

Principles of Marketing

15-1

Session 15

Wholesaling, Retailing, Online Marketing and Logistics

Text: Chapters 13, 17



對外經濟貿易大學

国际商学院 市场营销学系

Outline

15-2

- I. Wholesaling**
- II. Retailing**
- III. Direct Marketing
& Online Marketing**
- IV. Logistics**



I. Wholesaling

15-3

- **What is Wholesaling?**
- **Functions Of Wholesaling**
- **Types of Wholesalers**
- **Wholesaler Marketing Decisions**



What is Wholesaling?

15-4

- All the activities involved in selling goods and services to those buying for resale or business use.
- Wholesaler - those firms engaged primarily in wholesaling activity.
- Wholesalers buy mostly from producers and sell mostly to:
 - Retailers,
 - Industrial consumers, and
 - Other wholesalers



Functions Of Wholesaling

15-5

- **Selling and Promoting**
- **Buying and Assortment**
- **Bulk-Breaking**
- **Warehousing**
- **Transporting**
- **Financing**
- **Risk Bearing**
- **Market Information**
- **Management Advice**



Types of Wholesalers

15-6

- **Merchant Wholesalers**
- **Brokers and Agents**
- **Manufacturer's Sales
Branches and Offices**



Key Types of Limited Wholesalers

- Mail Order
- Cash and Carry
- Truck Jobbers
- Drop Shippers
- Rack Jobbers
- Producers Cooperative

Wholesaler Marketing Decisions

15-8

Key Wholesaler Decision Areas

- **Target Market**
- **Product Assortment**
- **Price**
- **Promotion**
- **Place**



II. Retailing

15-9

- **What is Retailing?**
- **Classifications of Retail Outlets**
- **Retailer Marketing Decisions**



What is Retailing?

15—10

Retailing includes all the activities involved in selling goods or services directly to final consumers for their personal, nonbusiness use.

Retailing can be done in stores (store retailing) or out of a store (nonstore retailing) such as:

- Direct mail,
- Catalogs,
- Telephone,
- Home shopping shows,
- Internet.



Same marketing decision with other business:

- Product assortment and service level**
- Price (high/low; normal/discount)**
- Place (location)**
- Communication and promotion**

Classifications of Retail Outlets By:

- **Amount of Service**
- **Product Line Sold**
- **Relative Prices**
- **Control of Outlets**
- **Type of Store Cluster**

Retail marketing decisions:

- Product assortment**
- Service level**
- Atmosphere**

War-Mart – No.1 retailer in the world with 3 types of chain stores:

- **grocery (Wal-Mart Supercenters);**
- **membership warehouse clubs (SAM's Clubs)**
- **discount warehouse outlets (Bud's Discount City) .**

IKEA-- the biggest furniture retailer in the world. With depth and width of its product line, it is called “category killer”.

Categories by Control of Outlets

- **Corporate Chain**
- **Voluntary Chain**
- **Retailer Cooperative**
- **Franchise**
- **Merchandising Conglomerate**

Retailer Marketing Decisions

15—16

Key Retailer Decision Areas

- Target Market
- Product Assortment
- Price
- Promotion
- Place

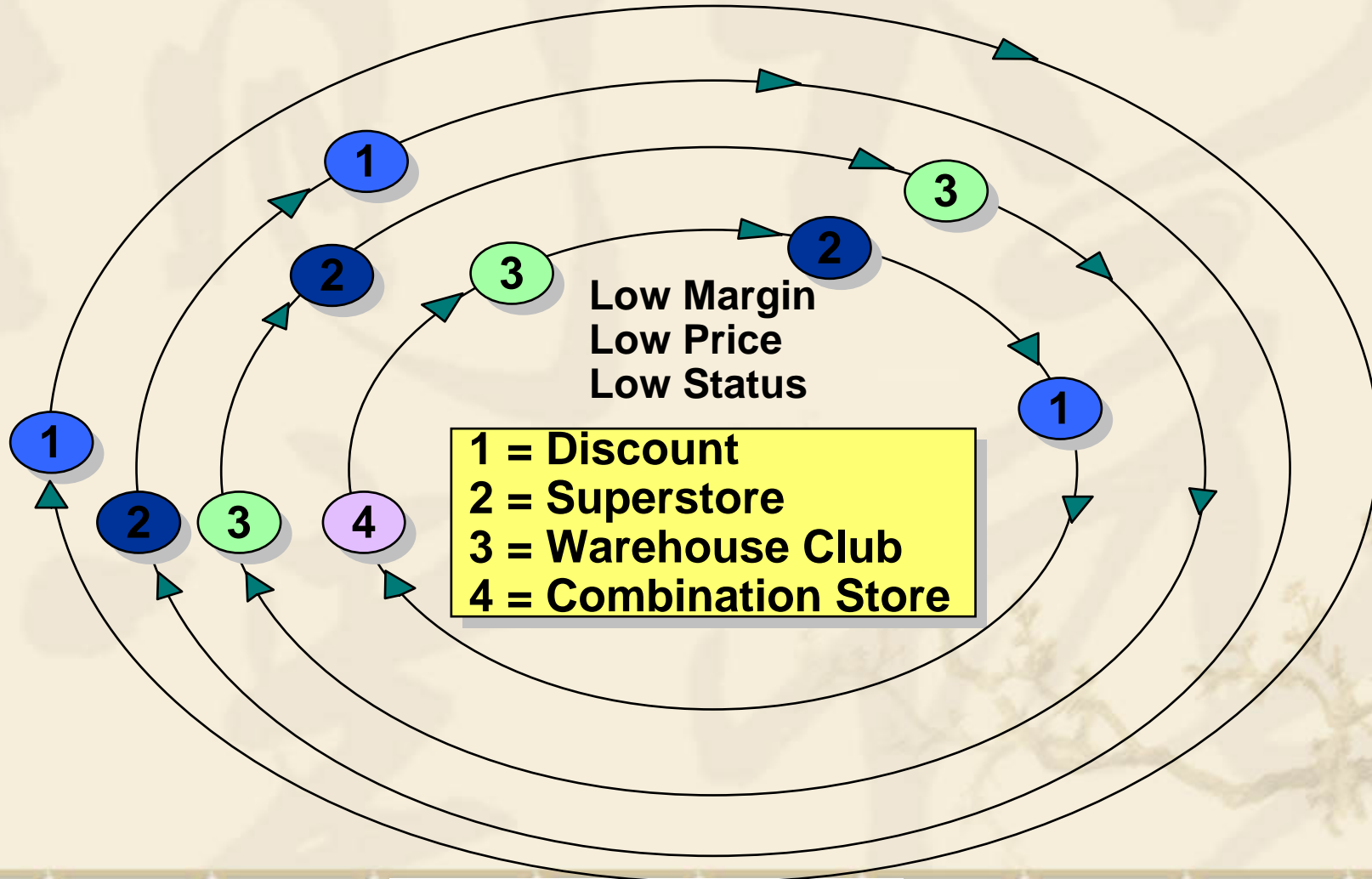


The Wheel of Retailing

15-17

High Margin
High Price
High Status

Low Margin
Low Price
Low Status



III. Online Marketing

15—18

- **What is Online Marketing?**
- **Who is the Online Customer?**
- **Creating Online Marketing**
- **Promise and Challenge of Online Marketing**



Online Marketing

15—19

- Conducted through interactive online computer systems, linking consumers with sellers electronically.
- Two types of online marketing channels:
 - Commercial Online Services offer information and marketing services to subscribers who pay a monthly fee. (i.e. American Online)
 - The Internet (the Net) is the vast global and public web of computer networks.



Who is the Online Customer?

15—20

- They tend to be younger, more affluent, better educated, and more male.
- Other characteristic of net users:
 - Half are 40 years or older,
 - Differ psychographically, in approaches to buying and responses to marketing.

Creating Online Marketing

15—21

- Create an Electronic Online Presence
- Place Advertisements Online
- Participate in Forums, Newsgroups & Web Communities
- Use E-Mail and Webcasting



Functions of e-Tailing

15—22

The modern retailing with Internet is developing rapidly. Compared with tradition stores, it has strengths (big, convenient, customized) as well as weakness.



Promise and Challenge of Online Marketing

15-23

Limited Consumer Exposure and Buying

Skewed User Demographics and Psychographics

Chaos and Clutter

Security

Ethical Concerns



IV. Logistics

15—24

- **Logistics Systems**
- **Integrated Logistics Management Model**
- **Placement**
- **Transportation**



Nature of Logistics

- **Inventory**
- **Costs**
- **Objectives**
- **Order Processing**
- **Warehousing**

Logistics Systems

15—26

More than **physical distribution, marketing logistics** involves the planning, implementation and control of physical materials, final product or information flow in order to meet customer requirement at a profit.

In fact, it involves supply chain (value-added flow from suppliers to final users) management.

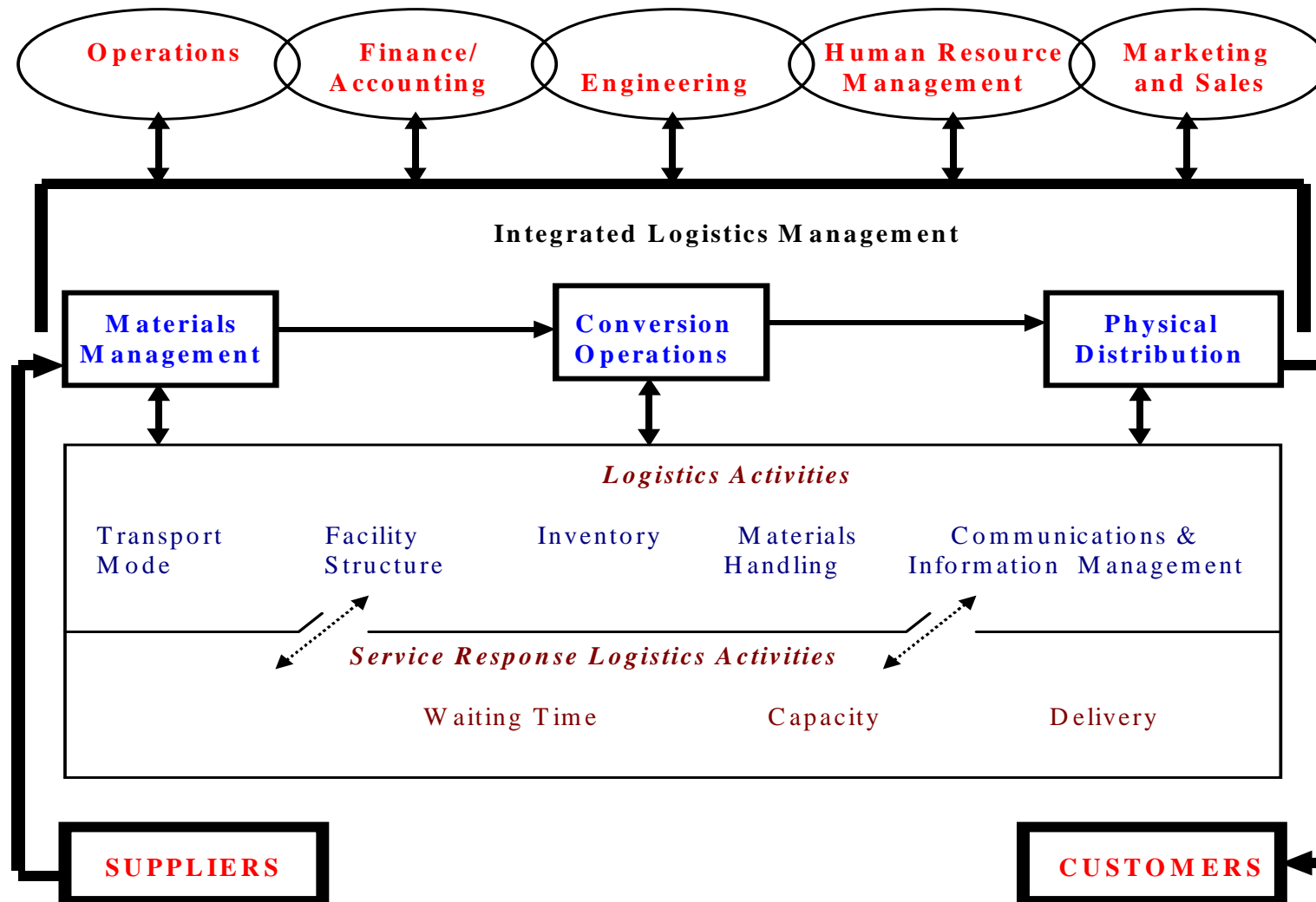
Supply chain can be considered as a broaden comprehension of distribution channels, that signifies managing the “interface” among different organization in the same supply chain is as important as the internal management of a single company.

The modern competition happens between different supply chain, not between individual companies.



Integrated Logistics Management Model

15-27



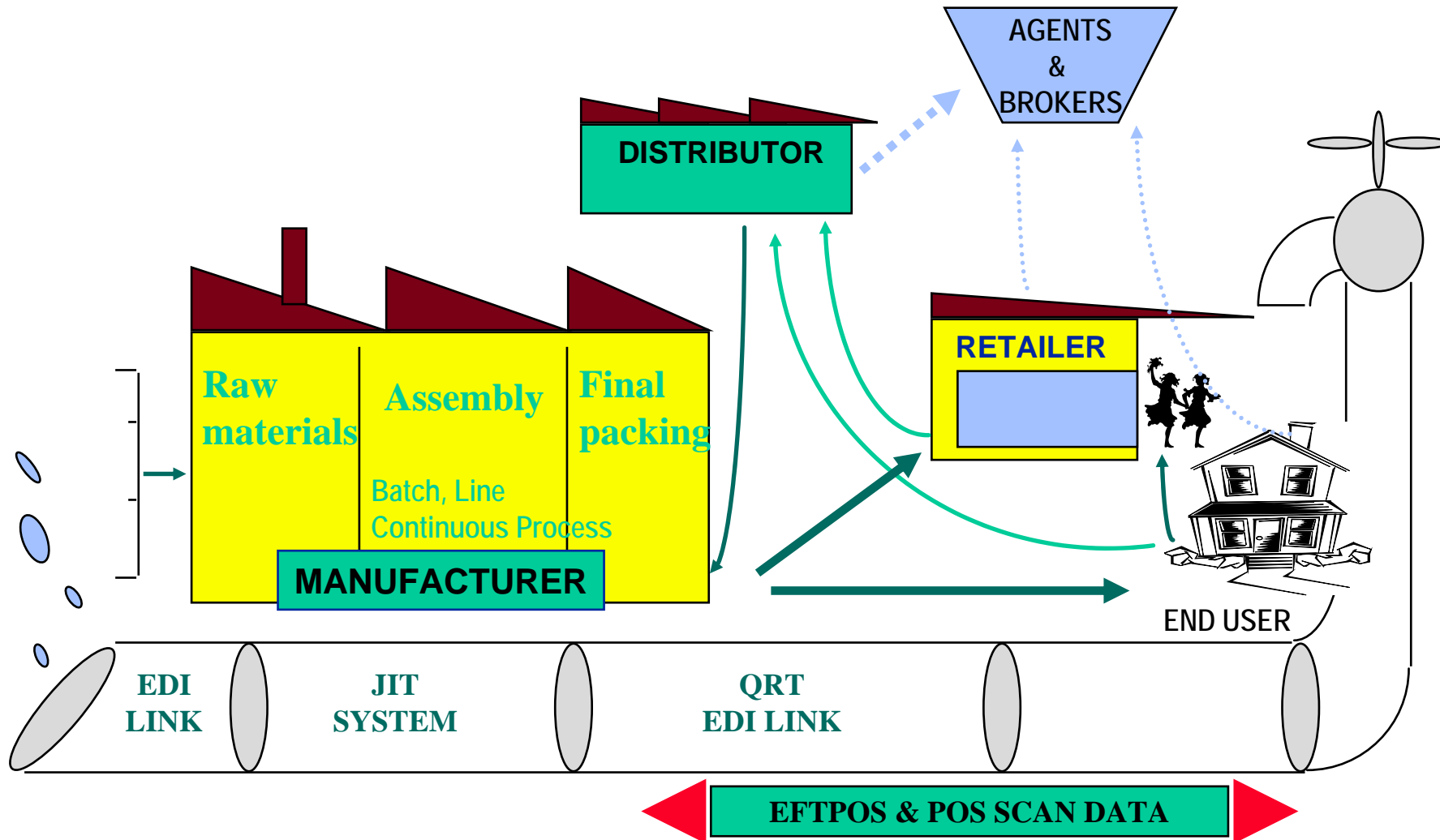
Source: Adapted from the model by David J. Bloomberg and developed from Kenneth C. Williamson, Daniel M. Spitzer Jr., and David J. Bloomberg. "Modern Logistics Systems: Theory and Practice." *Journal of Business Logistics*, Vol. 11, No. 2, 1990, pp. 65-86.



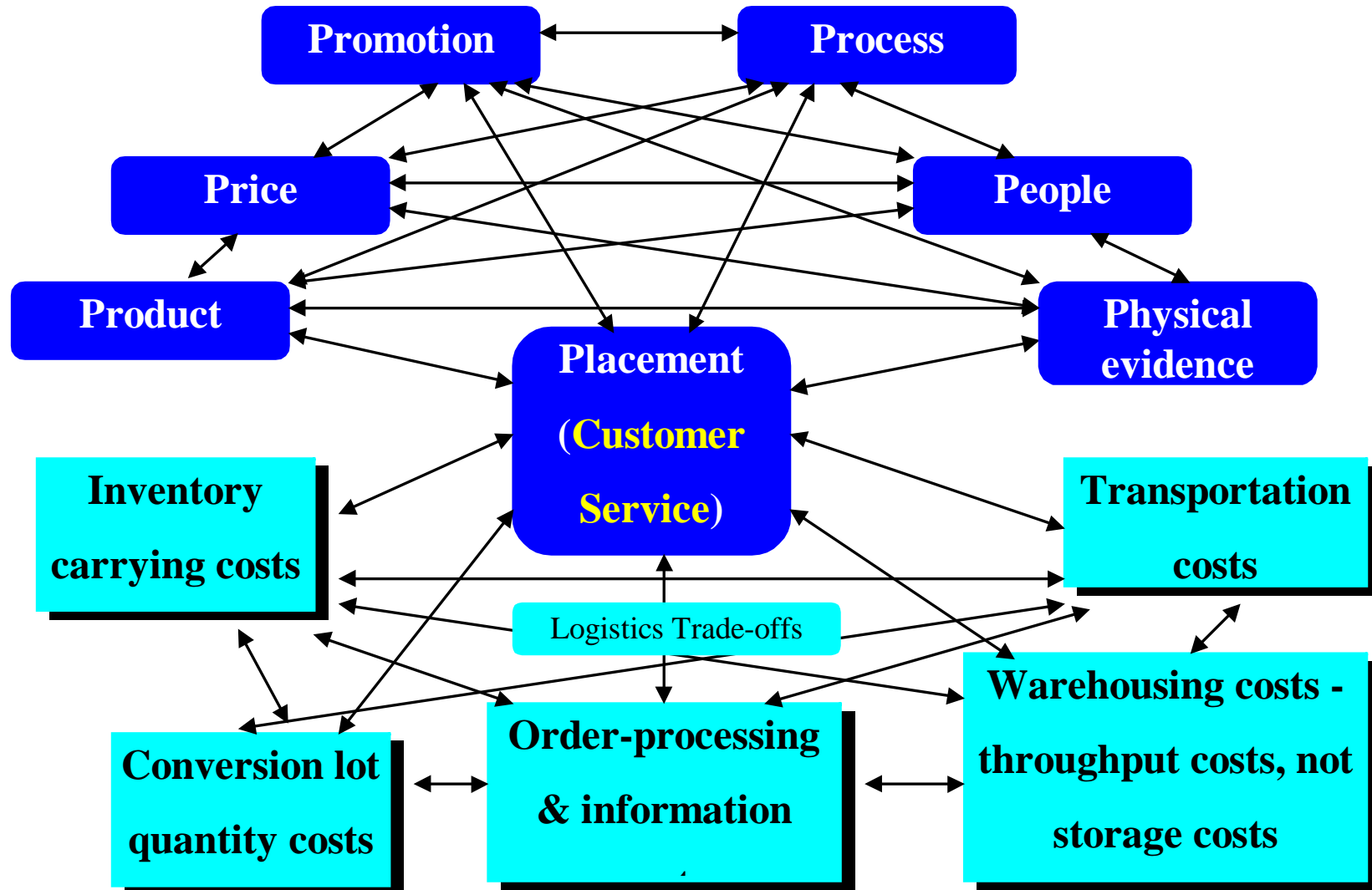
對外經濟貿易大學

Demand Chain for Grocery Products

15-28



Placement



Transportation Modes

- Air
- Rail
- Truck
- Water
- Pipeline

Choosing Transportation Modes

15—31

Checklist for Choosing Transportation Modes

- ✓ 1. Speed
- ✓ 2. Dependability
- ✓ 3. Capability
- ✓ 4. Availability
- ✓ 5. Cost



Questions

15-32

- 1. Observe and point out the differences in the point-of-purchase marketing efforts by the cosmetic companies and the home appliance producers.*
- 2. Is digital camera suited to on-line B2C marketing? Why? What kind of retailing model would lead its producer to a competitive position in China's current market?*

