

MBA- I semester, Paper- Marketing Management, MB 105, TOPIC- Motivating & Evaluating Channel Members.

Motivating Channel Members:

As the channel members are as important as your customers, a company needs to make them happy. Just like anybody, channel members are also need to be motivated. On the one hand, the company tries to train them for their better performance and on the other hand, the company provides them incentives, higher margins, premiums, display allowances, advertising allowances and special deals.

While managing the relationship with the channel members, a company can use coercive power or it can use reward power or legitimate power. A company can also use expert power or referent power. In the case of coercive and legitimate power, the relationship can turn sour and it may not be productive in the long run. But the widely used reward power works the best to get the cooperation from the channel members. In the case of expert power, the channel member looks forward to the company for its expertise and becomes dependent, if the expertise is ever changing.

When a company is highly respected like Sony, LG, Apple, Maruti Suzuki, then they have referent power. The channel members feel proud to be associated with it. In turn, it makes the channel partners cooperate with the company. This is the highest authority a company can possess.

The most advanced supply distributor agreement is distribution programming, which can be defined as building a planned, professionally managed vertical marketing system that meets the needs of both manufacturers and distributors. The manufacturer establishes a department within the company called distributor relations planning. Its job is to identify distributor needs and build up merchandising programmes to help each distributor operate as efficiently as possible.

Channel management is necessary, and a fundamental part of channel management is that of motivating the channel members. The three facets of motivation management in the channel are:

(1) learning about the needs and problems of the channel members,

(2) developing programs to support their needs, and (3) providing leadership. Good channel support programs require careful planning and fall into three areas: (1) cooperative agreements, (2) partnership and strategic alliances, and

(3) distribution programming. Leadership must still be exercised on a continuing basis if motivation programs are to operate effectively and viably

Evaluating Channel Members:

Channel members are evaluated on the basis of their sales, inventory level, service support, delivery time performance, complaint redressal, promotional program implementation and training performance.

If the performance of the channel member is satisfactory, then it is rewarded for its efforts and if the performance falls below mark, it is advised to make necessary changes in the processes. In case of channel members, where the problems are beyond rectification, they are removed and the company appoints a new channel member.

Modifying Channel Arrangements:

With the changing times, the company needs to modify its channel arrangements. The product line can expand, the consumers buying pattern can change, the new competition can come up, a new

distribution channel can emerge or the demand of the product can change by getting into the later stages of product life cycle. All these factors can lead the company to change its channel arrangement.

When Intex started their operations in 1996, they had just one product – Ethernet card. Now the product has expanded to 26 product groups with more than 300 stock keeping units. Now their marketing channel consist of 2 mother warehouses, 2 regional offices, 28 branches, 57 service centres, 183 service franchises and more than 2000 channel partners. Similarly with the growing usage of Internet, all the retailers are trying to follow a brick and click model, where they sell their merchandise in their stores and they sell it online also. Kishore Biryani's Future group is a good example of the same.

They target their customers through a brick model with Big Bazaar, Pantaloons, E-Zone, Home Town etc. and follow the customers online through their click model i.e., [www\(dot\)future bazaar\(dot\)com](http://www.futurebazaar.com) and [www\(dot\)Ezone online\(dot\)com](http://www.ezoneonline.com). From time to time, a company needs to track the changes in the market and on this basis; they need to modify their channel members.