

Chapter

12

# Marketing Channel: Supply Chain Management, Retailing

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Course: Mkt 202

Lecturer: Emran Mohammad

# Supply Chains and the Value Delivery Network

## Supply Chain Partners

**Upstream partners** include raw material suppliers, components, parts, information, finances, and expertise to create a product or service.

**Downstream partners** include the marketing channels or distribution channels that look toward the customer.

# Supply Chains and the Value Delivery Network

## Supply Chain Views

**Supply chain** “make and sell” view includes the firm’s raw materials, productive inputs, and factory capacity.

**Demand chain** “sense and respond” view suggests that planning starts with the needs of the target customer, and the firm responds to these needs by organizing a chain of resources and activities with the goal of creating customer value.

# Channel Behavior and Organization

## Channel Behavior

**Marketing channel** consists of firms that have partnered for their common good with each member playing a specialized role.

**Channel conflict** refers to disagreement over goals, roles, and rewards by channel members.

1. Horizontal conflict
2. Vertical conflict

# Channel Behavior and Organization

## Vertical Marketing Systems

**Vertical marketing systems (VMSs)** provide channel leadership and consist of producers, wholesalers, and retailers acting as a unified system.

We look at 3 types of VMSs:

1. Corporate marketing systems
2. Contractual marketing systems
3. Administered marketing systems

# Channel Behavior and Organization

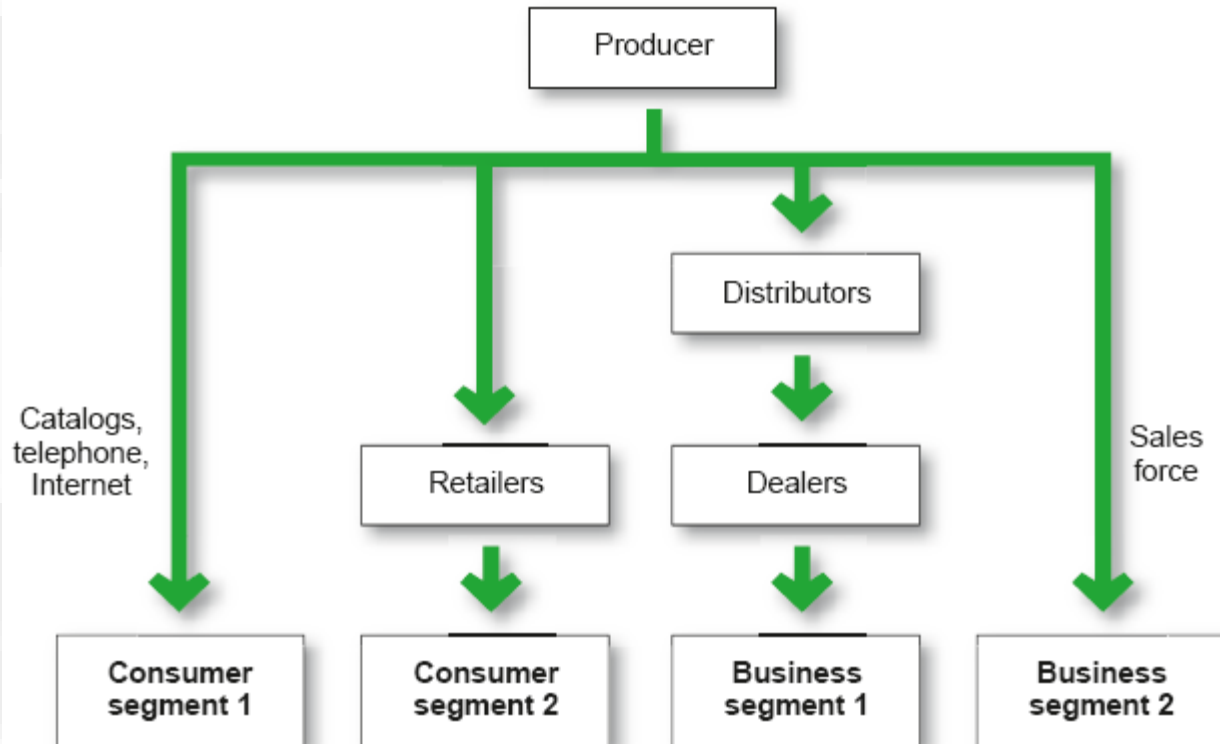
## Horizontal Marketing System

**Horizontal marketing systems** are when two or more companies at one level join together to follow a new marketing opportunity.

Companies combine financial, production, or marketing resources to accomplish more than any one company could alone.

# Channel Behavior and Organization

**FIGURE | 14.4**  
Multichannel Distribution System



# Channel Design Decisions

## Intensive distribution

- Candy and toothpaste

## Exclusive distribution

- Luxury automobiles and prestige clothing

## Selective distribution

- Television and home appliances