



Entrepreneurship 101

Session 6. Customer Channels



Learnkey



What are Customer Channels?

Channels enable:

- Interaction between your company and customer.

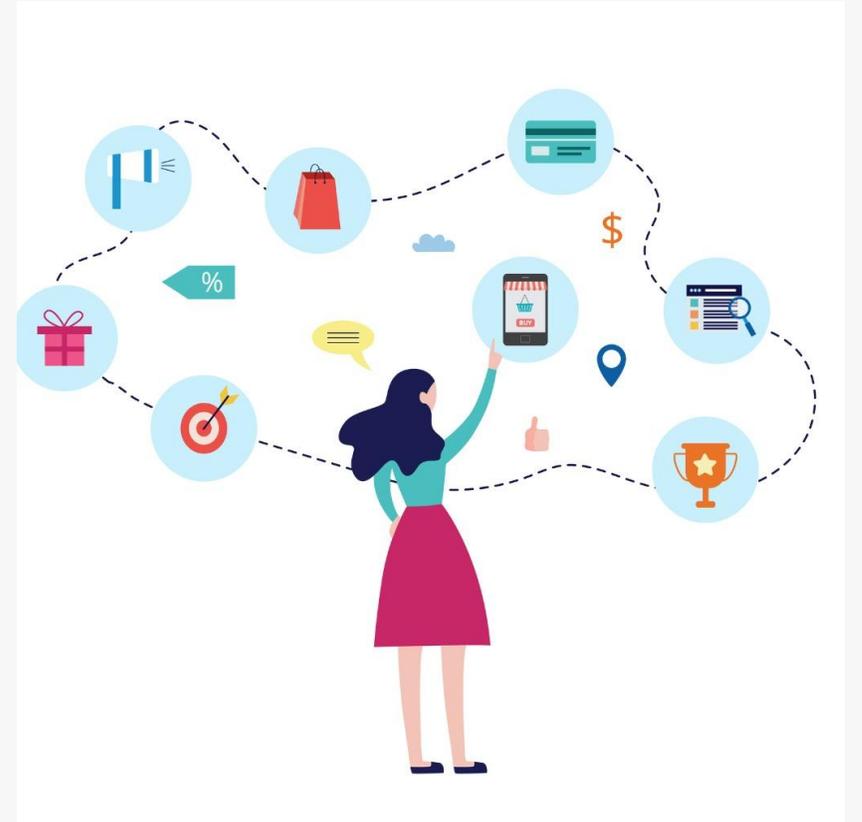
These customer touchpoints include:

- Communication channels.
- Distribution channels.
- Sales channels.



The Purpose of Customer Channels

- Increase awareness about products/services.
- Assist customer to assess value of offering.
- Enable customer to purchase offering.
- Deliver on value propositions.
- Provide post-sales support.



Customer Channels

Owned Direct:

- Own channels for product/service.
- Own website, retail store, sales team.

Pro:

- Control over customer experience.

Con:

- Operational and maintenance costs.



Customer Channels

Partner Indirect

- Partner channels for product/service.
- Wholesale, retail, partner stores and websites.

Pro:

- Greater customer reach.

Con:

- Lower return on sales.



Customer Channels

Both direct and indirect

- A mixture of owned and partner channels.
- Can balance the trade-off from each.

E.g., an independent fruit and veg producer:

- Sells from own shop AND
- Sells to local supermarket chain



Channels of Distribution

Level 0:

no intermediaries, direct to consumer.

Level 1:

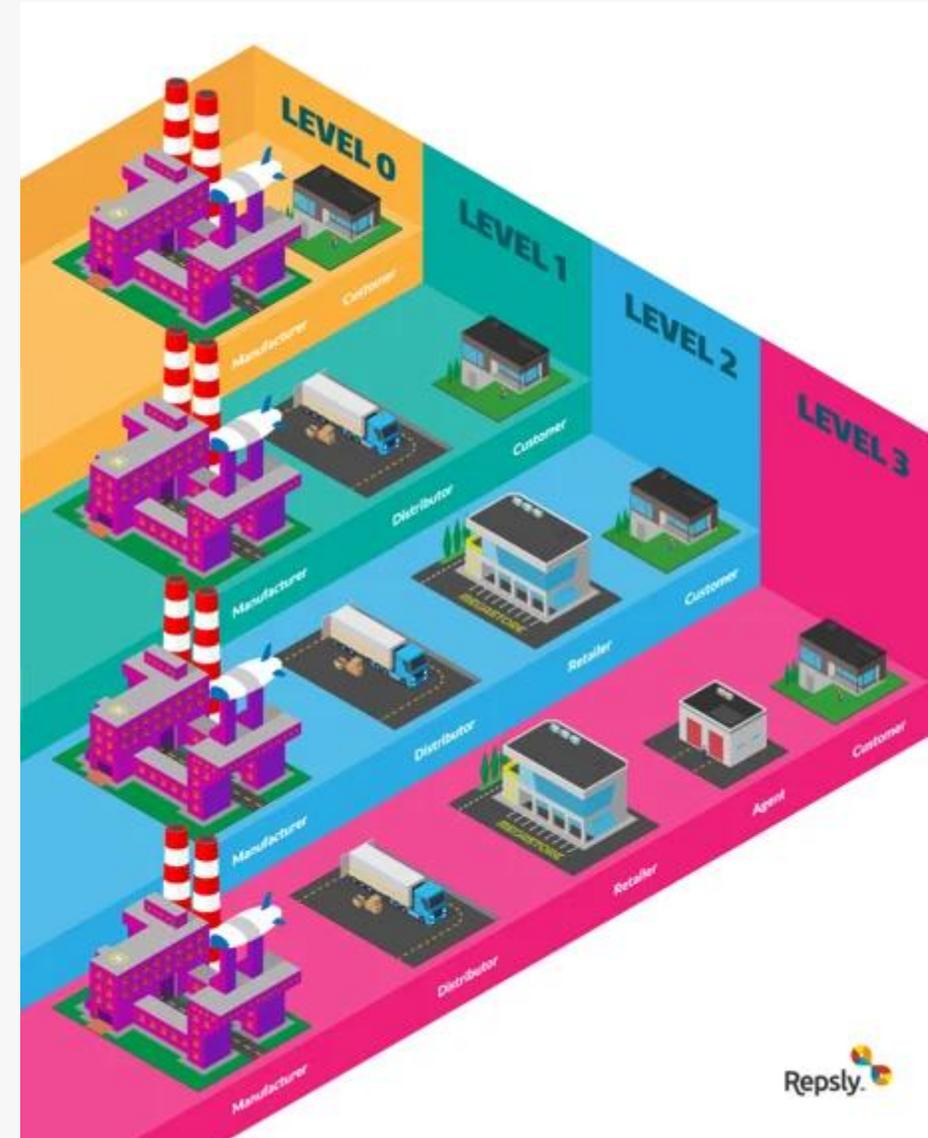
one intermediary e.g. distributor.

Level 2:

two intermediaries e.g., wholesaler & retailer

Level 3:

three intermediaries e.g., agent, wholesaler & retailer



Factors to Consider with Customer Channels

NATURE OF PRODUCT



Custom fit or specialised



Standardised or generic



Delicate or hazardous



Highly perishable



High-value



Complex

Factors to Consider with Customer Channels



Finance available



Control over distribution



Customer preference



Competitors



Geography



Market size



Quantity purchased



Legal environment

Business Model Canvas – Customer Channels

