DISTINCTION BETWEEN BUSINESS CHANNELS.

Abstract

Business Channels are the mechanisms for how we communicate with and deliver our value propositions to our customer segment. Business channels provide Key touchpoints that play a big role in convincing the customer, satisfying the customer and retaining the customer. Business Channels helps to Understand, design, and test assumptions in a market. There are two types of Business channels that include Distribution Channels and Communication Channels. Distribution channels are the path products take from manufacturing stage to selling them to final consumers. There are types, methods and levels of distribution channels that involve manufacturers, distributors, wholesalers, retailers and consumers. Business Communication Channels are platforms used to communicate with the prospective consumer of one’s products. Communication channels fall under 3 main categories namely: Formal, Informal and Unofficial.

Business Channels are the mechanisms for how we communicate with and deliver our value propositions to our customer segment. Business channels provide Key touchpoints that play a big role in convincing the customer, satisfying the customer and retaining the customer. Business Channels helps to Understand, design, and test assumptions in a market. Two Types of Business Channels Include Distribution Channels and Communication channels.

**Distribution Channels.**

Distribution channels are the path products take from manufacturing stage to selling them to final consumers. Distribution channels aim at ensuring that goods are available to the consumer in sales outlets as fast as possible. Distribution Channels fall under three main types namely: Direct Channels, Indirect Channels, Hybrid Channels.

**Direct Channels**

In direct channels, the Company is responsible for delivering the products directly to the consumers. No intermediaries are used. Here the manufacturer has total control over the distribution channel. In Direct channels, the manufacturer may not deliver the goods to a high number of consumers. However, in direct channels goods might be offered at lower prices since to commissions are paid to intermediaries.

**Indirect Channels.**

In indirect Channels, manufactures deliver the goods to intermediaries who then deliver the good to the final consumer. Intermediaries include Wholesalers, retailers, distributers and brokers. Here the manufacturer has no total control over distribution channels. In indirect channels, large volumes of goods can be sold and wider range of consumers can be reached. However, products have higher prices since commissions are given to intermediaries.

**Hybrid Channels**

Hybrid Channels are a mix of direct and indirect channels. In hybrid model, the manufacturer enters into a partnership with intermediaries, but still hold strong contact with the customer.

Distribution channels are also divided into three methods of Distribution channels.

These include: Exclusive distribution, Selective distribution and intensive distribution. Methods of distribution, primarily determine who will sell the product.

**Exclusive distribution.**

In exclusive distribution, intermediaries take the goods to specific sales outlets using sales representatives. This implies that only specific outlets are able to sell the products to consumers.

**Selective distribution.**

In selective distribution, the company gives the good to specific intermediaries who sell the goods to final consumers. Here the intermediary reputation, experience and convincing mechanisms are key as they are the consumer consultants to that product.

**Intensive distribution.**

In intensive distribution, the manufacturer places their products in as manyn sales outlets as possible. Intensive distribution method is popular among manufacturers of low cost products with high consumption rate.

**Distribution Channel levels.**

Distribution channel levels is the distance between manufacturer and consumer. There are four distribution channel levels namely, Level 0, level 1, level 2 and level 3.

**Level 0 distribution level.**

In level 0, there is close and direct relationship between manufacturer and consumer. Company incurs the relationship costs and are high.

**Level 1n distribution channel**

In level 1, the manufacturer sells the good to distributer who can sell them to wholesalers and retailers. Here, the distributer incurs costs of sales and transportation to sales outlets.

**Level 2 distribution channel.**

In level 2 the distributor delivers goods only to retailers who sell them to consumers.

**Level 3 distribution channel.**

In level 3, the product goes through the distributor, the retailer and consumer. Products have high prices since operational costs are incurred by all the parties involved.

Distribution channels have 9 main intermediaries namely: Retailers, Wholesalers, Distributors, Agents, Brokers, the internet, Sales teams, Resellers and catalog.

**Business Communication Channels**

Business Communication Channels are platforms used to communicate with the prospective consumer of one’s products. Communication channels fall under 3 main categories namely: Formal, Informal and Unofficial.

**Formal Communication.**

Formal communication channels are mostly written forms and usually one waynas they don’t require much dialogue. Examples of formal communication channels include; Newsletters, Press releases, official emails, websites and company blog.

**Informal communication Channels.**

Informal communication channels are more persuasive and more conversational. They include; Social media, live chats and video-conferencing.

**Unofficial communication channels.**

They are more behind scene interactions. They include Word of mouth, live or virtual social gatherings.

**Conclusion**

Different Business channels are employed by a company based on their intended achievement. Distribution channel chosen by a company will determine whether the company will have direct and close contact with the customer or not. Similarly, the chosen distribution channels will also determine whether the company’s product will easily reach a wider range of customers or a small range. The choice too has cost implications to the manufacturer, distributor, wholesaler, retailer and consumer as the price of then product will be higher when more intermediaries are involved but will be lower when only then manufacturer is involved. Business channels affect Awareness among the customers on a particular product, Evaluation of product performance in the market, Delivery efficiency of a product by the manufacturer or the distributor and After sales decisions made by the company& intermediaries.

Reference

Alderson W., (1994), *Development of Marketing Channels*, Glencoe, III

Bierman and Dyckman, (1971*), Managerial cost Accounting*, Collier Macmillan

Courtney Hoover, (2017), *Logistics Management and Industrial Engineering,*

NY Research Press

Daniel S., (2020*), Supply Chain Management for Dummies*

Marshall A., (1898), *Economics of industry*, 4th Edition, London Macmillan.

Robert W. Palmatier, Louis W. Stern, Adel I. El-Ansary, (2020), *Marketing strategy:*

An Omni-Channel Approach, 9th Edition, Routledge Publishers