

11.9: Chapter Summary

In this chapter, the functions and benefits of marketing channels were explored. Marketing channels play an important role in moving products from manufacturers to final consumers. Channel members, also known as intermediaries, specialize in specific activities that help the flow of products. They play a transactional role by bringing manufacturers and consumers together. They also help with the logistical distribution of products by sorting, storing, and bulk-breaking so consumers can purchase what they want in the desired quantity. Finally, they facilitate the flow of goods by, for example, offering consumers credit to make purchases. Channel members can include manufacturers, wholesalers, distributors, retailers, agents, brokers, and final consumers.

In addition, the types of marketing systems are also explored. Vertical marketing systems can include corporate, administered, and contractual. Moreover, some companies use a horizontal, multichannel, or omnichannel marketing system. Factors that dictate the type of channel a company chooses include target market coverage and the selection of an intensive, selective, or exclusive distribution channel.

Fulfillment of buyer requirements such as information, convenience, variety, and service pre- and post-purchase are also important determining factors. In addition, product-related factors such as perishability, product life-cycle stage, value, and the technical nature of a product are also to be considered when choosing a marketing channel. Lastly, the channel's profitability is a huge consideration given that companies aim to operate efficiently while delivering value to consumers.

Selecting, managing, and motivating channel members require a strategy to handle channel conflict. Evaluating channel members requires the use of metrics and includes inventory turnover rate, accuracy rate, the time it takes to ship, units that have to be stored, number of orders processed in a given period, the percentage of on-time shipments, and the average number of delivery days.

The functions of supply chain management include purchasing, operations, logistics, resource management, and information workflow. Any or all of these functions can be outsourced. The decision requires careful consideration and evaluation of the cost/benefit ratio. Logistics functions such as warehousing, inventory management, and transportation can also be outsourced.

Finally, the ethical issues in supply chain management were discussed. They include carbon footprint vs. the speed of shipping and sourcing sustainably.

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