ACTION RESEARCH ON SOFTWARE CHANNEL MANAGEMENT

Case: Salcom Group Oy Ltd.

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Degree Programme in International Business
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Abstract
The purpose of this study is to enhance the author's chances to succeed in his work project that includes setting up a marketing channel for a new business line and managing it to yield as profitable results as possible. The study also acts as an advice to client for future decision making.

Theoretical part of the study consists of key definitions and theory behind marketing channel management. For the empirical part, the action research was chosen as a research method. The planning and execution process of the project is conducted after action research method and the method also defines the structure of the empirical part in the report.

The results from the actual project were discouraging due to various factors presented in report but the study fulfilled its objectives. The study process helped the author along the project to deal with relatively new field of occupation to him and also required to compile a comprehensive report from the project to client.

Keywords
Marketing channel, distribution channel, software business, channel management, action research

Miscellaneous

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Tiivistelmä
Tutkimuksen tarkoitus oli auttaa tekijää käsittelemään työprojektiaan syvällisemmin ja sitä kautta parantaa tekijän mahdollisuuksia saavuttaa hyviä tuloksia projektissa. Projekti sisälsi markkinointikanavan rakentamisen tuoteperheelle, joka ei aiemmin ole ollut toimeksiantajan edustuksessa ja tämän markkinointikanavan hallinnan. Tutkimuksen toisena päämääränä on ehdottaa toimeksiantajalle suosituksia tulevaisuuden päätöksenteon tueksi.

Tutkimuksen teoriaosuudessa käsitellään markkinointikanavan hallinnan perusteita ja pohjustetaan empiiristä osuutta mainittuun projektiin liittyvällä teorialla. Tutkimusmenetelmäksi valittiin toimintatutkimus, jota noudattaen tekijä toimi varsinaisessa projektissa. Toimintatutkimus määrittelee myös rungon projektista koostetulle tutkimusraportille.

Tulokset itse projektista olivat huonoja ja syitä tähän käsitellään raportissa. Tutkimus kuitenkin täytti tavoitteensa, sillä se vaati tekijää opiskelemaan markkinointikanavan hallintaa, joka oli tekijälle jokseenkin tuntematon työtehtävä. Tutkimuksen koostaminen raportiksi tarjosi tekijälle mahdollisuuden jäsentää projektissa heränneitä ajatuksia ja raportti toimii kattavana työkaluna toimeksiantajalle tulevaisuuden päätöksentekoa varten.

Avainsanat (asiasanat)
Markkinointikanava, jakelukanava, ohjelmistoliiketoiminta, markkinointikanavan hallinta, toimintatutkimus

Muut tiedot

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1 INTRODUCTION

Despite difficult times in the world economy, IT business has kept on growing steadily. Globally, IT software and services accounted for a turnover of 210,6 billion Euros in 2011, a figure that is 6,6% greater than in the previous year. Europe accounts for 31,4% of the global IT software market (MarketLine Industry Profile: Global Software 2012, 5-9). The competition in the software market is fierce, and constant change is evolving. Mergers and acquisitions take place continuously, which is part of the background for this study too.

The author has been working as a sales representative at Salcom Group Oy for three years. Salcom Group Oy is an IT solutions provider in Finland and offers software, training and consultancy. Salcom Group has a history of over 10 years importing Quest Software solutions to Finland. Quest Software is a global IT solutions manufacturer and is under acquisition by Dell Corporation by the time this study is being completed. The reasons behind the study are two acquisitions made by Quest itself in the near history. BakBone Software and Vizioncore, both offering data protection solutions, were acquired in 2011 and 2008 respectively to complete Quest's Data Protection product portfolio (Quest Software 2013). Salcom Group was offered to take this product portfolio in distribution in Finland as Salcom Group was already selling all the Quest core product portfolios. At that point, Data Protection was not yet part of Quest core business.

The author of this study was asked to be responsible at Salcom for this new product portfolio. In the past, Quest had a two-tier model to market these products, meaning importing was done by distributors but end-customer deals were concluded by the distributor's partners, resellers. As the authors past work experience was mostly about direct selling, achieving sales via reseller channel was going to be a new challenge requiring a lot of learning.

The thesis project of the author's Bachelor of Business Administration degree programme was seen as an ideal tool to enhance the learning process, and vice versa, building a marketing channel offered an interesting real-life case

for a base of thesis. Compiling the thesis would require studying material about partner management, planning channel etc. Furthermore, applied to the author's daily work, the knowledge obtained from the study process will likely increase the author's chances to achieve successful results with partners. In summary, the purpose of this thesis is to help the author understand the channel business better and thus improve the quality of his collaboration with the partners in order to reach higher sales.

The study is theoretically backed by David Kolb's theory of Experiential Learning. The theory suggests that a learning process consist four phases. The first one is Concrete Experience that is followed by Reflection on that experience on personal basis. Then Abstract Conceptualisation takes place where known theories are applied to describe the experience. The fourth phase is Active Experimentation, where a person modifies the next occurrence of the experience based on results from previous three phases. This phase eventually leads into new phase one and thus makes the learning process a cycle. (Atherton 2011.)

The research method in the study follows action research. Action research is used especially in working life for development and to solve challenges at work. Action research springs from the persons involved in the problem and aims to create change. Action research is a cyclic process, in which one cycle includes planning, execution, perception and reflection. After going through these phases, a new cycle takes place. This method will be used in this study to improve the author's management of the marketing channel. (Kananen 2009, 9-14.)

The theoretical part of the study consists of definitions of channels, information about planning them and about managing them efficiently. The information is gathered from publications handling the topics. The empirical part consists of presentations about members of the channel and the covered products. In addition, the channel design will be presented, defining the model, content of the program and the objectives. Finally, experiences at the point of writing will be discussed in conclusions. The then current situation and

future of the business will be also taken under discussion and suggestions for changes and improvements are presented to develop the business in practice.

2 MARKETING CHANNEL ESSENTIALS

This chapter studies the publications about marketing channels. In the first subchapter, some essential definitions and elements are presented. The second subchapter goes through the process of designing a marketing channel. The third subchapter then clarifies the management process in marketing channels.

2.1 *Marketing Channel Basics*

This subchapter is divided to three parts that study the concepts of marketing channel, its structure and marketing channel strategy respectively.

2.1.1 Definitions

This report studies particularly marketing channels. Such is defined to be a downstream part of a value delivery network. Value delivery network is a group of organizations who form a partnership with each other to enhance the networks ability to deliver value to customers. As a downstream side of network, a marketing channel, or distribution channel as well, consist of manufacturer's distributors who are involved in delivering a product for consumption after it's been produced. Upstream side would consist of manufacturer's suppliers who for example provide raw materials and information required for production. (Kotler, Wong, Saunders, Armstrong 2005, 857-858.)

The definition of marketing channel is not fixed and depends on viewpoint of observer. Even more precise to what was presented above, and from management decision-making view observing approach suggests that a marketing channel is a network of external organizations who participate in

negotiatory functions of moving product from manufacturer to customer, that management operates to meet its distribution objectives. This kind of distinction is made in the awareness that also challenges that channel management confront are usually very different in these core functions than in for example with organizations that do not participate in buying and selling the product or are for example a manufacturer owned distribution points. (Rosenbloom 2004, 7-9.)

In one of the most essential ideologies of modern marketing, the marketing mix, marketing channels count for part Place. The other three "Ps" are Product, Price and Promotion. In today's marketing, place, also referred as distribution, keep gaining more and more attention as creating sustainable competitive advantage is seen difficult by relying solely on three other parts of the mix. Worldwide competition, development of technology and accessibility to vast amount of information has made creating and even more, maintaining leading products on feature level very challenging. Once again, global competition and ongoing state of world economy ensures that prices are already at extremely low level and are easily beaten by a competitor from somewhere around the world. Promotion has hit the wall of information flood where, not just advertisements but other tools of promotion too find it overwhelming to catch customers' attention. Hence, distribution is seen as a most probable strategy to create something unique. (Rosenbloom 2004, 4-6.)

2.1.2 Structures

Marketing channel structure is normally defined as a length of the network, showing how many levels of intermediaries the channel consist of. This is however a rather narrow point of view as it does not show structure's relationship to channel management. (Rosenbloom 2004, 20.)

An extended view to think channel structure is to take channel management and design into account. Number of channel levels form basis for the structure and intensity and types of intermediaries on different levels add the management dimension to structure concept. (Rosenbloom 2004, 194.)

Intensity reflects the amount of intermediaries on each level of a marketing channel. A channel level is intensive when as many intermediaries as possible act as a channel members. In such scenario, channel members probably do not have to pass any qualifications but any interested organization is accepted to be a member. Selective means a level where members are chosen carefully and number of intermediaries is fewer. On the other end, when only one channel member is responsible for distribution on some market area, the level is exclusive. (Rosenbloom 2004, 196.)

There are various types of intermediaries available to different marketing channel levels. Obviously, manufacturers and final users are at the ends of the chain but middlemen are basically divided to two groups, wholesalers and retailers. Wholesalers are defined to be companies that sell products for resale or business use. Wholesalers consist of three types that are (1) merchant wholesalers, (2) agents, brokers and commission merchants and (3) manufacturer owned sales branches and offices. Merchant wholesalers typically buy products in large quantities, store them and then sell them in smaller portions. Usually, they take title to the products. Agents, brokers and commission merchants take care of negotiatory functions of marketing channel but do not take title to products and are thus rewarded by commissions from their efforts. Manufacturer's sales branches and offices are the same corporation as manufacturer but are physically located elsewhere. Retailers are companies that sell products to consumer markets. They vary endlessly from small local stores to massive market chains and from brick-and-mortar to online stores. (Rosenbloom 2004, 32-49.)

2.1.3 Strategy

Marketing channel strategy, a part of organization's marketing strategy, consist of principles that guide the organization's decision making to meet its distribution objectives. Distribution objectives refer to place of marketing mix and yet other three Ps are closely related to this strategy, guidelines to meet targets in those areas are specified in other strategies. Rosenbloom states that marketing channel strategy should above all clarify the following six ideas, which are then discussed below:

1. What role should distribution play in the firm's overall objectives and strategies?
2. What role should distribution play in the marketing mix?
3. How should the firm's marketing channels be designed to achieve its distribution objectives?
4. What kinds of channel members should be selected to meet the firm's distribution objectives?
5. How can the marketing channel be managed to implement the firm's channel design effectively and efficiently on a continuing basis?
6. How can channel member performance be evaluated?
(Rosenbloom 2004, 152-153.)

The role of distribution in achieving corporate objectives is crucial for any organization to make. In other words, an organization has to ponder whether completing distribution objectives will bring them sustainable competitive advantage. Any role of distribution can be viable and is solely dependent of the organization but the question about the role should not be automatically bypassed. Rather, it should be carefully considered in the top management of an organization. Figure 1. explains why role of distribution in corporate strategy should gain attention when marketing channel strategy is considered. The Porter's Value Chain model presented in figure shows the activities by which an organization brings value to its customers. The model outlines five primary activities and four support activities. From primary activities, distribution is directly linked to inbound and outbound logistics, marketing and sales, and service. Technology development and procurement are in close relation with distribution from support activities. (Rosenbloom 2004, 153-159.)

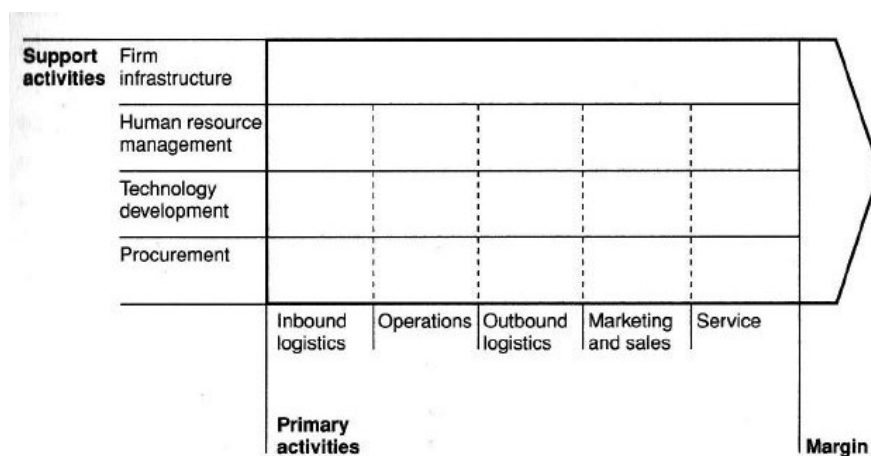| Support activities | Firm infrastructure | | | | |
	Human resource management				
	Technology development				
	Procurement				
	Inbound logistics	Operations	Outbound logistics	Marketing and sales	Service
	Primary activities				**Margin**

FIGURE 1. Michael Porter's Value Chain Model. (Porter 1998, 77.)

The role of distribution in marketing mix should be considered too, whether the organization rates distribution on a corporate strategy level or not. Once again, there is no fixed solution on choosing priorities between product, price, promotion and place, but rather the organization and for example current situation on its target markets dictate the roles of marketing mix variables. A careful marketing channel strategy should be prepared if high target market satisfaction is mostly achieved by distribution, if other three Ps of marketing mix are easily equaled by competitors, if opportunities arise as competitors ignore distribution or if marketing channel creates synergy that will enhance the organization. (Rosenbloom 2004, 159-163.)

When planning channel design, the target should be in creating a sustainable competitive advantage. Marketing channel strategy should act as a guideline helping in how to design a channel that reaches such target. As stated before, place, or distribution, is difficult to copy by competitors and hence offers an important opportunity to create sustainable competitive advantage. When marketing channel strategy considers channel design, it should also discuss channel position. It means the image and reputation a manufacturer attains among its channel members. The perception is formulated according to what a manufacturer offers to its channel members that is superior to what a competitor has to offer. The key idea here is to think relationship with channel member as a partnership or strategic alliance that brings significant benefits to all its members for a prolonged period of time. The channel position thus plays remarkable role in channel design and can also have devastating effects if it is not well prepared and hence fails to reach the aspired view among channel members. (Rosenbloom 2004, 163-168.)

The channel member selection should follow the lines already drawn when answering to previous three basic questions of marketing channel strategy. It should also suit to the organization's general marketing strategies and even the corporate level ones. Customers often see distribution channel as an extension to manufacturer's own organization and so channel members have to be chosen carefully in order to reach desired distribution objectives. (Rosenbloom 2004, 168-170.)

When addressing channel management, a marketing channel strategy should handle three essential subtitles. Those three are closeness of channel member relationship, motivation of channel members and use of marketing mix in channel management. The aim for all these functions is to effectively manage the channel so that it will help the manufacturer achieve its objectives. In addition, the solutions to those subtitles should be in line with what has been planned in previous four of major six questions of marketing channel strategy. In general, closeness of management relationship in channel correlates with the number of its members. When there are large number of channel members, very close relationships are not cost-effective to form. Towards more selective channel member policy the closeness of relationship tend to rise. However this is not fixed but is also affected by, for example nature of business and products involved just to name a few. In marketing channel strategy the motivation of channel is down to finding tactics to get channel members to achieve the desired distribution objectives. There are vast amount of tactics at hand, but the key is to remember to keep focus on the end-customer and not the channel itself, because end-customers' needs are the original reason for setting up a channel. As for use of marketing mix in channel management, a marketing channel strategy should give guidelines how to form the most optimal mix possible of four Ps. The right set between the four variables should create synergy that enhances channel members' potential to succeed. The strategy should also anticipate how to communicate and manage changes in mix to channel. (Rosenbloom 2004, 170-178.)

The last of six basic questions in marketing channel strategy, evaluation of channel member performance, is rather straightforward from strategic point of view. The most essential for the strategy is to cover whether effective channel member evaluation is taken care of in channel design and management. By doing so, the strategy will guide to including performance evaluation to development and management of the channel rather just seeing it as a hindsight. (Rosenbloom 2004, 178.)

2.2 Channel Design

This subchapter highlights the key phases and factors to be taken into account when designing a marketing channel.

With a channel design, an organization aims to create a marketing channel structure that can respond to customers' needs as precisely as possible. The design process consists of seven steps which are each presented below. (Rosenbloom 2004, 186-187.)

The starting point is to recognize the need for a channel design decision. For example, a new product or entering a new market area can be such an initiator. The second step is setting and coordinating the distribution objectives. That step includes going through other objectives and strategies of the organization in general and the marketing level, and then setting clear distribution objectives that are in harmony with the other strategies and objectives. For example, the objectives in the three other Ps of the marketing mix are closely interrelated with the distribution objectives. The third step is to specify the distribution tasks that have to be performed in order to reach the distribution objectives. The tasks must be identified in a specific manner to understand what is required of the channel and its members. (Rosenbloom 2004, 186-194.)

The fourth step is about a marketing channel structure. After clarifying the objectives and tasks, the possible structures for allocating the tasks to should be developed. In designing a marketing channel structure, the concept described in chapter 2.1.2 should be applied. The fifth step is evaluating the variables affecting the channel structure. Naming every single variable would be impossible but six basic categories can be drafted. There are market, product, company, intermediary, environmental and behavioral variables. Market variables tend to be the most influential ones, as the markets' needs are after all the ones that the distribution objectives should try to satisfy. Four subcategories of market variables particularly affecting channel structure are market geography, size, density and behavior. Product variables include factors affecting the logistics requirements of the channel structure and

product features that set certain demands to the channels. The company variables usually refer to the manufacturers' size, financial and managerial strength, and objectives and strategies. The key intermediary variables are availability, cost and services offered by intermediaries. Environmental variables such as economic, sociocultural, competitive, technological and legal surroundings also tend to have a great impact on designing channel structure. Finally, behavioral variables refer to factors that can lead to conflicts in the channel. Thus, they should not be overlooked when designing the structure. (Rosenbloom 2004, 194-205.)

The sixth step of the channel design process is to select the best possible alternative from among the structures drafted in step four. The optimal structure would be the one that performs the specified distribution tasks the most effectively and at the lowest cost. Of course, finding an optimal solution is not that straightforward task, and all the alternatives are impossible to list. However, there are numerous approaches in literature that help in deciding the best option. Also, the selection of an approach method should be considered through distribution objectives and characteristics of market needs, as every approach emphasizes different variables. (Rosenbloom 2004, 206-216.)

The seventh step is selecting the channel members. It can be considered as a three step process, starting from finding the prospective members, then evaluating those prospective members against the selection criteria and finally, securing the actual prospective members. There are multiple ways to find prospective members, for example through your own sales force who know the field or customers, just to name a few. A good rule of thumb for the selection criteria is shown by Figure 2. When selecting channel members, an organization should consider what they want from a member at each criterion. (Rosenbloom 2004, 224-235.)
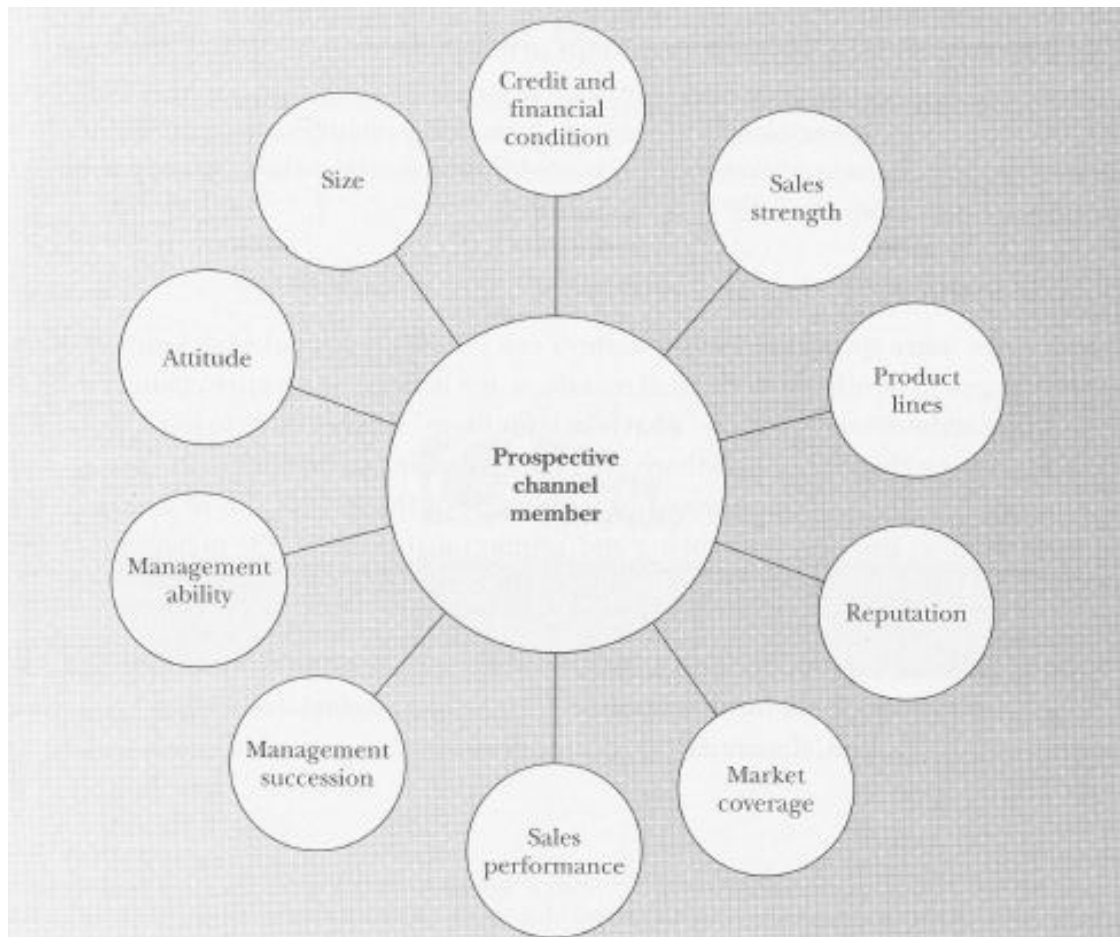
FIGURE 2. Key criteria to consider when selecting channel members.
(Rosenbloom 2004, 235.)

The last phase of channel member selection is securing the suitable prospects
as actual members of the channel. Intermediaries also participate in the
selection, as they consider which channels they want to participate in and who
they want to represent. A manufacturer should be able to offer incentives like
good, profitable product line, advertising and promotion support, management
assistance and fair policies of cooperation and friendly relationships.
(Rosenbloom 2004, 236-241.)

2.3 Channel Management

This subchapter discusses the management of a marketing channel and
emphasizes the ideology that should prevail when accomplishing channel
management.

Marketing channel management is administration of already set up channel to ensure that channel members achieve the organization's distribution objectives. Managing channel require continuous motivating of channel members and basic prerequisite for being able to motivate is to understand needs and problems of a member. There are various ways how a member can perceive the channel relationship and a corresponding means to motivate should be implemented (Rosenbloom 2004, 272-273). An organization should view its intermediaries as first-line customers and partners to enhance the ability of marketing channel. This guides the organization to form long-term partnerships with its channel members which yields in marketing channel that brings benefits to all of its parties (Kotler, Wong, Saunders, Armstrong 2005, 882-883).

Evaluation of channel performance is, as already stated in chapter discussing channel strategy, a continuous part of channel management process. Channel members should be regularly examined whether they reach the objectives set and participate in channel functions like manufacturer expects. Based on the results of evaluation, successful members should be awarded for their efforts an struggling ones should be helped to change their course, or if such actions have no effect replace the underperforming intermediaries. (Kotler, Wong, Saunders, Armstrong 2005, 883.)

3 THE CASE

The empirical study case is discussed in this chapter. In the first part, the baseline elements are represented, referring to author's employer Salcom Group Oy, the manufacturer Quest Software and the product line in question. The second part consists of channel project, including identification of its needs and drivers behind it, design of the channel and management of it. The conclusions chapter observes the experiences gained during the project and reviews the results found in evaluation of the channel. Also the work done at the end of year 2012 is assessed and development ideas for the future are presented.

The empirical part follows the action research method as mentioned in Introduction. The research problem can be stated like this: "How the passive marketing channel can be developed into a more effective one?"
Figure 3. describes how the structure of this study corresponds the action research.
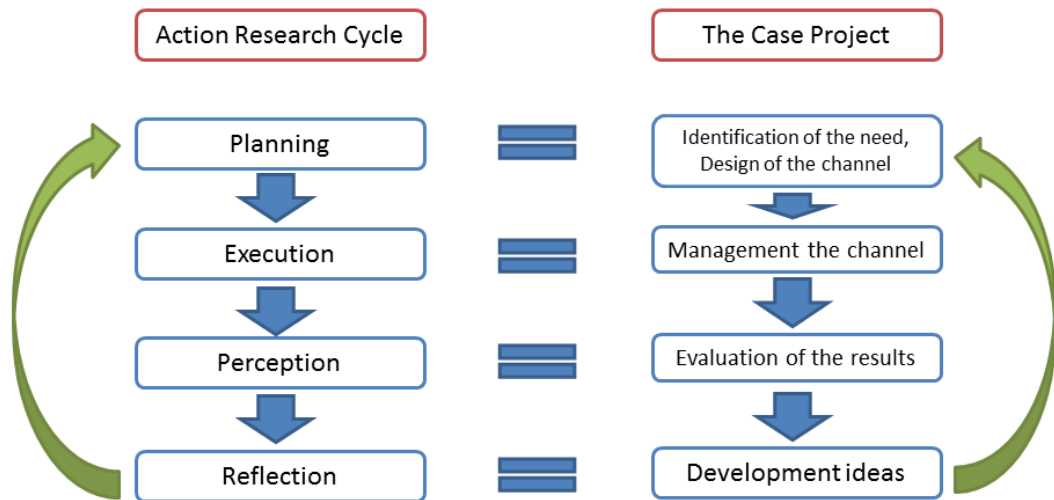

FIGURE 3. The action research and the case project.

There can be several action research cycles going on simultaneously and they can overlap with each other. For example, management of the channel can have its own cycle that includes planning, execution, perception and reflection phases. However, the cycle shown in Figure 3 is the one that is discussed in this study.

3.1 Network presentation

3.1.1 Salcom Group Oy

The author of the study has been working for Salcom Group Oy for three years as a sales person. Salcom Group Oy is Finnish information technology solutions provider and is particularly specialized in IT infrastructure solutions. Salcom Group Oy, later referred as Salcom, has three business areas to categorize their offering. Those three are software, services and education. The products and services offered range comprehensively to what is needed

in business use. The software products for example vary from information security to system management tools, the services from implementation projects to complete outsourced IT and the education from advanced IT professional training to end-users' office tools training. (Salcom Group Oy 2012.)

The group accounted for total turnover of approximately 14 million Euros in 2011 and employs about 100 persons. Salcom has been growing steadily for past years, partly due to acquisitions of Datafrank Oy, Secit Oy and Wakaru Oy and partly via organic growth. (Salcom Group Oy 2012.)

The author has been working as a solution sales representative with focus primarily on software products. Salcom does not produce any software by itself but imports the software solutions of its international partners. Salcom sells these software products and related services directly and via its partners. Salcom can be defined to be an agent-type intermediary as it takes no title to goods it sells.

3.1.2 Quest Software

Quest Software is a globally known, California, United States based IT management software provider. It was established in 1987, and now employs almost 3000 people being the foundation of a one billion dollars annual software business. Quest Software, was acquired by Dell Corporation, one of the world's greatest IT companies, during the second half of year 2012 to strengthen their software solutions portfolio. At the point of writing, Quest Software, later referred to as Quest, continues to operate as a separate Dell subsidiary under the name Quest Software. Quest has a broad product portfolio in the fields of systems management, security, business intelligence and application software. (Quest Software 2013.)

Salcom Group Oy has represented Quest in Finland since 1997, first under the then current name Raxco Finland Oy that later evolved to Salcom Group Oy. Salcom's main focus from Quest product portfolio has been in database and system management products. The main contact for Salcom from Quest

is Mrs. Stephanie Riddermann, Territory Manager of Emerging Markets-divide at Quest.

3.1.3 Quest Data Protection – Product Line

Data Protection represents one Quest Software's six product lines. The Quest product lines typically consist of multiple software products that integrate and enhance each other at some level. The Data Protection product line is, as the name stands, about backing up data and securing its restorability and usability. The spine of the product line dates back to the Quest's acquisition of two smaller software vendors. In 2008, Quest acquired a company called Vizioncore which was developing disaster recovery and business continuity solutions on market-leading a virtualization platform VMware. Their spearhead product was vRanger, a backup and replication solution for the Vmware platform, which is still an integral part of Quest Data Protection line. The second acquisition, BakBone Software in 2011, added more comprehensive solutions to Quest's Data Protection line. Bakbone had been developing a backup solution called Netvault for two decades, and its current versions offer a single, scalable solution to back-up data in physical, virtual and application environments. Quest Data Protection also includes some other software products but they are rather complementary point-solutions. (Quest Software 2013.)

3.2 The Project

3.2.1 The Need and Starting Point

Salcom has been representing Quest exclusively in Finland for years and has been working with Quest's every product line. Cooperation with Quest has been close with many levels from management to technical functions and great deal of sales and implementation projects are done in collaboration as it is impossible for Salcom to have deep expertise on all of Quest's over 200 software products.

During spring 2012, Quest expressed their will to let Salcom take care of their Data Protection product line in Finland, as Salcom already covered all the

other product lines. As a legacy from Quest's two acquisitions mentioned above, the former Vizioncore products were still in exclusive wholesale of Arrow ECS Finland, and BakBone did not have a Finnish wholesale representative at all so Finnish resellers had to purchase Netvault from Sweden. Quest was willing to terminate those distribution channels, and to give an exclusive wholesaler role of Data Protection products to Salcom. The products already had resellers in Finland so Salcom would act as Quest's representative to those resellers and help them in their customer projects concerning Quest Data Protection products. Although Salcom normally sell directly and via its partners, this Data Protection business was meant to be conducted only via the partners. The idea for Salcom was that Data Protection wholesale would generate a feasible revenue with a relatively low effort, as the actual sales process was managed by the resellers.

Thus the starting point for the Data Protection marketing channel project was that the author of this study was selected to meet the existing resellers of Data Protection product line in Finland, to find out which of them were still interested in reselling Quest Data Protection and then to agree on the ground rules that would activate the business. Quest vRanger had been very successful in Finland in the past, but Netvault was little known with only a handful of customers using it.

3.2.2 Strategy

The marketing channel strategy of Salcom Group Oy contains confidential business information and is hence described in Appendix 1. The strategy mainly considers software business.

3.2.3 Design

The marketing channel design for Quest Data Protection –product line at Salcom Group Oy is described in Appendix 2 due to confidentiality.

3.2.4 Management

The legacy resellers for Quest vRanger and Netvault products are listed in Appendix 3. The list has been obtained from Quest Software contact, Mrs. Stephanie Riddermann.

The channel management process, including selection of resellers from the list in Appendix 3. is described in Appendix 4. Due to confidential nature of the materials, they are shown in appendices.

3.2.5 Results

The results of the channel project in year 2012 are presented in Appendix 5 due to confidentiality.

3.2.6 Summary

The conclusions related to empirical part of the study are presented in Appendix 6 due to confidentiality.

4 CONCLUSION

David Kolb's theory that justifies the study materialized in the actual business project well. Having explored a certain model to encounter new things beforehand helped to understand the practical work. As the research method of the study, action research, is closely related to the Kolb's Experiental Learning theory, parsing the steps of the business project to study was easy. However, in big picture all the reflections done after the perception of past experiences did not work out, as the project results did not improve despite the correcting actions. Hence, at least parts of this action research in practice can be regarded as failed as the research method is specifically used to development and solving challenges. In summary, despite all the theory studied regarding the subject, every incident in the actual management process had to be treated separately and none strictly corresponded to known theoretical base. In incidents where outcome depends on so many factors, for example many parties with each having different motives to operate, the turn

of the events seldom go by the book. However, this work project which was backed by study will certainly be of help in future assignments for the author, whether they are in field of marketing channels or not.

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