



Optimization Strategies for Marketing Channel Management in Small and Medium-Sized Enterprises: A Case Study of LZY Company

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Abstract

This study aims to investigate the optimization strategies for marketing channel management in small and medium-sized enterprises (SMEs) within the new market environment, with the objective of enhancing their market competitiveness. The research focuses on LZY Company, a representative SME. Utilizing case analysis and interview methods, the study delves into the current state of LZY Company's marketing channels. The findings reveal that the company has achieved digital transformation through social media marketing and big data analytics, which has improved the precision of marketing strategies and personalized customer experiences. However, challenges such as channel conflicts, cost control, and customer service remain to be addressed. The contribution of this research lies in proposing strategic recommendations for channel integration, digital transformation, and optimization of channel management, providing theoretical support and practical guidance for SMEs navigating the dynamic market environment. This assistance aims to enable continuous optimization and innovation, thereby strengthening market competitiveness and facilitating sustainable development.

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1. Introduction

Small and medium-sized enterprises (SMEs) are a significant provider of employment opportunities and a crucial force in driving innovation and economic advancement. As the majority of business entities, SMEs are instrumental in job creation and the vitality of local economies. Nevertheless, SMEs often find themselves at a disadvantage compared to larger corporations in terms of resources, capital, technology, and market influence, which exacerbates the challenges they face in intense market competition. Marketing channel management, serving as the bridge between products and markets, is critical to the success of SMEs. Effective channel management can enable SMEs to more accurately grasp market demands, optimize product distribution channels, and enhance customer satisfaction, thereby securing a competitive advantage in the marketplace. A detailed examination of marketing channel management in SMEs can assist these firms in developing more scientific and rational marketing strategies, offering targeted advice to help them navigate market challenges more effectively with limited resources and achieve sustained development.

The purpose of this study is to address the concrete issues encountered by SMEs in marketing channel management, such as optimizing channel structures, enhancing channel efficiency, strengthening channel partner relationships, and employing digital tools to improve channel management capabilities. Employing case studies and interviews, the research aims to investigate the current status, challenges, and causes of marketing channel management in SMEs and to propose appropriate optimization strategies and recommendations. The primary research questions are: How should SMEs select the most appropriate marketing

Channels for their growth? How can they assess and refine the efficiency and effectiveness of existing marketing channels? In the era of digital transformation, how should SMEs leverage new technologies and platforms to innovate their marketing.

2 Literature Review

2.1 Current state of research on marketing channel management

Research on marketing channel management in SMEs within China has been gaining momentum, with a focus on channel integration, digital transformation, and channel conflict management. The rapid development of the internet and e-commerce has presented both challenges and opportunities for traditional marketing channels. Wang (2024)^[9] examined the integration strategies of feed enterprise marketing channels in the e-commerce environment, emphasizing the importance of blending online and offline channels. Liu (2023)^[5] investigated marketing channel optimization strategies from the perspective of pharmaceutical retail enterprises, highlighting the role of channel integration in enhancing competitive advantage. Chen *et al.* (2023)^[3] analyzed the impact of the platform economy on the marketing channels of various types of enterprises, revealing the profound influence of the platform economy on channel strategy selection. Wei (2023)^[10] focused on how the digital economy drives transformation in traditional enterprise marketing channels, proposing innovative channel management ideas. Huang (2023)^[4] delved into the construction of marketing channels for agricultural inputs, offering a new perspective for the channel management in this sector. Internationally, research on SME marketing channel management is more mature and comprehensive, covering channel integration, digital transformation, and multinational market strategies. Cantù *et al.* (2022)^[1] studied the marketing channel transformation of Italian SMEs, exploring how SMEs adapt to market changes through channel transformation in a globalized context. Mao *et al.* (2024)^[6] examined the integration strategies of a traditional Baijiu enterprise’s marketing channels in the e-commerce environment, illustrating the penetration and impact of e-commerce channels on the traditional Baijiu industry. Qiao (2024)^[8] investigated how online marketing expands sales channels and enhances performance, providing empirical research on the application of online marketing in channel management. Wu (2024)^[11] focused on marketing channel optimization for small and medium-sized clothing and textile enterprises, offering specific channel management strategies for the industry. Okoyea *et al.* (2023)^[7] highlighted the role of e-commerce in promoting the sustainability of SMEs in

Anambra State, emphasizing the key role of e-commerce in enhancing the market competitiveness of SMEs. International research not only focuses on channel integration and optimization but also. Emphasizes the role of channel management in promoting sustainable business development. Comparing the domestic and international research landscapes, it is evident that both realms prioritize the study of marketing channel management in SMEs and explore strategies for digital transformation and channel integration. Marketing channels refer to the series of pathways through which products or services move from producers to consumers. These pathways include the physical flow of products, as well as the transfer of information, funds, and ownership. The primary function of marketing channels is to facilitate the circulation of products or services, reduce transaction costs, and enhance market efficiency. In classic marketing channel models, the structure typically includes manufacturers, wholesalers, retailers, and end consumers. Manufacturers produce the products, wholesalers distribute them to the market, and retailers sell directly to consumers. These stages are interconnected through contractual relationships, collectively completing the process from production to consumption.

The operation of marketing channels involves various aspects, including channel design, where businesses strategically construct suitable channel structures based on the unique characteristics of their products, market demand, and competitive environments. This process requires a deep understanding of market dynamics to design a channel network that effectively reaches target customers. Channel member selection and management involve choosing appropriate channel partners, establishing cooperative relationships, and developing incentive mechanisms. Channel coordination ensures smooth cooperation among channel members through effective communication and coordination, improving overall channel efficiency and effectiveness. Finally, channel evaluation involves setting performance indicators and methods to monitor channel performance, identify issues, and make adjustments.

2.3 Marketing channels in SMEs

SMEs are characterized by their smaller scale in terms of employee numbers, operating income, and total assets. According to the “Standards for the Classification of SMEs,” SMEs are categorized into medium-sized (M-SE), small(S-E), and micro-enterprises (M-E) based on criteria such as the number of employees, operating income, and total assets, tailored to the characteristics of different industries. This study focuses on the industry category relevant to LZYZ, as detailed in Table 1.

Table 1: Standards for the Classification of SMEs – LZYZ

Category	Standards for M-SE	Standards for S-E	Standards for M-E
Wholesale	Employees>100,Sales >3000million Yuan	Does not meet the criteria for a medium-sized enterprise	Employees>100,Sales >3000million Yuan
Retail	Employees>100, Sales >1000million Yuan		Employees>100人, Sales >1000million Yuan

Data Source: Central Government (2011)

Due to resource constraints, SMEs often struggle to build extensive channel networks like larger enterprises, leading to deficiencies in market coverage and product distribution capabilities. This hampers their ability to respond quickly to market changes and consumer demands. In channel negotiations, SMEs may be at a disadvantage, making it difficult to secure favorable channel conditions and support.

This results in significant pressure on channel cost control and inventory management. Additionally, SMEs face issues Information asymmetry and trust deficit. The lack of effective information management systems and communication mechanisms prevents SMEs from obtaining timely feedback and market information from channel members, leading to poor decision-making and resource wastage. The absence of

long-term stable cooperative relationships also hinders the establishment of trust among channel members, affecting their willingness.

3 Methodology

3.1 Expert Interview

This study employed the interview method as the primary means of data collection to gain an in-depth understanding of LZY Company’s practices and experiences in marketing channel management. The interview method allows researchers to obtain firsthand information directly from the company’s management, providing opportunities to deeply understand the internal operations and strategic decision-making of the enterprise.

3.1.1 Interviewees

The interviewees were the sales managers of LZY Company, who hold key positions within the company’s sales department and act as the primary executors of this research project. They are responsible for managing the sales team, formulating sales strategies, and monitoring the performance of sales channels. The results of the interviews are highly credible. The specific information about the interviewees is presented in Table 2.

Table 2: Interviewees

Item	Point
Position	Sales Manager L
Department	Sales
Interview Location	LZY Office
Interview Time	2024-07-20 14:00-15:30

3.1.2 Research Design

Interview Outline: The outline includes the company’s name, main business operations, specific interview locations, and the schedule for the interviews (see Appendix and Table 3 for the interview outline and codes). The discussion focuses on the primary marketing channels employed by the enterprise, the characteristics of each channel, and their respective proportions in business operations. The efficiency and effectiveness of the current marketing channels are assessed. Inquiries are made about the company’s experiences with channel conflicts, the types of conflicts, and the methods of resolution. The study explores how to balance pricing and promotional strategies between online and offline channels and discusses how to ensure fairness in profit distribution within channel partner relationships. Insights are sought on how the company collects and processes customer feedback from different marketing channels and the company’s perspective on enhancing customer service experiences to increase customer satisfaction and loyalty.

Interview Process: Prior to conducting the interviews, it is essential to meticulously explain the purpose and the steps involved in the research to the interviewees to ensure a comprehensive and in-depth understanding of the project they are about to participate in. During the interview, the questions posed are clear and precise, avoiding leading questions to ensure genuine and valid responses. At the conclusion of the interview, the participation of the interviewee is thanked, and an opportunity to share the research findings is provided.

Interview Responses: Detailed notes were taken of the insights and experiences shared by the sales manager of LZY Company regarding marketing channel management. The content includes the utilization of traditional and digital channels, handling channel conflicts, and the collection and processing of customer feedback, among other aspects.

The interview results are documented (see Appendix for the interview records and codes).

Interview Considerations: Special attention is given to the anonymity of the interviewees and the confidentiality of the information to encourage honest and thorough responses.

Additionally, non-verbal cues such as expressions and tone of voice are noted, as these may provide additional insights. After the interviews, the collected data is organized and analyzed to ensure the accuracy and reliability of the research findings. The interview outline and response codes are presented in Table 3 as follows:

Table 3: Interview Outline and Response Codes

Theme	Query Q	Response A
I	IQ1	IA1
	IQ2	IA2
	IQ3	IA3
	IQ4	IA4
II	IIQ1	IIA1
	IIQ2	IIA2
	IIQ3	IIA3
III	IIIQ1	IIIA1
IV	IVQ1	IVA1
V	VQ1	VA1
	VQ2	VA2

3.2 Research Object

LZY Company (hereinafter referred to as LZY) is a small and medium-sized enterprise rooted in the local market, engaging in wholesale, retail, and catering sectors. Since its establishment in the early 1990s, LZY has undergone nearly three decades of development. Initially, the company specialized in the production and sale of local specialty foods, quickly establishing a good reputation in the local market thanks to its unique flavors and high-quality ingredients. As the business continued to grow, LZY began to introduce advanced production equipment and management concepts, gradually improving product quality and production efficiency. Entering the 21st century, faced with intensifying market competition and the diversification of consumer demands, LZY started to implement a branding strategy, increased research and development efforts, and launched innovative products to meet the needs of different consumer groups. Meanwhile, the company also actively expanded its sales network, not only solidifying its position in the local market but also promoting its products to surrounding provinces and even overseas markets.

In recent years, LZY has kept pace with the trend of digital transformation by establishing an official website and e-commerce platform, extending its business into the online domain. Through social media and online marketing tools, LZY has enhanced interaction with consumers and boosted brand influence. These initiatives have brought new growth opportunities to the company and maintained its competitive edge in the fierce market competition.

3.3 Current state of channel management

3.3.1 Product and market positioning

LZY’s product line is diverse, encompassing various series such as casual snacks, health foods, and festive foods. The casual snacks series, known for their convenience and deliciousness, are particularly popular among young consumers. The health food series focuses on nutritional balance and natural ingredients, catering to the growing demand from health-conscious consumers. The festive foods series combines traditional culture with modern tastes, making them a favorite for holiday celebrations.

In terms of market positioning, LZY adopts a strategy of differentiation and market segmentation.

The company launches products with differentiated positioning to cater to the diverse needs of different consumer groups and scenarios. Specifically, products designed for young consumer's feature trendy packaging and innovative flavors to attract this age group. For middle-aged and older consumers, products that emphasize health and nutrition are offered. The company also introduces holiday gift boxes and gift sets for various holidays and occasions to meet consumer gifting needs.

3.3.2 Marketing channel structure

LZY achieves comprehensive market coverage by integrating traditional and digital channels. Traditional channels include supermarkets, convenience stores, specialty stores, wholesale, and distribution channels, providing a stable sales foundation and tangible product experience. With the rise of e-commerce, the company actively expands its online sales platforms, including an official website, online stores, and collaborations with e-commerce platforms such as Tmall and JD, effectively broadening its sales channels and market reach. Utilizing digital marketing tools like social media, email marketing, and others, LZY strengthens interaction and communication with consumers, enhancing brand influence and customer loyalty, as detailed in Figure 1.

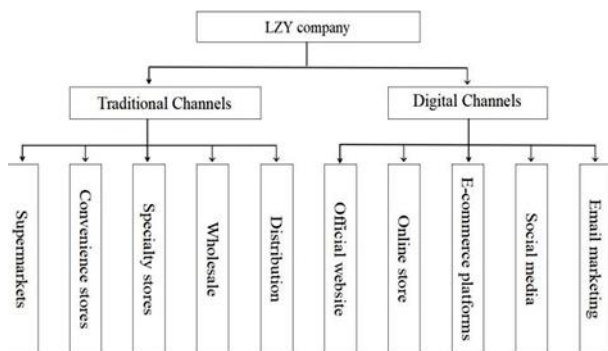


Fig 1: Channel structure diagram

3.3.3 Traditional marketing channels

LZY's traditional marketing channels primarily encompass offline retail, wholesale, and distribution. The offline retail channel involves selling products through physical stores such as supermarkets, convenience stores, and specialty stores, offering a broad coverage that provides consumers with a tangible product experience. The wholesale channel targets bulk customers in the catering industry and corporate procurement, achieving economies of scale through volume sales. The distribution channel is established by forming cooperative relationships with distributors in various regions, leveraging their networks and resources to effectively distribute products across a wider geographical area, thereby expanding market coverage. In the operation of traditional channels, LZY emphasizes building long-term and stable partnerships with channel partners. The company offers reasonable profit margins, quality after-sales service, and effective market support, which have earned the trust and support of channel partners. Additionally, the company conducts regular market research and channel evaluations to continuously optimize the channel structure and enhance channel efficiency (IIQ2-IIA2).

3.3.4 E-commerce platforms and digital marketing channels

With the rapid development of the internet and e-commerce, LZY has also begun to actively explore online sales channels. The company has established its own official website and online store, allowing consumers to conveniently browse product information, place orders, and enjoy efficient logistics and distribution services. LZY has also formed partnerships with major e-commerce platforms such as Tmall and JD.com, leveraging their traffic and influence to further expand the sales scope.

In terms of digital marketing, LZY adopts a diversified strategy. The company utilizes popular social media platforms such as Weibo, WeChat, and Douyin to actively publish the latest product information, ongoing promotional activities, as well as the brand's development history and stories. These platforms serve as a bridge for effective interaction and communication with consumers. Through precision marketing and user data analysis on these platforms, the company can more accurately understand consumer demands and achieve personalized promotions. LZY also employs various digital marketing methods such as search engine marketing, content marketing, and email marketing to increase brand visibility and user engagement.

3.3.5 Channel selection and layout

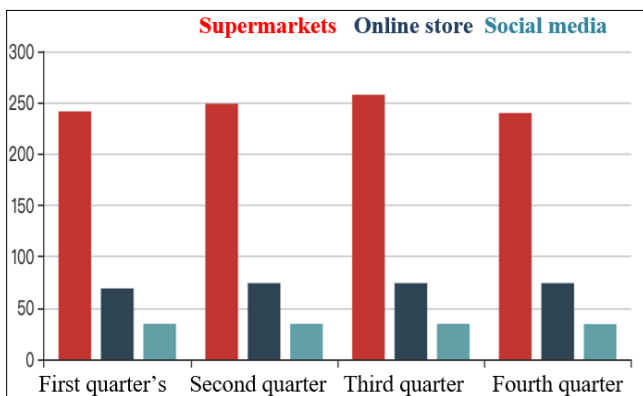
LZY adopts a diversified strategy in channel selection and layout to adapt to the evolving market environment and consumer demands. The company's traditional channels primarily consist of local supermarkets, convenience stores, and specialty stores, which provide LZY with a stable sales foundation and brand exposure. As the business expands, the company has actively developed regional wholesale markets and distribution networks, further broadening its market coverage. In terms of e-commerce, LZY has established its own online store and formed cooperative relationships with major e-commerce platforms such as Tmall and JD.com, achieving integrated development between online and offline channels. The company also utilizes social media and content marketing through platforms like WeChat and Weibo to establish direct connections with consumers, enhancing brand interactivity and user engagement. In channel layout, LZY focuses on the balanced development of regional markets, establishing sales offices and logistics centers in different areas to optimize product distribution efficiency and response speed. The company has also developed differentiated channel strategies based on the market characteristics and consumer habits of various regions to better meet the diverse needs of consumers (IQ3-IA3).

3.3.6 Channel efficiency and effectiveness

In terms of channel efficiency, LZY has introduced advanced information systems and logistics technologies, significantly improving the operational efficiency of its channels. The implementation of an ERP system has automated order processing, inventory management, and logistics distribution, effectively reducing the cycle time from production to sales. Collaboration with third-party logistics service providers has further optimized the distribution network and routes, reducing logistics costs and enhancing overall logistics efficiency (IQ4-IA4).

Regarding market effectiveness, LZY's multi-channel strategy has demonstrated the ability to increase market coverage and promote steady growth in sales.

Market research data indicates that the multi-channel sales strategy has effectively enhanced market coverage and sales performance. In 2024, the company's sales performance showed a trend of growth. The first quarter's sales revenue reached 3,453,200 Yuan, followed by an increase to 3,556,400 Yuan in the second quarter. Entering the third quarter, the company's sales continued to grow, reaching 3,681,300 Yuan, while in the fourth quarter of the year-end, although sales revenue decreased, it remained at a high level, amounting to 3,428,000 Yuan. Interviews with LZY employees (IQ1-IA1) revealed the sales channel revenue distribution as follows: supermarkets accounted for 70%, online stores for 20%, and social media channels for 10%. Specifically, supermarkets, as the primary traditional sales channel, showed a stable growth trend with sales of 2,415,200 Yuan, 2,489,500 Yuan, 2,576,900 Yuan, and 2,399,600 Yuan in the four quarters, respectively. The online store, as an emerging e-commerce platform, exhibited a strong growth momentum, with sales increasing from 690,600 Yuan in the first quarter to 741,600 Yuan in the fourth quarter. Although the social media channel had a low initial sales volume, it steadily grew from 345,300 Yuan in the first quarter to 342,800 Yuan in the fourth quarter, indicating the increasing influence of social media in product promotion and sales. Details are shown in Figure 2 (IQ2-IA2).



Data Source: LZY Annual Report and Interview Data

Fig 2: Multi-Channel Marketing Sales in 2024

The enhancement of channel efficiency and effectiveness also presents certain challenges. With the increase and complexity of channels, the company needs to invest more resources and effort into managing and coordinating various channels to ensure smooth operation and synergy. The pricing and promotional strategies across different channels require careful design and adjustment to avoid channel conflicts and market confusion (Qiao, 2024) [8]. The company must ensure price consistency between online and offline channels and synchronize promotional activities to prevent consumer confusion or a negative shopping experience.

4. Channel management issues and optimization strategies

In the current market environment, which is fraught with challenges and competition, channel management has undoubtedly become a crucial element for firms to gain a competitive edge. This paper addresses four major issues in current channel management and proposes corresponding optimization strategies. The aim is to enhance the efficiency of corporate channel management and customer experience through channel integration, digital transformation, and the application of innovative models, thereby promoting the sustainable and healthy development of the enterprise. The following sections will delve into these issues and their solutions in detail.

4.1 Channel management issues

4.1.1 Channel conflict and coordination

In the practice of LZY's channel management, channel conflict has become an increasingly prominent issue (IIQ3). With the expansion of the company's business and market diversification, the inconsistency of prices between online and offline channels has led to customer confusion and internal competition among channels. Online channels may offer more competitive prices due to lower operating costs, attracting a significant number of consumers seeking discounts, but this also undermines the sales momentum of offline channels, leading to dissatisfaction and complaints from offline retailers.

The asynchronous nature of promotional activities is another important factor contributing to channel conflict (IIA3). Online platforms may attract consumers through large-scale promotional events such as "Singles' Day" and "Black Friday," while offline channels, constrained by costs and inventory limitations, cannot offer the same level of discounts. This discrepancy encourages consumers to make purchases online, further exacerbating the tensions between channels.

4.1.2 Channel cost and profit analysis

The continuous rise in channel costs has put pressure on LZY's profit margins (IIIQ1-III A1). With the diversification and complexity of channels, the company needs to invest more resources in maintaining and optimizing channels, including costs related to logistics, warehousing, personnel training, and technical support. The increase in these costs directly impacts the company's overall profitability. Additionally, the uneven distribution of channel profits poses a challenge in channel management. How to allocate profits reasonably in cooperation with distributors and retailers to ensure a balance of interests among all parties is a difficult issue. Unreasonable profit distribution could lead to the loss of channel partners, affecting the company's market performance and brand image (Wang, 2024) [9].

4.1.3 Customer feedback and service issues

Customer feedback and service issues are also significant concerns for LZY in the realm of channel management. Due to the scattered nature of the channels, the shopping experiences customers have may vary considerably across different channels. Leading to inconsistencies in customer service standards. Online channels may offer 24-hour customer service support, while the quality of service in offline channels may vary by store. Such differences can affect overall customer satisfaction and loyalty. The collection and processing of customer feedback also become more complex in a multi-channel environment. The company needs to establish effective mechanisms to integrate and analyze customer feedback from different channels in order to respond promptly to customer needs and expectations. Currently, there are challenges in integrating multi-channel customer feedback and providing a consistent service experience (IVQ1-IVA1).

4.2 Optimization Strategies: Enhancing the efficiency of marketing channel management

4.2.1 Channel integration and optimization strategies

Integration of Online and Offline Channels: For LZY, the key to optimizing the integration strategy for online and offline channels lies in creating a seamless customer experience and consistent brand messaging (VQ1-VA1). A unified membership system and a point's reward mechanism that allows for the interchange and sharing of benefits across channels encourage customer transition between different channels. Utilizing customer data collected through online platforms to provide more precise inventory management and product recommendations for offline stores can enhance operational efficiency. By offering online reservations and in-store experiences and pickups, the company can increase customer interaction with the brand. Customers can reserve specialty products online and then experience and collect them at the nearest physical store, which not only improves the shopping experience but also increases store traffic. Coordinated marketing campaigns and promotional

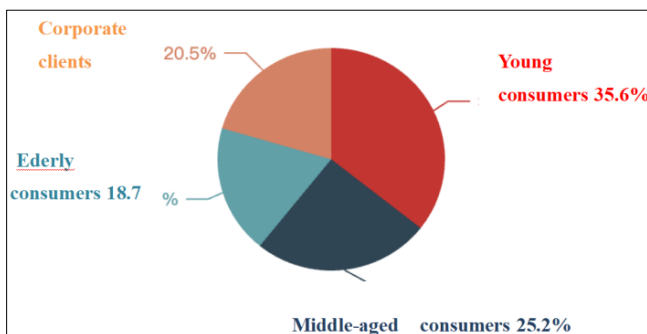
strategies across online and offline channels ensure a consistent shopping experience for customers regardless of the channel they choose (Wei, 2023) ^[10].

Channel Cooperation and Partner Relationship Management: Establishing effective channel cooperation relationships is crucial for LZY to achieve common business goals with distributors and retailers. Building stable and long-term strategic partnerships is important for jointly developing the market and promoting respective products (VQ2-VA2). In this process, providing professional training and comprehensive support measures can significantly help partners gain a deeper understanding of product characteristics and current market demands. By sharing valuable market data and sales feedback, both parties can collaboratively develop more precise and effective sales strategies, achieving a win-win cooperation scenario. The company needs to promote incentive mechanisms, such as sales rewards and marketing fund support, to encourage channel partners to actively participate in sales and marketing activities. Establishing an effective communication mechanism for regular exchanges and negotiations with channel partners can help resolve issues and challenges in a timely manner, maintaining a healthy partnership.

4.2.2 Digital transformation strategies

In the process of digital transformation, data analysis has become a core tool for LZY to optimize market positioning and marketing strategies. Utilizing big data analytics, the company can gain deep insights into customer purchasing behavior, preferences, and feedback, which is crucial for guiding product development and market strategy formulation. Interview records indicate that young consumers constitute the majority of the market, accounting for 35.6%, while middle-aged consumers, elderly consumers, and corporate clients account for 25.2%, 18.7%, and 20.5% respectively. These data points reveal the relative importance of different customer segments, providing the company with a clear market direction, as detailed in Figure 3 (IIQ1-IIA1). The analysis results enable more precise market segmentation and positioning, revealing that young consumers are more receptive to new products and innovative flavors, prompting the company to launch more creative and diverse products for this group. The company also notes that although middle-aged and elderly consumers represent a smaller market share, their demand for healthy and traditional products is stable, leading to the addition of healthy and traditional options in the product line. As corporate clients represent an important market segment with a clear demand for customized products and bulk purchases, the company has developed specialized corporate product lines and customization services.

Data analysis also assists the company in optimizing supply chain management, improving inventory turnover rates, and reducing costs. Real-time monitoring and forecasting of sales data enable more accurate adjustments to production plans and inventory levels, minimizing excess or stockout situations. This data-driven supply chain management not only increases efficiency but also enhances the company’s responsiveness to market changes.



Data Source: Interview Data

Fig 3: Distribution of Market Customer Segments

4.2.3 Personalized marketing and enhancement of customer experience

Personalized marketing serves as an effective strategy to achieve

targets by enhancing customer experience and fostering customer loyalty. To this end, the company actively collects and deeply analyzes customer-related data to provide more personalized product recommendations and tailored services. The company sends personalized product information and promotional offers via email or social media platforms based on customers’ purchase history and preferences. Utilizing technological tools such as artificial intelligence and machine learning, the company further enhances the effectiveness of personalized marketing. By analyzing customer behavior patterns and feedback, the company continually optimizes recommendation algorithms, improving the accuracy and relevance of suggestions. Additionally, the company employs online customer service and virtual assistants to offer more personalized and timely customer support, thereby enhancing the overall shopping experience.

4.3 Innovation in channel management models

4.3.1 Application of social media and emerging platforms

Social media and emerging platforms have become pivotal channels for LZY’s marketing efforts (VQ01-02). By establishing and maintaining brand accounts on social media, the company has not only successfully enhanced brand visibility and image but also engaged in interactions and communications with customers, effectively gathering their feedback and suggestions. These interactions have provided valuable insights for product improvement and innovation. According to interview records, an analysis indicates that the effectiveness score of social media advertising is 82.1, demonstrating that this strategy excels among all marketing strategies, with a significant positive impact on brand building and customer engagement. The company engages in content marketing and storytelling on social media, publishing interesting and valuable content that successfully attracts customer attention and participation. Utilizing formats such as short videos and live streaming, the company showcases product manufacturing processes, brand stories, and user reviews. This strategy not only enhances customer brand identification but also increases loyalty. Particularly, with search engine optimization, the company achieved an effectiveness score of 90.8, the highest among all marketing strategies, indicating the company’s success in improving online visibility and attracting potential customers. The company also maintains contact with customers through email marketing and offline events. Although these strategies have effectiveness scores of 74.5 and 70.2, respectively, they still offer opportunities for the company to establish long-term relationships with customers. Details are shown in Figure 4.

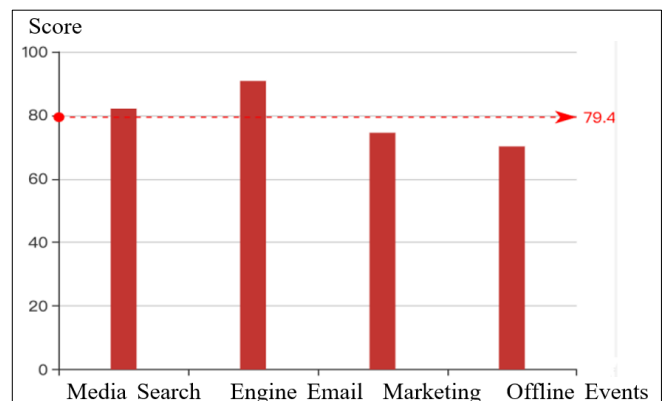


Fig 4: Comparison of Effectiveness of Different Marketing Strategies

4.3.2 User-Generated content and interactive marketing

User-generated content (UGC) and interactive marketing are effective means to enhance brand influence and customer engagement. LZY encourages customers to share their experiences and product reviews on social media, leveraging UGC to attract the attention of potential customers. The company also organizes online events and competitions, such as photo contests or recipe creation challenges themed around the product, inviting customers to submit their entries for display and voting on social media platforms. This not only increases customer engagement and enjoyment but also

amplifies the brand’s influence and reach through customer sharing and recommendations.

5. Conclusion

As the market environment continues to evolve, small and medium-sized enterprises (SMEs) must continually adapt and innovate their marketing channel management strategies to remain competitive.

Through the case study of LZY, this paper reveals effective ways for SMEs to optimize their marketing channel management and enhance market competitiveness in the new market environment.

5.1 Research Significance

5.1.1 Theoretical Significance

The theoretical significance of this paper lies in the expansion of existing marketing channel management theories, particularly within the domain of SMEs. Through case analysis, this study clarifies the multidimensional mechanisms of marketing channel management and explores the role of multi-channel integration strategies in promoting business growth. These findings offer new perspectives for marketing theory, especially in the context of channel integration and digital transformation, providing a theoretical foundation and direction for subsequent research.

5.1.2 Practical Significance

Practically, this research offers guiding suggestions for SMEs on how to effectively manage marketing channels. Through the example of LZY, enterprises can understand how to leverage limited resources for effective market expansion and channel management. Particularly for SMEs seeking innovation and change during the process of digital transformation, the strategies and suggestions provided by this study can help them optimize channel structures and enhance channel efficiency, thereby gaining a competitive edge in the market.

5.2 Research Contribution

This study provides a comprehensive framework for how SMEs can strengthen their market position through marketing channel management. By analyzing and discussing the specific strategies of LZY, the benefits of multi-channel management are clarified, including how to optimize traditional marketing channels with digital tools and platforms.

5.3 Research limitations and future prospects

The scope of the case study is limited to LZY, which may not fully represent the situation of all SMEs. Each enterprise has its specific circumstances and market environment, thus the generalizability of the study may be limited. Additionally, this research has not delved deeply into the specific application and effects of digital marketing tools. With the rapid development of digital technology and changes in the market environment, SMEs need more detailed guidance to navigate these changes. Therefore, understanding how to effectively utilize existing and emerging digital tools, and how to integrate these tools into their current marketing strategies, is key to enhancing competitiveness for SMEs.

For the future development of SMEs, it is suggested to explore a variety of business models and marketing strategies under different market environments to more fully understand the applicability and effectiveness of different strategies. Learning to quickly adapt marketing strategies in the face of economic fluctuations and intensified competition is essential. Flexibly adjusting product lines, pricing strategies, and promotional activities to maintain market competitiveness is recommended. SMEs are advised to establish or join broader business networks to share resources, reduce costs, and jointly develop new markets through cooperation.

This network collaboration can include supply chain partnerships, joint marketing campaigns, and more.

Appendix A: Interview Outline and Transcript

Basic Information	
Company Name: LZY	
Main Business: Production and sales of dairy beverages and other drinks	
Interview Date: July 10, 2024	
Question (Code)	Response (Code)
1. Current Status of Marketing Channel Management (I)	
Key Marketing Channels, Characteristics and Proportions (IQ1)	The supermarket channel is our traditional strength, providing easy access to a broad customer base with high stability, accounting for 70% of total sales. Our online mall includes our self-operated platform and collaborations with e-commerce platforms such as Tmall and JD, allowing for rapid response to market changes, and constitutes 20% of sales. The social media channel, primarily using Weibo and WeChat, engages directly with consumers to enhance brand appeal and makes up 10% of sales. (IA1)
Evaluation of Marketing Channel Efficiency and Effectiveness (IQ2)	Overall, the efficiency and effectiveness of our channels are quite good, especially the increasing coverage of our e-commerce and social media channels. (IA2)
Greatest Challenges Faced (IQ3)	The complexity of managing a multitude of diverse channels, particularly the coordination required when integrating online and offline channels. (IA3)
Digital Transformation Plan (IQ4)	We have implemented an ERP system to optimize inventory and logistics management, and we plan to expand into a CRM system to better manage customer relationships and conduct data analysis. (IA4)
2. Channel Conflict and Coordination (II)	
Customer Demographics (IIQ1)	Young consumers dominate the market share (35.6%), while the proportions of middle-aged, elderly consumers, and corporate clients are 25.2%, 18.7%, and 20.5%, respectively. We are launching more innovative products to attract young people and also increasing health and traditional options to meet the needs of other age groups. (IIA1)
Communication Channel Analysis (IIQ2)	We have a communication analysis scoring system in place. In 2023, the effectiveness score for social media advertising was 82.1. Through short videos and live streaming, we showcase products and brand stories, which has enhanced brand identity and customer loyalty. The effectiveness score for search engine optimization was 90.8, indicating a significant potential customer base. (IIA2)
Experience with Channel Conflict (IIQ3)	Promotional events like Singles' Day on various platforms have resulted in offline channels being unable to offer the same level of discounts due to cost and inventory constraints, leading consumers to prefer making purchases online. (IIA3)
3. Channel Cost and Profit Analysis (III)	
Impact of Channel Costs (IIIQ1)	We conduct regular audits of channel costs and reduce them through logistics optimization and process simplification to protect profit margins. (IIIA1)
4. Customer Feedback and Service Issues (IV)	
Collection and Processing of Customer Feedback (IVQ1)	We collect feedback directly through online platforms and have a customer service team dedicated to addressing customer issues from various sales channels. (IVIA1)
5. Optimization Strategies for Marketing Channel Management (V)	
Optimization Measures (VQ1)	We have introduced advanced information systems to manage orders and inventory, and we are also training our sales and customer service teams to enhance their professionalism and service quality. (VA1)
Strategies to Improve Channel Efficiency (VQ2)	We are strengthening the application of data analytics to make data-driven decisions that optimize inventory and distribution, thereby achieving personalized market strategies. (VA2)

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