



A Study on Marketing Channel Strategies for Electronic Companies

Ying Zhou Mungia^(✉)

New York University, New York, USA
1280538273@qq.com

Abstract. With the development of the economy and technology, people's demand for electronics is rising. Electronic companies need to make more efforts on channel strategies for marketing to maintain their competitiveness. However, companies face problems such as incomplete channel design and inaccurate positioning due to the single-channel design, unreasonable positioning methods, and disadvantages in channel members' selection and performance appraisal. As a result, the electronic companies should optimise channel design to improve channel structure, clarify marketing channel positioning methods, strengthen channel members' selection and control, and improve the performance appraisal system.

Keywords: Marketing channel · Channel design · Electronic companies

1 Introduction

With the vigorous development of computer technology, electronics are widespread, which is significant for developing the national economy and human society. Both electronic software and hardware provide carriers and platforms in the era of information and the internet. However, competition for marketing channels between electronic companies is becoming fierce as the pricing of electronic products becomes homogeneous and clients gain more access to market information. It is difficult for companies to gain profits facing these challenges; thus, they must improve core competitiveness and implement marketing channel strategies more efficiently. As channels are important for marketing, it is necessary to study electronic companies' market channels and channel strategies.

2 Theoretical Overview

2.1 Definition of Electronic Company

Electronic Companies refer to companies that produce high-tech electronics, promote marketable innovative products, and continue to expand in international markets. Generally, there are two types of electronic companies. One is technology-intensive, focusing more on R&D and application in high-tech fields including information, electronics, bio-engineering, materials or new energy. The other is knowledge-intensive, closely related to supply chain and franchising.

2.2 Definition of Marketing Channel

According to Marketing Management by Philip Kotler, there are three kinds of marketing channels: communication channels, distribution channels, and selling channels. Communication channels sent and receive message from target buyers. Distribution channels include physical distribution channels and service distribution channels, which include warehouses, transportation vehicles, and various trade channels, such as distributors, wholesalers, and retailers. Selling channels include distributors and retailers, and the banks and insurance companies that facilitate transactions. [1] This paper will focus on the distribution channels.

3 Current Status and Problems of Marketing Channel Strategies in Electronic Companies

3.1 Current Marketing Channel Strategies of Electronic Companies

Channel strategies of electronic companies includes direct channels, physical channel, social channel, etc. This paper will focus more on the physical channel strategies of electronic companies.

Franchise stores are operated by franchisees, parties with licenses or authorisations of electronic companies. [2] Franchisees are responsible for store leasing, decoration, management, operation, etc. Electronic companies entirely run self-operated stores. That is, companies control ownership and take charge of daily operations. In self-operated stores, companies offer consulting services (consultation, complaint, and business service) and marketing services (selling, customer retention, brand publicity, and after-sales service) (Fig. 1).

Most electronic companies have the above channels at the same time. Due to the increasingly competitive nature, the physical channel strategy is also improving. Approximately 79% of customers can remember their experience, which means experience enables channel members to promote efficiency. However, due to the homogeneous competition, customers are highly aware of the products and services offered by electronic companies with a low utilisation rate.

3.2 Problems of Channel Strategies in Electronic Companies

Incomplete Channel Design

The marketing channel design of electronic companies is still insufficient. The current structure does not concern market niche and structure or the influence of the brand in



Fig. 1. Two Types of Channel Strategies of Electronic Companies

different areas, such as difficulties and channel management status. Incomplete marketing channel design once led to a simple marketing channel with insufficient planning and development. With the lack of a sound management system for establishing the channel and the lack of interaction with distributors, companies are also more likely to lack management and technical support for distributors in the future and a lack of channel content.

Inaccurate Channel Positioning

Electronic companies turn their target into a “boutique market,” an area with less exploration, against the homogeneous competition. However, their marketing strategies are not based on this new positioning. Thus, electronic companies need to clarify their targeting market, build brands and take advantage of the marketing channels for more profits. However, electronic technology enterprises lack classification and precise market positioning. Electronic companies could not meet customers’ needs without a comprehensive and systematic understanding of the marketing channels.

Insufficient Channel Member Selection Standard

Electronic companies’ channel member selection standard relies on the quantity and annual sales volume, especially on achieving immediate sales targets without a long-term sales plan. However, some agents are in good condition, but their business model and mode of operation are not suitable for electronic companies, resulting in the failure of marketing projects in the market. Therefore, sometimes the performance is not an appropriate standard. On the contrary, a minority of agents have comparative advantages in some regions, which are also suitable channel members for electronic companies. Electronic companies currently have hundreds of secondary and tertiary channel members who cannot complete the sales targets. As companies also lack specific elimination rules, the utilisation rate serious of marketing channels is reducing.

4 Marketing Channel Strategy Solutions for Electronic Companies

4.1 Optimising Structural Design

First, electronic companies should build a comprehensive marketing channel design standard.

The current marketing channels adopted by electronic companies are agency and branch channels. Expanding channel length is conducive to market contact. Companies should consider channel width when expanding channel length, such as agents’ quantity and achievements. The width of the channel also depends on the length. Companies can select competent distributors with a good reputation in some regions as exclusive distributors to suit the market. Moreover, they can also consider other aspects, including comprehensive competence, customer feedback, and encouragement. In conclusion, building a comprehensive market channel standard is an essential task for electronic companies to improve the functions of the channel structure.

Second, electronic companies should optimise the general design considering three factors: economic benefit, controllability and adaptability. [3] Among them, the economic benefit is essential. Therefore, the distribution channel structure should not only

consider customers, brands, goods, manufacturers, intermediaries, and competitors' markets but also consider the sales volume, which directly impacts profits. For products with fewer sales volumes, it is reasonable to apply the agency channel design, adding new channels below, for instance, setting up both online and traditional physical stores. Companies can apply direct-sale design for refined management for products with larger sales volumes. Middle-scale electronic companies can take advantage of their electronic and logistic technology, set up marketing branch organisations across the country, and establish an online marketing team. By setting up an online direct-sale pattern, handling the supply chain, and controlling the number of end market stores, companies can respond quickly while remaining cost reasonably and gaining more profits. Large-scale companies can build chain stores to cover more users in the end market. However, direct-sale and mass chain stores are unsuitable for small electronic companies. In conclusion, electronic companies need to improve marketing channels' function and optimise the channel structure's design standard.

4.2 Clarifying Positioning of Marketing Channel

First, electronic companies should make segmentation and classify their targeting clients.

According to the types of products and services, clients of electronic companies lay in several fields, including commercial real estate, banking, tourism, supporting equipment for large enterprises, medical industry. The classification could be simplified into three categories: high-end, middle-end, and simple field, due to the program's value by the targeting clients. Moreover, the human resource of electronic companies is minimal, so they cannot carry out publicity simultaneously. As the current marketing channels are short, electronic companies can consider one- or two-level channels according to their demand for expanding market share. On the one hand, it is conducive to accumulating more customers for the product transformation. On the other hand, occupying a larger market share with high-value products is conducive to providing benefits for the company and society. Finally, the above measures could provide an essential basis for marketing channel positioning for electronic companies.

Second, electronic companies should adopt personalised channel positioning methods.

The positioning of electronic companies is flexible as the demands of clients are constantly changing. Therefore, companies should follow these changes. When electronic companies apply a more personalised service for multi-channel marketing, they can combine the market from a more minor to a growing channel. Therefore, the operation cost will be lower, as the charge for each step is more reasonable. Electronic companies can adopt the grade positioning method. For consumers who are more concerned about quality and price, positioning quality and price is a good way to highlight electronic companies. Enterprises can also adopt the positioning of "high quality with higher price" and "high quality with lower price." In addition, electronic companies can add specific cultural content to design, producing brand value differences and realising product culture positioning. Culture positioning reflects the unique taste of the brand. In the fierce competition, personalised channel positioning methods can reduce costs, provide customers with cost-effective products and services, and promote the competitiveness of electronic companies.

4.3 Enhancing Member Selection and Supervision

First, electronic companies should improve the quantitative indicators of selection standards.

Without comprehensive selection criteria for channel members, the channel system will be unbalanced, and the operating cost will also be high. [4] Therefore, it is very necessary to have a comprehensive selection standard. Under the guidance of social resource and product resource evaluation standards, the author adds seven quantitative indicators, covering the financial ability, credit ability, business experience, product experience, team management and control ability, cooperation intention, and cooperation period of channel members following their business characteristics and the requirements of the strategic development. Electronic companies can improve the quality of channel members by improving quantitative indicators of the selection criteria for marketing channel members.

Second, electronic companies should apply long-term guidance for channel members. Electronic technology enterprises can establish an internal communication system to ensure regular and smooth communication with channel members. For example, companies can invite core members to each major monthly seminar, exchanging views according to the changes in markets, competition, and problems in emerging markets and proposing solutions. Through long-term cooperation, channel members participate in sales and plan the whole process of marketing, product sales and solutions. Such a harmonious community of interests will play important roles at all stages and help achieve a win-win with sincere cooperation, precise coordination, and mutual trust for a long time. The long-term cultivation mechanism of channel members can guarantee the competence and quality of channel members.

5 Conclusion

This paper analyses the reasons for problems of marketing channel strategies in electronic companies and provides solutions:

- (1) In channel structure design, electronic companies should consider multiple angles while optimising the standards for better improvement, which is conducive to the development of agents.
- (2) As for market channel positioning, electronic companies should segment and classify the target clients and adopt personalised channel positioning methods to shape their competitiveness.
- (3) Electronic companies should strengthen the selection and control of channel members, improve the quantitative indicators of selection standards, and implement long-term guidance to improve channel members' competence.
- (4) Electronic companies should improve the performance appraisal system, establish a comprehensive channel member evaluation system, and formulate an effective incentive system to optimise performance evaluation methods further.

Since the author's academic ability is limited, the theories are insufficient. Also, the rapid development of electronic companies adds to difficulties in studying the status of

companies, which need to be improved in the author's future study. It is necessary to make timely adjustments and flexible changes to strategies in future. In the future, the author will continue to study marketing channel strategies and hopes that this paper can further promote the formulation of marketing channel strategy.

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