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Sales Channel considerations for the 21st century

By Frank Williams

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Increasingly, small and mid size company CEO's and marketers wake each morning to a barrage of bad news despite their best efforts. Chaos is everywhere and in everything we do. How can thinking CEO's and senior marketers create more shareholder value against a backdrop of advancing global competitive threats and an ever-increasing complexity in reaching, capturing and retaining customers?

First, – GET USED TO IT – it's the new business order. The so-called norms' of price, product, promotion and placement no longer exist. If you think they do, then you have already lost. Realize everything is up for grabs. Next, understand that just surviving in this environment is the same as losing ground and will ultimately end in failure for your business.

Capitalism is brutal and measures CEO's in simple terms – growth and profits. These twin ingredients of success go to market leaders. Creating leadership is what your firm should be about. Leadership results by fearlessly embracing change. Leadership results by boldly accepting chaotic conditions and turning them into marketing wins. Leadership results through constant innovation that provides a corporate-wide and maniacal focus on ways to increase the value proposition to your targeted customer. Without this approach your business will ultimately fail.

Consider this new business axiom -- choice for many products and service has increased 100 fold! And will probably increase another 100 fold within the next few years. Customers can reliably reach manufacturers half way around the world, yielding more customer value, accessed through the ubiquitous world-wide-web, and seamlessly delivered to their front door by FedX or the boys-in-brown (UPS) in a few days. Can your firm compete?

Global Marketing, Inc. works with many small and mid size companies that are beginning to realize it's no longer about local competition. They understand that a parochial attitude towards a delivery system will not work in the 21st century. However, they are not sure how to proceed.

To start with, your company mission must be driven by your customers preference for the time, form and place they choose for delivery. Your delivery systems must be smooth and uninterrupted providing

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unparalleled pre and post sales support. This may seem a daunting task, but one that must be continually pursued if your firm is to thrive in the 21st century.

Do you know how e-traffic has affected potential delivery of your products and services? Have you maximized the role of channel partners in your route-to-market and go-to-market strategies? Have you researched your customers' preferred purchase location? These are complex issues for most small and mid-size businesses.

Where to start

First, recognize that in this complex world-market all channels to market must be utilized – web sales, direct selling, independent sale reps, international agents, distribution, VARS/SI's, and catalog.

A short description of each of channel should help.

Direct Sales are sales people directly employed by the manufacturer. Depending on the company, its products and customer requirements this may be the main channel to market.

Independent Reps are a group of separate, independent companies (usually under exclusive contract) that represent a number of non-competing manufactures. Usually these companies sell in a protected geographical area or application specific market niche. They receive a commission from the manufacture on each sale.

Distributors are companies that typically service a mature, well installed customer base for the manufacture. They work under a contract and usually take title to the product through a discount program based on qty purchased. Other factors may effect the discount such as local support and customer training. The distributor may charge the customer whatever the market bears and, by law, cannot be prohibited from selling the manufacturers' goods to anyone at anytime. Distributors normally hold some local inventory to meet the customer's immediate need.

System Integrators or VAD's are market enablers. These companies are local and usually focus on a particular application or product technology. They purchase the manufacturer's product as a customer and add value by incorporating it to a system or customer driven solution. Unlikely they would carry any inventory and usually purchase based on a specific customer demand. These enablers are essential in early introduction of new technology. However, they also fill an important gap' blending hardware from hardware vendors and software from software vendors into a usable, supported solution for the end-user.

Catalog Sales has increased in importance in the channel strategy of most companies. More and more, products are becoming commodity' oriented. Access to the product becomes key to the sale. Catalog sales are just that. Usually in hard print augmented by web sites. Catalog sales typically are lower in price than other channels however usually don't provide strong on-site or local after sales support. Catalog sales appeal to the techie who already understands the technology as well as the customer who has purchased the product before and primarily needs replacement parts.

Internet sales are fast becoming a powerful force in any channel strategy. The technology is allowing

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very sophisticated products to be sold on–line to a wide variety of consumers. Internet simply allows the customer access to your product line through on–line and secure purchasing methods. Prices, specifications and pictures of the product are posted to help make the sale. Usually the targeted customer is one who already understands the product and/or technology. The Internet sale is an excellent method to continue to retain present customers. Correctly built, Internet sales can reduce the administrative purchasing costs, remind your customer what they usually purchase, and generally make it easy for them to conduct business with your firm. In today's time–crunch work environment, customers appreciate any firm that values their time and will reward them with their business.

Next, determining what type of product you have is the single most important part of defining your channel strategy. Product type, pre & post service requirements, and revenue generated per customer transaction are key. Understanding these points are important and will focus the manufacturers sales & marketing resources.

For example, if the transaction per customer is low (under \$500), then the channel will expect the manufacturer to create demand in the market through effective advertising to targeted end–user

accounts. The ideal channel will fill orders to a broad customer base in order to cover individual sales costs. If the product carries a higher value, the channel will be more motivated to pioneer the product because they will be able to sell additional value (local stock, service, integration, etc.) that not only covers their sales costs, but provides cross–selling opportunity yielding higher, overall profit per customer transaction. This dictates that the sales & marketing resources are applied strongly to the partner channels.

Understanding your value proposition per customer transaction is key to defining major components of your channel strategy.

E–traffic – the new channel dynamic

If you are not utilizing the power of the web as an integral part of your marketing program and sales channel strategy, you are simply asleep! And your competition loves you for it.

The web has had a dramatic affect on channel partners. Most buying individuals have access to online information. Product pricing and specifications can be quickly downloaded for easy comparison–shopping. This real–time dynamic of the web has forced channel partners to be true and tight.

However, the web has also yielded many channel enhancements to the forward–acting manufacture.

Many companies use their web site as a clearing and linking depot for their channel partners. Listing the channel partners' web site gives customers quick access and information on local channel presence. Channel partner enhancements include the creation of an Intranet. This channel–access only Intranet is virtually cost–free and provides timely (24/7) order entry, literature and information downloads as well as on–line service support. Surely you can think of other services that the Intranet can provide. Done right, this can be a customer plus and a competitive advantage.

Blending all channels to market – dealing with channel conflict

Global Marketing's contention is that companies must utilize all channels to market. Typically small and mid-size companies favor one channel. Usually it is the channel that assisted their early growth. Early on, there may not have been much choice, but to grow to the next level, multi-channel marketing must be deployed. And this brings up the biggest barrier to an effective channel strategy – cross channel conflict.

Cross channel conflict is when two or more channels compete for the same sale with the same brand. Realize that any company will face channel conflict. As markets and products mature, you must add new channels to cover all major market segments. Conflict cannot be eliminated. The goal of marketing must be to optimize market coverage and manage conflict so that it does not become destructive. Balancing this conflict is demanding, yet essential to sustained growth.

Too much conflict is destructive causing price issues and loss of market share and excessive sales management time. Too little conflict yields less market share with major coverage gaps. Optimum market coverage drives high market share, low coverage gaps and manageable conflict.

Recognize that the driving influences of channel conflict are both economic and structural in nature. Economics motivate the channel and structural controls help to define and guide how conflict is

managed. Pricing strategy, market penetration, channel support issues, and even company politics are challenges that generate channel conflict. Understanding, reviewing and managing these problems enhance your firm's ability to maximize market coverage and manage channel conflict.

One final point. Figuring out your channel strategy is only part of the issue. Communicating your strategy and any required updates to all active channels on a regular basis is an imperative. Each channel must understand how they will part-take in generating businesses and make money.

The 21st Century's Definition of Artistic Design

By Gem

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Throughout time, art has transformed into many ways it could possibly be. Like man, it has gone through different eras, facing the biggest challenges of life. Artistic Design, in the olden age, defies the law of art having limited supply of materials in hand. Capped with a fervent love for art and the aptitude to go with it, an archetypal design can turn into a masterpiece.

Like man, an artistic design has its way of leaping over realism and the rules of drawing associated in it, making intellectual efforts in understanding reality in pursuit of the modern technology. It is evident that the pace of its transformation is fast and enduring. It accelerates under the impact of trains, cars, electricity and the like. Thus, the 21st Century's Definition of Artistic Design was born.

So, what is artistic design in this modern age? Its meaning transcends the elusive metaphors and technical wonders of our time.

Is it the advertisement packed with heavy graphics that flaunts at our eyes and catches our attention? Is it the uncovered truth that uses programs, which they say, make our lives easier? Is it the man behind the powerful tool of a computer graphics program? Taking a closer look, one can be easily deceived. Like any replicas, an artistic design is covered with an artist's technical proficiency in hiding the truth, making it less substantial.

An artistic design in the 21st Century is highly influential. It is sad that most designers and (even) design gurus think that the coming of powerful computers and software tools could actually compensate for a lack of artistic ability or inadequate knowledge of design principles and processes. Let us also not forget that a man becomes more creative when his capacities are not bounded by restrictions, when he is capable of manipulating impressive tools not to conceal his creativity but to enhance it more. It can be said that it is through these high-technology graphics can an artist be able to use his artistic prowess better to reach people in new ways, to draw people closer into their art, and to add to a viewer's sense of self-worth.

Art, without a doubt, has gone through traditions of time. Art in the 21st Century is an assortment of masterpiece we've enjoyed in the past, the kind of technology that we would like to savor. It is a combination of an aesthetic mind, a passion for art and a remarkable knowledge of computer graphic design programs that can actually turn into a fine work of art.

For comments and inquiries you may contact the author through their website at <http://www.colorprintingwholesale.com>



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