

IT "SCHEMES" WHAT'S IN 'IT' FOR VENDORS & PARTNERS?



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Schemes play a vital role in channel strategy, they also help companies to engage regularly with partners which is very good for companies to sustain in market now a days even in the presence of lot of competition and variety of products. Channel Partners are the key for any business, if any company want a continuous growth in market it is essential for that company to think about partners too. Entertaining partners is good for companies, it gives partners continuous motivation and make feel them they are also an important part of system. Schemes help in boosting the bottom lines, they are very useful in enabling the channel partners to pull the bottom lines due to attractive incentives and offers like foreign trips etc. which make them to work at their best which directly or indirectly is good for companies.

There are three types of schemes basically: 1.Primary Scheme. 2. Sec-

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-Prabhat Kumar Sinha
Director Astric Center of Excellence



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Director Sales India and SAARC, IP-COM



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Managing Director, Konnet Solutions

ondary Scheme. 3.Tertiary Scheme. Primary and Secondary are basically for dealers which helps them to increase their sales effort which automatically leads to increase market share. But mostly Tertiary Scheme is only for end user in which the customer gets additional gift or offer with the product he/she is buying. In both the way the main result which comes out is the growth in sales which helpful in supporting the revenue.

DO SCHEMES REALLY INTERFERE IN MARKET SHARE AND HOW?

Schemes are just ‘Go and Grab’ type things so Channel Partners shows their good interest in them because it helps them to tackle the competition and also boosts the sale. The schemes are a good chance for partners to earn a attractive return on their investments. Schemes makes partners aggressive in sales because the channel partners wanted to grab as much as they can, this increase the market share.

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“A well planned an orchestrated programme of schemes remains an attractive touch points for the Channel Partners/dealers.Implementations of Promotional schemes create both a push and pull factor. Push factor by motivating the dealers to sell more and by luring the consumers any scheme creates pull factor, both these factors helps in boosting better performance for the product and brand “- Chiranjib Sarkar, National Sales Head, Ziox Mobiles Ltd.

“Schemes definitely brings down the product price which attracts a lot customer and help partner to do business with good margin or profit” said Prabhat Sinha, Director Astric Center of Excellence, Patna, Bihar.

ARE SCHEMES A REASON FOR COMPETITION AND HOW THEY EFFECT THE BRAND EQUITY?

The main purpose of schemes are to boost sale as much as possible, their is always a good margin for channel partners an they tries their best to utilize the schemes to make profit.

“Schemes also signify that the company care for their Channel Partners which is very good for motivating them and also get in touch with the channel partners and make them feel that they are close to the company. This adds to the brand equity of the company” said Balkrishna(Raju) Kondalkar, Managing Director, Konnet Solutions. Pvt, Ltd.

“Scheme does gives instant result as long as competitor does not

react,if the product feature are same and Brand is perceived at same level then scheme helps in generating more sales, so competitor mostly react to them to neutralize the scheme effect”- Ajay Madan- Senior GM Panasonic System Network/HDVC/Security.

“While partner schemes help to drive business forward and build equity, it cannot be brand’s only offering. Eventually, innovative products and customer centric service offerings build a stronger accessible in addition to product innovation and customer centric services are the primary tenets on which we operates and it has held us in good stead” - Pankaj Harjai, National Commercial Channel and Small Business, Lenovo, India.

ARE THERE DIFFERENT STRATEGIES FOR LAUNCHING SCHEMES FOR SMALL CITIES?

The process of marketing in small cities is slightly different from the marketing strategy in big cities due to less population or other factors.

Pinaki Chatterjee said,“Yes, small cities have different requirements than the larger ones. The business in small cities is more on personal contacts of the CP, than the brand of the product. The customer present in small cities favours the Channel Partner more as compare to the brand their is a trust factor in between”

“We believe in giving all our channel partners a fair chance and hence we don’t launch schemes specific to any city. Our schemes are slab based and are rolled out on a pan India basis, however, the targets are set according to the city and the tiering of the channel partner (we have a program that divides our partners into 3 tiers).”- Balaji Rajgopalan, Executive Director, Technology, Channels & International Business, Xerox India.

“Yes, definitely, with changing demographics, the requirements of the customers vary and that is why the scheme offerings will have to vary, furthermore, India is perhaps the most diverse country in the world, and one thing a brand cannot afford in India is a “one size fits all” approach.”- Anshuman Atul, CEO & MD of Okwu Mobile.

HOW ARE INNOVATIVE CHANNEL SCHEMES CONDUCIVE FOR COMMON INTEREST OF IT PARTNERS?

Innovative schemes are always attractive as they bring something new to the market. Innovative schemes are sometimes more profitable as compare to normal schemes.

Prabhat Sinha, Director Astric Center of Excellence, Patna, Bihar take this a growth factor, he said,“ Innovative channel schemes are the main point of attraction and user mostly get attracts towards schemes sometimes confusingly or sometimes thinking about some savings”

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“At the beginning of every year, we conduct an annual kick off wherein we launch schemes and our plan for the year. Additionally, we also launch schemes every quarter depending on the market trends and our product priorities”

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Executive Director, Technology,
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Chetan Shah, CEO, Xpress Computers, Mumbai told, “Innovative schemes help partners to earn more, sell more and attract new customers which is good for channel partners as well as company. So it helps in overall channel betterment”.

“Innovative channel schemes that are beneficial for channel partners ensure that they invest in brand. Schemes are a part of a constant endeavour to encourage partners to exceed sales targets. Great schemes also help in boosting confidence of channel partners and push tier 1 partners to plan business and maintain required inventories” - Pankaj Harjai, National Commercial Channel and Small Business, Lenovo, India.

Do the schemes really generate the revenue as assumed? Do schemes also help in increasing the sales of a particular product which is not doing well?

“Scheme helps in increasing sales in quick time period, however if scheme result in too much of inventory at the dealer side and less tertiary sales then coming month can be challenge. So the key is Tertiary sales” Ajay Madan- Senior GM Panasonic System Network/HDVC/Security.

On product sale increase” Product not doing well has to find out the real reason for not doing well, is it because of brand perception or service reputation etc, then it need to be improved, scheme will not help much in such reason, however, if the reason is pricing for not doing well then it can be helpful” he added.

“Yes most of the times schemes are successful in generating the revenue as assumed, and also the schemes help in boosting sales of a particular product which is not doing well because Channel partners are always interested in products which gives them bottom-line” - Balkrishna(Raju) Kondalkar, Managing Director, Konnet Solutions. Pvt, Ltd.

“Not exactly, schemes are developed as per the situation and at last every schemes affects profitability. Many times the schemes developed by the company can be aimed at maximizing the company’s reach attracting consumers rather than revenue generation. The E-Commerce portals are a very good example of this as you can find various promotional schemes that urge potential consumers to buy the products which help in creating valuation & creating brand awareness but don’t result in profitability.”.said Chiranjib Sarkar, National Sales Head, Ziox Mobiles Ltd.

Anshuman Atul, CEO & MD of Okwu Mobile on increasing the sale of particular product,” Given that the best driving factor behind the introduction of schemes is to generate sales, a successful scheme will be able to drive revenue, no two ways about it.

But it is not that simple, Only very planned and executed schemes will be able to generate the required sales. One cannot say more schemes will equate to greater revenues.

SCHEMES HAVE THE ‘LAW OF DIMINISHING UTILITIES’

Attached to them, i.e, launch of too many schemes will gradually reduce the affect of schemes on revenues and therefore a point will come when there is no affect on revenues but there will be an adverse affect on the brand equity and every brand would like to avoid such scenario”

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DOES THE SCHEMES REALLY REEQUIRE A PARTICULAR TIME TO LAUNCH OR NOT?

Schemes during the peak season of shopping like Holi, Deepawali, New Year are most effective people love to shop this time, but sometimes heavy schemes with huge discount or profit can make them to shop any time of the year.

“Yes different types of schemes must be launched in different times with different duration, some schemes may be single shot and other may last for 3-6 months, few even run point schemes for a whole year” said Pinaki Chatterjee, Director Sales India and SAARC, IP-COM.

“Schemes are designed for a particular occasion keeping in mind a specific purpose, majority of the schemes are typically designed for festive season. Most companies designs & runs schemes and accordingly they facilitate the company in accomplishing the objectives. It’s rare for any brand to run schemes all year round” - Chiranjib Sarkar, National Sales Head, Ziox Mobiles Ltd.

“At the beginning of every year, we conduct an annual kick off wherein we launch schemes and our plan for the year. Additionally, we also launch schemes every quarter depending on the market trends and our product priorities” - Balaji Rajgopalan, Executive Director, Technology, Channels & International Business, Xerox India

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