

## Vantage Point: Multichannel Distribution Strategy

*A robust sales channel strategy can help grow subscribers while better managing acquisition and sales costs.*

### AN EVOLVING INDUSTRY

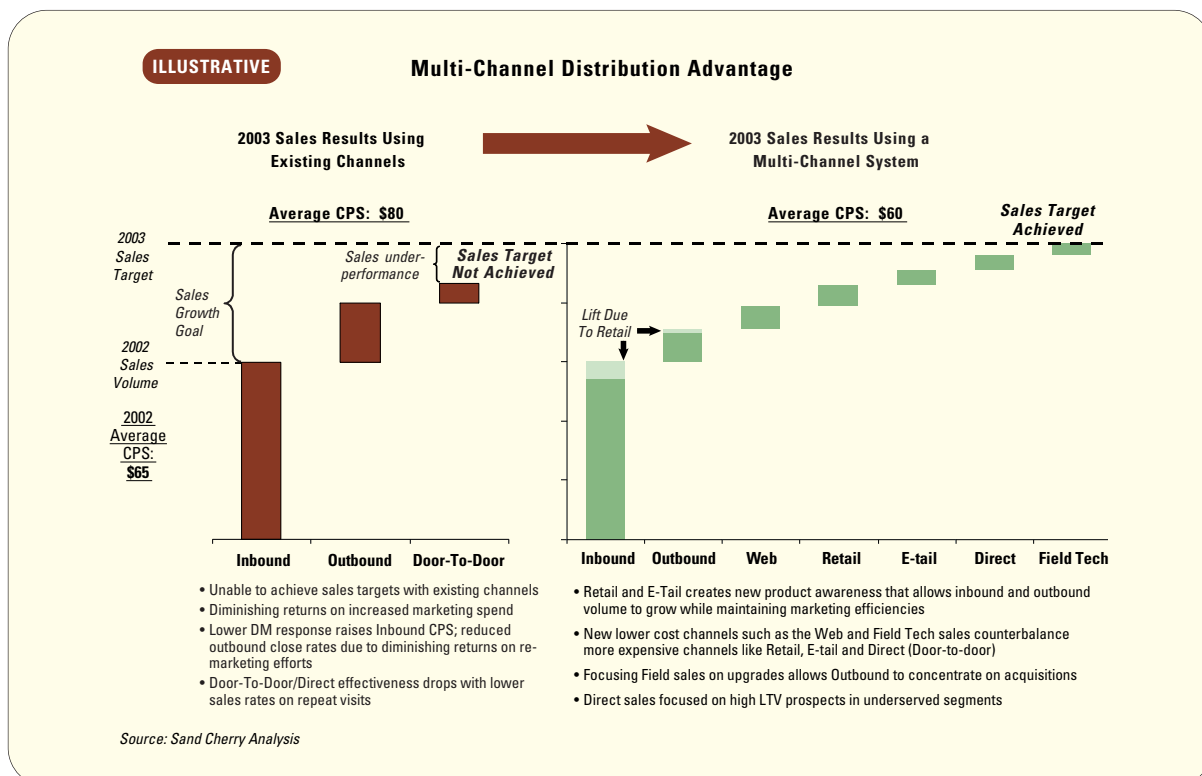
Will you be able to achieve your sales targets? At what cost? Many companies use multiple channels to sell their products. Few of these, however, fully leverage the opportunity provided by a multi-channel sales strategy. Even corporations that are very sophisticated in other areas (e.g., marketing, supply chain) often leave sales channel opportunities on the table. This has been especially evident in the broadband industry, where operators have traditionally spent heavily on direct and mass marketing, and then waited for the phone ring.

These companies now find themselves in a new world, where competition is intensifying, new channels such as the Internet have emerged,

and customers are increasingly expecting flexibility in when and where they buy. In this environment, companies need to re-think their approach to selling.

Traditional channels in the broadband industry include inbound telemarketing, outbound telemarketing and direct sales (door-to-door). Newer channels include the web, retail, and e-tail. Companies are also beginning to leverage existing customer contact points such as calls to customer service or installation/service appointments as potential sales opportunities.

With an integrated, multi-channel sales strategy, operators can optimize channel activities based on both customer needs and channel strengths, resulting in increased sales performance while





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*"With each new sales channel, a company expands its sales and market coverage and gains opportunities to tailor its products and services to the specific needs of diverse customer segments." – Philip Kotler*

**A multi-channel sales and distribution strategy should be optimized by matching channels with customer preferences and potential value**

### MULTI-CHANNEL SALES & CUSTOMER SEGMENTS

|                             | Retail | Outbound Telesales | Door-to-Door | E-tail Partners | Direct Response + Inbound | Inbound | Field Tech | Web |
|-----------------------------|--------|--------------------|--------------|-----------------|---------------------------|---------|------------|-----|
| "Broadband Savvy Customers" |        |                    |              |                 |                           |         |            |     |
| "Broadband Explorers"       |        |                    |              |                 |                           |         |            |     |
| "Video Only Customers"      |        |                    |              |                 |                           |         |            |     |
| "Low Usage Customers"       |        |                    |              |                 |                           |         |            |     |

← Higher ————— Relative Cost Per Sale ————— Lower →

**Higher product sell through can also be optimized by managing sales channel mix and other channel management tactics.**

still managing costs. The chart on the previous page illustrates conceptually how an integrated multi-channel distribution strategy can help a company achieve sales targets while effectively managing costs.

### THE VALUE

A robust sales channel strategy can help grow subscribers while better managing acquisition and sales costs. For example, new channels lead to greater market coverage. More expensive channels such as direct sales or outbound telemarketing should target high value customers or customers with a high propensity to buy the service. Lower cost channels such as the web counterbalance more expensive channels and appeal to a growing segment of consumers. Non-traditional sales channels also often provide lift to existing channels, such as the lift generated by the increased product awareness and credibility created by a retail presence. The chart above illustrates how companies can develop strategies for each channel to improve customer receptivity and channel effectiveness.

### MAKING IT HAPPEN

Getting to a real multi-channel sales strategy requires a series of development imperatives such as:

- Analyzing current sales channel performance and costs
- Understanding channel preferences of customer segments
- Assessing potential new channels of distribution
- Developing sales compensation and incentive plans that are tightly aligned with organizational goals
- Developing leads capture and utilization processes
- Developing and integrating new distribution channels into existing operations

### THE TAKE-AWAY

Consistently growing customers is a challenge for broadband operators. A robust multi-channel sales strategy can help operators grow and retain customers in a changing competitive landscape.

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