to say that pricing policy of the manufacturer must be uniform, indifferent to all middlemen. Again if the pricing policy compell the middlemen distributors to face a frequent change in price they would be impatient in maintaining a good business relationship.

It is certainly a wrong that if the manufacturer, after selecting the channels, would sit quitely shouldering the responsibilities of marketing their product on the hands of the middlemen. The middlemen require a marketing assistance so the manufacturer can use advertising to promote his distributor's cooperation. Its effectiveness as a tool for securing outlet cooperation will help the middlemen in this selling work.

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Channel relationships like other human contact is also frustrating and irritating and tend to develop. Blemishes can grow into big ones if left untreated. So it is the responsibility of a marketing should try to provide a feedback of information from the field so that he would come to know what is happening in his channels and in the marketing field. Therefore, development in the channel system can be happened only when the manufacturer comes forward to pay serious attention to the problems of the middlemen, to bridge the gap of communication between them and provide assistance that can be used in their selling work. Truly development in the channel system is correlated to the acceleration of the whole marketing system.