

Session 14

Distribution Channel Designing and Management

Text: Chapter 12

- I. What is a Distribution Channel?**
- II. Roles of Distribution Channels**
- III. Designing of Distribution Channels**
- IV. Distribution Channel Management**

I. What is a Distribution Channel?

14-3

A set of interdependent organizations (intermediaries) involved in the process of making a product or service available for use or consumption by the consumer or business user.



Channel Decisions

14-4

Marketing Channel decisions are among the most important decisions that management faces and will directly affect every other marketing decision.



II. Roles of the Distribution Channel

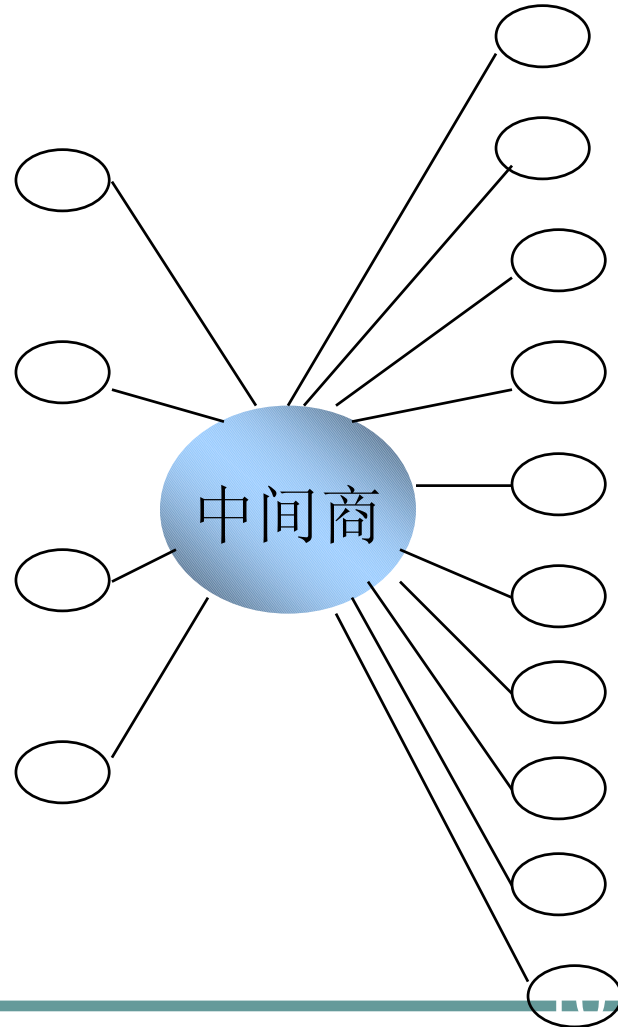
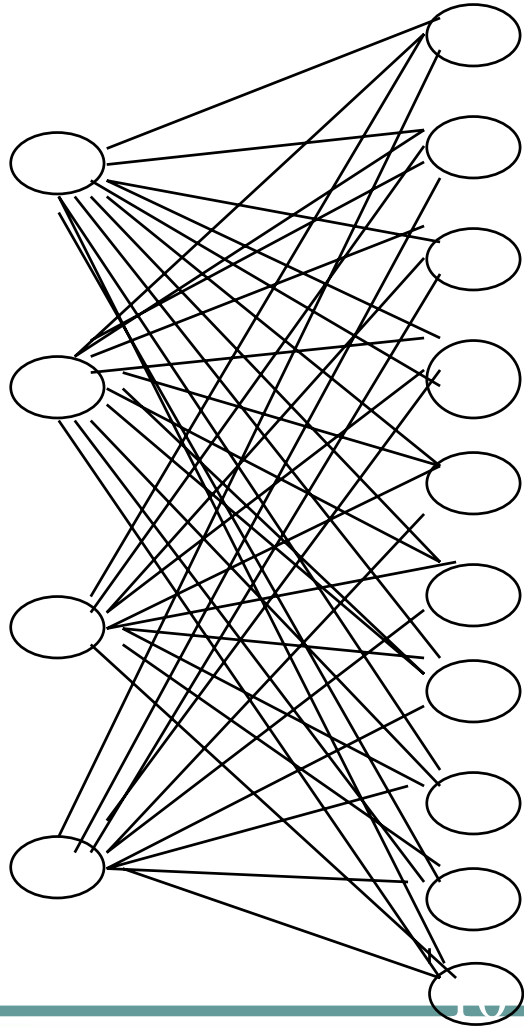
14-5

- The distribution channel totally constitutes the “stock” for the whole society. It has its own reason of existence.
- Briefly, it helps the manufacturers to be social efficient and effective.

Number of Social Transition Reduced

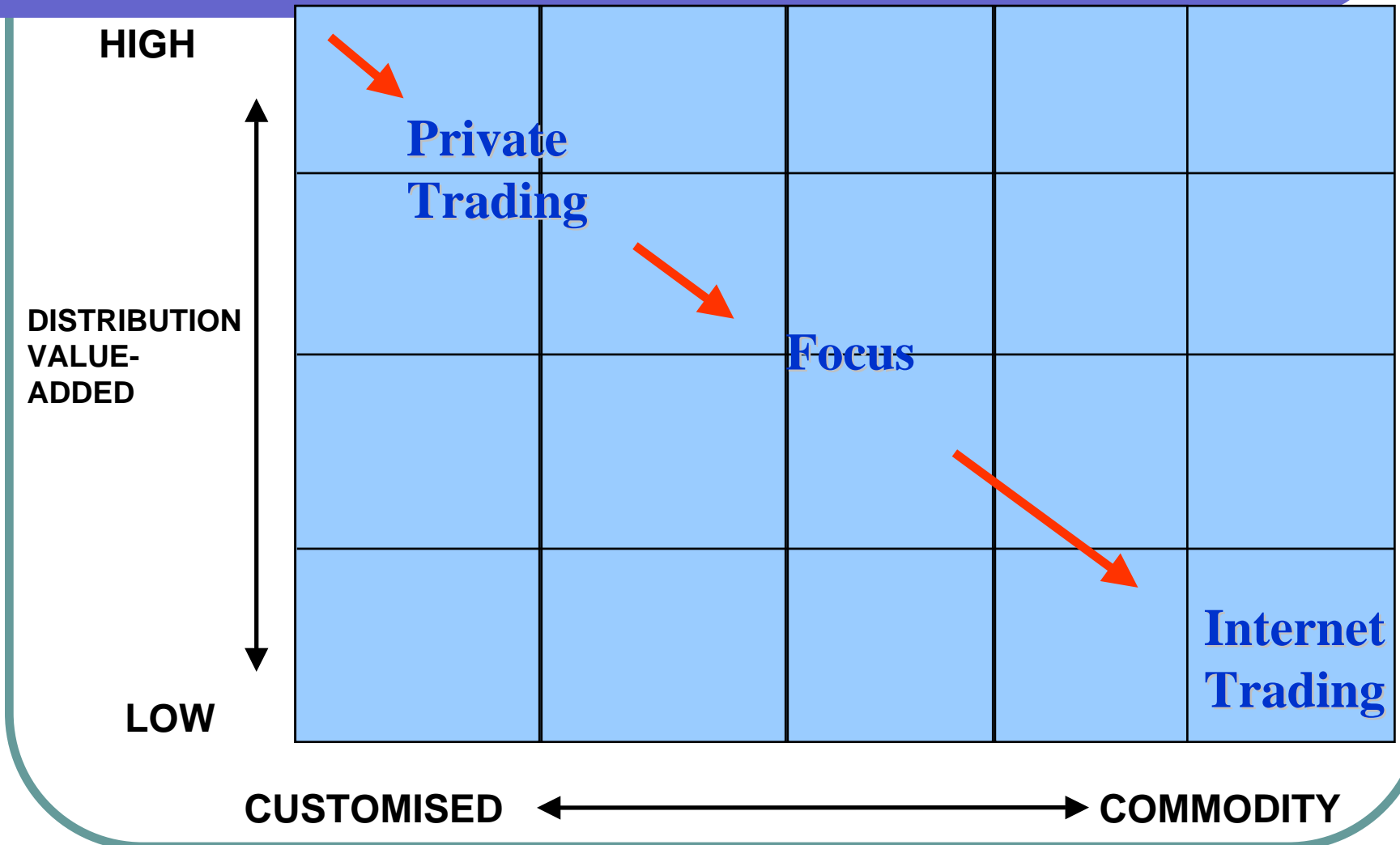
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生产商



Product Complexity Grid

14-7



Marketing Channel Functions

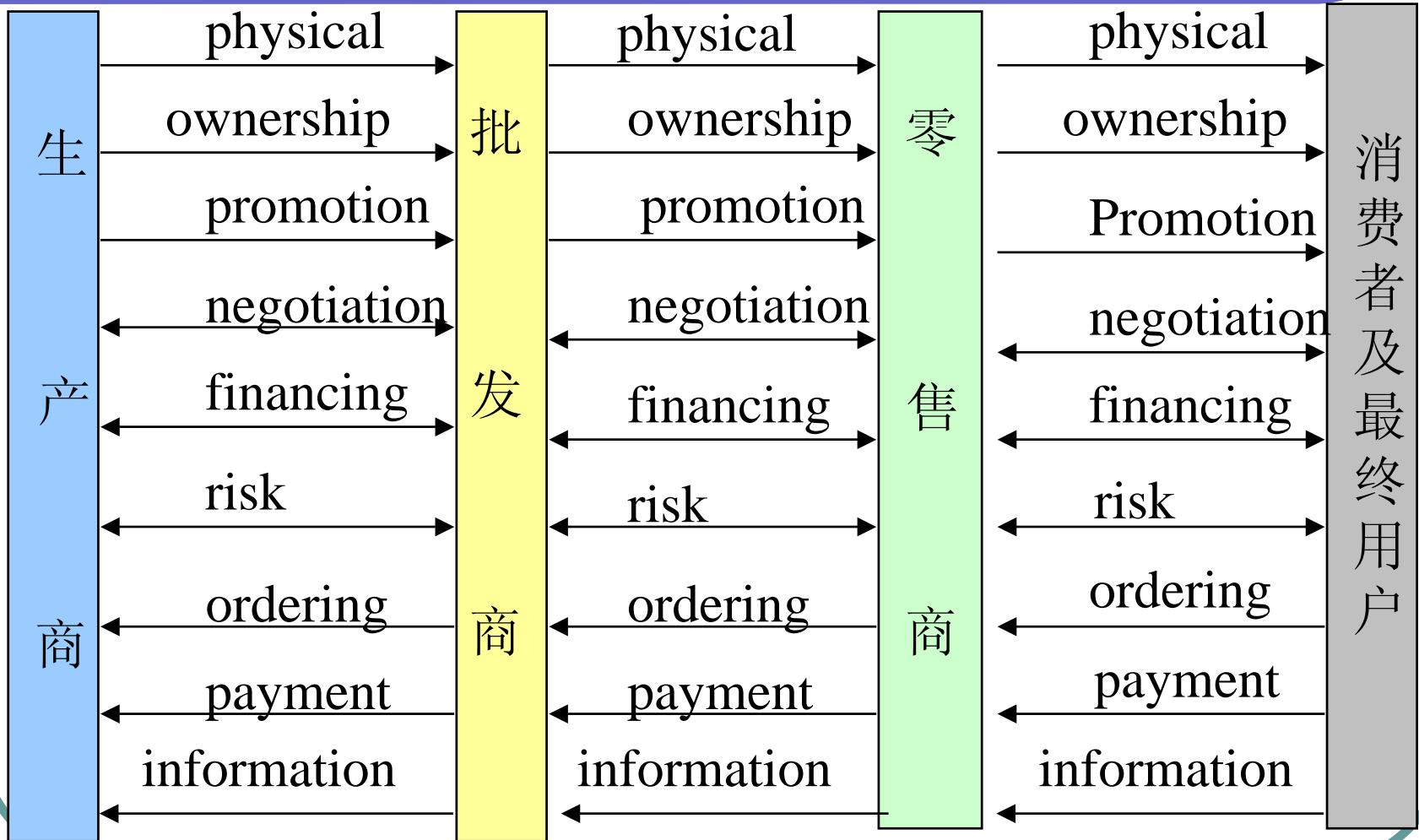
14-8

- Risk Taking
- Information
- Promotion
- Contact
- Matching
- Negotiation
- Physical Distribution
- Financing



Flows in Distribution Channels

14-9



III. Designing of Distribution Channels

14—10

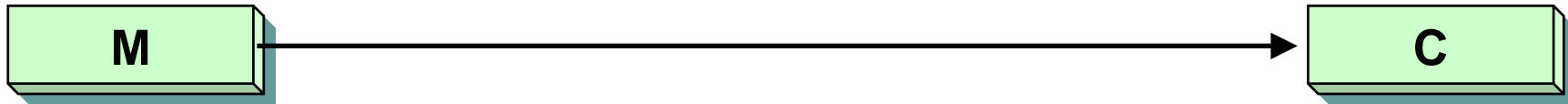
- **Channel Levels and Channel Conflicts**
- **Channel Organization**
- **Alternatives of Channel Width**



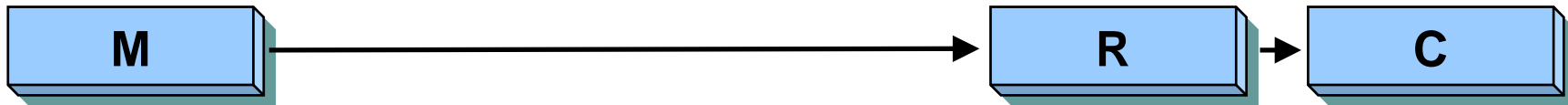
Channel Levels and Channel Conflict

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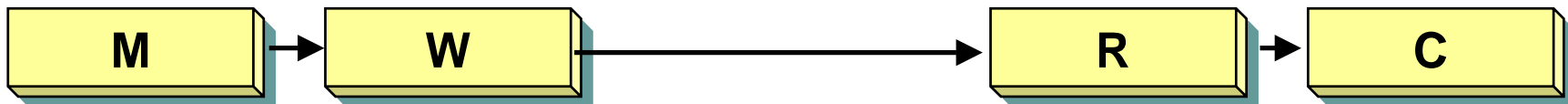
Channel 1



Channel 2



Channel 3



Channel 4



Questions

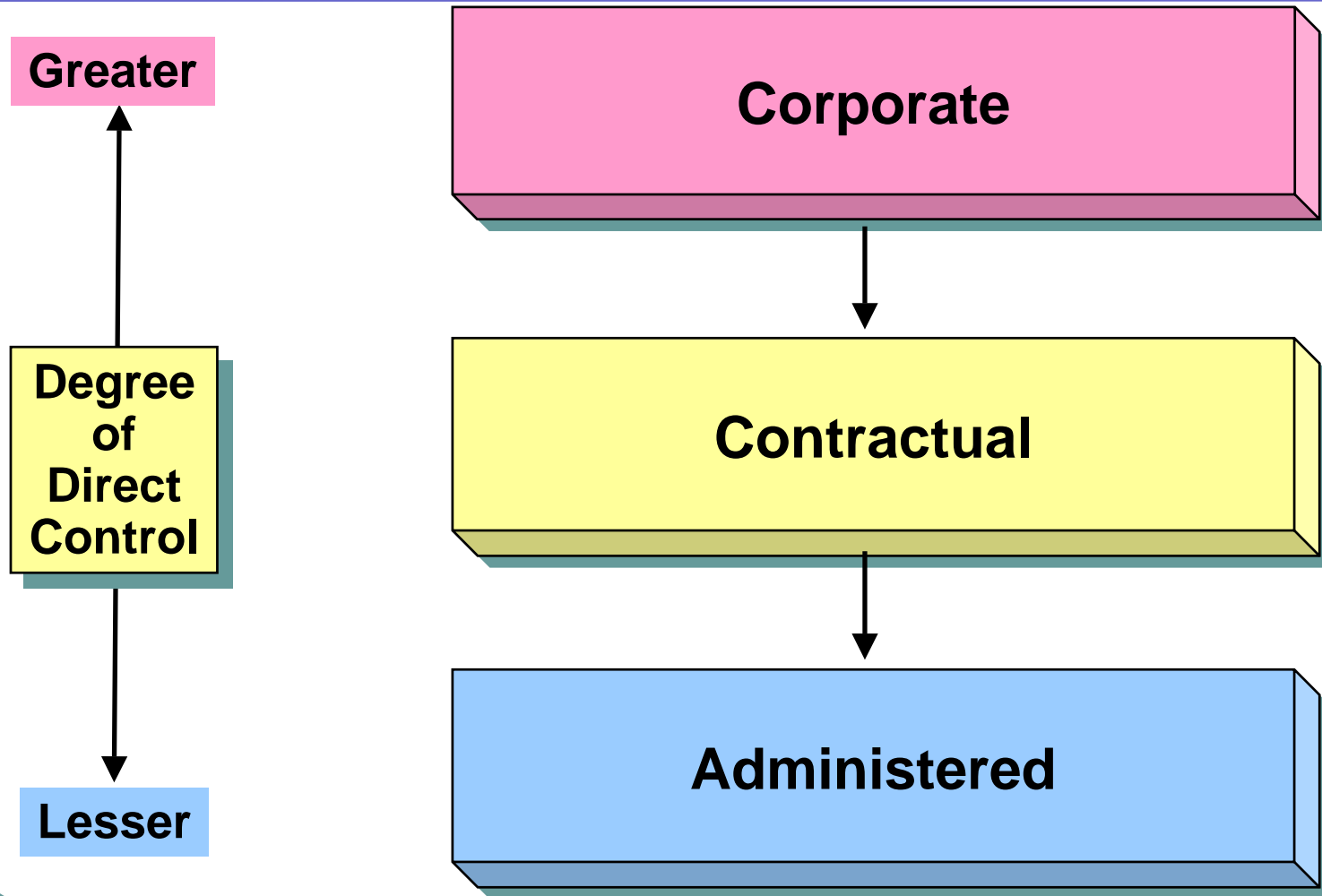
14-12

- 1. What happened between Gome (国美) and Gree(格力)?***
- 2. What's the nature of their conflict?***
- 3. Are there any better ways to solve the problem than as it was?***
- 4. As a manufacturer, what should Gree do to get better control of the channel?***



Channel Organization

14-13



Vertical Marketing System(VMS)

14-14

VMS

**Corporate
VMS**

**Contractual
VMS**

**Administered
VMS**

**Wholesaler-
sponsored
voluntary
chains**

**Retailer
cooperatives**

**Franchise
organizations**

**Manufacturer-
sponsored retailer
franchise system**

**Manufacturer-
sponsored
wholesaler
franchise system**

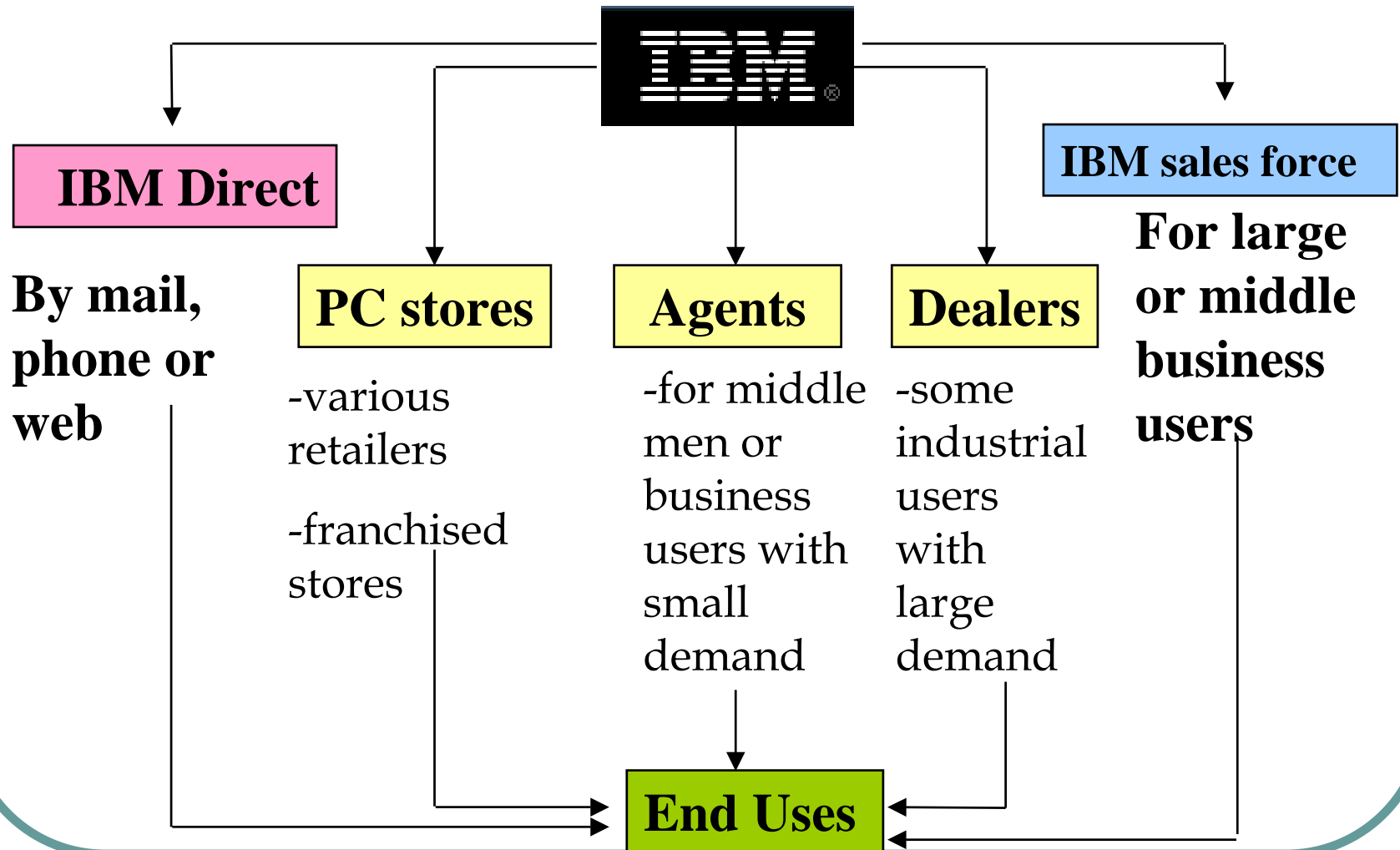
**Service-firm-
sponsored
franchise system**

Channel Distribution Strategies

- ***Intensive***
- ***Selective***
- ***Exclusive***

IBM's Distribution Channels

14-16



IV. Channel Management

14-17

