Chapter XXII

Channel Surfing: The Challenge and Opportunity of Channel Management in a Networked World

Jonathan W. Palmer, College of William & Mary, USA

Abstract

The chapter describes opportunities in channel management at multiple levels, including customer-focused channels providing capabilities in managing customer contacts, sales, and service, as well as procurement and distribution channels. Examples are offered from the U.S. Government’s Federal Supply Service, UPS, FedEx, Staples, and PBM Plastics. This chapter summarizes the channels and suggests some likely scenarios for the future, including electronic marketplaces with agents, the evolution of mobile technology, wearable technology, and location-based services. The ability to mix old and new systems and to accommodate legacy as well as recently introduced system components is crucial for success. Perhaps as importantly, the ability to rearrange and reconfigure supply chain channel elements is critical to designing an agile and flexible channel management solution.
Introduction

The typical vision of the TV-watching male with fingers wrapped around a remote control that clicks quietly but continuously in search of the perfect channel may well be a metaphor for those seeking to capture and retain customers in the future.

In the television metaphor, channels represent a series of potential market offerings, distinguished by their content, programming, and advertising. Consumer choices are made as to which channel to use over some time frequency. Channels are easily changed and often are repeatedly changed over the course of a viewing session. Some television hardware facilitates the channel surfing even further with multiple channel presentation on the same screen and the ability to TIVO, or record, the action for later replay.

These customer channels are important, but not the only channels in which today’s organizations operate. Firms must identify channels for sourcing people, assets, financing, and all the resources required to successfully compete. The channels of procurement or acquisition also take various forms to facilitate the process of information gathering, negotiation, agreement, settlement, and fulfillment. Channels also can be strong or weak. Within this overall process, multiple channels may be available to support each of the subprocesses (e.g., gathering information from multiple channels about potential employees, products, services, particular firms).

In addition to customer and procurement channels, delivery channels also have increased in number and complexity. Channels for delivery involve a variety of potential fulfillment players, third-party logistics providers, freight forwarders, and customer brokers, all required to move physical product from one location to another. With the advent of digital or information goods, the delivery channels have widened to include electronic transmission of products such as software, news, music, and video. This digital distribution channel also can be extended to provide information support for services, technical support through call centers, and online resources for troubleshooting and information. These delivery channels have another important dimension—the degree of intermediation within the channel. The number of steps and particular companies involved begins to identify the degree of intermediation. At the most basic level, the delivery channel can be intermediated (typically by a broker, dealer, or wholesaler) or disintermediated (with only the principal buyer and seller involved).

This chapter will describe several channel-surfing options facing organizations and provide some insights into what the future may hold. This future is likely one in which the most successful firms will be most adept at managing in a multi-channel environment. The chapter is organized first by concentrating on cus-
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