

ELEVENTH EDITION

MARKETING

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CHAPTER

15

MANAGING
MARKETING
CHANNELS AND
SUPPLY CHAINS

NATURE AND IMPORTANCE OF MARKETING CHANNELS

THE VALUE CREATED BY INTERMEDIARIES

- **Marketing Channel**
- **Functions Performed by Intermediaries**
 - **Transactional Function**
 - **Logistical Function**
 - **Facilitating Function**
- **Utilities Received by Consumers**

FIGURE 15-1 The variety of terms used for marketing intermediaries that vary in specificity and use in consumer and business markets

TERM	DESCRIPTION
Middleman	Any intermediary between manufacturer and end-user markets
Agent or broker	Any intermediary with legal authority to act on behalf of the manufacturer
Wholesaler	An intermediary who sells to other intermediaries, usually to retailers; term usually applies to consumer markets
Retailer	An intermediary who sells to consumers
Distributor	An imprecise term, usually used to describe intermediaries who perform a variety of distribution functions, including selling, maintaining inventories, extending credit, and so on; a more common term in business markets but may also be used to refer to wholesalers
Dealer	A more imprecise term than <i>distributor</i> that can mean the same as distributor, retailer, wholesaler, and so forth

FIGURE 15-8 Relating logistics management and supply chain management to supplier networks and marketing channels

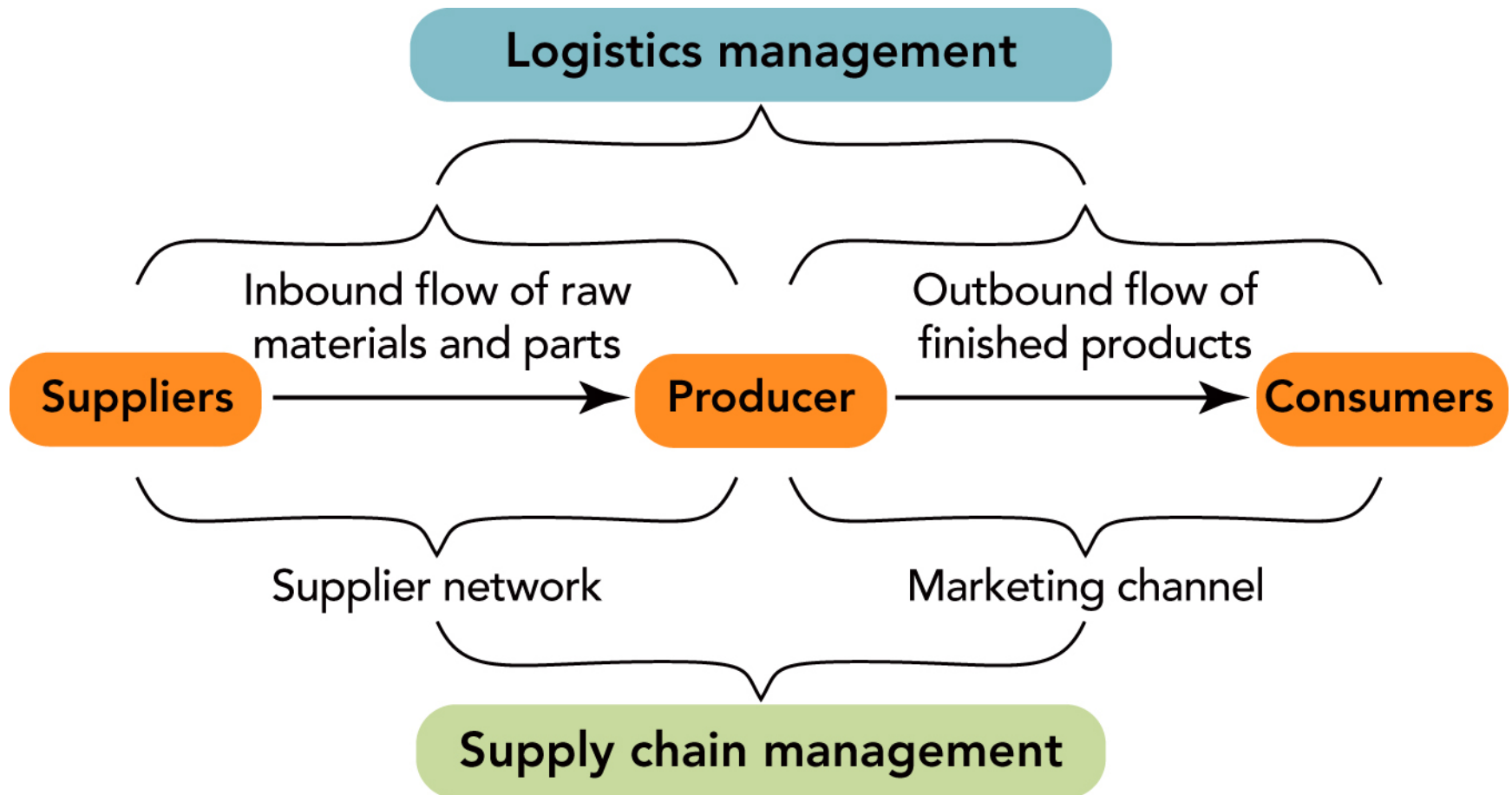
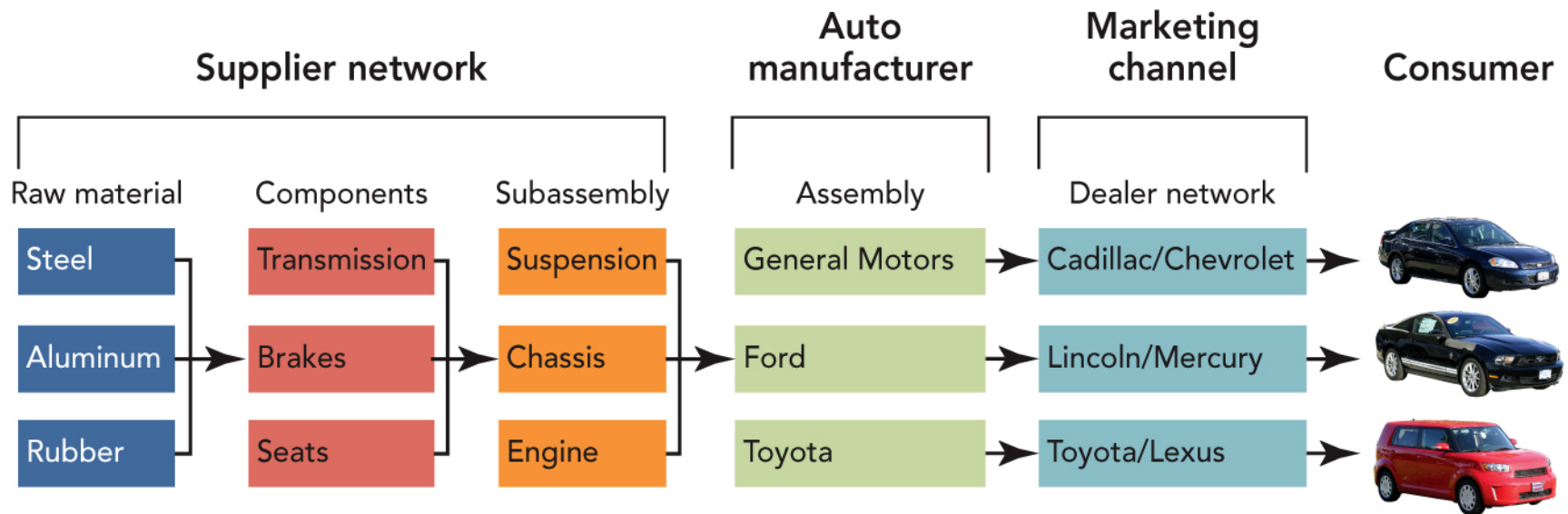


FIGURE 15-9 The automotive supply chain includes thousands of firms that provide the 5,000 or so parts in a typical car



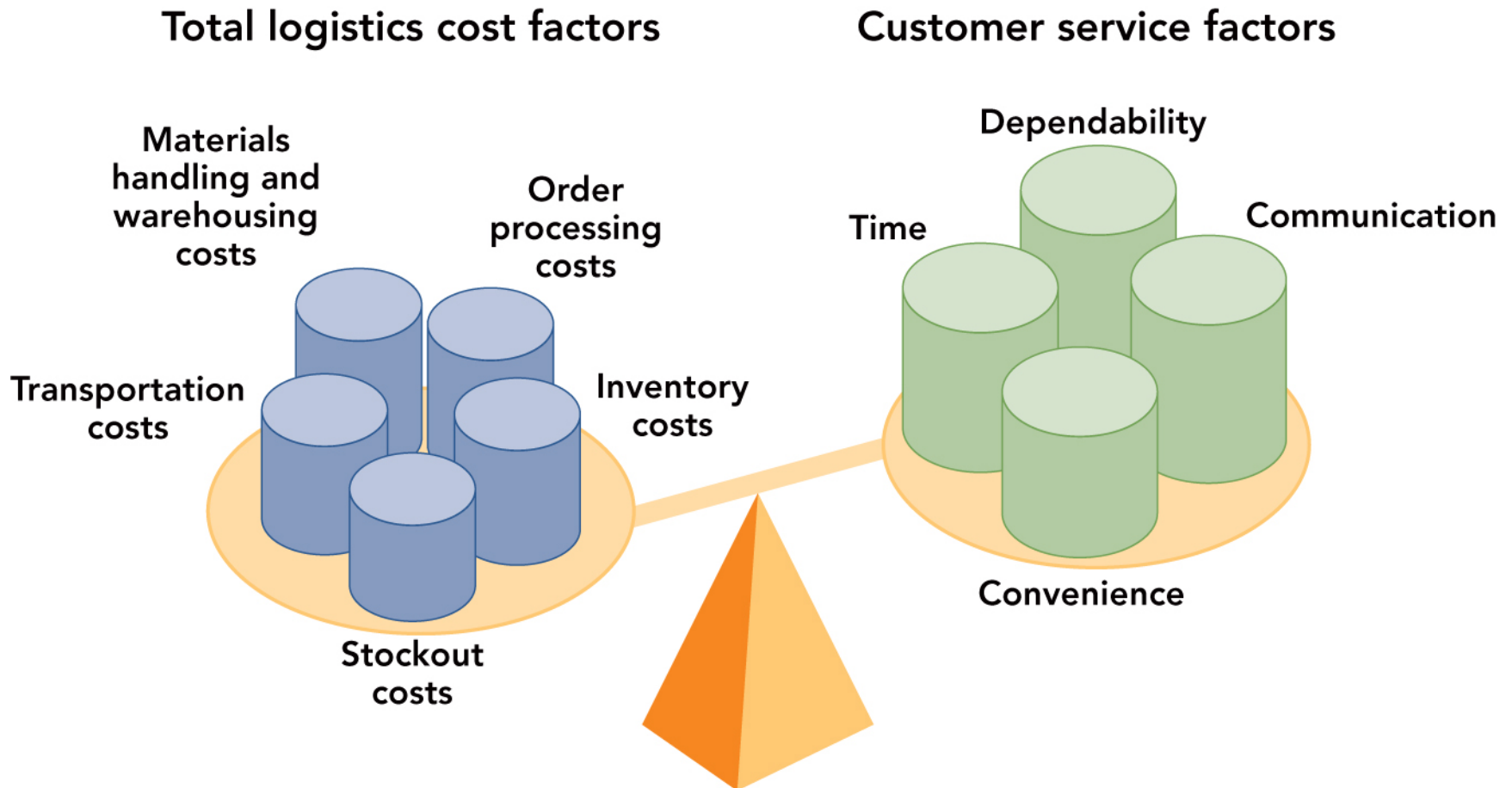
LOGISTICS & SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MGMT & MKT STRATEGY

- **Dell: A Responsive Supply Chain**
- **Wal-Mart: An Efficient Supply Chain**



FIGURE 15-10 Supply chain managers balance five total logistics cost factors against four customer service factors



CLOSING THE LOOP: REVERSE LOGISTICS

➤ Reverse Logistics

UPS Video



MAKING RESPONSIBLE DECISIONS

LO4

Reverse Logistics and Green Marketing Go Together at Hewlett-Packard: Recycling e-Waste



VIDEO CASE 15

AMAZON: DELIVERING THE GOODS... MILLIONS OF TIMES A DAY

The screenshot shows the Amazon.com website interface for the Kindle Store. At the top, the Amazon logo is on the left, and navigation links like "Hello, Sign in to get personalized recommendations. New customer? Start here." and "FREE Two-Day Shipping: See details" are on the right. Below the header is a search bar with "Kindle Store" entered. A navigation bar lists various categories: Kindle Store, Buy A Kindle, Cloud Reader, Kindle eBooks, Kindle Singles, Newsstand, Popular Games, Accessories, Discussions, Manage Your Kindle, and Kindle Support. The main content area features a large banner for "Resuscitation by D.M. Annechino" with an "Order now" button. To the left, a "Browse" sidebar lists categories like Kindle Book Deals, Kindle Daily Deal, and Popular Features. The center section promotes "Kindle eBooks" with a focus on "Introducing the All-New kindle fire" and "Thousands of beautifully illustrated children's books in vibrant color." It shows two Kindle Fire tablets displaying colorful children's book covers. Below this, there's a section for "Best-selling Kindle Books in Featured Categories" with a book cover for "STEPHEN KING MILE". To the right, there's a "Kindle Daily Post" section, a "Kindle Daily Deal" for "October Fest" at \$1.99, and a "100 KINDLE BOOKS for \$3.99 OR LESS" promotion. At the bottom, a "Best Sellers" section lists "Kindle Store : Kindle Books". The browser's address bar shows "Internet" and the status bar shows "Done".



VIDEO CASE 15

AMAZON

1. How do Amazon.com's logistics and supply chain management activities help the company create value for its customers?

VIDEO CASE 15

AMAZON

2. What systems did Amazon develop to improve the flow of products from suppliers to Amazon distribution centers? What systems improved the flow of orders from the distribution centers to customers?

VIDEO CASE 15

AMAZON

3. Why will logistics and supply chain management play an important role in the future success of Amazon.com?

Marketing Channel

A marketing channel consists of Individuals and firms involved in the process of making a product or service available for use or consumption by consumers or industrial users.



Multichannel Marketing

Multichannel marketing involves the blending of different communication and delivery channels that are mutually reinforcing in attracting, retaining, and building relationships with consumers who shop and buy in traditional intermediaries and online.



Dual Distribution

Dual distribution involves an arrangement whereby a firm reaches different buyers by employing two or more different types of channels for the same basic product.



Vertical Marketing Systems

Vertical marketing systems are professionally managed and centrally coordinated marketing channels designed to achieve channel economies and maximum marketing impact.



Intensive Distribution

Intensive distribution is a level of distribution density whereby a firm tries to place its products and services in as many outlets as possible.



Exclusive Distribution

Exclusive distribution is a level of distribution density whereby only one retailer in a specific geographical area carries the firm's products.



Selective Distribution

Selective distribution is a level of distribution density whereby a firm selects a few retailers in a specific geographical area to carry its products.



Channel Conflict

Channel conflict arises when one channel member believes another channel member is engaged in behavior that prevents it from achieving its goals.



Disintermediation

Disintermediation involves channel conflict that arises when a channel member bypasses another member and sells or buys products direct.



Logistics

Logistics consists of those activities that focus on getting the right amount of the right products to the right place at the right time at the lowest possible cost.



Supply Chain

A **supply chain** consists of a sequence of firms that perform activities required to create and deliver a product or service to ultimate consumers or industrial users.



Total Logistics Cost

Total logistics cost consists of the expenses associated with transportation, materials handling and warehousing, inventory, stockouts (being out of inventory), order processing, and return goods handling.



Customer Service

Customer service is the ability of logistics management to satisfy users in terms of time, dependability, communication, and convenience.



Vendor-Managed Inventory (VMI)

Vendor-managed inventory (VMI) is an inventory-management system whereby the supplier determines the product amount and assortment a customer (such as a retailer) needs and automatically delivers the appropriate items.



Reverse Logistics

Reverse logistics is a process of reclaiming recyclable and reusable materials, returns, and reworks from the point of consumption or use for repair, remanufacturing, redistribution, or disposal.

