CENTRE	**: DDU KAUSHAL KENDRA**
NAME OF THE PROGRAMME	**: B.VOC(LOGISTICS AND SUPPLY CHAIN MANAGEMENT)**
PROGRAM CODE	**: 3UABVOC(LSCM)**
COURSE CODE	**: LSCM17106**
COURSE NAME	**: MARKETING MANAGEMENT**
SEMESTER	**: I**
FACULTY NAME	**: MR.RAJKUMAR**
DESIGNATION	**: ASSISTANT PROFESSOR**
TOPIC	**: MARKETING CHANNEL**

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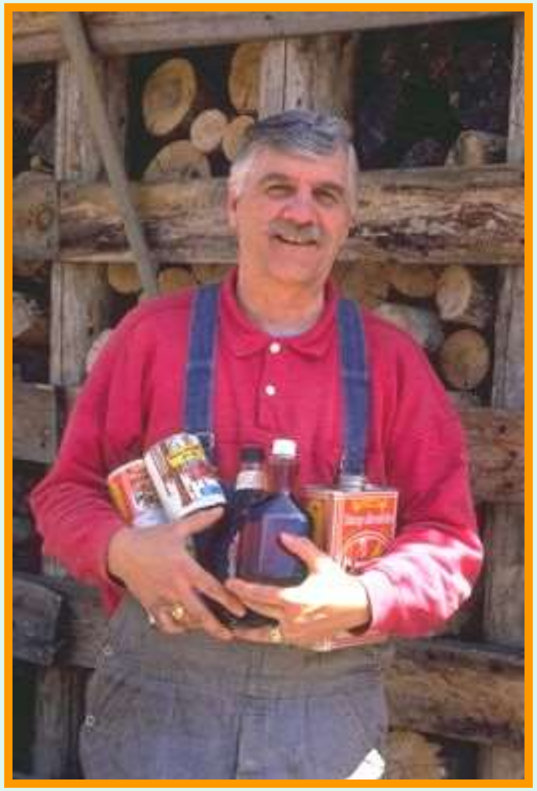
TOPIC: MARKETING CHANNEL

Marketing Channels

Originally defined as:
Paths through which goods or materials can move from producers to users.

Middleman or Intermediaries



create value by reducing the **<u>spatial separation</u>** – the physical distance between the point of production and point of consumption

Marketing Channels: Overview

I. Introduction

- \- Definition: A set of interdependent organizations involved in the process of making a product of service available for consumption or use.*

- \- Four Types of Utility: Form, Time, Place, and Possession utility

Marketing Channels Act as Exchange Facilitators

We define a Marketing Channel as **exchange relationships** that create customer value in the **acquisition, consumption, and disposition** of products and services

The Economic Rationales for Marketing Channels

- A. The Efficiency Rationale for Intermediaries
- B. The Discrepancy of Assortment and Sorting
- C. Routinization
- D. Searching

FIGURE 1.1: CONTACT COSTS TO REACH THE MARKET WITH AND WITHOUT INTERMEDIARIES

Selling Directly

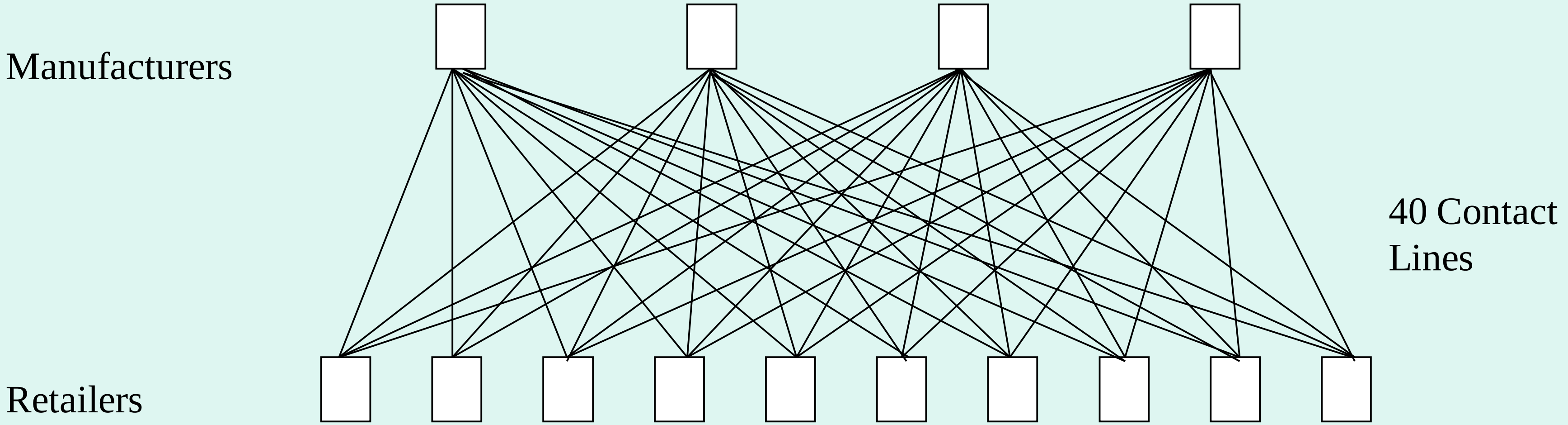


FIGURE 1.1: CONTACT COSTS TO REACH THE MARKET WITH AND WITHOUT INTERMEDIARIES

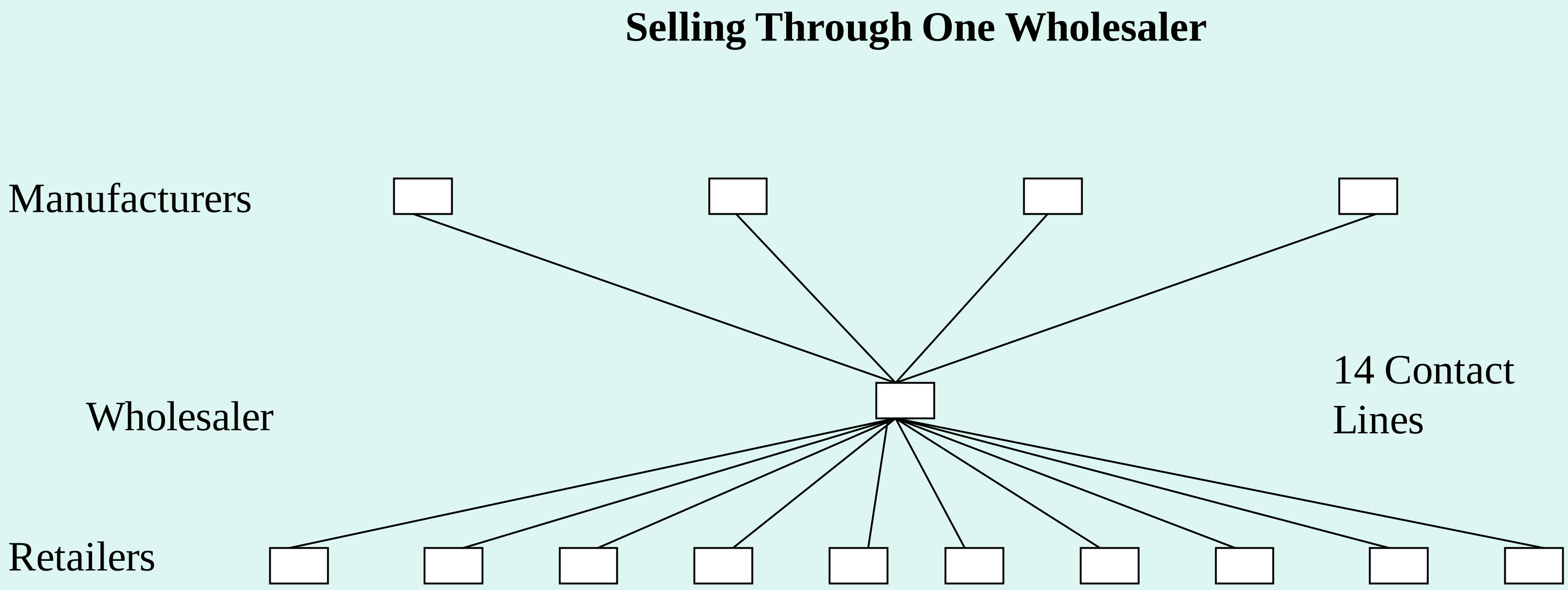
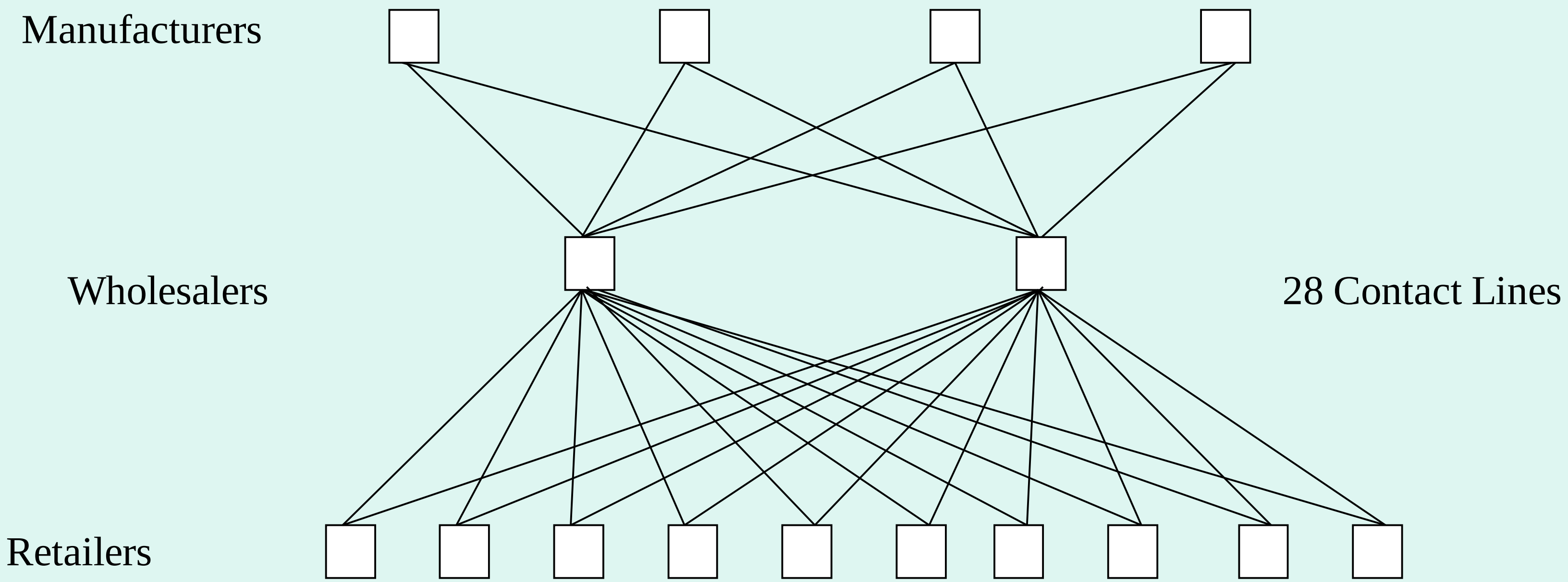


FIGURE 1.1: CONTACT COSTS TO REACH THE MARKET WITH AND WITHOUT INTERMEDIARIES

Selling Through Two Wholesalers



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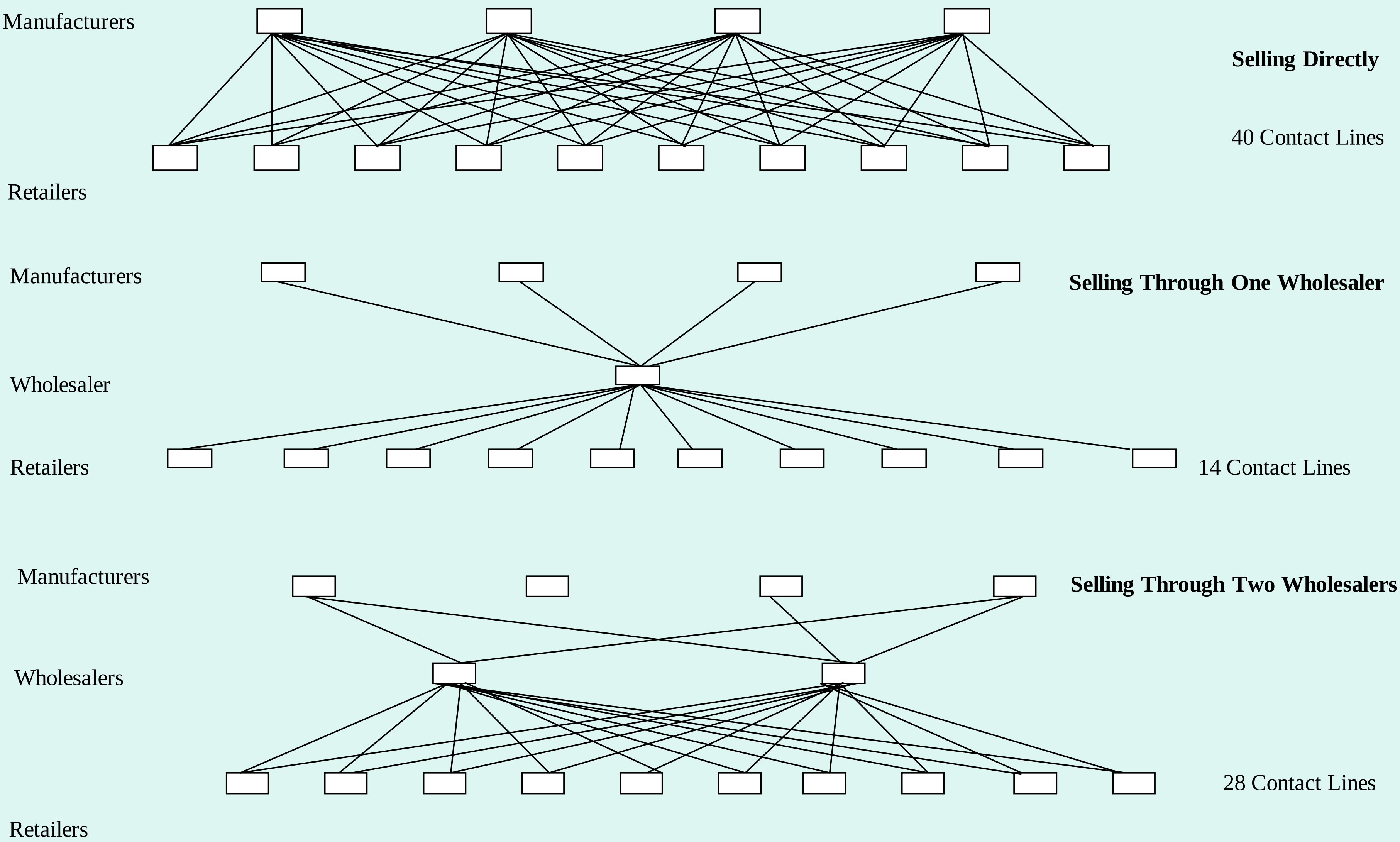


Functions and Flows in Marketing Channels*

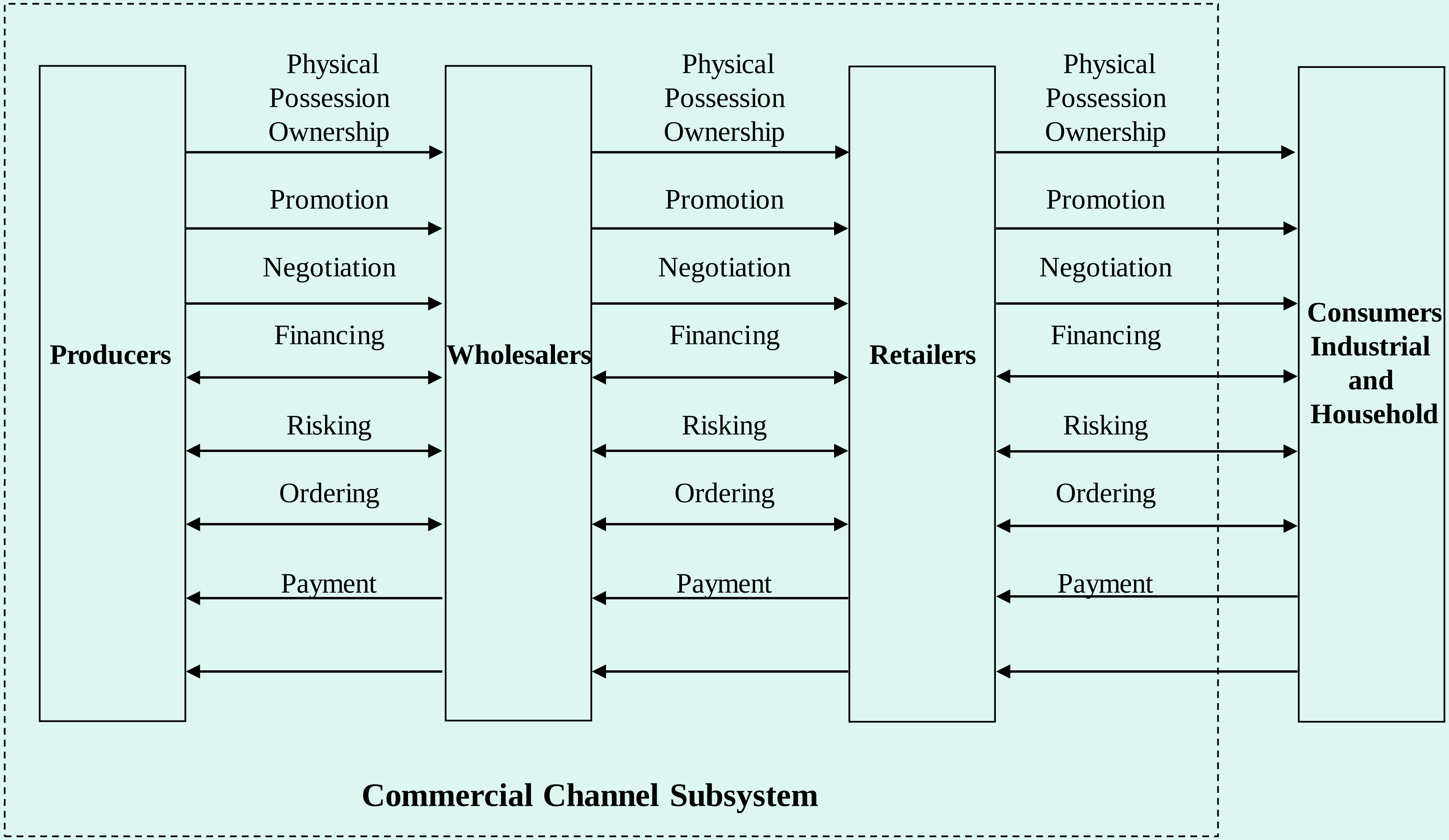
A. Functions in Marketing Channels

- Carrying of Inventory
- Demand generation
- Physical distribution
- After-sale service
- Extending credit to customers

B. Flows in Marketing Channels

- Physical Possession	- Ownership
- Promotion	- Negotiation
- Financing	- Risking
- Ordering	- Payment

FIGURE 1.2: MARKETING FLOWS IN CHANNELS



Analyzing Marketing Channel Structures

- **A. Channels as a Network of Systems**

- Interdependent and Interrelated systems

- Open systems

- **B. Service Outputs as Determinants of Channel Structure**

  - Spatial Convenience

  - Lot size

  - Waiting or delivery time

  - Product variety and assortment

  - Customer Service

Analyzing Marketing Channel Structures (Cont'd)

C. Marketing Cost as a Determinant

D. Additional Driving Factors: Technological, Cultural, Geographic, and Social

FIGURE 1-3: FRAMEWORK FOR CHANNEL DESIGN AND IMPLEMENTATION

Channel Design Process:

SEGMENTATION:
Recognize and respond to target customers' service output demands

Decisions About Efficient Channel Response:

CHANNEL STRUCTURE:
What kinds of intermediaries are in my channel?
Who are they?
How many of them?
SPLITTING THE WORKLOAD:
With what responsibilities?
DEGREE OF COMMITMENT:
Distribution alliance?
Vertical integration/ownership?
GAP ANALYSIS:
What do I have to change?

Channel Management Process:

CHANNEL POWER:
Identify sources for all channel members

CHANNEL CONFLICT:
Identify actual and potential sources

MANAGE/DEFUSE CONFLICT:
Use power sources strategically, subject to legal constraints

GOAL:
Channel Coordination

INSIGHTS FOR SPECIFIC CHANNEL INSTITUTIONS:

Retailing, Wholesaling and Logistics, Franchising

FIGURE 1-4: ORGANIZATION OF THE TEXT

Channel Design Process:

SEGMENTATION: Chapter 2

⇓

Decisions About Efficient Channel Response:

CHANNEL STRUCTURE:
Chapter 4
SPLITTING THE WORKLOAD:
Chapter 3
DEGREE OF COMMITMENT:
Chapters 8, 9
GAP ANALYSIS:
Chapter 5

Channel Management Process:

CHANNEL POWER:
Chapter 6

CHANNEL CONFLICT:
Chapter 7

MANAGE/DEFUSE CONFLICT:
Chapters 6, 7, 8, 9, 10

GOAL:
Channel Coordination

INSIGHTS FOR SPECIFIC CHANNEL INSTITUTIONS:

Chapters 11, 12, 13