

Chapter 1

Marketing Channels

Chapter Plan

- Introduction
- Definition of Marketing Channel
- Need and Importance of Marketing Channels
- Factors influencing the Choice of the Channel
- Non-conventional Channels

Introduction

- Physical distribution has become more dynamic
- Aim is to maximize customer satisfaction
- Physical distribution and Channel Decisions are critical in Marketing Management

Definition

- Any firms or individuals who participate in the flow of goods and services as they move from producer to an ultimate user
- Organized network of interconnected organizations and agencies involved in the process of making a product or service available to the customers

Need and Importance of Channel

- Option 1
 - Direct Marketing without middlemen 0 Level
- Option 2
 - Indirect Marketing Using Middlemen 1 to n Level

Why channels are needed?

1. Brings buyers and sellers together
2. Make services/products available to customers at convenient time
3. Producers cannot deal directly with customers
4. Awareness creation
5. More profitable sales

Why channels are needed?

6. Producer can concentrate on core activity
7. Bridging the gap between the customers, and producers.
8. Reduce the number of transactions and thereby transaction cost.

Functions of Marketing Channels

1. Facilitation
2. Information
3. Promotion
4. Negotiation
5. Transfer of the title and ownership
6. Holding inventory and sharing risk

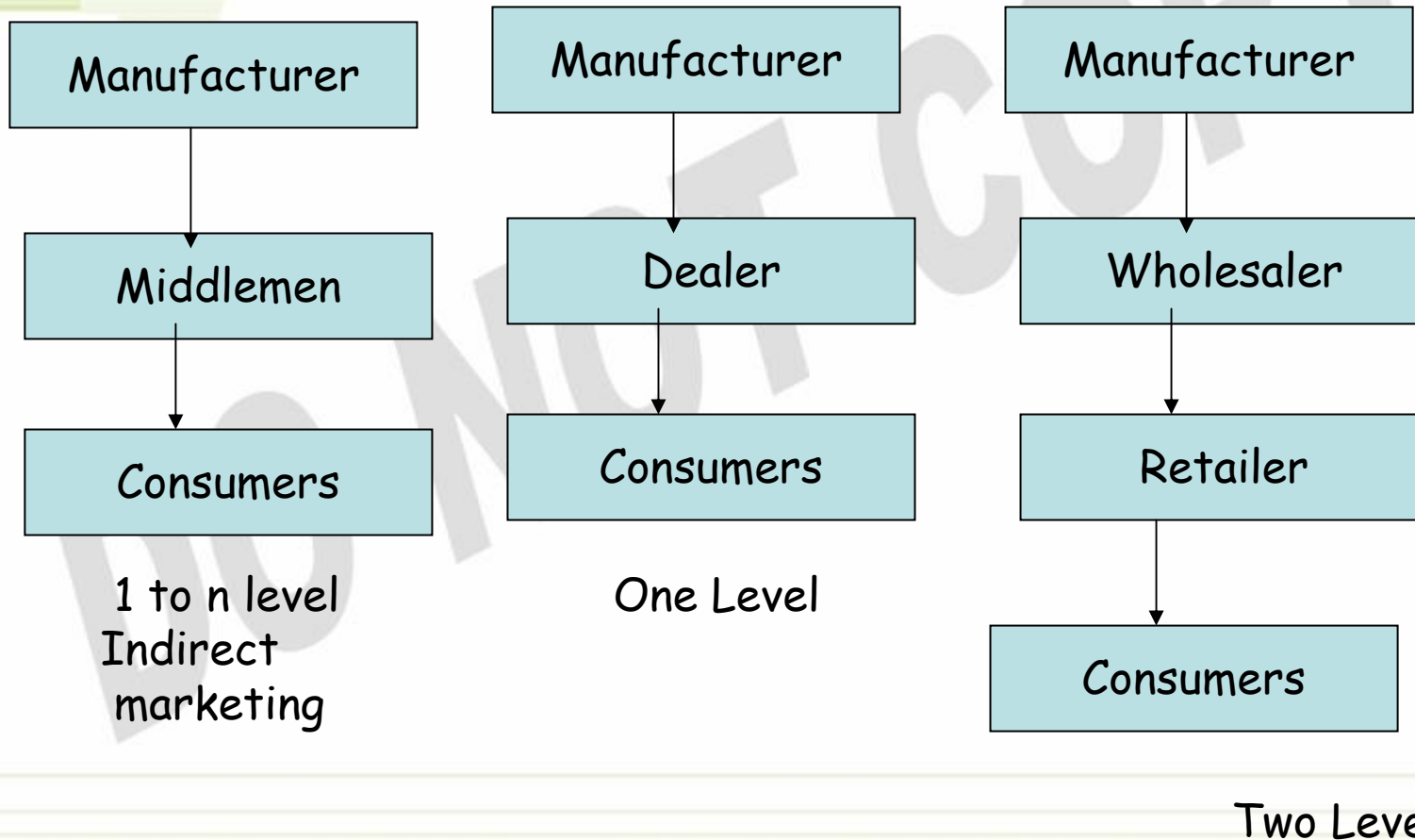
Functions of Marketing Channels

7. Finance
8. Providing pre-sale and post –sales services
9. Change Agents
10. Warehousing and transportation
11. Market feed back and intelligence

Factors influencing the choice of the Channel of Distribution

1. Nature of product
2. Nature of consumer
3. Middlemen considerations
4. Company considerations
5. Market considerations
6. Competitors' channel

Channel Structure



Non-conventional Channels

1. Door-to-Door
2. Consumer Co-operatives
3. Automatic Vending Machines
4. Vending Kiosk
5. Catalogue Marketing
6. Company Sponsored Selling

Summary

- In today's competitive marketing environment selection and design of marketing channel is crucial
- Marketing Channel serve as important link between manufacturer and consumer
- Marketing channels important tasks includes facilitation, information , negotiation etc.

Summary

- Many factors affect choice of marketing channel that includes nature of product, consumer, company, middlemen and market considerations
- Channel structure varies from '0' level to multi-level
- Non-conventional channel includes door-to-door, consumer co-operatives etc.



“Like” us on Facebook:

<http://www.facebook.com/welearnindia>



“Follow” us on Twitter:

<http://twitter.com/WeLearnIndia>



Watch informative videos on Youtube:

<http://www.youtube.com/WelingkarDLP>