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A Comparative Study on Traditional Marketing Channels and New Marketing Channels

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Abstract: The new marketing channels arise to follow the product development needs, compared with the traditional marketing channels, which is a professional management and centralized planned organizational network. It increases channel efficiency and operational effectiveness of the overall operation. The main form of new marketing channels is chain-store operations and e-commerce, which each have unique advantages. They not only can save the running time and costs of product sales, but also more conducive open up the market to reduce business risk. But the new marketing channel is also not omnipotent. There are a series of new problems in the operation, which should be addressed with innovative thinking.

Keywords: traditional marketing channels; new marketing channels; chain-store management; e-commerce

1. Introduction

Channel issue has been a big problem in selling. According to statistics most of the sales, the manufacturer's profit is not high that most of its profits are earned by the distributor, and vendors agents progressively reasons that the profits were stratified, so there is not much profit. And even vendors in order to improve their sales performance, there are fleeing goods phenomenon. So the key of sell is marketing channels. In order to solve the problems in merchandise sales, new marketing channels correspond out. Opposed to traditional marketing channels concerned, it is a kind of professional management and centralized planned organizational network, the various members in channels took different degree of integration of operations or joint ventures manner to form a scale of operation, strength exchange capacity, improve overall operational efficiency and operational efficiency. It effectively enhances the environmental adaptability and competitiveness in the market.

2. The Traditional Marketing Channels is Difficult to Adapt to the Development Requirements of the Commercial Market

The traditional marketing channels mainly are the channel of the production from research & develop to final consumers in traditional marketing model. Traditional marketing channels are built on the basis of the traditional communication and trade tools, which has the follow-

ing problems.

Channel is too long, the impact of new products to market opportunities. Channel front is too long, pushing up the cost. Maintaining the unimpeded and completed of channels increased the difficulty. Abnormal take place fleeing goods phenomenon. Because of the shape of sales channels become into a ladder-style development, so different channels exists a certain gap. And with the development of transportation and networks and increasing transparency in consumer, these spreads also pay attention by consumers. Consumers through a network or own personal relationship directly to bypass their respective districts lower sales, directly to the sellers of the more advanced to get the same product cheaper price. So it makes the sellers suffered losses. They begin to vicious competition and the state of internal appears discord.

3. The New Marketing Channel is the Improvement and Innovation of Traditional Marketing Channels

With the gradual improvement of the market, the competition among enterprises is increasing. The channels had been neglected instantly seized by all enterprises. Companies pull out all the effort to reform the existing channels in order to enhance market competitiveness, which results a new marketing channels, and has unique character.

3.1. The Main Types of New Marketing Channels

New marketing channels mainly include chain-store management and e-commerce. Chain-store management

is the sales model that company's products through the chain store sales, at the same time it also adopted the majority of salespeople to promote them, or by the salesman directly to introduce the product to the consumer and to obtain a certain percentage of commission. Chain-store management includes regular chain, franchise and freedom chain three forms. The emergence of e-commerce is an important revolution for channel by business. Many businesses use the Internet features, making its own products can quickly accepted by consumers. E-commerce has the basic features of universal, convenience, integrity, security, coordination, integration. Common e-commerce model has e-commerce between businesses and consumers, electronic commerce between enterprises, consumer-to-consumer e-commerce and other three types.

3.2. The Advantage of New Marketing Channels Compared with the Traditional Marketing Channels

The chain-store management advantages: first, rapidly increase stores, and seize market share. Second, management is more systematic, and behavior is more uniform. Third, save operating costs, and access to economic benefits. Chain-store management enterprise mainly made customer self-purchase, self-service mode in operation to reduce the sales of labor. And thus relatively few employees, save the cost of money, and save the space costs. In the chain supermarket, commodity plain code marks the price, customers are free to choose. Customers not only can save shopping time, but also save operating costs of enterprises. Fourth, the sales channels are more convenient, targeted more prominent, optimized functions. Also in chain-store management, authorized people can have their own company to control their own income. Licensee's business start-up costs less than other operation modes. It can be recovered within a short period of time and investment earnings to operate quickly toward a virtuous circle. Fifth, reduce business risk. Finally the authorized person is not just purchase the ripe product brands as well as the successfully operating system its brand own. So that it not only eliminates the need for cost and time of its sold products packaging, as well as save the process since the venture had to go through the learning, which includes choosing profit point, open markets and other necessary process of exploration. It would also reduce business risk in another way^[1].

E-commerce advantages: first, the e-commerce trading methods from the traditional way to convey (it means that consumers passively exposed to the enterprise product or performance) becomes interactive communication. It makes transactions more fun. At the same time, enterprises can also use this feature for every visitor to make specially formulated website performance so that every visitor can feel welcome. Second, e-commerce is helpful for advertising product. E-commerce based on Internet globalization promotes wider. E-commerce sales and

product promotion is carried out on the Internet, so that it can be put into any business where there is internet. Third, communication is facilities and high efficiency. The applications of e-commerce dramatically changed the technical conditions and operating type of product (product) flow, resulting in unprecedented circulation efficiency. E-commerce uses computer information technology and network technology that you can communicate with consumers in real time. In a timely manner understand and grasp the consumer needs and market changes, rapid response to consumers and market. E-commerce through the use of a variety of practical techniques, such as electronic data transmission technology, network communication technology, database technology, etc. for commercial enterprises to provide quality and efficient flow of services created the necessary technical conditions. For example, US retail combine barcode with e-commerce technology formed a new information system called "rapid response system." ^[2] Fourth, the operating costs are very low. "Electronic commerce" costs compared to the traditional under line operating "shop off" can be reduced a lot. The logistics distribution means of products or services in e-commerce eliminates the middleman and directly by the company to the customer, saving the rent of shops, product inventory and other expenses.

4. The New Marketing Channels are still Problems to be Solved

Chain-store management main problems: first, too many outlets increase management difficulty. Because of the rapid development of chain operation, nowadays in the market today in many different areas of the chain in order to increase their sales began to malicious competition between each other. Moreover with the increase in chain stores, each head will appear lax management situation, making some stores a "sail under false colors". Second, the chain investment is big, financial pressure is heavy. In a variety of chain-store managements, the formal chain is invested and managed by the headquarters itself. Although the company in the development of the road go more smoothly, but also because of its entirely by the head of the investment will be solely responsible. So that also requires the corporation must be very strong, otherwise it is difficult to get through just opened the first three months. Third, the various requirements of the city's economy are too harsh. Such as KFC and Wal-Mart, etc, all of the city's economy and consumer has a special standard, non reaches a certain level is not allowed to establish the shop.

E-commerce commerce has yet to be solved the issues: First, virtual nature is too strong, and do not know enough on product performance. E-commerce transaction both parties sign a contract from pre-sale to after-sale payment transactions are done via the Internet. For the buyer the purchase only through a web site buy products, which through pictures and information to understand the

product, rather than real to evaluate the entity of product. Second, the threshold is too low, easy to appear counterfeit and shoddy products. As e-commerce more and more developed, choose to buy goods on the net also more and more. However, due to the same network at cohabitation good and evil people mixed up. In the online sale of fake and shoddy products liar is also increasing. Now that a lot of online sales threshold is very low, such as Alibaba, inside a lot of shop just registers an account you can begin to build a shop. And consumer groups in the network in part is old, because of the freeloaders choose to buy online. Because safety awareness is not enough, identified capacity limited, result in a loophole can be used by many fake traders. Third, the aftermarket is difficult to protect. As a result of e-commerce the whole sales process is conducted online, only the last delivery by the

courier company responsible for transport. The life of many products is not only sold pre-sale, but also consumers to buy their products and after-sale service. Thus once the product is purchased through online products, after-sales service will inevitably appear that it is difficult to find people. Furthermore online store management is very unstable, many shops open not much longer. In this way also makes a lot of product sales occur no after-service phenomenon.

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