



Marketing Channel Management



Learning Objectives

- What is a marketing channel system?
- What work do marketing channels perform?
- How should channels be designed?
- What decisions do companies face in managing their channels?
- How should companies manage channel conflict?



What is a Marketing Channel?

A marketing channel system is the particular set of interdependent organizations involved in the process of making a product or service available for use or consumption



Channels and Marketing Decisions

- A **push strategy** uses the manufacturer's sales force, trade promotion money, and other means to induce intermediaries to carry, promote, and sell the product to end users
- A **pull strategy** uses advertising, promotion, and other forms of communication to persuade consumers to demand the product from intermediaries

Marketing Channel Flows

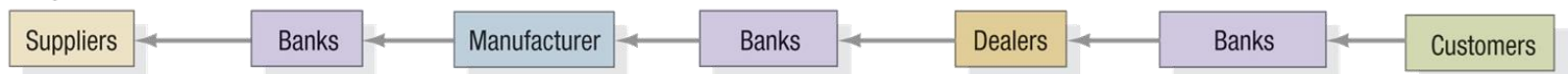
1. Physical Flow



2. Title Flow



3. Payment Flow



4. Information Flow

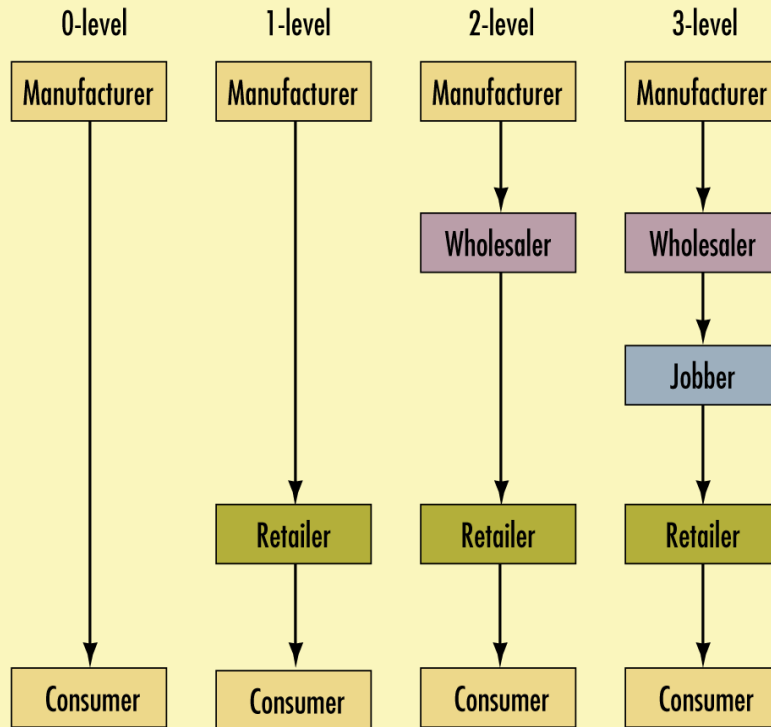


5. Promotion Flow

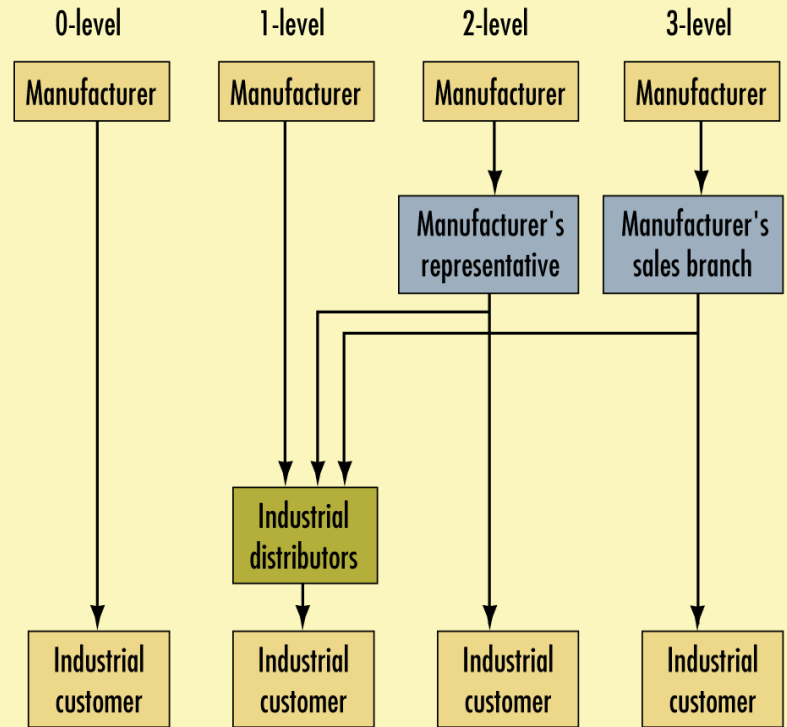


Consumer and Industrial Marketing Channels

(a) Consumer marketing channels



(b) Industrial marketing channels



Designing a Marketing Channel System

Analyze customer needs



Establish channel objectives



Identify major channel alternatives



Evaluate major channel alternatives

Channel Service Outputs



Lot size

Waiting/delivery time

Spatial convenience

Product variety

Service backup

Identifying Channel Alternatives

**Types of
intermediaries**

**Number of
intermediaries**

**Terms and
responsibilities**

Number of Intermediaries

Exclusive

Selective

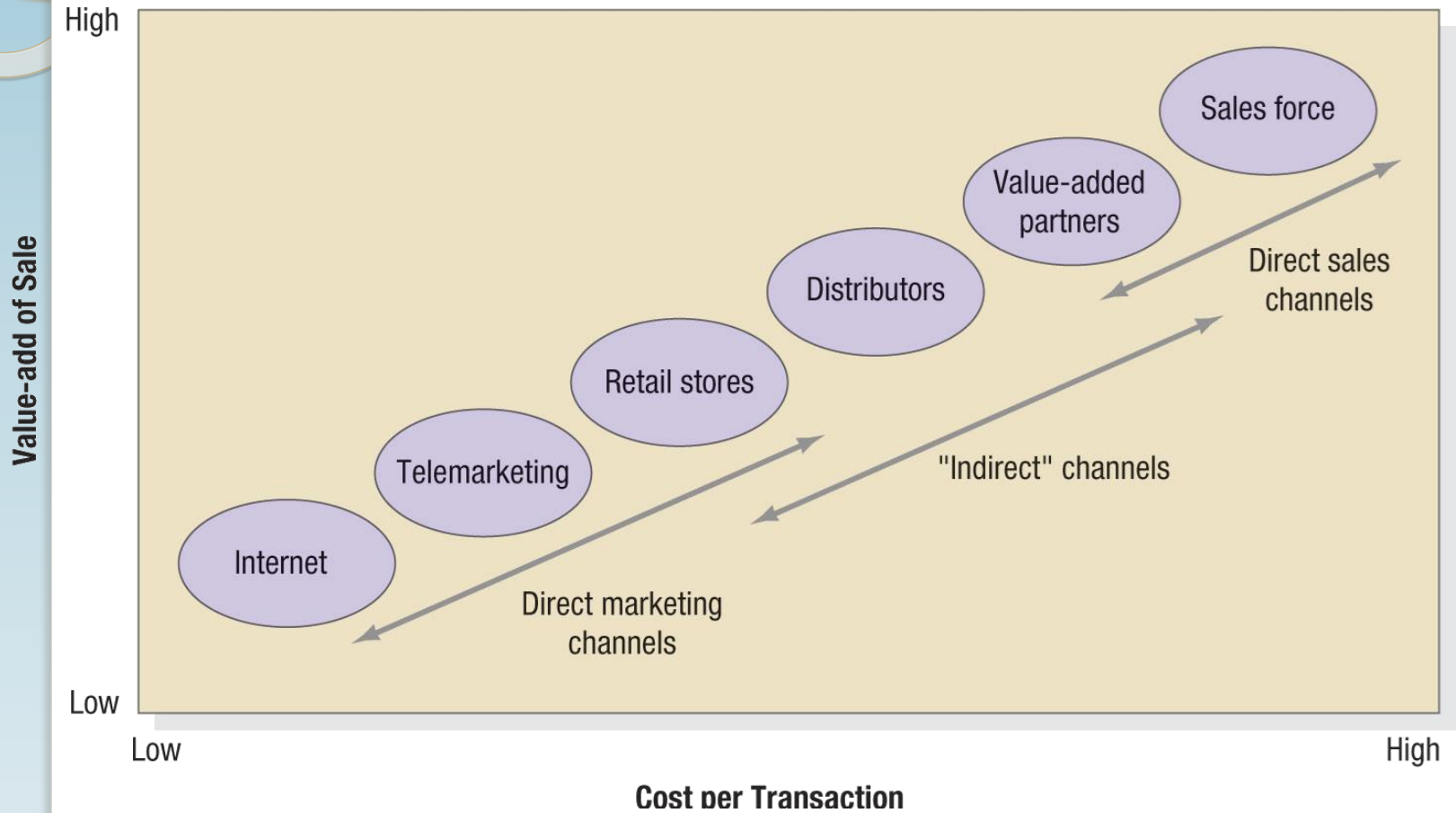
Intensive



Terms and Responsibilities of Channel Members

- Price policy
- Condition of sale
- Distributors' territorial rights
- Mutual services and responsibilities

The Value-Adds vs. Costs of Different Channels



Channel-Management Decisions

Selecting channel members

Training channel members

Motivating channel members

Evaluating channel members

Modifying channel members

Channel Power

- Coercive
- Reward
- Legitimate
- Expert
- Referent

The screenshot shows the Walmart website homepage. At the top, the Walmart logo is on the left with the tagline "Save money. Live better.™". To the right, it says "Free shipping with site to store" and provides links for "Sign in or create a new account", "Cart", "My Account", "Track Order", "Help", "Registry", "Wish List", and "Gift Cards". Below this is a navigation bar with categories: Apparel, Baby, Electronics, Entertainment, Home, Jewelry, Pharmacy, Photo, Sports, Toys, and In Stores Now. A search bar is present with "SEARCH" and "FIND" buttons, and a "See all departments" link. The main content area features a "FIND A STORE" section with a ZIP code input field and a "FIND" button. Below that is a "View Your Local Ad" section showing a Walmart store from Jan. 27 to Feb. 2, and a "Shop Valentine's Day Gifts" button. The central focus is a large promotional banner for "Hannah Montana" with the text "We're Your Headquarters: Music, Movies and More". The banner includes images of a guitar, a bed with a polka-dot blanket, and four product categories: Movies, Apparel, Kids' Room, and Toys. At the bottom of the banner, it says "See all Hannah Montana Products" and "@Disney". Below the banner is a "PAUSE" button and a "FEATURED VALUES" section.

What is Channel Conflict?

- **Channel conflict** occurs when one member's actions prevent another channel from achieving its goal.
- Types of channel conflict
 - Vertical
 - Horizontal
 - Multichannel

Causes of Channel Conflict

Goal incompatibility

Unclear roles and rights

Differences in perception

Intermediaries' dependence
on the manufacturer



Strategies for Managing Channel Conflict

- Adoption of superordinate goals
- Exchange of employees
- Joint membership in trade associations
- Cooptation
- Diplomacy
- Mediation
- Arbitration
- Legal recourse

Marketing Debate

✓ Does it matter where you are sold?

Take a position:

1. Channel images do not really affect the brand images of the products they sell that much.

or

2. Channel images must be consistent with the brand image.