

## 11.10: Key Terms

**accumulating** | relates to intermediaries buying in bulk from different manufacturers

**adjusting for discrepancy of assortment** | occurs when an intermediary buys from manufacturers, then regroups products into different assortments based on what consumers are demanding from retailers

**administered VMS** | one type of vertical marketing system where there is no ownership of channel members but instead one member who is large enough to coordinate and manage the distribution activities of other channels members

**agent** | a type of intermediary who acts as an extension to the manufacturer

**bulk and weight** | the density and heaviness of one unit of product

**bulk-breaking** | occurs when an intermediary takes a large bundling of a manufacturer's product and breaks it down into single units to be distributed to retailers based on the retailer's order

**business-to-business (B2B)** | a market comprised of companies who buy from and/or sell to other companies

**business-to-consumer (B2C)** | a market comprised of companies that manufacture and sell products or services directly to a final consumer or end user

**channel conflict** | disagreements between companies in the marketing channel due to a competitive versus a collaborative mindset

**channel length** | relates to the number of intermediaries in the marketing channel

**channel member (intermediary)** | a company that works in a network with other companies to help gets products from manufacturers to final consumers

**contractual VMS** | independent companies that have joined together by contract for a mutually beneficial purpose

**corporate VMS** | when one member of the distribution channel owns the other members

**customer-perceived value** | the overall perception that a consumer has about a company, brand, or product and is measured by what the consumer is willing to pay in return for the features and benefits in the market offering

**direct channel** | when companies sell and distribute their products directly to consumers

**direct marketing channel** | when a manufacturer does not use intermediaries but rather involves the manufacturer distributing its market offering directly to consumers

**disintermediation** | the process of removing an intermediary from a marketing channel

**distribution** | the process of making products and services available and accessible to consumers to purchase

**distributor** | a type of intermediary that takes ownership of the product and tends to align itself closely with a manufacturer

**exclusive distribution** | a strategy that involves allowing a limited number of intermediaries to distribute a company's market offering

**facilitating functions** | activities such as financing and information sharing in the marketing channel

**final consumer** | the end user of a good or service

**horizontal conflict** | when there is disagreement among firms at the same level in the marketing channel

**horizontal marketing system** | a group of unrelated companies that offer products and services in a shared space

**indirect channel** | involves the utilization of one or more intermediaries to distribute a market offering to consumers

**intensive distribution** | a distribution strategy that entails distributing a company's market offering through all possible intermediaries

**inventory management** | a function that involves identifying the type of inventory and how much a company has on hand at any given time

**inventory turnover rate** | a metric that measures how quickly inventory is turned over, or sold

**logistical functions** | the handling, packing, inventorying, transporting, warehousing, and ensuring the security of products as they make their way to the customer

**logistics** | the coordination of all supply chain activities, such as warehousing, inventory management, and transportation

**marketing channel** | system of people, organizations, and activities that work together to make goods and services available to consumers for use

**multichannel distribution system** | where a single company sets up multiple distribution channels to reach customers

**omnichannel marketing system** | multichannel approach whereby companies give consumers a variety of ways to purchase, receive, and return products

**order accuracy rate** | a metric that measures the percentage of orders that are processed, fulfilled, and shipped to consumers without any errors

**percentage of on-time shipments** | a metric used to evaluate how well a channel member meets its promise of delivering goods on time

**perishability** | relates to the likelihood that a product will spoil, decay, or expire if not used in a timely manner

**post-sale service** | all activities provided by a company that reinforce the value of the product or service for the buyer

**pre-sale service** | all activities provided by a company that help a buyer make a purchase decision

**producer** | a company that supplies the raw materials that manufacturers need to create consumer products

**producer to retailer to consumer channel** | when manufacturers or producers sell to retailers without the use of wholesalers or distributors

**product life cycle** | the various stages that a product goes through from its introduction phase, to its growth and maturity phase, and in some cases to its decline phase

**purchasing** | the process of buying materials needed to manufacture products

**retailer** | a type of intermediary where retailers take ownership of the product and their sole focus is on reaching the end user or customer directly

**selective distribution** | a strategy that includes choosing more than one, but fewer than all possible intermediaries to distribute a company's market offering

**standardized** | products that have no difference in how they are manufactured

**supply chain** | a network between a company and its suppliers to produce and distribute a specific product to the final buyer

**supply chain management** | all members and activities from the procurement and transformation of raw materials into finished goods through their distribution to targeted consumers

**sustainability** | a company's effort to reduce its impact on the environment as products move from source procurement through production through distribution to final consumers

**sustainable sourcing** | the process of considering suppliers' social, ethical, and environmental performance

**target market coverage** | resources and capabilities needed to reach consumers in a company's target market

**third-party logistics (3PL) provider** | a company that is contracted by a channel member to handle one or more of the functional areas of logistics; often warehouses, distribution centers, or fulfillment centers that have expertise in managing certain logistical activities

**time to ship** | also known as order cycle time, the length of time from when a customer places an order to when it reaches them

**total number of orders** | the sum of all orders that a company received in a given time period

**total units in storage** | a metric used to evaluate warehouse efficiency that changes as items are sold and leave the warehouse and new inventory moves in

**transactional functions** | buying, selling, and risk-bearing that goes along with the movement of products along the marketing channel

**unit value** | the price that a company charges for one unit or item

**vertical conflict** | a conflict that exists between different levels of a vertical channel

**vertical marketing system** | companies in the marketing channel that work together in a coordinated, collaborative, and customer-centric way

**warehousing** | the stocking, maintaining, and controlling of products while they await the next step in their journey to the final consumer

**wholesaler** | similar to distributors in that they take ownership of products; buys products in large quantities for the purpose of distributing an assortment of products to retailers

---

This page titled [11.10: Key Terms](#) is shared under a [CC BY 4.0](#) license and was authored, remixed, and/or curated by [Elisabeth Dellegrazie](#) via [source content](#) that was edited to the style and standards of the LibreTexts platform.