

PRINCIPLES OF  
**Marketing**

## **Chapter Twelve**

### **Marketing Channels: Delivering Customer Value**



# Channel Design Decisions



# Channel Design Decisions

## Setting Channel Objectives

- Targeted levels of customer service
- What segments to serve
- Best channels to use
- Minimizing the cost of meeting customer service requirements



# Channel Design Decisions

## Identifying Major Alternatives

- Types of intermediaries
- Number of marketing intermediaries
- Responsibilities of channel members



# Channel Design Decisions

## Identifying Major Alternatives

### Intensive distribution

- Candy and toothpaste

### Exclusive distribution

- Luxury automobiles and prestige clothing

### Selective distribution

- Television and home appliance



# Channel Design Decisions

## Evaluating the Major Alternatives

Each alternative should be evaluated against:

- Economic criteria
- Control
- Adaptive criteria



# Channel Design Decisions

## Designing International Distribution Channels

- Channel systems can vary from country to country
- Must be able to adapt channel strategies to the existing structures within each country



# Channel Management Decisions

Selecting  
channel  
members

Managing  
channel  
members

Motivating  
channel  
members

Evaluating  
channel  
members





# Public Policy and Distribution Decisions

**Exclusive distribution** is when the seller allows only certain outlets to carry its products

**Exclusive dealing** is when the seller requires that the sellers not handle competitor's products

**Exclusive territorial agreements** are where producer or seller limit territory

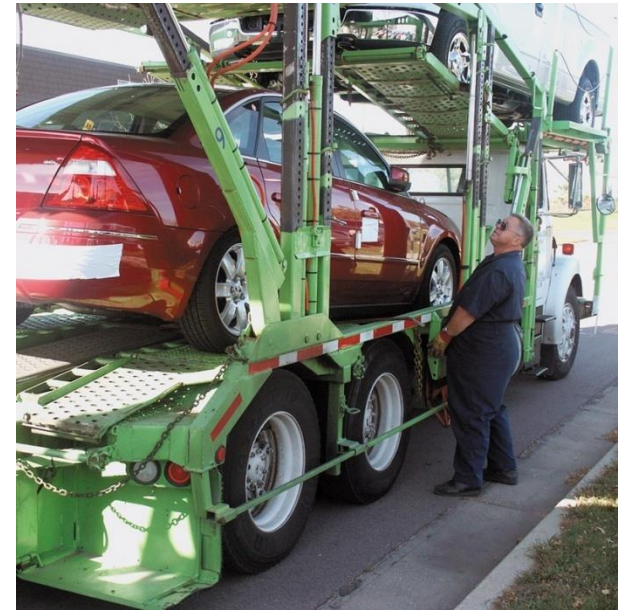
**Tying agreements** are agreements where the dealer must take most or all of the line



# Marketing Logistics and Supply Chain Management

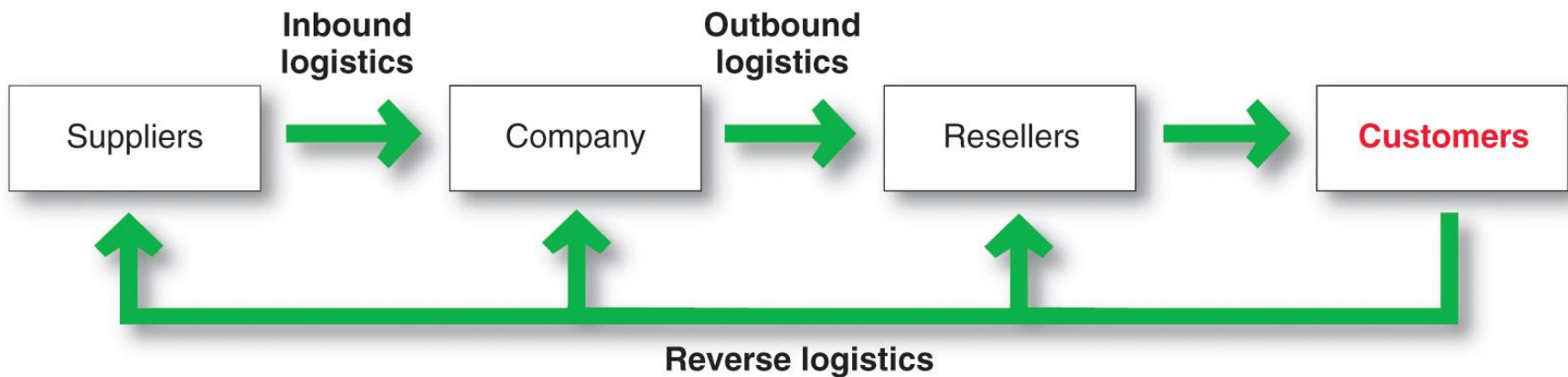
## Nature and Importance of Marketing Logistics

**Marketing logistics** (physical distribution) involves planning, implementing, and controlling the physical flow of goods, services, and related information from points of origin to points of consumption to meet consumer requirements at a profit



# Marketing Logistics and Supply Chain Management

## Nature and Importance of Marketing Logistics



# Marketing Logistics and Supply Chain Management

## Nature and Importance of Marketing Logistics

**Supply chain management** is the process of managing upstream and downstream value-added flows of materials, final goods, and related information among suppliers, the company, resellers, and final consumers



# Marketing Logistics and Supply Chain Management

## Major Logistics Functions

Warehousing

Inventory  
management

Transportation

Logistics  
information  
management



# Marketing Logistics and Supply Chain Management

## Warehousing Decisions

- How many
- What types
- Location
- Distribution centers



# Marketing Logistics and Supply Chain Management

## Inventory Management

- Just-in-time systems
- RFID
  - Knowing exact product location
- Smart shelves
  - Placing orders automatically



# Marketing Logistics and Supply Chain Management

## Major Logistics Functions

**Transportation** affects the pricing of products, delivery performance, and condition of the goods when they arrive

Truck

Rail

Water

Pipeline

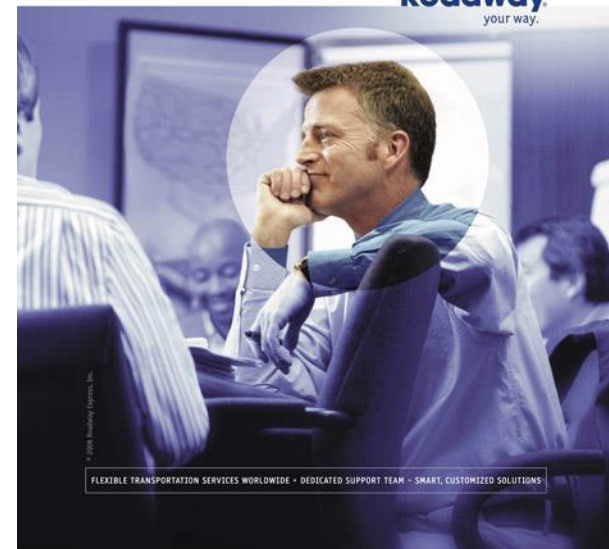
Air

Internet

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# Marketing Logistics and Supply Chain Management

## Logistics Information Management

**Logistics information management** is the management of the flow of information, including customer orders, billing, inventory levels, and customer data

- EDI (electronic data interchange)
- VMI (vendor-managed inventory)



# Marketing Logistics and Supply Chain Management

## Integrated Logistics Management

**Integrated logistics management** is the recognition that providing customer service and trimming distribution costs requires teamwork internally and externally

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# Marketing Logistics and Supply Chain Management


## Integrated Logistics Management

**Third-party logistics is the outsourcing of logistics functions to third-party logistics providers (3PLs)**



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