

Ch. 14 & 15:

---

Ch. 14 - Supply Chain and Distribution Strategies

Channel Strategy - involves the decisions a manufacturer makes to effectively and efficiently move its products to the customer

Back End of Manufacturing

- Parts come from all over the world
- Assembled in one location
- No part inventory
- Ship finished product ASAP
- All over the world

After Manufacturing:

- Destination (Delivering vehicles to dealers) (Trains, trucks, and boats)

Why is marketing important in this process?

- Distribution and supply chain activities are behind the PLACE in the 4 P's.
- They are the physical manifestation of segmentation and demographics
- \*Marketing is responsible for: **TIMING** (when does the product need to be there?); **MIX** (what product needs to be there?); **VOLUME** (how much product needs to be there?); **THE PRODUCT ACTUALLY SELLING** (wholesale and retail)

Order to Delivery Time:

- Sourcing parts
- Manufacturing
- Delivery

Deciding where products go:

- Options and Combinations

\*What is popular where? (Colors / sunroof / convertible / 4x4 v. 4x2)

How many vehicles?

VOLUMES

- State volumes? / City volumes? / Export? / Promotions?

Is it actually selling?

- Should this product actually be sold?
- Is it selling like we want it to?
- Is it selling to who we want to sell it to?

Channel Structure:

- \*Direct Marketing Channel - where the manufacturer sells directly to the end customer
- Benefits: control their brand
- Problem: Slow (no money...) You can't just blitz the market

\*Indirect Marketing Channel - where the manufacturer sells to the end customer THROUGH at least one intermediary

Ex. Car dealerships

Problem: Not as much control

\*Multi-Marketing Channel - Selling directly AND indirectly to the end customer

Ex. Apple... they have stores they control, but NOT in Pullman, so they have authorized dealers

Channel Choice Factors:

ISSUES THAT INFLUENCE CHANNEL STRATEGY

1. FACTORS AFFECTING CHANNEL CHOICE

(market factors) (product factors) (producer factors)

2. LEVELS OF DISTRIBUTION INTENSITY

(intensive distribution) (selective distribution) (exclusive distribution)

Market Factors that affect channel choices =

-Customer Profiles

-Consumer or Industrial Customer

-Size of market

-Geographic Location

Product factors that affect channel choices =

-Product complexity

-Product price

-Product standardization

-Product life cycle

-Product delicacy

Producer factors that affect channel choices =

-Producer resources

-Number of product lines

-Desire for channel control

Intensity of Distribution:

LEVEL OF INTENSITY	-OBJECTIVE	-# OF INTERMEDIARIES
Intensive	-Achieve mass market selling. Convenience goods	-Many
Selective	-Work with selected intermediaries.	-Several
Exclusive	-Work with single intermediary.	-One

Channels and Marketing Decisions:

-PULL STRATEGY = advertising and promotional strategies geared toward consumers to increase desire for the product

\*Consumer incentives (Gas card,...)

-PUSH STRATEGY = advertising and promotional strategies geared toward your distribution partners to encourage them to promote your product

\*To the dealer... customer does not know these things

Ch. 15 - Retailing and Wholesaling Strategies

-

Retailing =

- All the activities involved in selling goods directly to the final consumer for their use
- Could be non-store retailers such as the mail, internet, phone

Trends in Retailing:

- Personalized in-store experiences
- Convenience/speed as technology integration will grow
- Privacy concerns as retailers use data to predict shopping behavior
- Mobile wallet usage
- Omni-channel retailing (Connected customers can shop for/purchase the same items across different channels)

Nonstore retailing - major forms of nonstore retailing:

- Automatic vending
- Direct retailing
- Direct Marketing
- Internet retailing
- M-commerce

Direct retailing:

- Direct Retailers sell products:
- Door to door
  - Office to office
  - Home sales parties

Direct Marketing:

- Types of Direct Marketing:
- Direct mail
  - Catalogs and mail order
  - Telemarketing

Retailing Strategy:

RETAILING MIX  
(Customer Service)  
(Merchandise)  
(Promotion)  
(Location)  
(Atmosphere)  
(Pricing)

Managing the factors of physical surroundings:

- Image
- Safety
- Temperature
- Parking
- Spacing
- Crowding

Atmospherics and Shopping Behavior: The Senses