

MARKETING MANAGEMENT

12th edition

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**Designing and Managing
Value Networks and
Channels**

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Chapter Questions

- What is a marketing channel system and value network?
- What work do marketing channels perform?
- How should channels be designed?
- What decisions do companies face in managing their channels?
- How should companies integrate channels and manage channel conflict?
- What is the future for e-commerce?



Marketing Channels

Sets of interdependent organizations involved in the process of making a product or service available for use or consumption.



Channels and Marketing Decisions

**Push
Strategy**

**Pull
Strategy**



Categories of Buyers

- Habitual shoppers
- High value deal seekers
- Variety-loving shoppers
- High-involvement shoppers



Buyer Expectations for Channel Integration

- Ability to order a product online and pick it up at a convenient retail location
- Ability to return an online-ordered product to a nearby store
- Right to receive discounts based on total online and offline purchases



Should the 4 P's be replaced?

- Solutions
- Information
- Value
- Access



Channel Member Functions

- Gather information
- Develop and disseminate persuasive communications
- Reach agreements on price and terms
- Acquire funds to finance inventories
- Assume risks
- Provide for storage
- Provide for buyers' payment of their bills
- Oversee actual transfer of ownership 15-8



Designing a Marketing Channel System

- Analyze customer needs
- Establish channel objectives
- Identify major channel alternatives
- Evaluate major channel alternatives



Channel Service Outputs

- Lot size
- Waiting/delivery time
- Spatial convenience
- Product variety
- Service backup



Identifying Channel Alternatives

- Types of intermediaries
- Number of intermediaries
- Terms and responsibilities



Number of Intermediaries

- Exclusive
- Selective
- Intensive



Channel-Management Decisions

- Selecting channel members
- Training channel members
- Motivating channel members
- Evaluating channel members
- Modifying channel members



Channel Power

- Coercive
- Reward
- Legitimate
- Expert
- Referent



Channel Integration and Systems

❖ **Vertical marketing systems**

- Corporate VMS
- Administered VMS
- Contractual VMS

❖ **Horizontal marketing systems**

❖ **Multichannel systems**



Managing Channel Conflict

- Adoption of superordinate goals
- Cooptation
- Diplomacy
- Mediation
- Arbitration



e-Commerce Marketing Practices

- Pure-click
- Brick-and-click
- Brick-and-mortar