

5.3 DESIGNING MARKETING CHANNELS

Every small scale entrepreneur requires a channel that can distribute his product to the right customers at the right time and at the right cost. It consists of all the middlemen which participate in the distribution of goods and which serve as a link between the manufacturer and the consumer.

Distribution channel can be described by the number of channel levels involved. Each layer of marketing intermediaries (middlemen) that performs some work in bringing the product and its ownership closer to the final buyer is a channel level. Because the producer and the final consumer both perform some work, they are part of every channel. We use the number of intermediary levels to indicate the length of a channel. Following Fig. 5.1(a) shows several consumer distribution channels of different lengths.

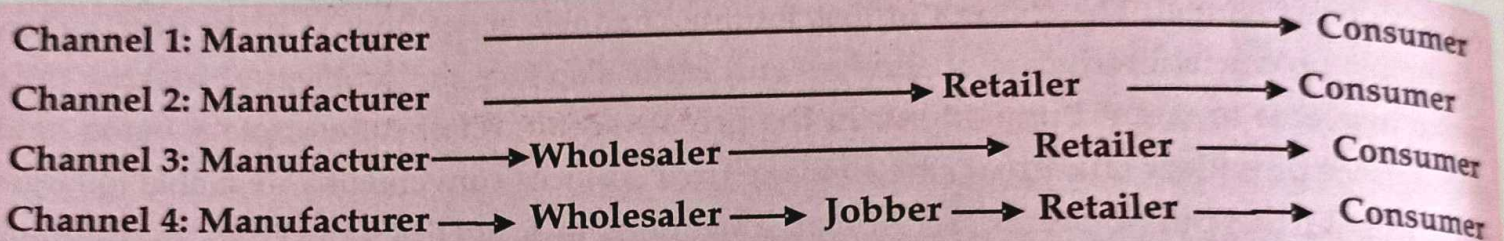


Fig. 5.1(a): Customer marketing channels

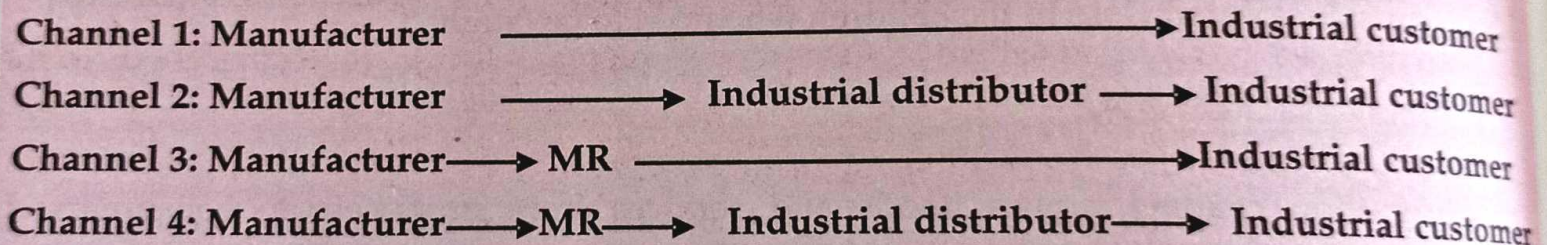


Fig. 5.1(b): Business marketing channels (MR: Manufacturers representatives)

Fig. 5.1: Consumer and business marketing channels

Channel 1, called as *direct marketing channel*, has no intermediary (middlemen) levels. It consists of a company selling directly to consumer. For example, Avon, Amway, and Tupperware sell their products door to door or through home and office sales parties; Land's End and Fingerhut sell products direct through mail order, telephone, or their websites; and Singer sells its sewing machines through its own stores.