The Channel Conflict and Management Strategy of O2O Network Marketing Pattern under the Electronic Commerce Environment

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Abstract. With the application of Internet technology and the gradually popularization of the network, the electronic commerce rapidly advanced at an unprecedented speed. Starting with the electronic retail and electronic trade evolves to the present stage of online trading market, it gradually become the main part of strategic emerging industry and the modern ways of distribution under market economy environment. Electronic commerce as a new kind of economic activity in Internet environment, it realizes the integrated information of the whole process of production, procurement and sales. All transactions are network virtualization transaction, which can be called a completely new channels different form the traditional marketing channels. This paper discusses the channel conflict of O2O network marketing pattern under the electronic commerce environment and then puts forward some management strategies.

Introduction

In recent years, with the rapid increase of Internet users, the constant improvement of payment and the further development of logistics enterprise, the enterprise competition is intensifying. More and more enterprises begin to enter the electronic commerce field. But the enterprise is facing a virtual online trading environment, how to build and promote their brands, expand product sales make the network marketing very important. Building the O2O e-commerce network marketing model is a trend for the future development of enterprises, which combine the online shopping and the traditional consumer market advantage. O2O is a kind of new mode arises at the historic moment in age of the Internet. It mainly refers to a new business pattern combining the online (virtual) and offline (real world) in the field of life consumption under mobile Internet era. But in the development process of this pattern, many enterprises exists a series of problems, such as the ignoring of online and offline members’ decision goals, interests and cognitive differences. Then caused serious channel conflict issues of online and offline. So, it is worth further discussing the O2O channel conflict of network marketing pattern under the electronic commerce environment.

The Performance Analysis of Channel Conflict under O2O Marketing Pattern

The Summary of O2O E-commerce Pattern

As the kind of new mode arises at the historic moment in age of the Internet, O2O is the abbreviation of online to offline which is originating in the United States. It refers to a new business pattern combining the online (virtual) and offline (real world) in the field of life consumption under mobile Internet era. The enterprise will show the commodity information and service information to consumers by the Internet platform and search the consumers on Internet, attract consumers actively search for information on internet and then took them to the real store to experience and feel the products and ultimately to complete online payment under the electronic commerce. This is a kind of combination of payment and the way of creating a passenger flow for the owner. Since the O2O e-commerce network marketing mode is put forward, the advantages of online and offline experience mode of choose and buy is very obvious. It is more advantageous to the offline experience of consumers, which make the consumer feel steady of consumption. It brought a very
big impact to the traditional business, which led to a new business model.

**Channel Conflict of O2O Pattern**

Entered the Internet era, the marketing changes mainly in the aspect of channel. The network marketing channels under Internet refers to a new channel marketing measures which use the computer Internet network, computer communication technology and digital interactive media to achieve the marketing target. Network marketing channel mainly includes three types: The direct network marketing channel is where products directly from producers to consumers. The indirect network marketing channel is where products indirectly from intermediaries or business center to consumers. The last one is the combination of double network marketing channels. In the traditional marketing channels, the vast majority of consumer goods middlemen and part of the means of production are taken to selling goods through the distribution channel. With the opening of network marketing channels, the new channel is almost entirely get through all the intermediate links and products directly deliver to consumers, which reduces the cost but it also brings many conflict problems of new type channel. As the low price, offline distributors and agents have been suffered serious strike. As well as some businesses mentioned “can’t disguised make stores to be the offline experience places, can’t make dealers to be the offline porter.” This directly involves the conflict for the interests of the dealers. Then, we will analysis this problem from several aspects:

First is the targeted conflict. The conflict is goal inconsistency. When the network marketing channel is living with the traditional marketing channels, many companies in order to seize the future development trend of e-commerce, they will regard building enterprise's brand awareness, and cultivating consumer spending habits as the priority development goals of on-line channel while building the O2O pattern. But they always ignore the sales and profit. Whereas offline channels are on the contrary, it mainly considers the corporate profits and sales. In order to reach the goal, the enterprise will require offline channels to provide information consultation, product service work. So there is no doubt that it will expense the offline channel goals. In order to realizes the goal, a channel will obstruct or interfere with another channels’ benefit which leads to the channel conflict. The second is the conflict to realize the goal. When online channels are needed for some internal or external resources to achieve the goal, it will generate differences when the required resources are similar and scarce. It includes personnel equipped, scarce supply of product resources as well as the maintenance of customer resources. When the product supply of resources is scarcity, the online channel will not limited to the exhibition space or inventory, and then it can sell many kinds of types of goods. But the offline store is in contrast, it will be affected by the limit of space and the goods’ display is limited.

Second is the cognitive differences conflict of channel members. In the process of multi-channel marketing, channel members will have different expectations and cognitive attitude to the events, the state and the situation because of the different cultural background and the differences in living environment, especially the role of the online channel members for each other. They often stand on their own perspective and have their own cognitive thinking on the surrounding things. For example, online vendors will be one-sided think this is the stalling of offline channels when they through online orders for offline stores to deliver the goods in time, but due to the limited manpower physical stores or inadequate inventory, offline channels can’t achieve timely delivery. And as providing information consultation to the customer, online channel is usually willing to provide advisory services to customers while the offline store is not very willing to do so. They think it is a benefit thing for others to provide online stores product delivery and after-sales maintenance services. This is the cognitive differences conflict among different channel members.

Third is the channel conflict of marketing organization structure. The marketing organization structures of channels include management organization structure, financial management, performance appraisal system, product sourcing, interest distribution system, etc. As the difference of online and offline marketing organization structure, which make the execution implementation can’t reach the designated position. Different leader manage different channel, due to the unclear responsibility, the execution can’t reach the designated position. For example, the online customers
want to return goods, how to deal with physical stores. And how to satisfy the requirements of the
customers and manage the entity shop enters sells and saves system. The virtualization of online
stores make many enterprises take more loose assessment policy to the online channel sales. But
take strict policy to offline channels, which make offline stores regard the online shops as
competitors rather than cooperate with online stores. The last is the enterprise can’t find reasonable
interest distribution way which leads to ineffectively improve the motivation of physical stores. And
as a result, the physical stores are lack of voluntary improving the service efficiency and quality.

The Channel Conflict Management Strategy of O2O Network Marketing Pattern

In recent years, with the development of market economy in our country, the enterprise’s
competition is more and more intense. More and more small SME enterprises have been aware of
the urgency of the development of network brand, and the importance of promoting the network
brand strategy. But the development of network brand must be in an attempt stage, and is different
from the past traditional way of marketing, such as community marketing, experience marketing,
viral marketing and database marketing and other means of marketing. O2O network marketing
pattern make the enterprises see the hope and also brought benefits for the enterprise, but also
causd many problems to the management of an enterprise. Only to solve these problems, make
management measures, we can promote the development of enterprises.

Build a Comprehensive Network Marketing Management Objectives

In the process of development, whether enterprises are online or offline, the creed is to achieve
the common goals and common interests. Clear and definite the importance of O2O network
marketing cooperation pattern to the enterprise and the each channel’s development, make each
channel members form the consciousness of global marketing and customer orientation. This is the
foundation of solving the traditional marketing channels and network marketing channel conflict
problems. First of all is to make sure that every employee must know only online channels are ready,
they can give customers a better experience and reputation. The second is to guarantee the
differentiation of custom product to achieve common goals. Differentiation of the aim is to avoid
completely coincide with the entity shop. Although the brand is the same, but different products has
a certain difference or price discount. As most customer choose to shopping in the store for
experience, inspecting the style, color and quality. Unified pricing setting will make the online
customers very sensitive to price and will lose part of the customer. While the product
customization or discount on some products can effectively solve the problem of channel conflict.
Finally is to develop complementary online channels, cooperation and coordination. And from the
height of the strategic and tactical on thorough elaboration and the long-term development of
channel strategy, then design and implement the specimen and system integration scheme. For
example, the Giordano brand which we are very familiar launched a close interaction of online and
offline. And mixed interact with domestic 770 offline entity shop and with a low cost to take
advantage of the traditional marketing channels, then develop a new online transactions. And use
the ERP management system to realize the seamless integration of online and offline channels. We
can view offline any entity shop sales and inventory status at any time. We can timely stock up
when stores have no stock. Likewise, when the online store has no goods, offline channels can
shared stock. So the system will automatically inform the warehouse to stock up after the customer
orders. So only solve the problems that exist in the online sales target, the companies can build a
comprehensive network marketing objective management.

Establish a Unified Management Department to Strengthen the Cooperation and
Communication

Companies should not be towards the one-sided when sales products. As online and offline
marketing channels, the enterprise should start off from the advantages of various channels and play
their biggest advantage to make up the disadvantages. For example, enterprises should take
advantage of limitless of online transaction and offline store user experience and the advantages of logistics distribution. Enterprises can integrate traditional sales channels and take the way of merger or join the traditional sales channels into their own logistics distribution system to realize the transformation from external to internal resources. Then enhance their competitiveness. And the using of the network marketing channels can complete the order processing and the spread of capital and information faster and eventually achieve the goal of common profit. Enterprises should build communication platform for the online and offline marketing channels, build a corresponding management coordination mechanism and promote the mutual communication channel for each staff to exchange information and understand the operation situation of enterprises. Only by this way, the enterprise can enhance their consciousness of cooperation and make every member companies take their own responsibility and coordinate with each other to avoid conflict.

**Optimize the Channel Structure System**

Due to the emergence of many marketing channel, the enterprise should manage the organizational structure, clear responsibility and strengthen the communication process. About the problem of trading online and offline processing, the enterprise should process by each area. At the same time, the enterprise should strengthen the inspection and inspect earnestly plan, work process and data trace of departments. The enterprise not only should inspect the entity shop daily sales, but also inspect the services efficiency and quality that provided for the online channel. At the same time, the enterprise needs a concentration process management inspection. Inspect the standard management, work flow, price management, brand cultivation, inventory management and customer service. And establish incentive mechanism, either on-line or off-line channels, the enterprise must be fair. Who has problem must be responsible for it. At the same time, the enterprise must offer certain reward for the channels that has good sales and services to improve the enthusiasm of everyone.

**References**


