

DISTRIBUTION CHANNEL MANAGEMENT



MARKETING CHANNELS OF DISTRIBUTION

Marketing Channels of Distribution



*Need for
raw goods*



*Sell to
bakery*



*Bakery
transforms*



*Sell to
customer*

MAN-100

International Business

Lecture 8



SECTION 3

MARKETING DISTRIBUTION LOGISTICS



Course Rules and Regulations

you come on time

you bring to class: book pen paper

take notes

attendance = 90%

no electronic devices like phones, laptops etc
except when needed during a presentation

you have to come to class prepared
meaning: read searched watched

turn in your projects on time



The Emergence of Marketing Intermediaries

**Managing the flow of goods has become
one of the most important functions for
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Marketing intermediaries are organizations

that assist in

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from producers to businesses

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that join together to transport and store goods,

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Agents and Brokers

Wholesaler

Retailers

Channels of distribution

**help ensure communication flows
and the flow of money and title to goods.**

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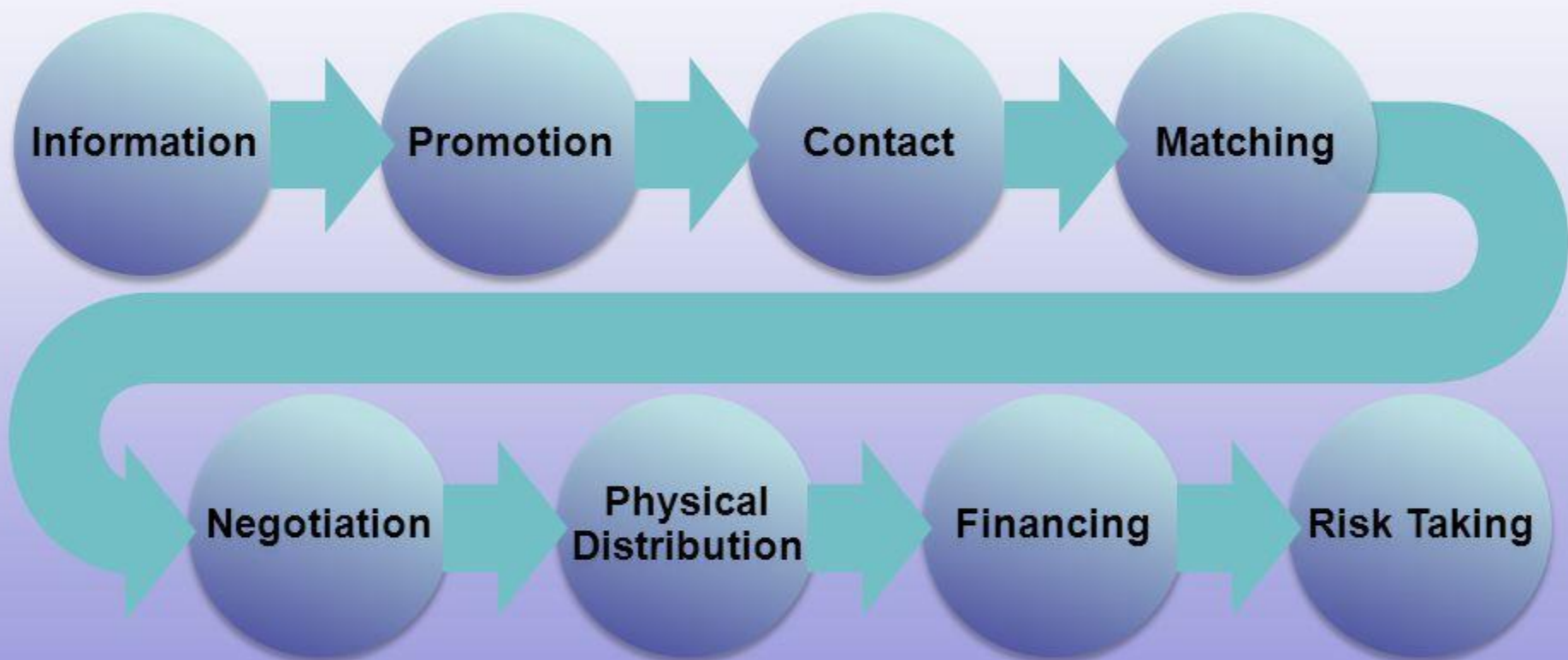
Channels of distribution

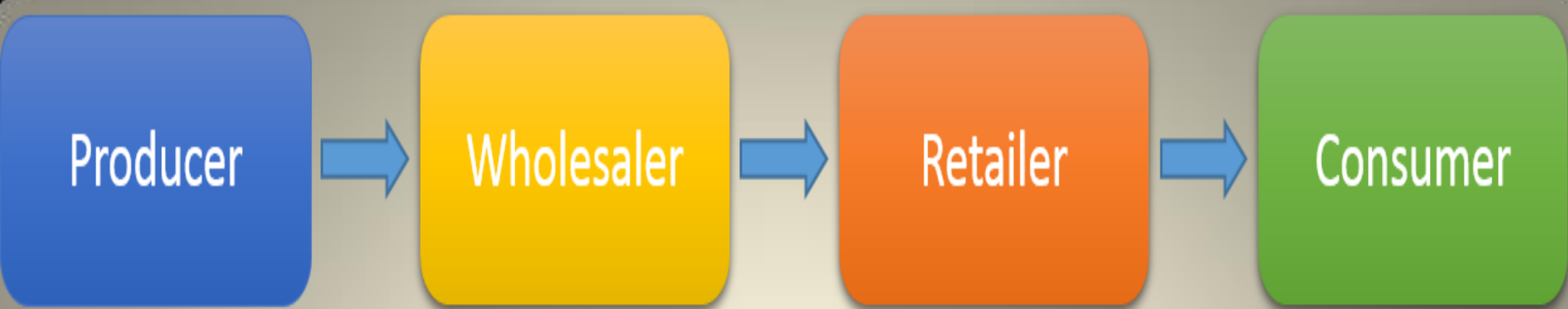
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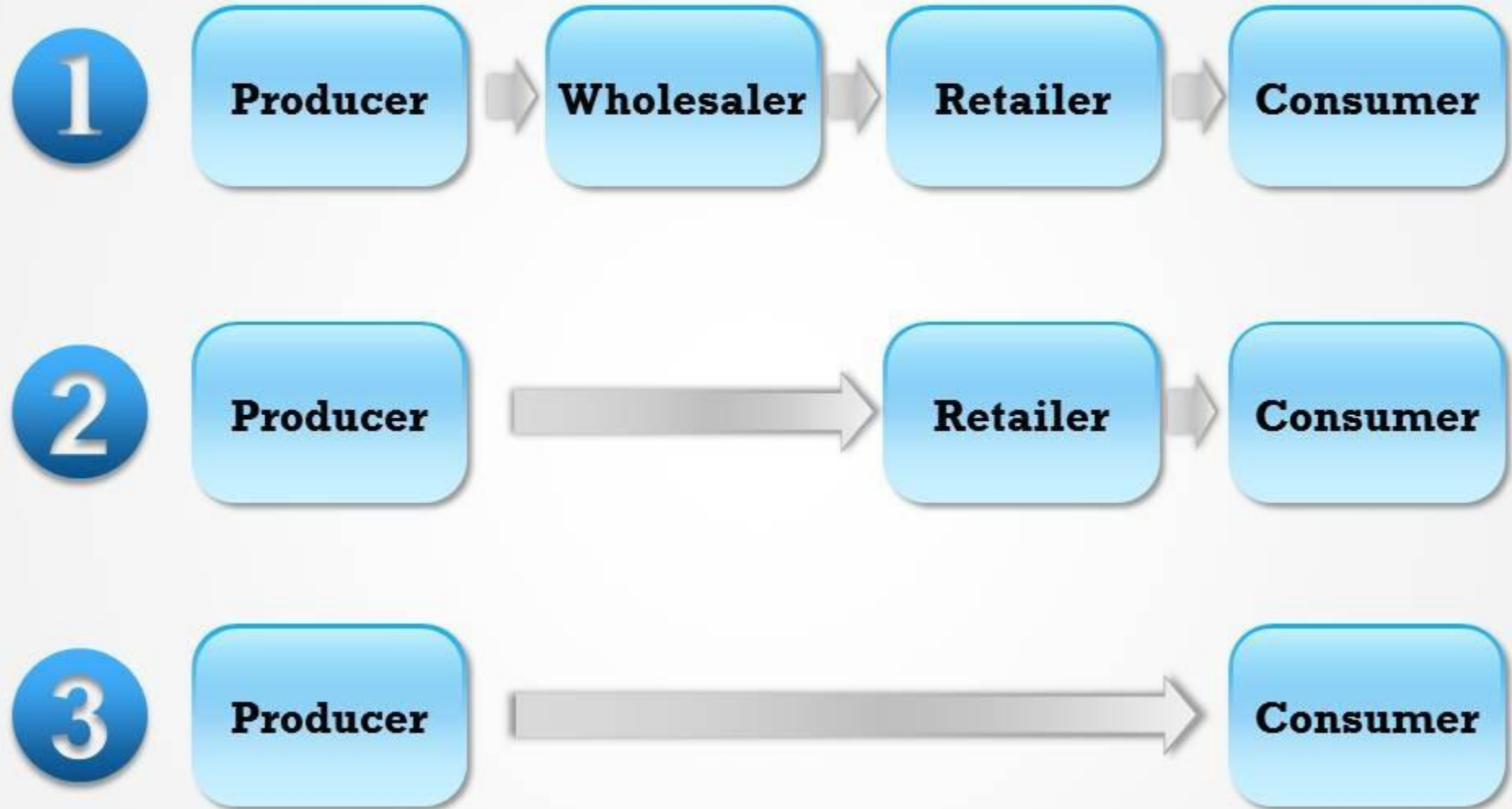
**Channels of distribution also
help to ensure that
the right quantity and assortment of
goods
will be available
when and where needed**

Distribution Channel Functions

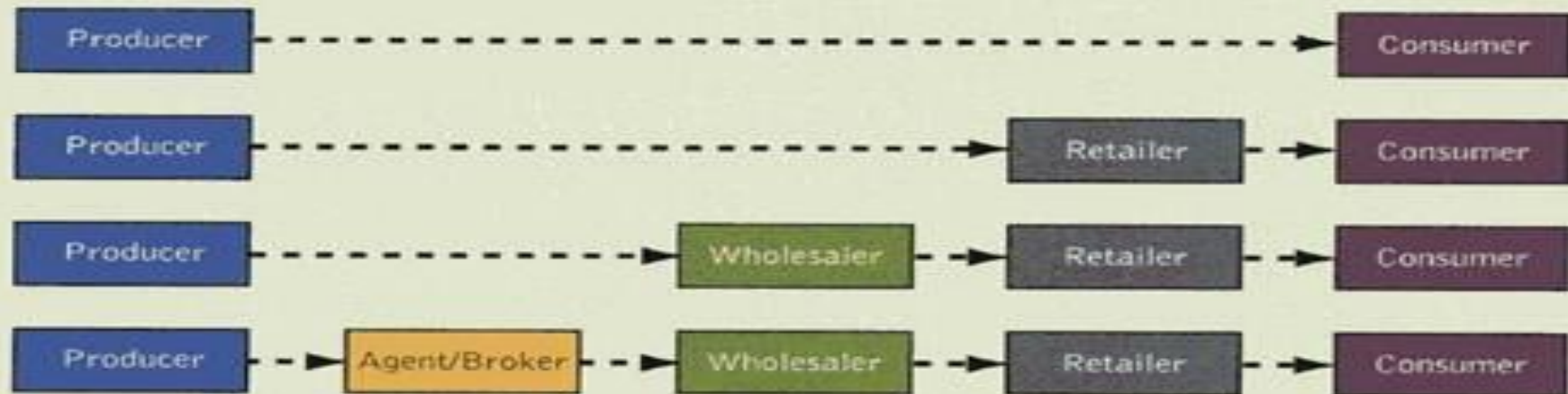




Distribution Channels



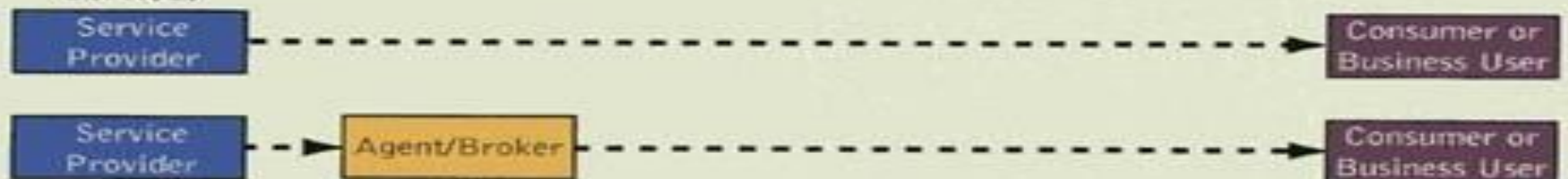
Consumer Goods



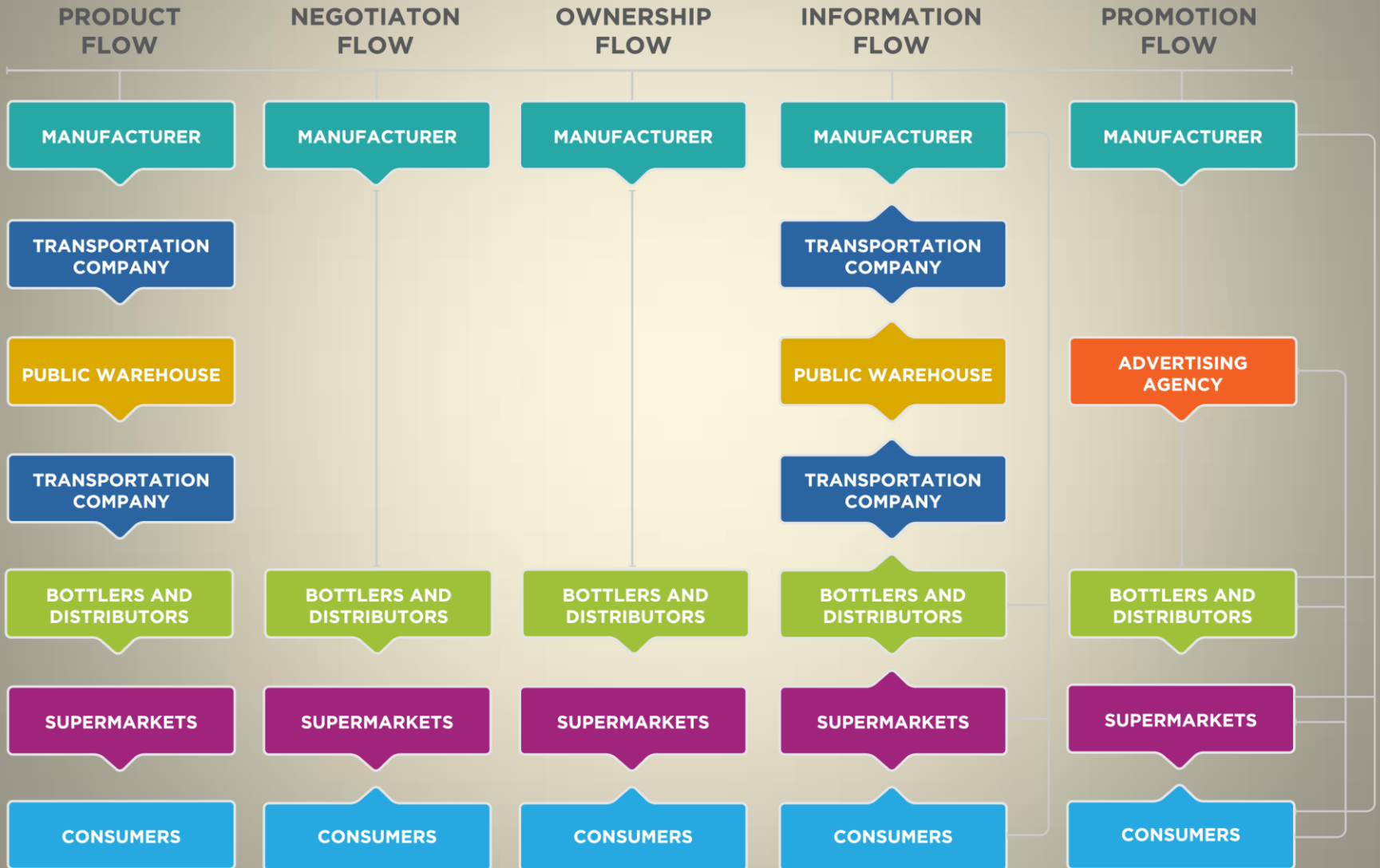
Business Goods



Services

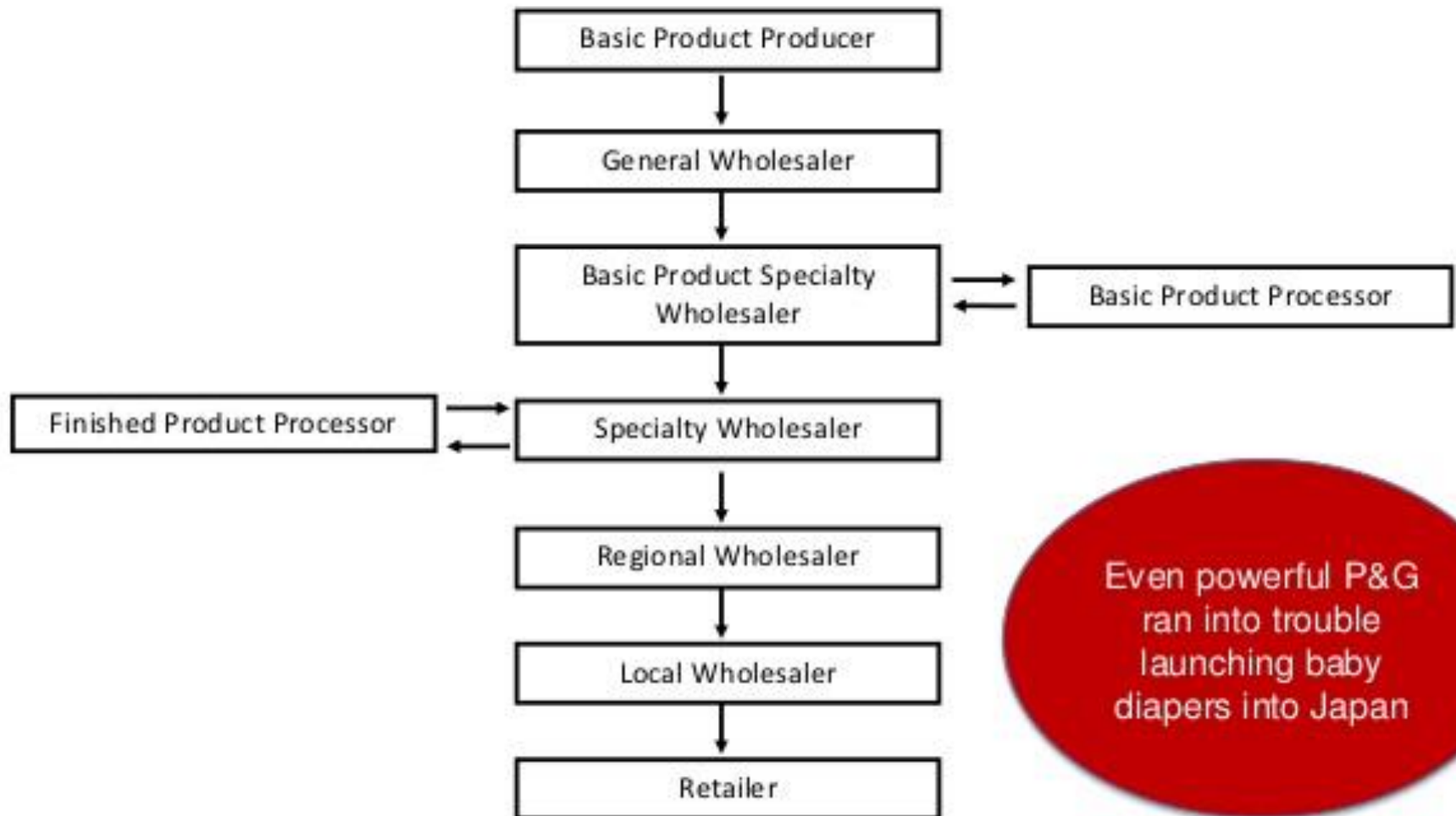


FIVE FLOWS IN THE MARKETING CHANNEL FOR MONSTER BEVERAGES



International Market Example

Typical Japanese Channel of Distribution for a Consumer Product





Why are intermediaries being needed

they perform certain tasks

transporting, storing, selling, advertising,
and relationship building

faster and more cheaply than
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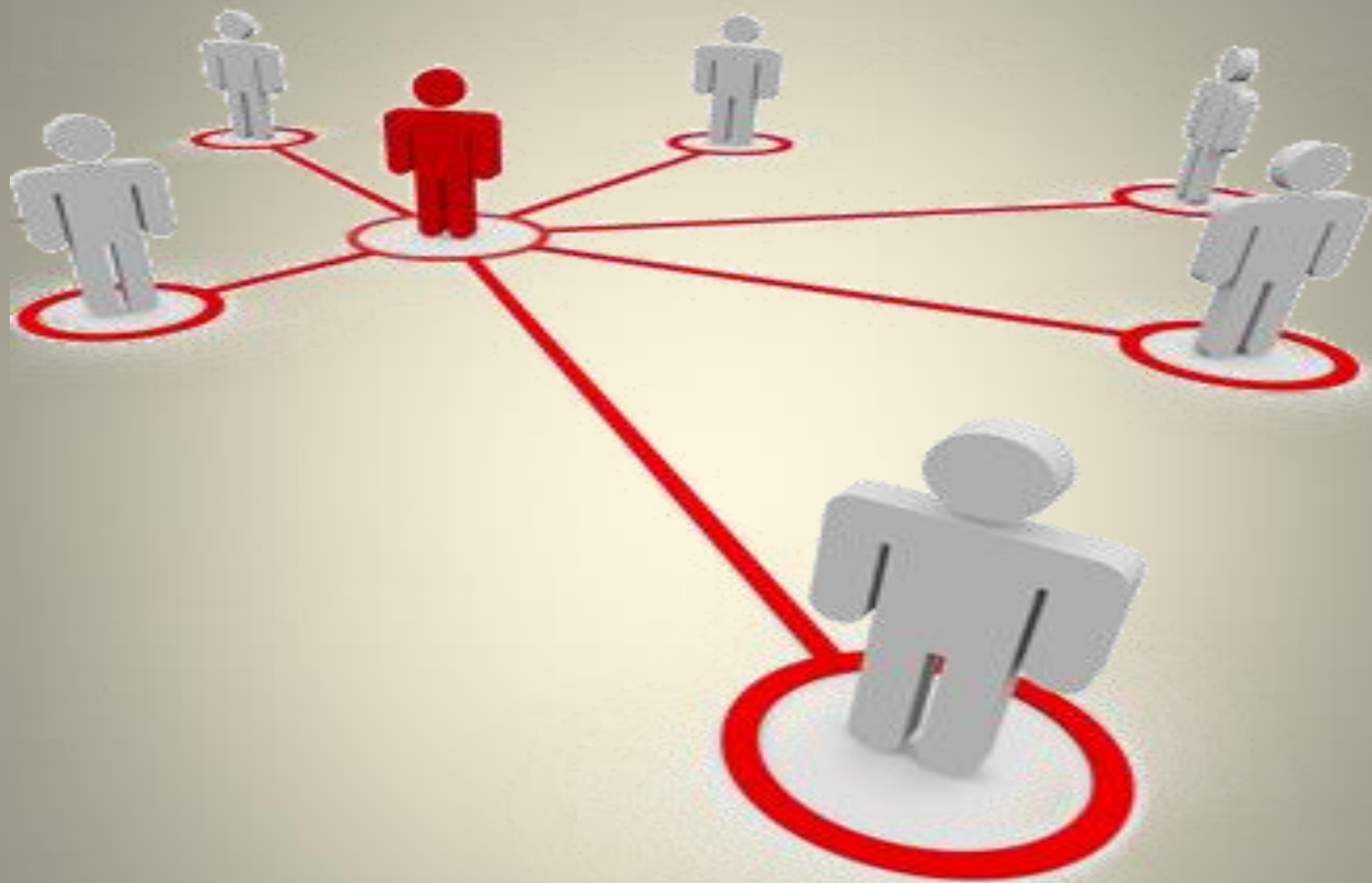
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Intermediaries create

exchange efficiency

by reducing exchange costs

and adding value

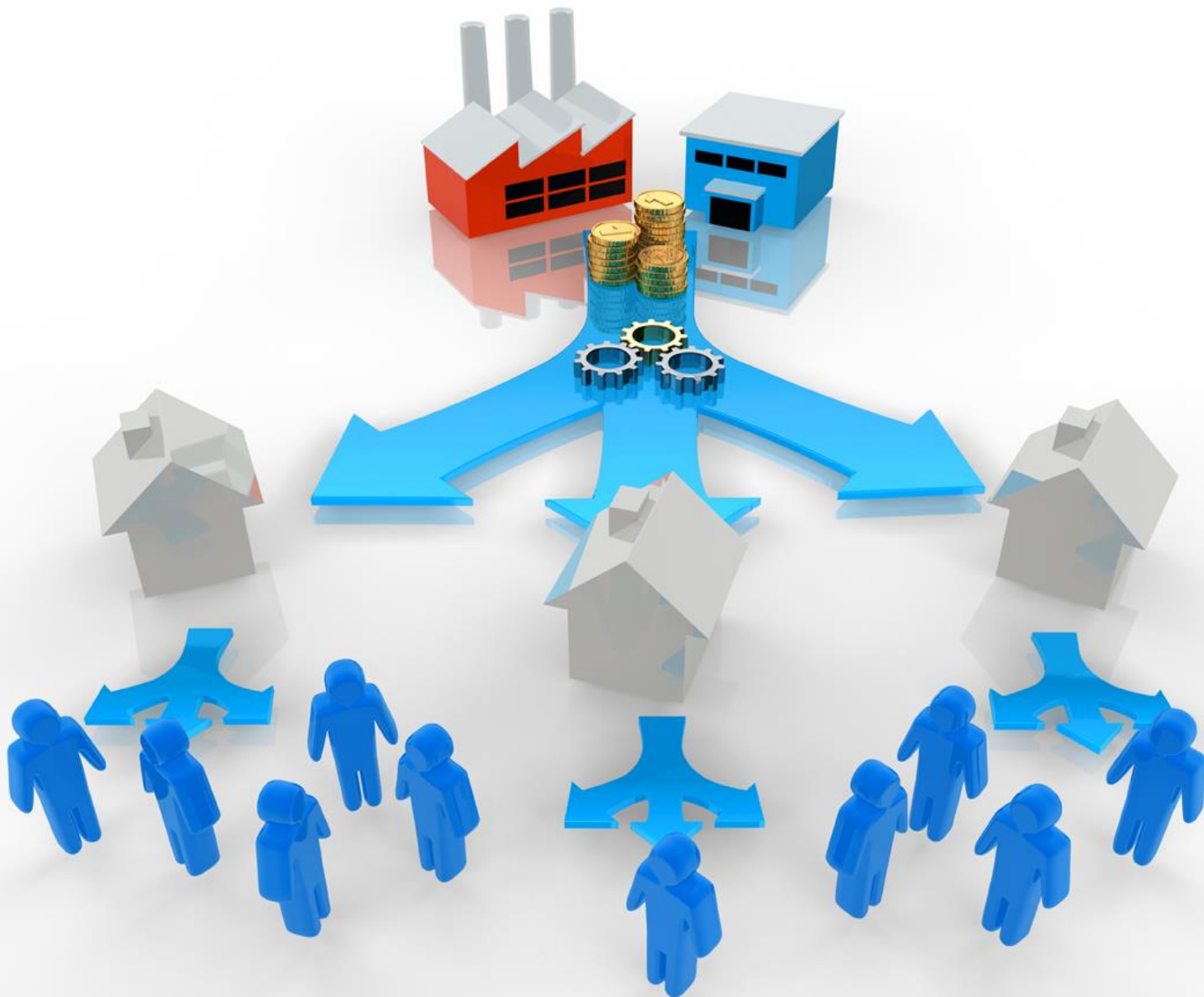


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The value versus the costs of intermediaries

**marketing intermediaries can be eliminated, but
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**intermediary organizations have survived
because they perform their functions faster and
more cheaply than others**

**intermediaries add costs to products, but these
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The Utilities created by Intermediaries

Utility

the want-satisfying ability, or value, that organizations add to goods and services by making them more useful and accessible to consumers than they were before

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Form Utility

Time Utility

Place Utility

Possession Utility

Information Utility

Service Utility

Form



Utility

Time



Possession



Place



Service



Information





Types of Utility Added

1. Form utility: transforming the product's characteristics
2. Time utility: storage until product is needed
3. Place utility: physically moving product to the consumer
4. Possession utility: allowing the transfer of ownership

An Example of Form Utility

A Tree

In its original state it has value as an object of beauty, supplies oxygen, prevents soil erosion, and provides a home for animals.



When a tree is cut down and used in making other products its usefulness changes. The raw material becomes part of a new product that has a different value

Form Utility takes place also when a manufacturer assembles parts into a product pieces of wood assembled into furniture



Product Utility A.K.A... "Usefulness"

- **Form Utility**



- Ex. Jackets

- **Time Utility**



- Ex. 24 Hr Grocery

- **Place Utility**



- Ex. Store, Internet ect..

- **Possession Utility**

- Every time legal ownership takes place



Wholesale Intermediaries

Merchant wholesalers

Rack jobbers

Cash-and-carry wholesalers

Drop shippers

Agents

Brokers

Retail Intermediaries

Department store

Discount store

Supermarket

Warehouse club

Convenience store

Outlet store

Specialty store

Retail distribution strategy

intensive

selective

exclusive

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DETERMINING DISTRIBUTION INTENSITY

- **Intensive distribution** Distribution of a product through all available channels.
- **Selective distribution** Distribution of a product through a limited number of channels.
- **Exclusive distribution** Distribution of a product through a single wholesaler or retailer in a specific geographic region.

Nonstore Retailing

Electronic retailing

Telemarketing

Vending machines

Direct Selling

Multilevel Marketing

Direct marketing

Building cooperation in channel systems

Corporate distribution systems

Contractual distribution systems

Building cooperation in channel systems

Corporate distribution systems

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Building cooperation in channel systems

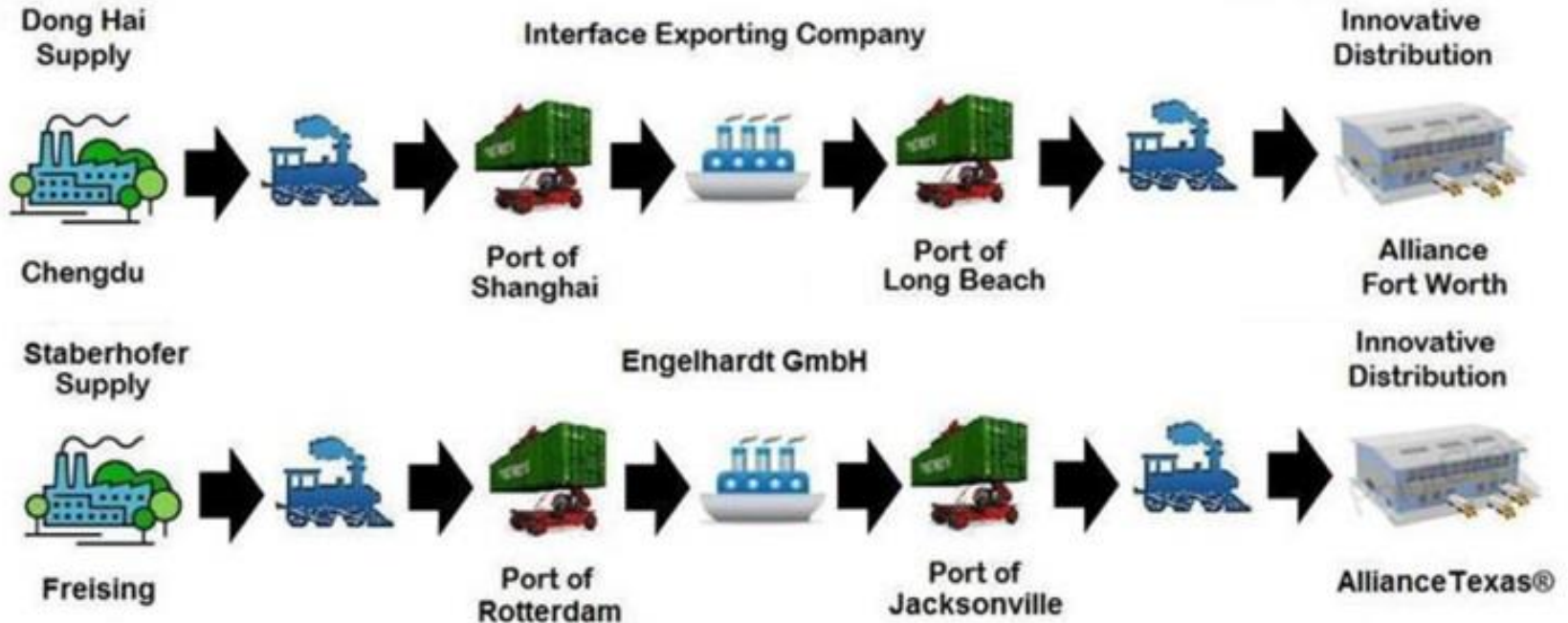
Corporate distribution systems

Contractual distribution systems

Supply chains

Supply Chains

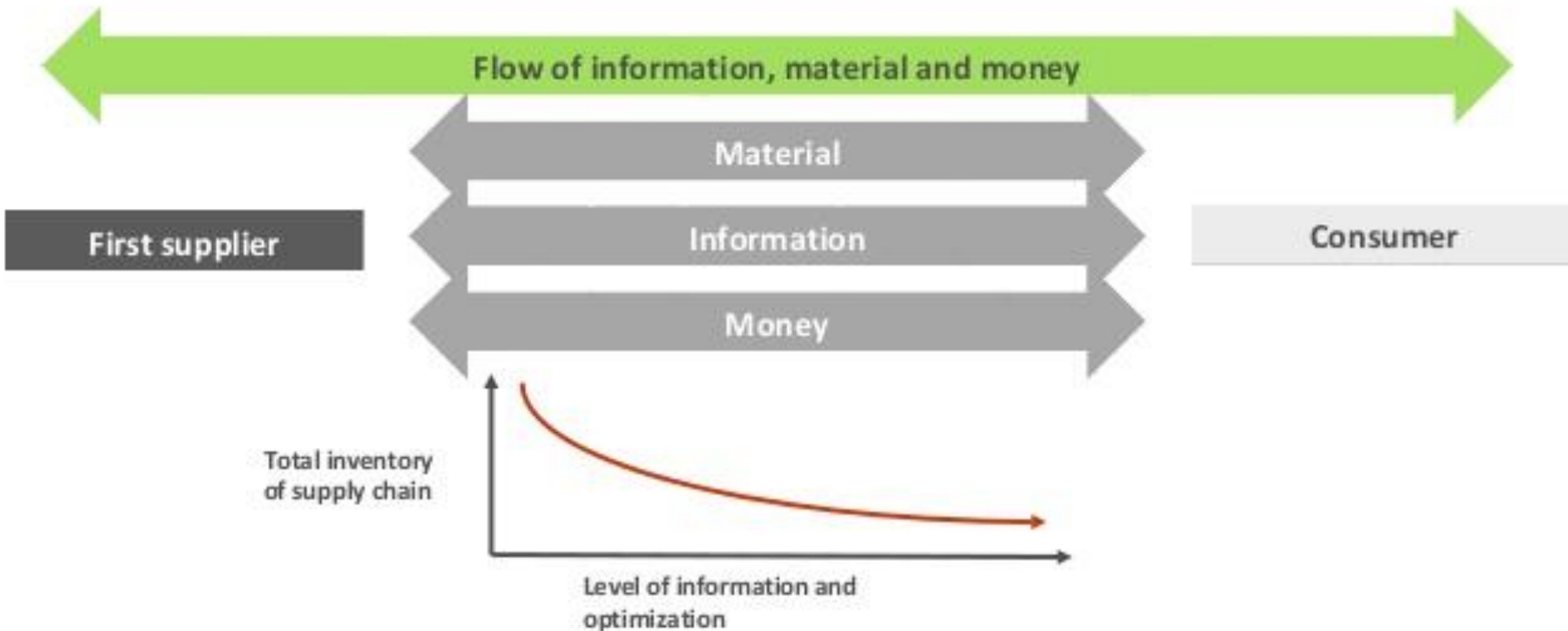
Global Supply Chain



Domestic Supply Chain



Supply chain



Value chain

Value chain

How competition among companies

has shift from

competing on product and services

to

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Value chain

global supply chains

are the response to

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Value chain

How competition among companies has shift from competing on product and services to competing on supply chains

global supply chains are the response to the increasing integration of international markets as companies try to remain competitive

Primary value chain:

Demand fulfilment

Demand generation

Inbound logistics

- Call-off to suppliers
- Materials handling
- Warehousing
- Inventory control

Operations

- Conversion
- Assembly
- Packaging
- Maintenance

Outbound logistics

- Warehousing
- Order processing
- Picking
- Shipment
- Delivery

Marketing and sales

- Channels to market
- Product, pricing, advertising and promotion, distribution
- Customer value, cost to consumer, convenience, communication
- Sales force effectiveness

Service

- Installation
- Repair
- Training

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Support activities:

Procurement

- Purchasing raw material, supplies, fixed assets

Technological development

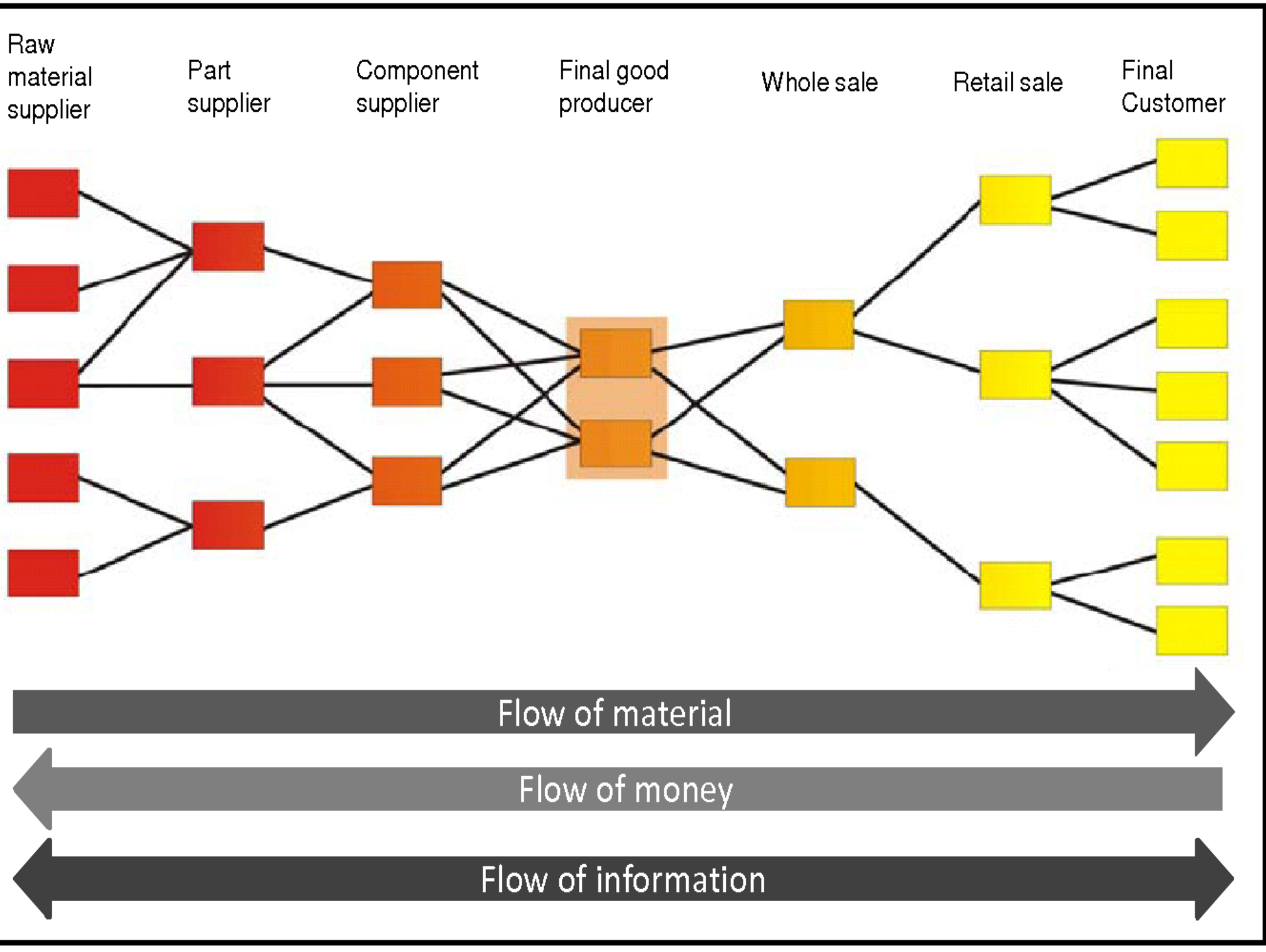
- Process design
- Product design
- R&D

Human resources

- Recruiting, hiring, training, developing and compensating all personnel

Infrastructure

- General management
- Finance
- Accounting
- IT



Value Chain Model

Support
activities

Firm infrastructure

Human resource management

Technological development

Procurement

Margin

Primary
activities

Inbound
logistics

Operations

Outbound
logistics

Marketing and
sales

Service

Margin

