

MKT 201

Principle Of Marketing

Distribution Channels & Logistics Management

Chapter 13

Makers

Slide Show By
Mesbah Uddin Ahmed

Slide Show Presented By
Benzir Shaon
Jummun Chandra Shaha
Mesbah Uddin Ahmed
Azgar Hossain Khan
Fahria Jerin

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Chapter 12

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Distribution Channels & Logistics Management

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The Nature of Distribution Channels

Distribution Channel:

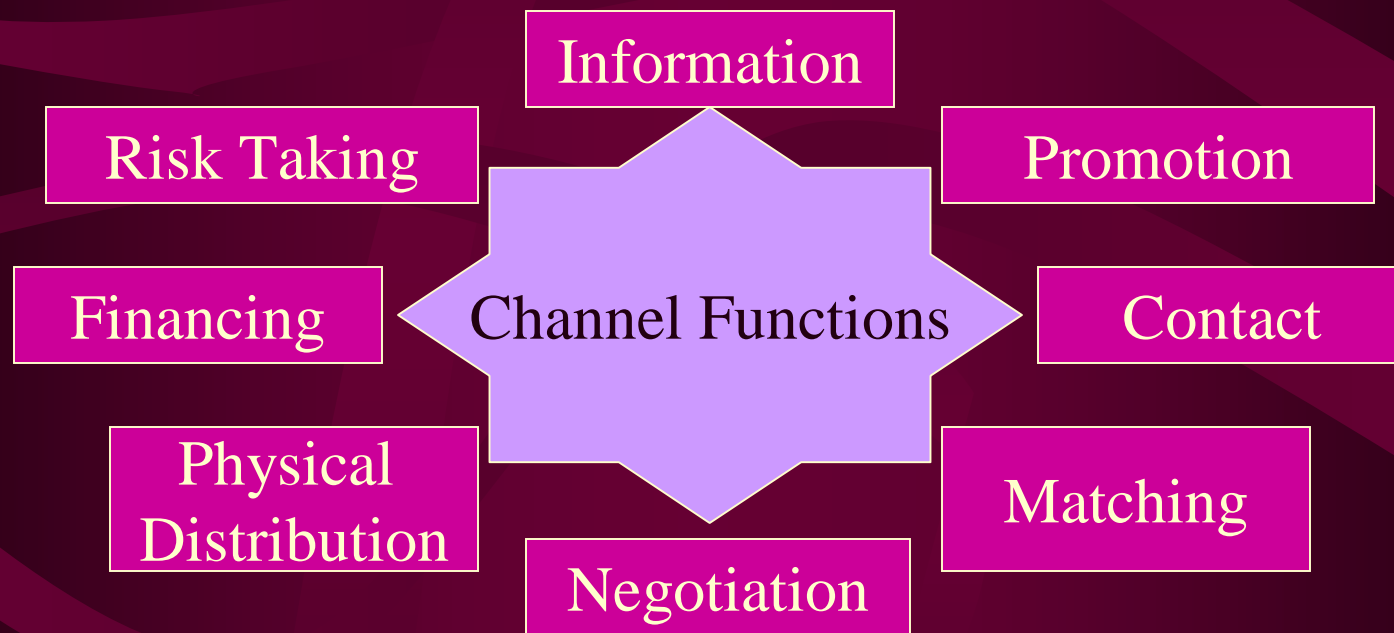
A set of interdependent organization involved in the Process of making a product or service available for use or consumption by the consumer or business user.

Why are Marketing Intermediaries Used?

- * Intermediaries can achieve greater efficiency in making goods available to target markets.
- * They offer the firm more than it can achieve on it's own through:
 - Contacts
 - Experience
 - Specialization

Distribution Channel Functions

These functions should be assigned to the channel member who can perform them most efficiently and effectively to provide satisfactory assortments of goods and services to target customers.



Channel Levels

A layer of intermediaries that performs some work in bringing the product and its ownership closer to the final buyer.

Direct marketing channel:

A marketing channel that has no intermediary levels.



Indirect marketing channel:

Channel containing one or more intermediary levels.



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Flows in Marketing Channels

* **Product Flow**

- The movement of the product from manufacturer through all parties who take physical possession

* **Negotiation Flow**

- Interplay of buying/selling tasks associated with title transfer.

* **Ownership Flow**

- Movement of title of the product.

* **Information Flow**

- Information to and from the manufacturer.

* **Promotion Flow**

- Flow of persuasive communication.

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Levels of Distribution Intensity

Intensity Level	Objective	Number of Intermediaries
Intensive Distribution	Achieve mass market selling. Convenience goods.	Many
Selective Distribution	Work with selected intermediaries.Shopping and some specialty goods.	Several
Exclusive Distribution	Work with single intermediary. Specialty goods and industrial equipment.	One

Nature and Importance of Marketing Logistics

- ↪ Involves getting the right product to the right customers in the place at the right time.
- ↪ Logistics make products available to customers
 - Supply chain management (SCM) are logistical systems that facilitate close cooperation among firms in a channel
- ↪ Companies today place greater emphasis on logistics because:
 - Logistics is a major cost element for most companies.
 - Improvement in information technology has created opportunities for major gains in distribution efficiency.

Goals of the Logistics System

Higher distribution costs;
Higher customer service levels

Goal:

To provide a targeted level of
customer service at the least cost.

Lower distribution costs;
Lower customer service levels

Major Logistics Functions

