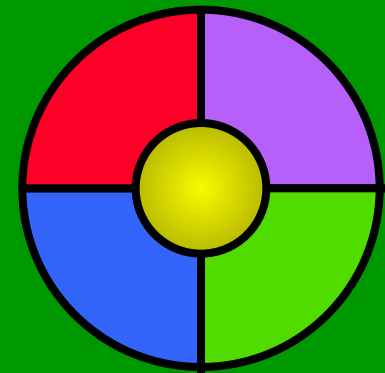
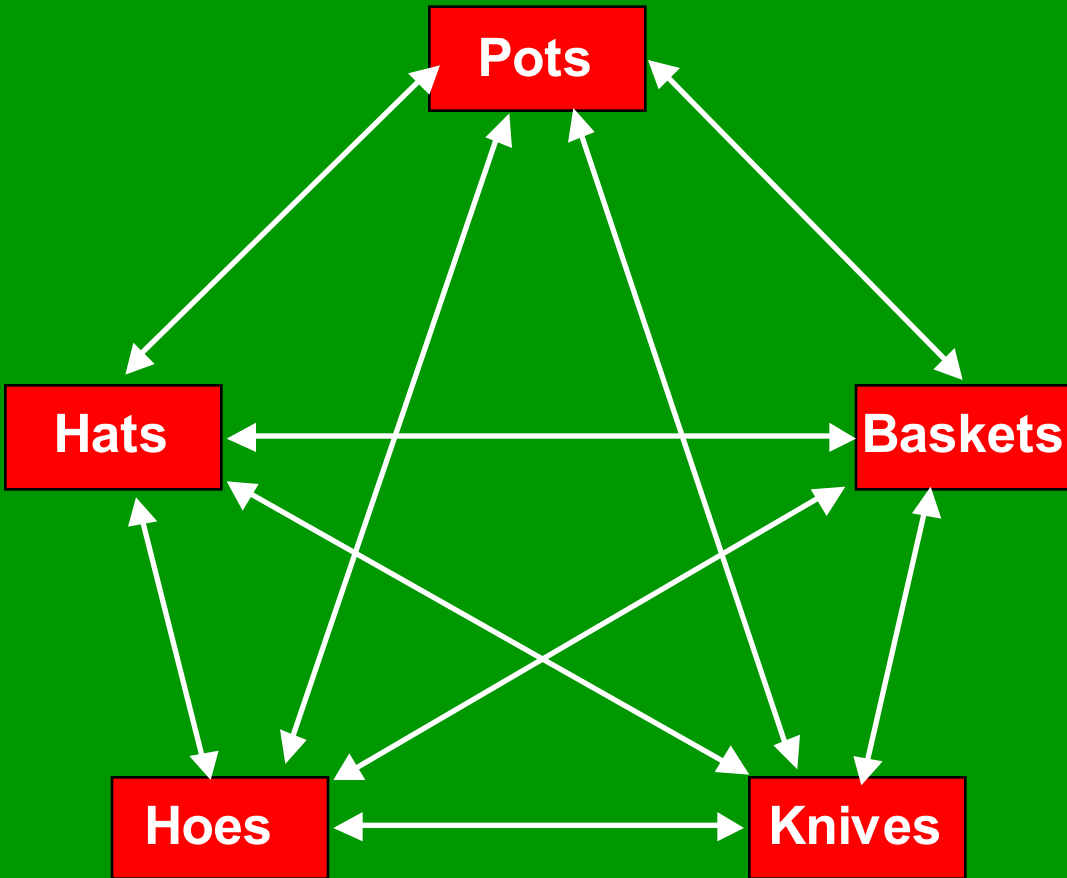


# Chapter 11:

## Place and Development of Channel Systems



# Exchange and Marketing



In very basic economic systems, each seller must meet directly with each buyer in order to exchange something of value. As needs increase, the number of exchanges can soon become unmanageable for one person.

Ten exchanges are required when a central market is not used

Exhibit 11-2 (A)

# Marketing Facilitates Production and Consumption

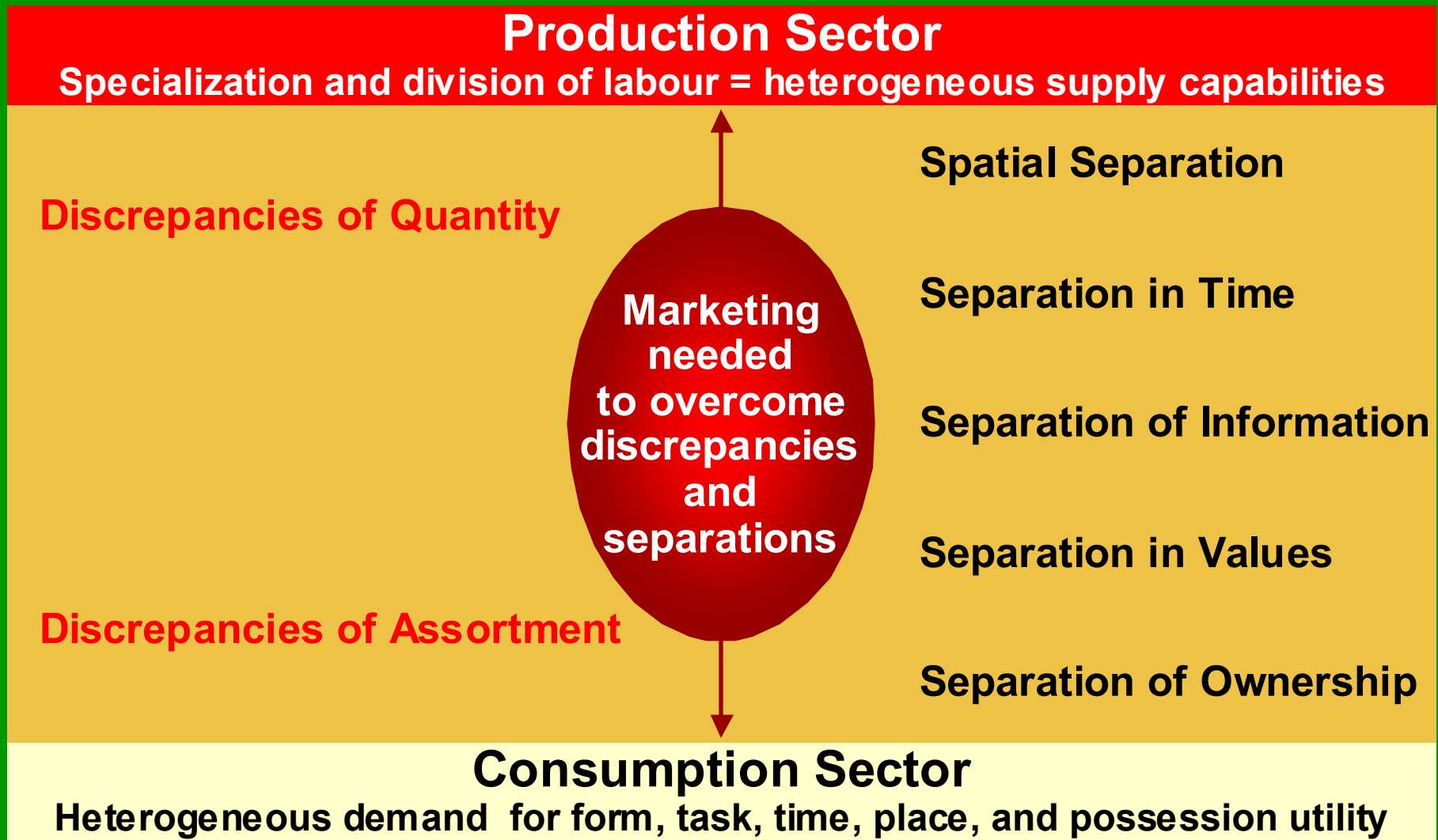


Exhibit 11-3

# Model of Market-Directed Macro-Marketing System



**Many Individual Producers**

**intermediaries**

**Facilitators**

**Perform universal marketing functions**

**To overcome discrepancies and separations**

**To create utility and direct flow of need-satisfying goods and services**

**Many Individual Consumers**

**Monitoring by government(s)  
and public interest groups**

**Exhibit 11-4**

**11-4**

# Regrouping Activities



**Accumulating**

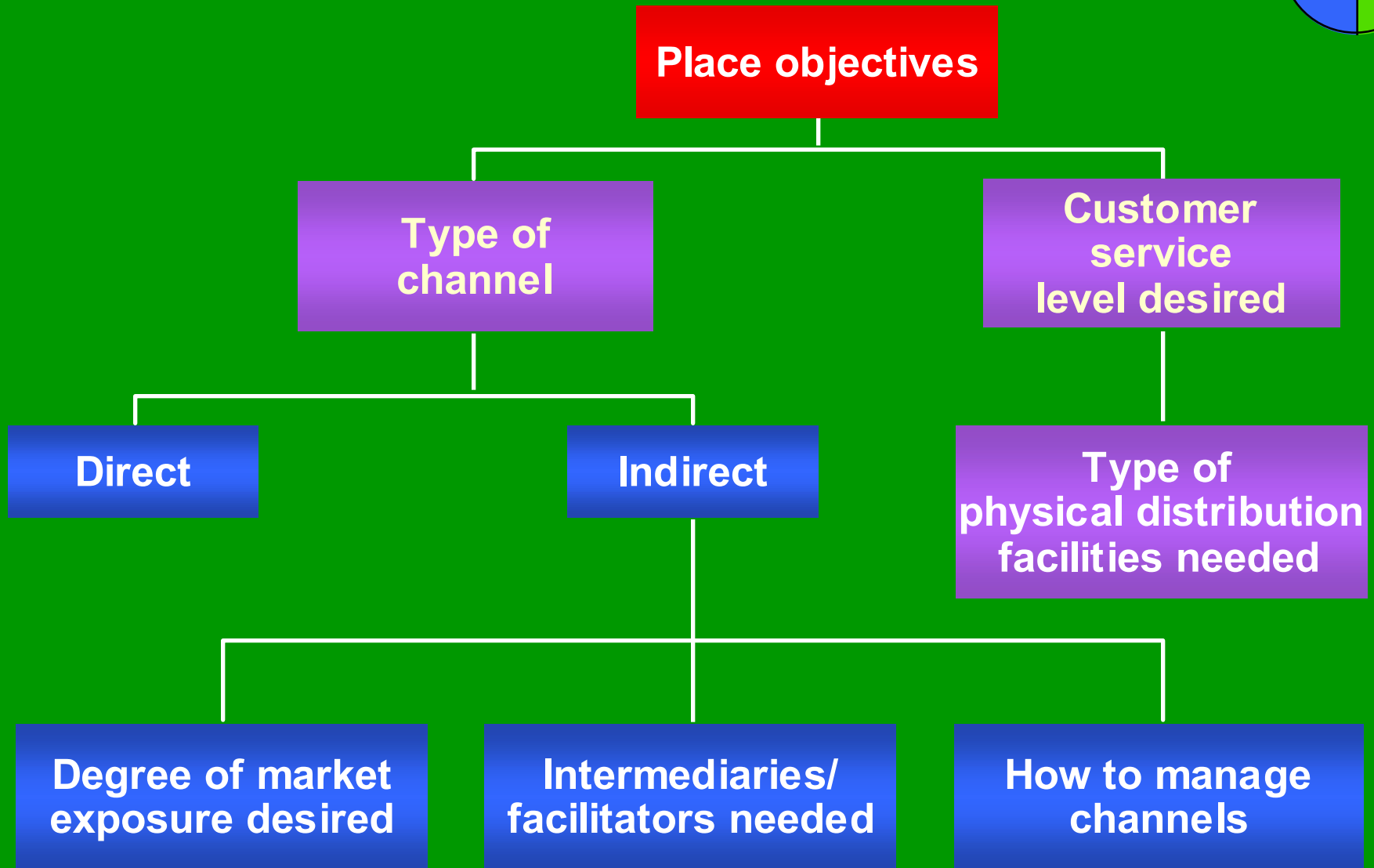
**Bulk-Breaking**



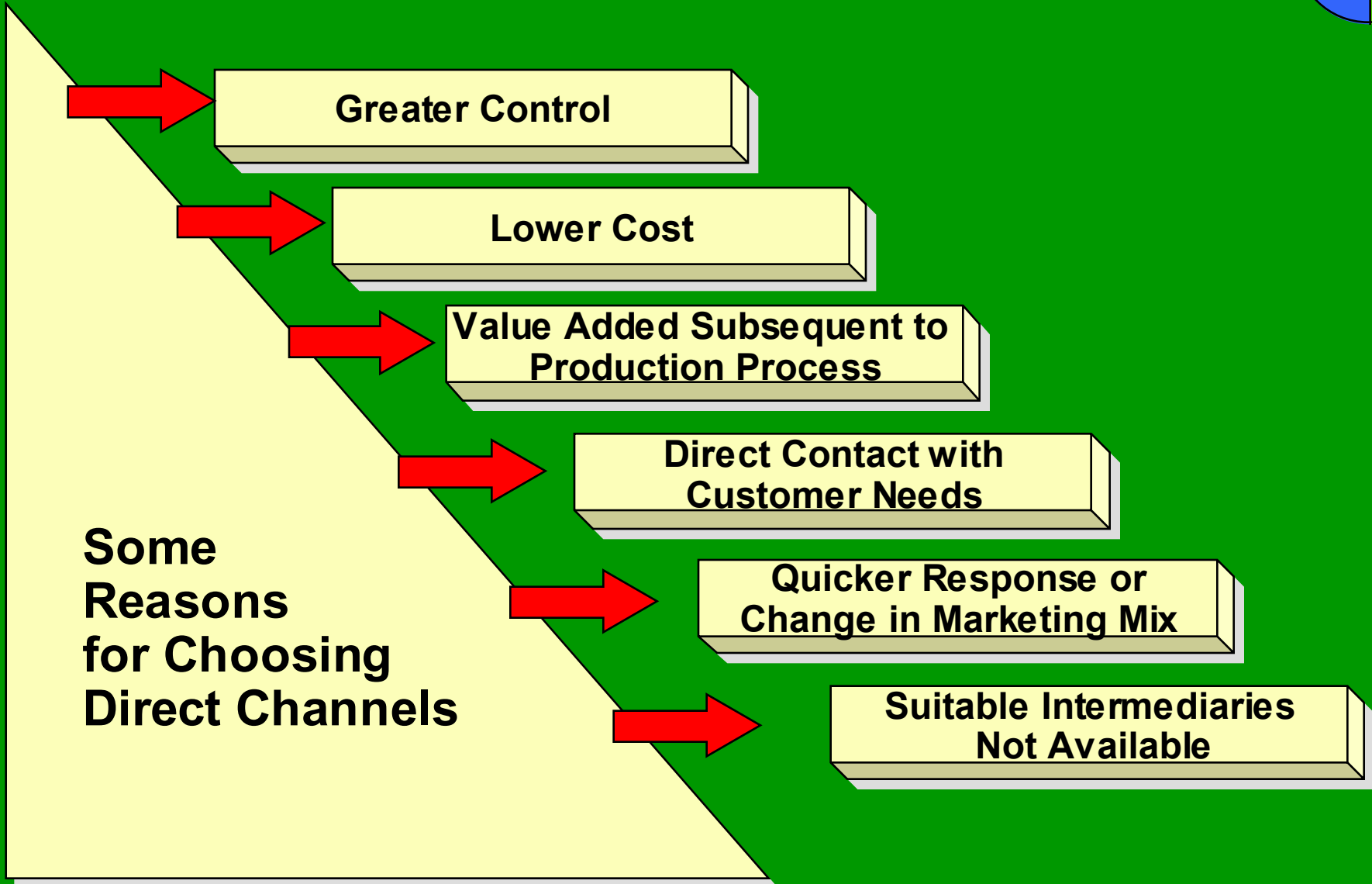
**Sorting**

**Assorting**

# Strategic Decision Areas in Place



# Why a Firm May Want to Use Direct Channels



# Managing Channel Relationships



## Key Issues in Channel Management

Choosing the Type of Relationship

Whole-Channel Product-Market Commitment

Conflict Handling

Common Objectives

Role of Channel Captain

# Vertical Marketing Systems



| Characteristics       | Type of channel                   |                               |                     |                       |
|-----------------------|-----------------------------------|-------------------------------|---------------------|-----------------------|
|                       | Traditional                       | Vertical marketing systems    |                     |                       |
|                       |                                   | Administered                  | Contractual         | Corporate             |
| Amount of cooperation | Little or none                    | Some to good                  | Fairly good to good | Complete              |
| Control maintained by | None                              | Economic power and leadership | Contracts           | One company ownership |
| Examples              | Typical channel of "independents" | General Electric              | McDonald's          | Florsheim             |

Exhibit 11-5

# Market Exposure

