



Sales Channels

Channel sales is the process of distributing a product to the market, typically by segmenting sales operations to focus on different selling vessels. For instance, a company might implement a channel sales strategy to sell a product via in-house sales teams, dealers, retailers, affiliates, or by direct marketing. Selling your product/service is hard and selecting how to sell your product/service can be challenging all by itself. Make sure you understand all the pros and cons of the sales channels available. This tool will give you a lot of this information.

Determine the pro's & cons of the different sales channels and which ones you'll use to monetize your product/service.

Outside Sales Team

Pros	Cons
<ol style="list-style-type: none"> 1. More effective in building relationships due to the face to face nature. 2. Customers tend to perceive the product as a higher value. 3. Immediate market feedback. 4. You can also use them as marketing and branding tools. 5. Most cases they can handle more complex sales. 6. Typically selling to ownership or the C-Suite. 	<ol style="list-style-type: none"> 1. Can seem expensive and carry a larger salary than their perceived worth. 2. Can seem to be geographically challenging...driving or flying to meetings, which carries another expense. 3. Trust can be a factor, much harder to maintain insights to daily activity. 4. Coaching for situations can be an issue. 5. Communications needs to be a top priority for managing and coaching.

Inside Sales Team (100% Phone)

Pros	Cons
<ol style="list-style-type: none"> 1. A lot of activity done daily and quickly. 2. Teams being inhouse makes it easy to change tactics. 3. Coaching can be done on an as needed basis. 4. Calls can be monitored for teaching moments. 5. Leads can be passed off and monitored easily. 6. Coordinating with marketing is faster and more collaborative. 	<ol style="list-style-type: none"> 1. Tend to be lower priced sale or subscription models. 2. Can be perceived as non-consultative. 3. Sales cycles tend not to build relationships and a customer service rep is used after the sale. 4. Sales can be single sale transactions and not ongoing. 5. Can be a smaller profit margin per transaction.

E-Commerce

Pros	Cons
<ol style="list-style-type: none"> 1. Earn money once the system is on. 2. Easy inventory management. 3. No renting of a physical store front. 4. Sell 24/7 5. Staffing is much less needed. 6. Almost endless listings for products. 7. Communication is easy and can be instant with automation. 8. Tracking logistics can be easy. 9. Reach a bigger market much quicker. 	<ol style="list-style-type: none"> 1. No personal touch. 2. Delayed delivery system. 3. Very competitive market, very congested. 4. Need the internet to access your goods. 5. Site must be mobile friendly. 6. Difficult to become a trusted resource. 7. Cannot try it before you buy it. 8. Hard to identify credit card fraud or Identity fraud.



Smmarketing Institute

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Sales Agents (Usually 1099 Contractors)

Pros	Cons
<ol style="list-style-type: none"> 1. No overhead cost. No benefits to account for. 2. They only get paid when they sell. 3. No need to fire underperforming reps. 4. You can have multiple reps with NO budget. 5. Most 1099 reps have more experience. 6. Possibly have industry related experience. 	<ol style="list-style-type: none"> 1. No control over daily activity. 2. Not always working for you or on your sales. 3. Possibly working on more than one job. 4. Product knowledge can be an issue. 5. Not always responsive to your needed changes. 6. Possible risk of misclassification can carry tax ramifications and fines.

Value Added Resellers/Manufacturer's Reps) (100% Commission)

Pros	Cons
<ol style="list-style-type: none"> 1. No salary overhead, they only get paid on sales made. 2. They tend to have a management structure in place. 3. They tend to utilize best practices. 4. No need to terminate underperforming reps. 5. Can use your product or service as a complimentary sale. 6. They can be very industry focused. 7. Possibly already have valuable relationships 	<ol style="list-style-type: none"> 1. Often sell multiple product lines with little or NO FOCUS on yours. 2. If selling competing products can look for spiffs. 3. Can be driven by price, looking for reductions to sell. 4. Can be difficult to retain brand loyalty. 5. No DIRECT control over daily activities. 6. Can be difficult to obtain feedback. 7. Contract needs to be very clear prior to start.

White Labeling (Direct Sales to Resellers)

Pros	Cons
<ol style="list-style-type: none"> 1. Low or no cost for marketing. 2. Low or no cost for sales. 3. Can still sell to your own clients/customers. 4. Faster speed to market than you can do by yourself. 5. You can be lean in your overhead of other roles in your company too. 6. Access to clients that you may not have sought out or identified. 	<ol style="list-style-type: none"> 1. No brand recognition in the market. 2. Possible customization issues in some industries. 3. Difficult to get feedback on industry trends. 4. May have to maintain a service relationship to end users under the label. 5. May have to compete with yourself. 6. Margins may be lower than you want or need.

Sales/Marketing Outsourcing (Using a paid third-party to sell for you)

Pros	Cons
<ol style="list-style-type: none"> 1. Free up time of managing sales to focus on your core business. 2. No New hiring process to manage. 3. Flexibility – increase or decrease your staff without layoffs. 4. No impact on your business insurance. 5. No impact on employment taxes. 6. No impact on your unemployment insurance. 7. You can sign a contract to your specified term. 8. Built in sales reporting. 9. CRM implementation or management. 10. Predetermined success metrics are in place. 	<ol style="list-style-type: none"> 1. Less control over the sales process (but with the right partner you should have input. 2. Can be expensive when comparing straight salary vs. overall value. 3. There is a slight confidentiality risk if you have a proprietary product or service. (Make sure you have a strong NDA in place) 4. There may be a longer learning curve with product knowledge or specific industry conditions. 5. Possible loss of information, if a CRM is not used or if no formal reporting mechanism is used.



Retail Outlet (Brick & Mortar Space)

Pros

1. Customers can immediately walk out with the item wanted.
2. Shopping in a Brick and Mortar can be viewed as a social activity.
3. People tend to spend more money than they planned.
4. Personal touch, people on sight can be helpful with opinions if trusted.
5. Helps the local economy
6. People get to try it before they buy it (especially in clothing, testing the fit)
7. Can present impulse buys easier and less obviously.
8. Service driven environments can drive high price tags.

Cons

1. Very expensive start-up costs. (Could be in the area of hundreds of thousands)
2. On-hand stock can be expensive and bulky, requiring a lot of space.
3. Cost of employees can be prohibitive or you work a lot of hours.
4. A high reliability on word of mouth and review sites. (a bad review can be hugely detrimental)
5. Keeping up a total shopping experience vs. just a purchase can be challenging and expensive.
6. Location plays a major role of success vs. failure. (the most sought-after locations are also the most expensive)

Do you have questions or need help with this tool? Send us an email at info@smartermarketingconnect.com. We are happy to answer your questions!