Ch12

The supply chainconsists of “upstream” and “downstream” partners.

1-Upstream from the company is the set of firms that supply the raw materials, components, parts, information, finances, and expertise needed to create a product or service.

2- Downstream partnersinclude the marketing channels or distribution channels that look toward the customer, including retailers and wholesalers

A **marketing channel** (or **distribution channel**)—a set of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user.

Members of the marketing channel perform many key functions. Some help to complete transactions:

1-Information—gathering and distributing market­ing research and intelligence information about actors and forces in the marketing environment needed for planning and aiding exchange.

2-Promotion—developing and spreading persuasive communications about an offer.

3-Contact—finding and communicating with prospective buyers.

4- Matching—shaping and fitting the offer to the buyer’s needs, including activities such as manufacturing, grading, assembling, and packaging.

5- Negotiation—reaching an agreement on price and other terms of the offer so that ownership or possession can be transferred

6-Physical distribution—transporting and storing goods.

7- Financing—acquiring and using funds to cover the costs of the channel work.

8- Risk taking—assuming the risks of carrying out the channel work.

Types of Intermediaries

1. **Intensive distribution—**ideal for producers of convenience products and common raw materials. It is a strategy in which they stock their products in as many outlets as possible.
2. **Exclusive distribution—**is when producers purposely limit the number of intermediaries handling their products. The producer gives only a limited number of dealers the exclusive right to distribute its products in their territories.
3. **Selective distribution—**is the use of more than one, but fewer than all, of the intermediaries who are willing to carry a company’s products