

## Session 15

# Wholesaling, Retailing, Online Marketing and Logistics

**Text: Chapters 13, 17**



- 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

- **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

## 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***

**Wal-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**

## Key Retailer Decision Areas

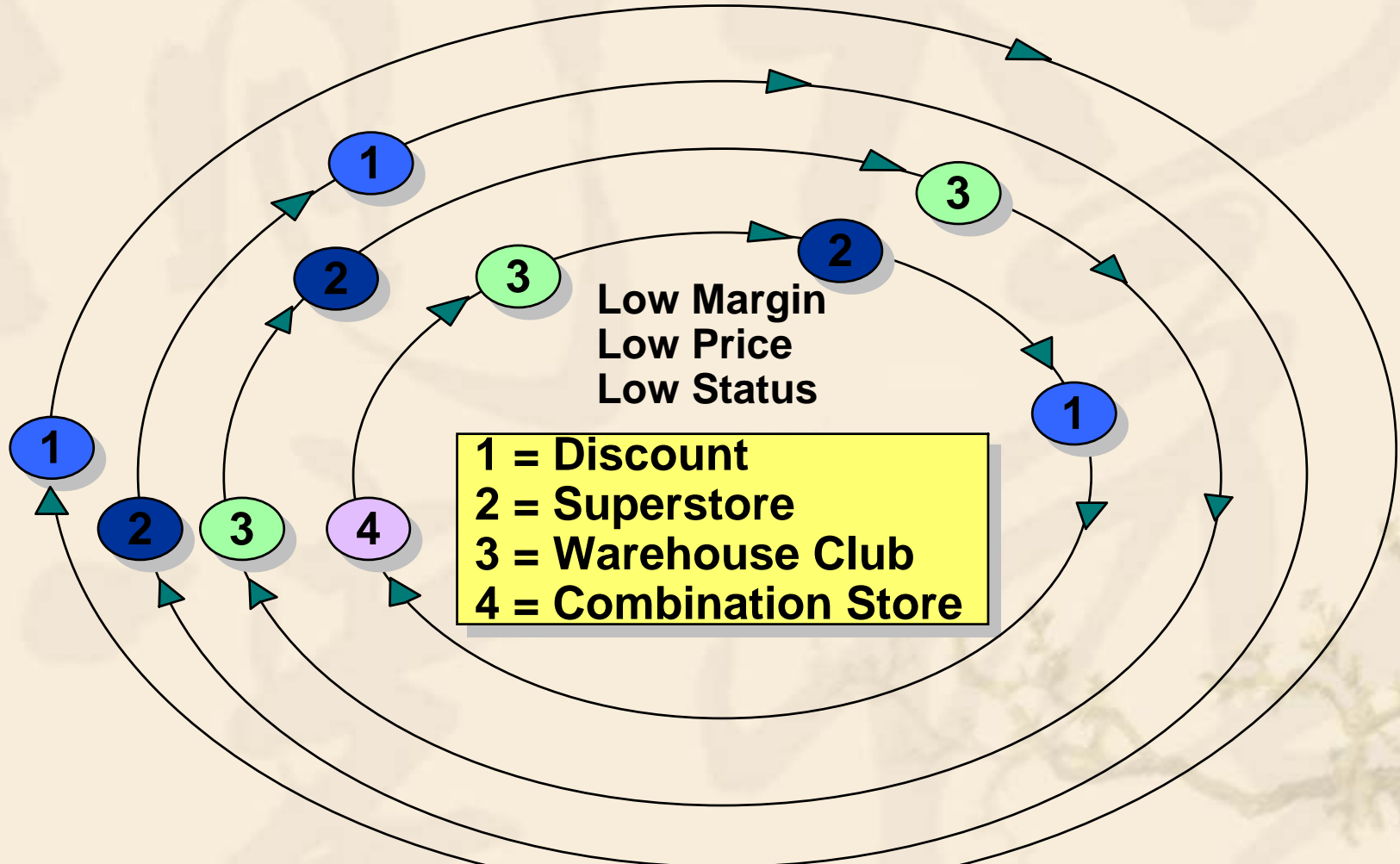
- Target Market
- Product Assortment
- Price
- Promotion
- Place



# The Wheel of Retailing

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**

- 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



- **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.

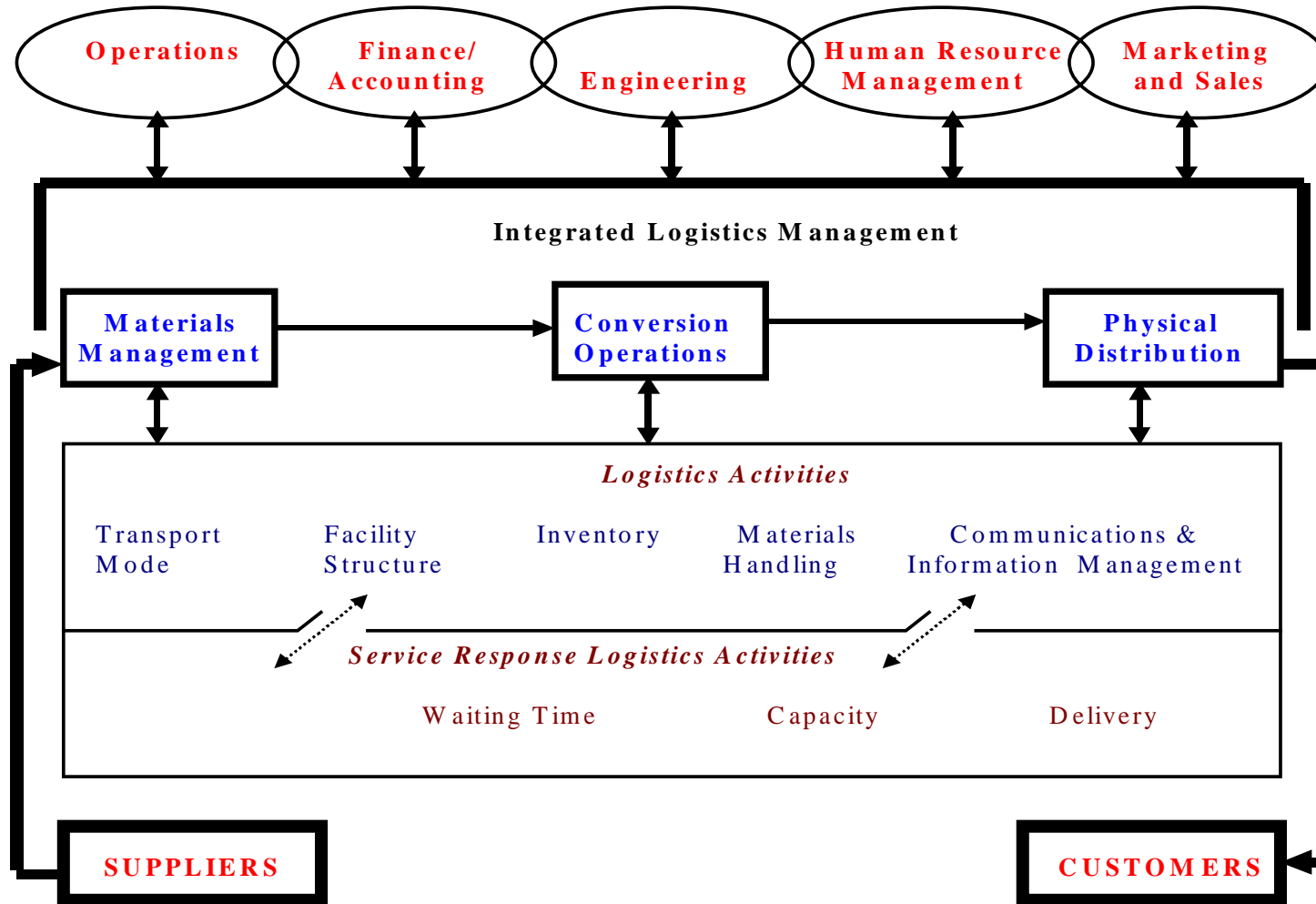
**Supply chain** can be considered as a broaden comprehension of distribution channels, that signifies managing the “interface” among different organization in the same supply chain is as important as the internal management of a single company.

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



# Integrated Logistics Management Model

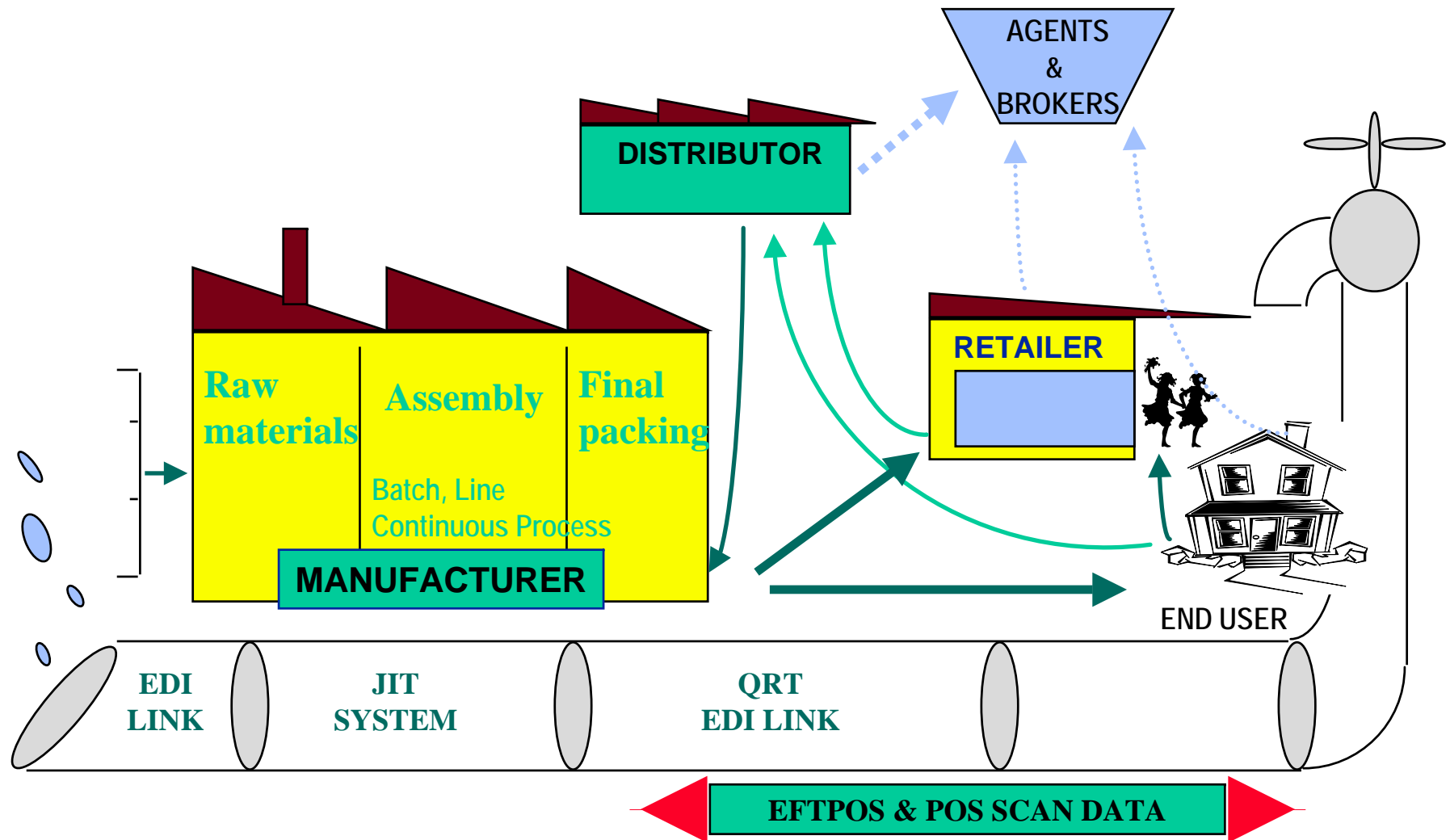
Figure 18-1: Integrated Logistics Management Model



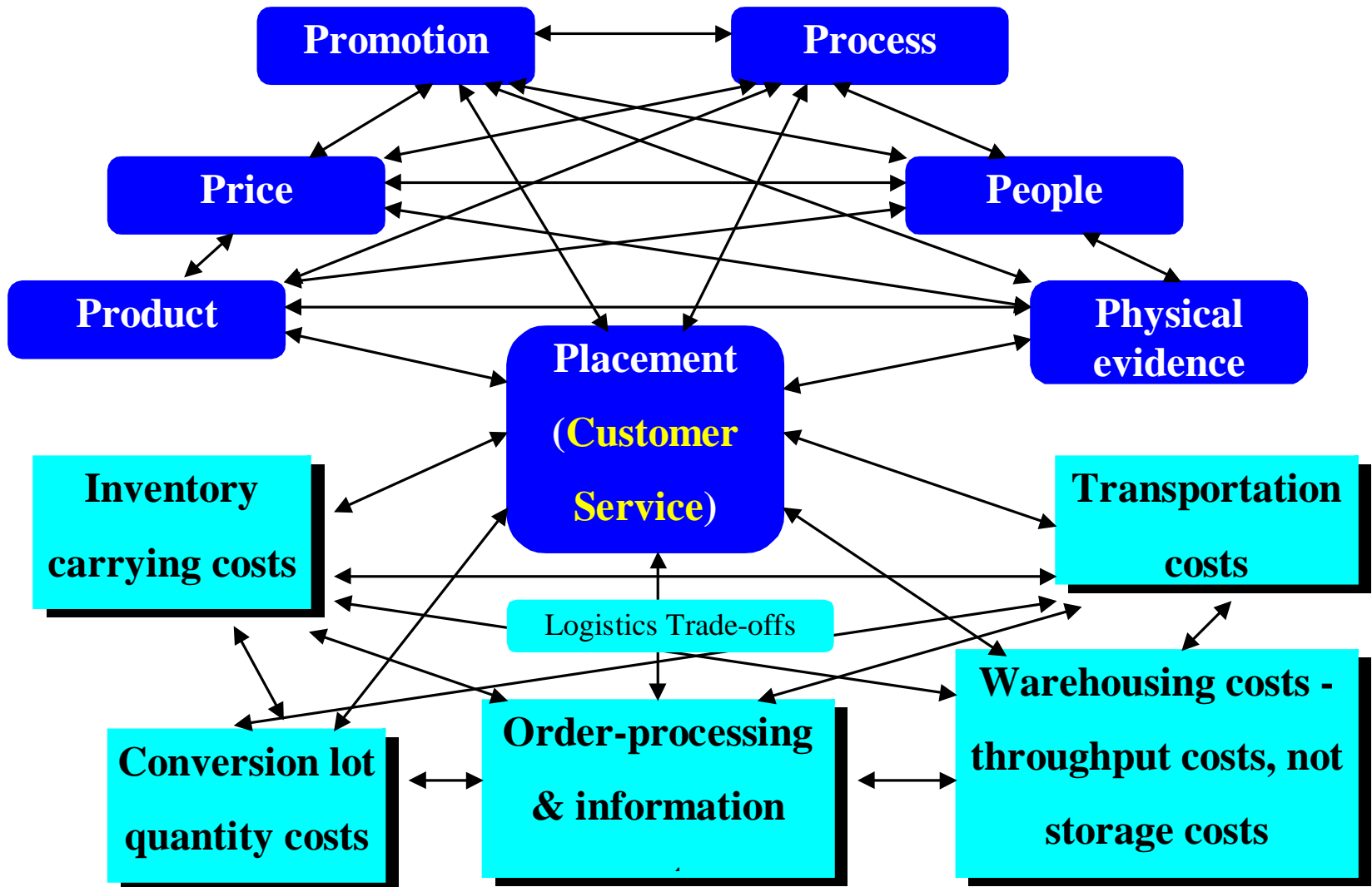
Source: Adapted from the model by David J. Bloomberg and developed from Kenneth C. Williamson, Daniel M. Spitzer Jr., and David J. Bloomberg. "Modern Logistics Systems: Theory and Practice." *Journal of Business Logistics*, Vol. 11, No. 2, 1990, pp. 65-86.

# Demand Chain for Grocery Products

15-28



# Placement



## Transportation Modes

- Air
- Rail
- Truck
- Water
- Pipeline



## 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?**

