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E-Content BBA402- Marketing Management

Lecture 26- Place, Channel Management

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Channel Management: Analyze the Consumer

- First, to whom shall we sell this merchandise immediately? Second, who are our ultimate users and buyers?
- In both cases, certain basic questions apply: There is a need to know what the customer needs, where they buy, when they buy, why they buy from certain outlets, and how they buy
- Manufacturers must also discover buying specifications for resellers

Channel Objectives

What must the channel achieve?

Examples:

- Growth in sales by reaching new markets and/or increasing sales in existing markets.
- Maintenance or improvement of market share
- Achieve a pattern of distribution by a certain time, place, and form
- Reduce costs or increase profits by creating an efficient channel

Specify Distribution Tasks

What functions does the channel need to perform? Examples:

- Store inventory
- Deliver goods
- Provide credit
- Handle product returns

Evaluate and Select Channel Alternatives

There are four considerations for channel alternatives:

1. Number of levels
2. Intensity at the various levels
3. Types of intermediaries at each level
4. Application of selection criteria to channel alternatives

In addition, it is important to decide who will be in charge of the selected channels.



Evaluate Channel Member Performance

It is important to evaluate the performance level of the channel members, but channel members are independent business firms, rather than employees and activities under its control, these firms may be reluctant to change their practices

Approaches to Support Third Party Sales Success

- Understand and align incentives
- Provide exceptional sales support
- Create demand for your product



Common Service Outputs

- **Special convenience:** Can I get the product at or near the location where I want it?
- **Timing of availability:** Do I need the product immediately or am I willing to wait?
- **Quantity:** Am I willing to buy in bulk or buy multiple items?
- **Assortment and variety:** Do I have a very particular need or a flexible need? Am I looking for one or many options?
- **Service:** Do I require assistance or support through the purchase process?
- **Information:** Do I need information to make a purchase?