
**Distribution and Marketing Logistics
(Place)**

Customer Communication (Promotion)

BA291

Learning Objectives

1. Explain the role of marketing intermediaries in contemporary business and list the eight primary functions that intermediaries can perform
2. Explain the strategic decisions that manufacturers must make when choosing distribution channels
3. Identify five key attributes of distribution channel design and management
4. Highlight the major components of physical distribution and logistics

The Role of Marketing Intermediaries

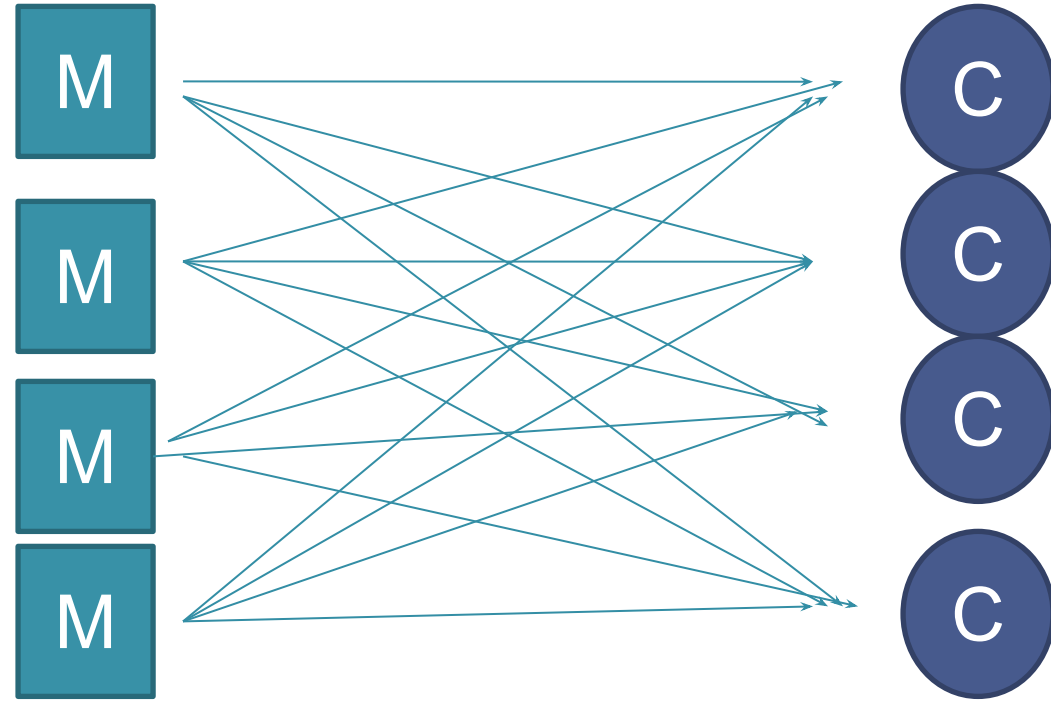
Distribution Strategy

A firm's overall plan for moving products through intermediaries and on to final customers

Marketing Intermediaries

Businesspeople and organizations that assist in moving and marketing goods and services between producers and consumers





Wholesaling versus Retailing

Wholesalers

Intermediaries that sell products to other intermediaries for resale or to organizations for internal use

Retailers

Intermediaries that sell goods and services to individuals for their own personal use



Contributions of Marketing Intermediaries

- Matching buyers and sellers
- Providing market information
- Providing promotional and sales support
- Gathering assortments of goods
- Transporting and storing products
- Assuming risks
- Providing financing
- Completing product solutions
- Facilitating transactions and supporting customers

Retailing Formats

Department Stores

Large stores that carry a variety of products in multiple categories, such as clothing, house wares, gifts, bedding, and furniture



Specialty Stores

Stores that carry only a particular type of goods, often with deep selection in those specific categories



“Category killer”

Discount Stores

Retailers that sell a variety of everyday goods below the market price by keeping their overhead low



Off-price Retailers

Stores that sell designer labels and other fashionable products at steep discounts



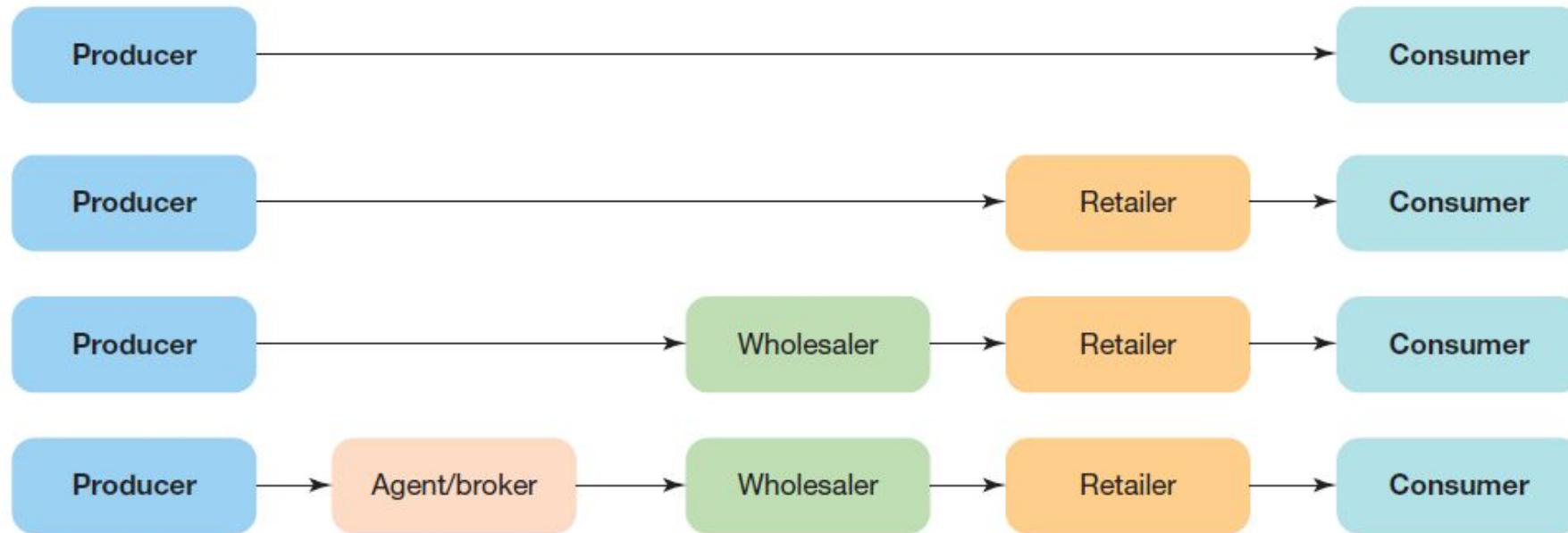
Online Retailers

Companies that use e-commerce technologies to sell over the Internet; includes Internet-only retailers and the online arm of store-based retailers

E-commerce

The application of Internet technologies to wholesaling and retailing

Common Distribution Channel Models



Factors That Influence Distribution Mix

Factor	Issues to Consider
Customer needs and expectations	Where are customers likely to look for your products? How much customer service do they expect from the channel? Can you make your offering more attractive by choosing an unconventional channel?
Product support requirements	How much training do salespeople need to present your products successfully? How much after-sale support is required? Who will answer questions when things go wrong?
Segmentation, targeting, and positioning	Which intermediaries can present your products to target customers while maintaining your positioning strategy?
Competitors' distribution channels	Which channels do your competitors use? Do you need to use the same channels in order to reach your target customers, or can you use different channels to distinguish yourself?
Established industry patterns and requirements	Which intermediaries are already in place? Can you take advantage of them, or do you need to find or create alternatives? Will retailers demand that you use specific wholesalers or distributors?

Considerations in Channel Design

Factor	Issues to Consider
Channel length	Do you want to deal directly with customers? <i>Can</i> you? Do you need to engage other intermediaries to perform vital functions?
Market coverage	Are you going for intensive, selective, or exclusive distribution? Are the right intermediaries available in your target markets? Can they handle the volumes at which you hope to sell?
Distribution costs	How much will intermediaries add to the price that final customers will eventually pay? Put another way, how much of a discount from the retail price will intermediaries expect from you?
Channel conflict	What are the potential sources of channel conflict, both now and in the future? If such conflict can't be avoided, how will you minimize its effect?
Channel organization and control	How much control do you need to maintain as products move through the channel—and how much can you expect to maintain with each potential intermediary? What happens if you lose control? Who leads the channel?

Physical Distribution and Logistics

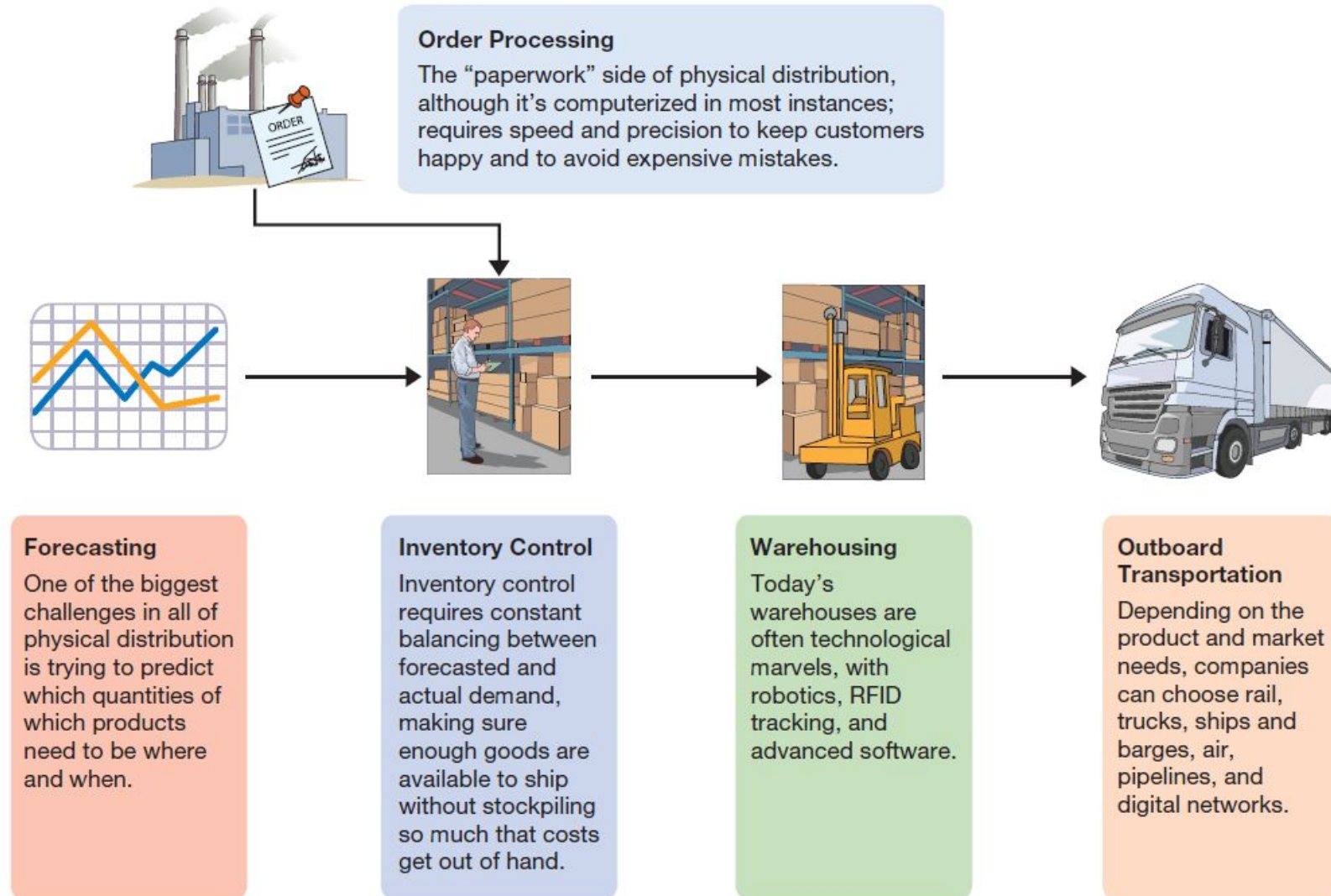
Physical Distribution

All the activities required to move finished products from the producer to the consumer

Logistics

The planning, movement, and flow of goods and related information throughout the supply chain

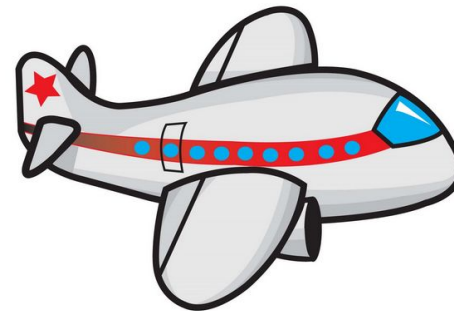
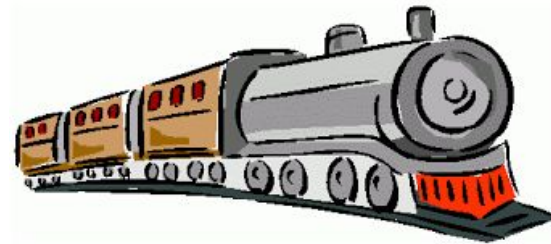
Steps in the Physical Distribution Process



Intermodal Transportation

The coordinated use of multiple modes of transportation, particularly with containers that can be shipped by truck, rail, air, and sea

Managing the physical distribution system is an attempt to balance a high level of customer service with the lowest overall cost.



Customer Communication (Promotion)

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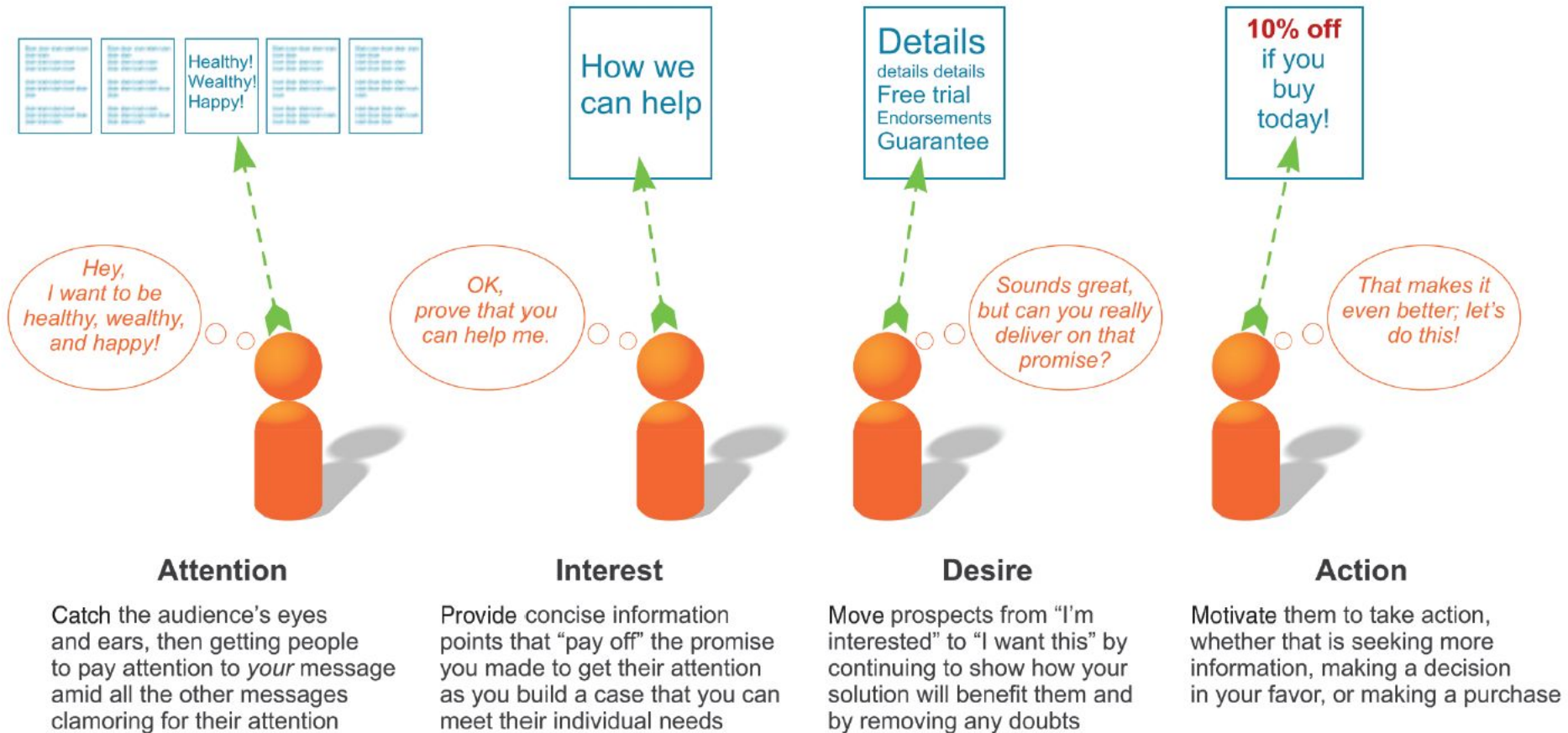
Learning Objectives

1. Describe the three major tasks in crafting a communication strategy and identify four important legal aspects of marketing communication
2. Identify the major types of advertising, the most common advertising appeals, and the most important advertising media
3. Explain how direct marketing differs from advertising and identify the major forms of direct media
4. Describe consultative selling and explain the personal selling process
5. Define *sales promotion* and identify the major categories of consumer and trade promotions
6. Explain the uses of social media in customer communication and the role of public relations

Customer Communication



The AIDA Model of Persuasive Communication



Attention, building Interest, increasing Desire, and prompting Action

Assembling the Communication Mix

A key decision is whether to focus communication efforts on the intermediaries or on final customers.

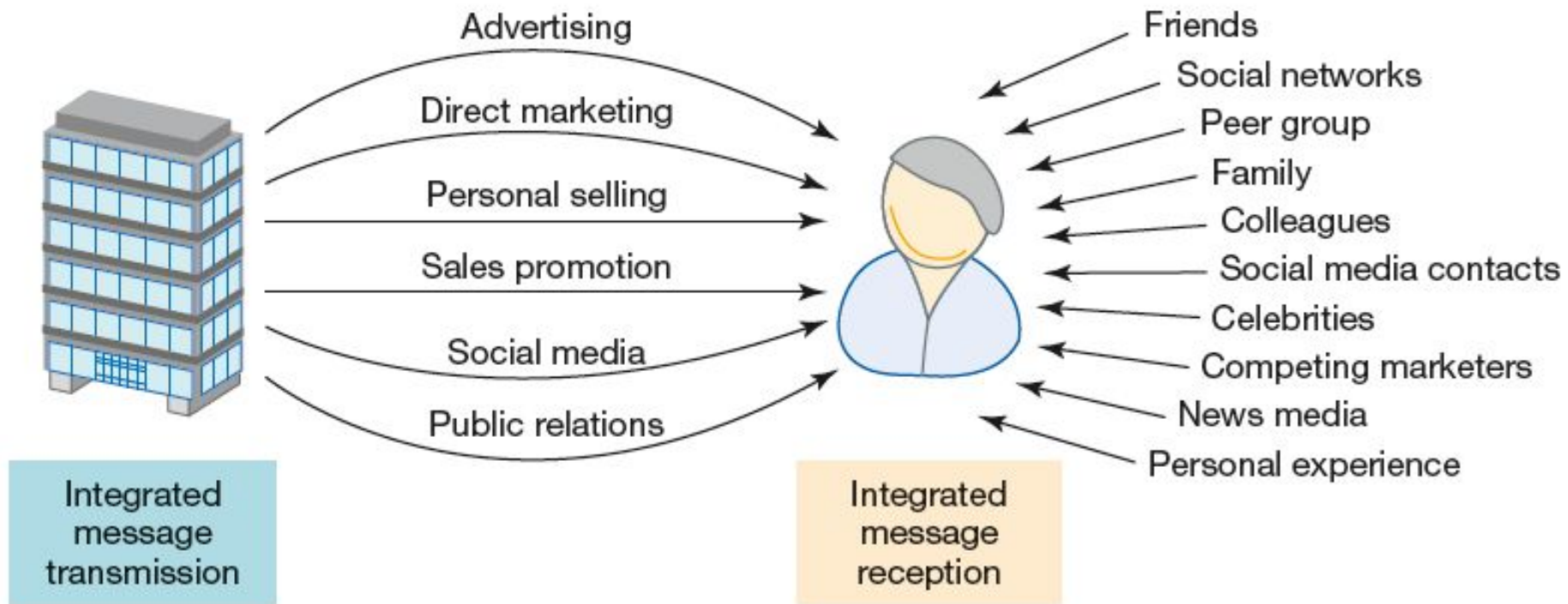
Push Strategy

A promotional strategy that focuses on intermediaries, motivating them to promote, or *push*, products toward end users

Pull Strategy

A promotional strategy that stimulates consumer demand via advertising and other communication efforts, thereby creating a *pull* effect through the channel

Message Integration in Customer Communication



Communication Vehicle: Advertising

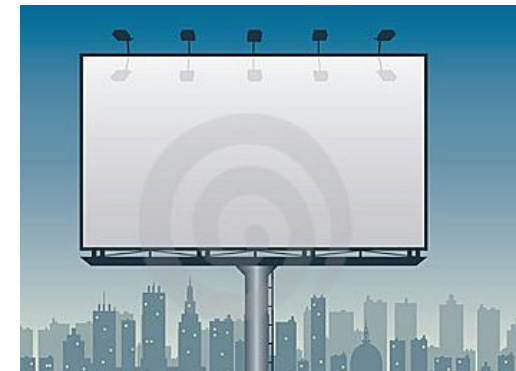
The delivery of announcements and promotional messages via time or space purchased in various media

Advertising Media

Communication channels, such as newspapers, radio, television, and the World Wide Web

Media Mix

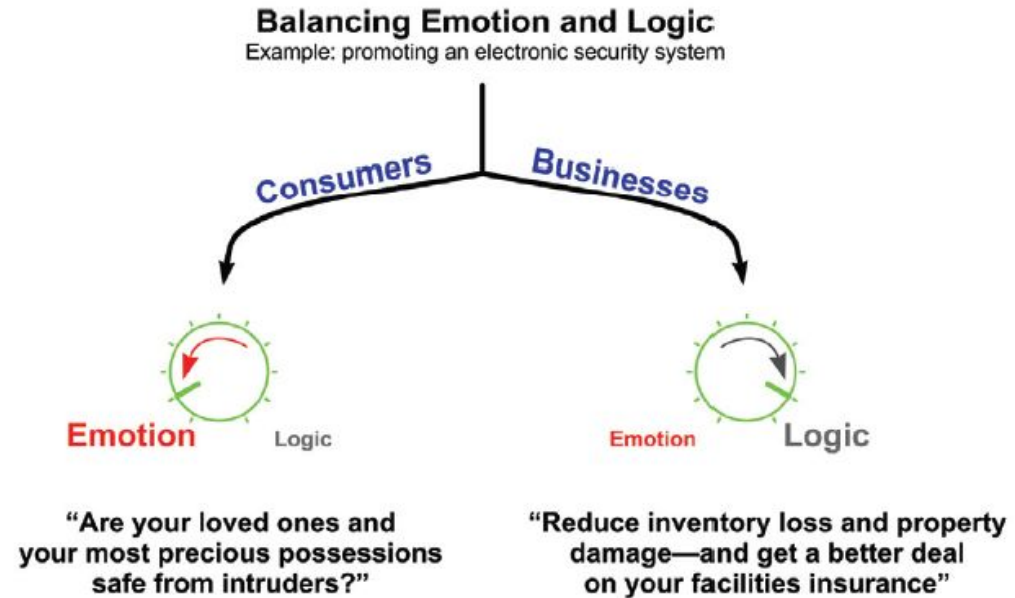
A combination of print, broadcast, online, and other media used for an advertising campaign



Advertising Appeals

A creative tactic designed to capture the audience's attention and promote preference for the product or company being advertised

Logic, emotion, humor, celebrity, sex, music, scarcity



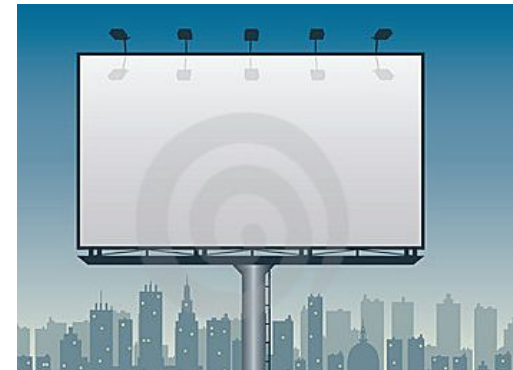
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Communication Vehicle: Direct Marketing

Direct Marketing

Direct communication other than personal sales contacts designed to stimulate a measurable response

Mail, email, search engine marketing, direct response online, telephone, and direct response television

Search Engine Marketing

Automated presentation of ads that are related to either the results of an online search or the content being displayed on other web pages

Direct Response Television (Infomercial)

The use of television commercials and longer format infomercials that are designed to stimulate an immediate purchase response from viewers

Communication Vehicle: Personal Selling

Personal Selling

One-on-one interaction between a salesperson and a prospective buyer

Consultative Selling

An approach in which a salesperson acts as a consultant and advisor to help customers find the best solutions to their personal or business needs

1. Prospecting



Finding and qualifying potential customers; usually involves generating sales, identifying prospects, and qualifying prospects

2. Preparing



Getting ready for the sales call; researching the customer in more depth, establishing objectives, and preparing a presentation

3. Approaching



Taking steps to make a good first impression; crafting the right appearance, maintaining professional behavior, and preparing an engaging introduction

4. Aligning with Customer Needs



Listening to the prospect describe what is needed and proposing a solution to meet those needs

5. Handling Objections



Addressing any concerns the prospect might raise; exploring the deeper reasons that might be behind the expressed objections

6. Closing



Asking the prospect to choose the solution being offered

7. Following Up



Checking in with the customer after the sale to make sure the solution is working out as expected and to keep building a longterm relationship

Communication Vehicle: Sales Promotion

A wide range of events and activities designed to promote a brand or stimulate interest in a product

Coupons

Printed or electronic certificates that offer discounts on particular items and are redeemed at the time of purchase

Rebates

Partial reimbursement of price, offered as a purchase incentive

Point-of-Purchase (POP) Display

Advertising or other display materials set up at retail locations to promote products to potential customers as they are making their purchase decisions

Premiums

Free or bargain-priced items offered to encourage consumers to buy a product

Specialty Advertising

Advertising that appears on various items such as coffee mugs, pens, and calendars, designed to help keep a company's name in front of customers

Communication Vehicle: Social Media

Any electronic media that transforms passive audiences into active participants in the communication process by allowing them to share content, revise content, respond to content, or contribute new content



Word of Mouth

Communication among customers and other parties, transmitting information about companies and products through online or offline personal conversations

Conversation Marketing

An approach to customer communication in which companies initiate and facilitate conversations in a networked community of potential buyers and other interested parties

Communication Vehicle: Public Relations

Non-sales communication that businesses have with their various audiences (including both communication with the general public and press relations)

Press Release

A brief statement or video program released to the press announcing new products, management changes, sales performance, and other potential news items

also called a *news release*

Press Conference

An in-person or online gathering of media representatives at which companies announce new information

also called a *news conference*