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It is a mistake to try to look too far ahead. The chain of destiny can only be grasped one link at a time.

Sir Winston Churchill

Managing Marketing Channels

Dr. Paurav Shukla

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Objectives

- Work Performed by Marketing Channels
- Channel-Management Decisions
- Channel Dynamics
- Retailing

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Marketing / Distribution Channels create

- Time utility
 - Delivered at the right time
- Place utility
 - Delivered to the right place
- Possession/ownership utility
 - With appropriate legal requirements

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How a Distributor Reduces the Number of Channel Transactions

A. Number of contacts without a distributor
 $M \times C = 3 \times 3 = 9$

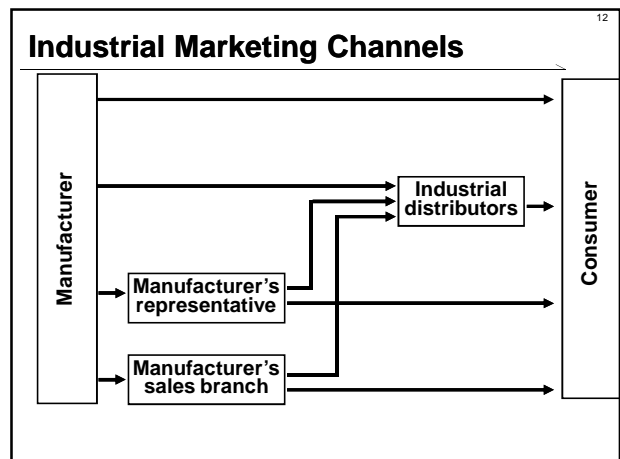
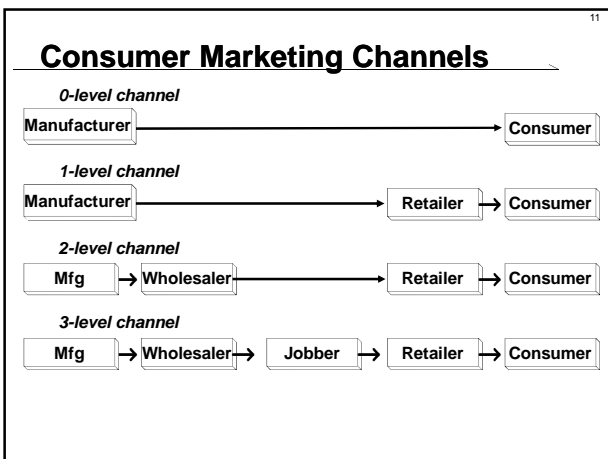
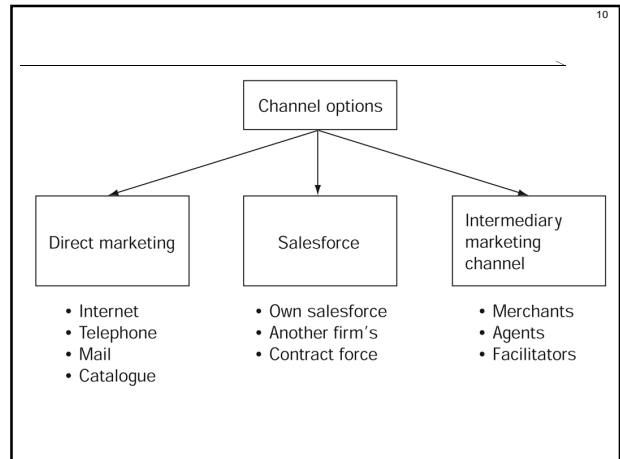
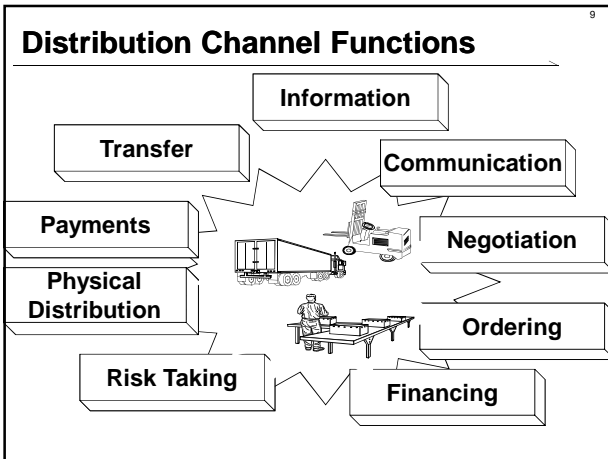
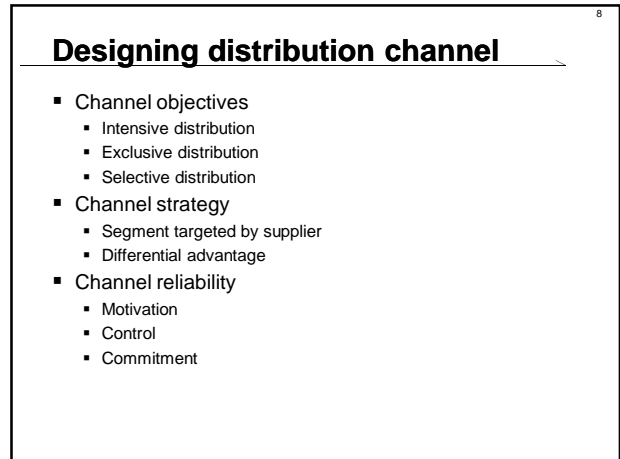
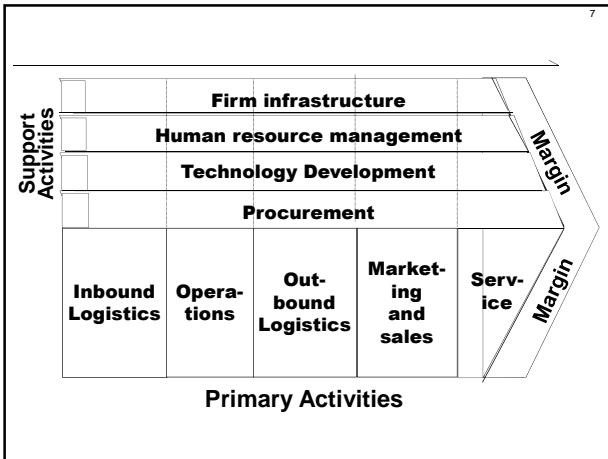
= Manufacturer = Customer

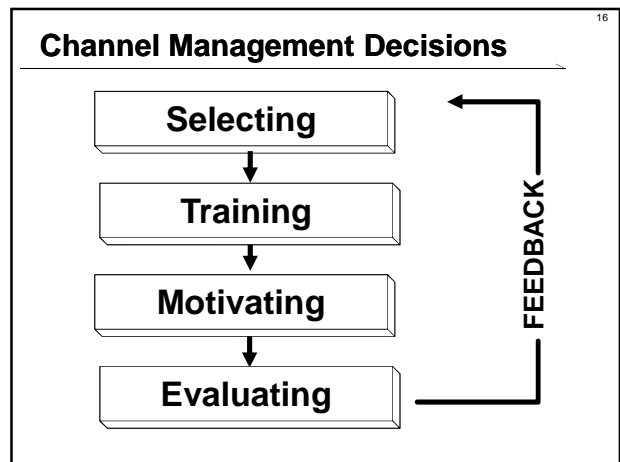
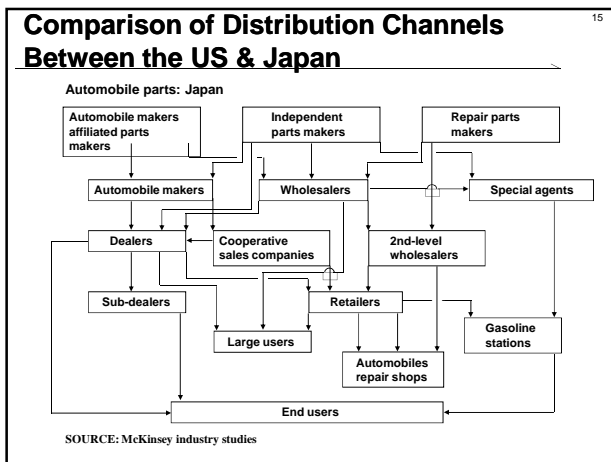
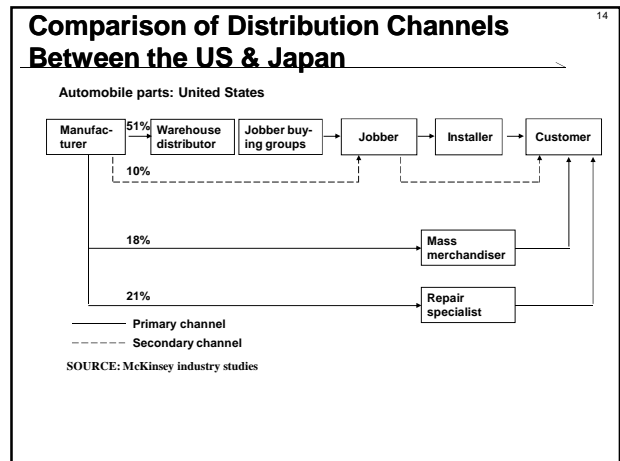
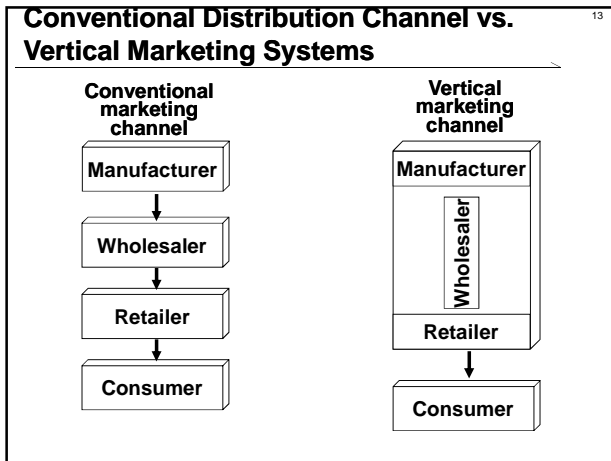
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How a Distributor Reduces the Number of Channel Transactions

B. Number of contacts with a distributor
 $M \times C = 3 + 3 = 6$

= Manufacturer = Customer = Distributor





- ### Legal & Ethical Issues in Channel Relations
- Exclusive Dealing
 - Exclusive Territories
 - Tying Agreements
 - Dealers' Rights

Benetton

It has achieved its retail distribution through an unusual arrangement with 'agents', first in Italy and other European countries, and now in emerging economies. According to one of the company's marketing executives, the term 'franchising' in describing Benetton is a misnomer. Agents of the company are assigned vast territories, largely through verbal agreements, in which they try to develop Benetton retail outlets. They find smaller investors and store operators exhibiting a 'Benetton mentality' to form individual partnerships. An individual agent might supervise and hold an interest in a number of stores. In 1982, Benetton conducted business with 35 agents. Store owners are neither required to pay Benetton a fee nor a royalty for using its name. They are required to carry only Benetton merchandise, maintain a minimum sales level (equivalent to orders for about 3500 garments per year), adhere to suggested mark-ups of about 80 percent above cost and pay for their orders within 90 days.

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Classification Of Retailer Types

Store Type	Length and Breadth of Product Assortment
Specialty Stores	Narrow Product Line, Deep Assortment
Department Stores	Wide Variety of Product Lines i.e. Clothing, Home Furnishings, & Household Items
Supermarkets	Wide Variety of Food, Laundry, & Household Products
Convenience Stores	Limited Line of High-Turnover Convenience Goods
Discount Stores	Broad Product Line, Low Margin, High Volume
Off-Price Retailer	Inexpensive, Overruns, Irregulars, and Leftover Goods
Superstores	Large Assortment of Routinely Purchased Food & Nonfood Products, Plus Services
Catalog Showroom	Broad Selection, Fast Turnover, Discount Prices

