Marketing Channels

Marketing channels are sets of interdependent organizations involved in the process of making a product or service available for use or consumption.

Channels and Marketing Decisions

- Push strategy
- Pull strategy

Role of Marketing Channels

- Many producers lack resources to direct market products
- Producers may be able to earn greater ROI by investing in main business
- Direct marketing is not always feasible

Table 13.1 Channel Member Functions

- Gather information
- Develop and disseminate persuasive communications
- Reach agreements on price and terms
- Acquire funds to finance inventories
- Assume risks
- Provide for storage
- Provide for buyers’ payment of their bills
- Oversee actual transfer of ownership

Chapter 13
Designing and Managing Value Networks and Channels

Chapter Questions

- What is a marketing channel system and value network?
- What work do marketing channels perform?
- What decisions do companies face in designing, managing, evaluating, and modifying their channels?
- How should companies integrate channels and manage channel conflict?
- How are companies managing e-commerce marketing?
Marketing Channel Flows

- Physical flow
- Title flow
- Payment flow
- Information flow
- Promotion flow

Consumer Marketing Channels

- 0-level
  - Manufacturer to consumer
- 1-level
  - Manufacturer to retailer to consumer
- 2-level
  - Manufacturer to wholesaler to retailer to consumer
- 3-level
  - Manufacturer to wholesaler to jobber to retailer to consumer

Industrial Marketing Channels

- 0-level
  - Manufacturer to industrial customer
- 1-level
  - Manufacturer to industrial distributors to industrial customer
- 2-level
  - Manufacturer to manufacturer’s rep to industrial distributors to industrial customer
- 3-level
  - Manufacturer to manufacturer’s sales branch to industrial distributors to industrial customer

Channels Produce Five Service Outputs

- Lot size
- Waiting/delivery time
- Spatial convenience
- Product variety
- Service backup

Designing a Marketing Channel System

- Analyze customer needs
- Establish channel objectives
- Identify major channel alternatives
- Evaluate major channel alternatives

Identifying Channel Alternatives

- Types of intermediaries
- Number of intermediaries
- Terms and responsibilities
### Number of Intermediaries
- Exclusive
- Selective
- Intensive

### Channel-Management Decisions
- Selecting channel members
- Training channel members
- Motivating channel members
- Evaluating channel members
- Modifying channel members

### Channel Integration and Systems
- Vertical marketing systems
  - Corporate VMS
  - Administered VMS
  - Contractual VMS
- Horizontal marketing systems
- Multichannel marketing systems

### Managing Channel Conflict
- Adoption of superordinate goals
- Cooptation
- Diplomacy
- Mediation
- Arbitration

### E-Commerce Marketing Practices
- Pure-click
- Brick-and-click
- Brick-and-mortar