BUSINESS FINANCE - OPERATION MANAGEMENT.

HOW TO DISTINGUISH BETWEEN BUSINESS CHANNELS.

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 A channel is a distribution system for a business or rather a trading range between support and resistance of a price chart.

 A business channel is a process whereby goods and services are distributed from the producer to the consumers through a network of individuals and organizations.

According to Kotler and Keller, (2008, 26), a business channel is comprised of three types which are:

* Communication
* Distribution
* Marketing and service channels.

COMMUNICATION CHANNEL

 Business communication is held to a higher standard than the normal day to day communication. This is because the consequences of misinformation and misunderstanding are at a high stake and may dearly affect a business operation compared to other communication.

 A business communication channel therefore, is the medium, mean, manner and method through which a message is sent to the intended recipients. Without the right medium of communication it becomes extremely challenging to align employees with the business goals. In a business setting there are two types of communication that take place. These are internal and external communication.

 Internal communication is the type of communication that takes place within the organization. That is the workers of the business amongst themselves or with the leaders.

External communication takes place when the business passes information to their customers, stakeholders and even other businesses. Also in terms of formality, the changes are classified into:

 Formal communication which includes exchange of information on defined channels of communication by the business. Such information may include policies, goals and procedures of an organization. Examples of these are business plans, goals, strategies, reports, agreements and board presentations.

 Informal communication channels which are also used to deliver official information but in a more relaxed manner. For example conversations between peers addressing various issues that they may have.

WAYS OF COMMUNICATION CHANNELS

Oral communication

 This channel depends on the word of mouth. They are the richest medium of communication. These channels deliver less distorted messages since body language and voice intonation also provides meaning for the receiver.

 They provide an avenue for immediate response to the sender. Furthermore it's the most labor intensive in terms of people involved in the transaction.

 Oral communication channels are important in passing information that has strong emotional response like anxiety, and confusion. Also, it is important when the business wants to introduce a key official or change a long established policy which is then followed by a detailed written explanation.

Examples of oral communication are;

Face to face communication

In person and group presentations

Video meetings

Conferences

Speeches and lectures

Mobile phone conferences.

WRITTEN COMMUNICATION

 It is communication by writing. It includes emails, texts, memos, letters, documents, reports, newsletters and spreadsheets. In this form of communication, the writer must provide enough contexts for easy understanding and interpretation. Written communications are effective when transmitting large messages.

 Messages can be studied overtime if needed. Reports can also include supporting data and detailed explanation when it is important to persuade the receiver about a product or service. Another advantage is that the information can be tailored exactly to say what the sender means.

 A disadvantage of this channel is that immediate response is not a guarantee and the information may land in wrong hands. Examples are offer letters, contract, budgets, proposals and quotes.

ELECTRONIC/MULTIMEDIA

 Is communication by use of the internet this allows messages to be sent instantly globally. Marketing and advertising can be targeted at many different types of customers and business units. Although very effective, it is also risky as private sites and communications can be hacked and data stolen. Also it is prone to scamming which may taint a business image. Examples are, TV, interactive blogs, Facebook, Twitter, and company pages.

DISTRIBUTION CHANNELS

 Domschke and Schield (1994), distribution encompasses system of all activities that are related in the transfer of goods and services between the manufacturer and consumers. This includes coordinated preparation of manufactured goods to their type, volume and time. Distribution channels are for bridging the space, through transportation, storage, processing and shipment.

COMPONENTS OF DISTRIBUTION CHANNELS

Producer, agents, wholesalers, retailers and consumers.

TYPES OF DISTRIBUTION-CHANNELS

Direct channels

 This channel allows consumers to make purchases from the manufacturer without a middle man. It is the shortest channel as well as the cheapest for customers as there is no commission paid to intermediaries. The manufacturer is in total control over the distribution channel thus ensuring safety of consumers.

Indirect channels

 This allows the consumers to buy from wholesalers or retailers. This is typical for goods that are sold in traditional stores. The channel also makes it possible to sell products to a large market available. The prices are high due to commissions paid to intermediaries and also the manufacturer does not have control over the distribution channel.

Hybrid channels

 This is the combination of both the direct and indirect distribution. The manufacturer may incorporate both a retailer to distribute a product or service and may also sell directly to the consumer. This model forces the manufacturer to partner with intermediaries but still is in control of customer contact. For example a brand may promote products but does not deliver them to consumers but instead have an authorized distributor.

LEVELS OF DISTRIBUTION CHANNELS

Exclusive distribution

 In this distribution channel only few intermediaries that resolve to exclusively sell the products are involved. Deals are exclusive and limited to just those intermediaries selected. This type of distribution is carried out by sales representatives.

Selective distribution

 The producer allows specific group of intermediaries responsible selling to final consumers. The criteria used by intermediaries in distribution include support capabilities, service and geographic region. Intermediary reputation is important as vendors require strong bond with retailers in order to be selective. Intermediaries become consults to costumers and recommend appropriate products to them.

Intensive distribution

 Manufacturers try to locate their products in many sales outlets as possible. Sales teams and commercial representatives are responsible for distribution of goods and services. This method is applied in high consumption and low cost of production goods.

 Distribution channel levels describe how close an intermediary is to producers and consumers. When another intermediary is added to the model, another level is added between the consumer and the producer.

Marketing and service channels.

 A marketing channel can be described as an array of exchange relationships that create customer value in the acquisition, consumption and disposition of products and services. A marketing channel emerges from demand that a market place needs to be satisfied. Marketing channels need to be dynamic to adapt to constantly changing market place.

 A customer service channel is a platform a business uses to communicate or rather market to customers.

A business can use the various forms to market their products as shown below.

1. Live Chat

 Live chat has become an essential customer service channel. It provides an immediate response to customers visiting the website. Some of which may be in the middle of their purchasing decision process. Livechatwebsite not only answers queries but also directly impact sales. In fact, using a live chat tool as a customer service channel helps to increase sales, customer loyalty, and revenue.

2. Chatbots

 Chatbots are similar to live chat because they provide real-time responses. However, the biggest difference is that it is run by chat robots, and conversations are conducted based on predetermined response workflows, so the answers may be limited. Chatbots simulate human conversations and provide users with canned responses and options they can click through to proceed with the conversation.

Chatbots allow users to include links and clickable responses in the bots’ messages, leading customers to relevant pages on the knowledge base page. Chatbot also allows users to include rich media, such as file uploads and access to calendars.

3. Shared Inboxes

 Shared inboxes offer customer service teams a centralized platform to receive incoming emails and assign each case accordingly. This lets the teams track incoming customer email requests and ensure each case is attended to promptly. In addition, users can easily follow the progress of conversations by referring to the email trail, which includes previous discussions and lets customer service teams manage emails in a single collaborative space. This allows auto-assigning threads, pick up conversations from other team members, assign emails to colleagues, and follow specific conversations. Users can also access preset message content for common queries, so any agent can use them to respond to customers with consistent tone and information.

4. Social Media Messengers

 Facebook users who message businesses say it makes them feel more confident about the brand. Integrating social media accounts in customer service software allows monitoring of incoming messages from various platforms, such as messenger, instagram, and Twitter. You can also create message workflows to expedite assistance to your customers. It also has analytics capabilities that let users analyze customer sentiments and monitor the performance of their customer service agents.

5. Text Messages

 Communicating with customers through SMS or text messages is one of the most convenient customer service methods as it allows customers to reach out to businesses through their mobile phones without internet connection or data. Furthermore it enables businesses to capture their customers’ mobile numbers and save them in their databases. For example, customer service agents can automate marketing and promotional messages and send order confirmations and appointment reminders.

6. in-app Phone

 Another traditional channel, in-app phones allow agents to make calls straight from their desktop software while accessing all pertinent customer information, such as personal profile. Consumers prefer phone calls as the medium for customer service; this means it is still important to keep traditional methods especially phones. It lets you make and answer calls from your desktop, record conversations and call notes, transfer calls, and purchase local and toll-free numbers. It also allows you to conduct conference calls and analyze overall call trends, such as the total number of monthly calls and call duration, using its analytics tools.

7. Customer Relationship Management (CRM)

 Using CRM software for improved customer service activities is common because many CRMs provide Omni channel communication tools to reach out to customers. While these channels are typically used for sales outreach, they can also be utilized as service tools making it easy for businesses to record communication history with their customers and allowing them to give highly personalized support Some CRM systems. By using the software, users gain access to essential communication platforms straight from their CRM dashboard, including shared inbox, live chat, Chatbots, SMS, and in-app phone.

 In conclusion, for a business to be successful, it should operate smoothly through all the channels from communication, production, marketing and service and distribution. A business that manages its channels well is guaranteed good profits and thus sustainability of long term operations.

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