

Chapter 13 Supply Chain Management and Marketing Channels

MKTG10
Lamb, Hair, and McDaniel



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LEARNING OUTCOMES

- 13-1 Define the terms *supply chain* and *supply chain management*, and discuss the benefits of supply chain management
- 13-2 Discuss the concepts of internal and external supply chain integration and explain why each of these types of integration is important
- 13-3 Identify the eight key processes of excellent supply chain management and discuss how each of these processes affects the end customer

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LEARNING OUTCOMES

- 13-4 Understand the importance of sustainable supply chain management to modern business operations
- 13-5 Discuss how new technology and emerging trends are impacting the process of supply chain management
- 13-6 Explain what marketing channels and channel intermediaries are and describe their functions and activities

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LEARNING OUTCOMES

- 13-7 Describe common channel structures and strategies and the factors that influence their choice
- 13-8 Discuss omnichannel and multichannel marketing in both B-to-B and B-to-C structures and explain why these concepts are important

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13-1

Supply Chains and Supply Chain Management

Define the terms *supply chain* and *supply chain management*, and discuss the benefits of supply chain management

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Supply Chain

The connected chain of all of the business entities, both internal and external to the company, that perform or support the logistics function.

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Supply Chain Management

A management system that coordinates and integrates all of the activities performed by supply chain members into a seamless process, from the source to the point of consumption, resulting in enhanced customer and economic value.

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Benefits of Effective Supply Chain Management

Supply chain oriented companies commonly report:

- Lower inventory, transportation, warehousing, and packaging costs
- Greater supply chain flexibility
- Improved customer service
- Higher revenues
- Increased performance and profitability

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Supply Chain Integration

Discuss the concepts of internal and external supply chain integration and explain why each of these types of integration is important

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Supply Chain Integration

- A systems approach where the overall performance of the chain is greater than the sum of its parts.
- Occurs when multiple functional areas coordinate business processes to seamlessly link to one another.

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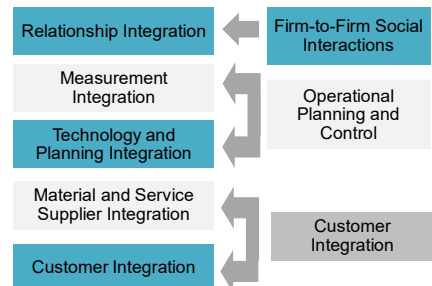
Internal Supply Chain Integration

- Management practices that reflect a highly coordinated effort between supply chain firms or across business functions within the same or different firms are said to be “integrated.”
- From an internal perspective, the very best companies develop a managerial orientation toward demand-supply integration (DSI).

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External Supply Chain Integration



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Supply Chain Integration

Relationship Integration

The ability of two or more companies to develop social connections that serve to guide their interactions when working together.

Measurement Integration

The performance assessment of the supply chain as a whole that also holds each individual firm or business unit accountable for meeting its own goals.

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Supply Chain Integration

Technology and planning integration

The creation and maintenance of information technology systems that connect managers across and through the firms in the supply chain.

Material and service supplier integration

Requires firms to link seamlessly to those outsiders that provide goods and services to them so that they can streamline processes and provide quality customer experiences.

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Supply Chain Integration

Customer Integration

A competency that enables firms to offer long-lasting, distinctive, value-added offerings to those customers who represent the greatest value to the firm or supply chain.

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Key Processes of Supply Chain Management

Identify the eight key processes of excellent supply chain management and discuss how each of these processes impacts the end customer

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Key Business Processes

1. Customer relationship management
2. Customer service management
3. Demand management
4. Order fulfillment
5. Manufacturing flow management
6. Supplier relationship management
7. Product development and commercialization
8. Returns management

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Customer Relationship Management

CRM allows companies to prioritize their marketing focus on different customer groups according to each group's long-term value to the company or supply chain.

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Customer Service Management

The customer service management process presents a multi-company, unified response system to the customer whenever complaints, concerns, questions, or comments are voiced.

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Demand Management

The demand management process seeks to align supply and demand throughout the supply chain by anticipating customer requirements at each level and create demand-related plans of action prior to actual customer purchasing behavior.

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Order Fulfillment

The order fulfillment process is a highly integrated process, often requiring persons from multiple companies and multiple functions to come together and coordinate to create customer satisfaction at a given place and time.

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Manufacturing Flow Management

The manufacturing flow management process is concerned with ensuring that firms in the supply chain have the needed resources to manufacture with flexibility and to move products through a multi-stage production process.

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Supplier Relationship Management

The supplier relationship management process supports manufacturing flow by identifying and maintaining relationships with highly valued suppliers.

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Product Development and Commercialization

The product development and commercialization processes include the group activities that facilitates the joint development and marketing of new offerings among a group of supply chain partner firms.

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Returns Management

The returns management process enables firms to manage volumes of returned product efficiently, while minimizing returns-related costs and maximizing the value of the returned assets to the firms in the supply chain.

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Sustainable Supply Chain Management

Understand the importance of sustainable supply chain management to modern business operations

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Sustainable Supply Chain Management

Sustainable supply chain management involves the integration and balancing of environmental, social, and economic thinking into all phases of the supply chain management process.

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Trends in Supply Chain Management

Discuss how new technology and emerging trends are impacting the practice of supply chain management

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Trends in Supply Chain Management

Outsourcing Logistics Functions

Public-Private Partnerships

Electronic Distribution

Global Supply Chain Management

Supply Chain Analytics and Technology

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Outsourcing Logistics Functions

Outsourcing Benefits

- ◆ Reduces inventories
- ◆ Locates stock at fewer plants and distribution centers
- ◆ Provides same or better levels of service

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Public-Private Partnerships

Public-private partnerships (PPPs) are critical to the satisfaction of both company and societal interests and provide a mechanism by which very-large scale problems or opportunities can be addressed.

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Electronic Distribution

A distribution technique that includes any kind of product or service that can be distributed electronically, whether over traditional forms such as fiber-optic cable or through satellite transmission of electronic signals.

Three-dimensional printing is a newer method for distributing products. Special printers create products based on a digital file using liquefied raw materials shipped to the printer's location.

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Global Supply Chain Management

The management of supply chain risk is a critical business focus.

Proactive supply chain security measures seek to protect key inventory and assets while reactive supply chain resiliency measures ensure that the supply chain is back up and running as soon as possible in the event that a disruption occurs.

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Supply Chain Analytics and Technology

- Supply chain analytics programs that can interpret big data have great potential for improving supply chain operations.
- Advanced technology enabled by big data is also improving supply chain operations.

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Marketing Channels and Channel Intermediaries

Explain what *marketing channels* and *channel intermediaries* are, and describe their functions and activities

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Marketing Channel

A set of interdependent organizations that eases the transfer of ownership as products move from producer to business user or consumer.

Channel Members

Negotiate with one another, buy and sell products, and facilitate the change of ownership between buyer and seller in the course of moving the product from the manufacturer into the hands of the final consumer.

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Marketing Channel Functions

Specialization and division of labor

Overcoming discrepancies

Providing contact efficiency

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Specialization and Division of Labor

- ◆ Creates greater efficiency
- ◆ Provides lower production costs
- ◆ Create time, place, form, and exchange utility

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Utility

- ◆ Form utility
- ◆ Time utility
- ◆ Place utility
- ◆ Exchange utility

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Channel Intermediaries

Merchant Wholesaler

An institution that buys goods from manufacturers, takes title to goods, stores them, and resells and ships them.

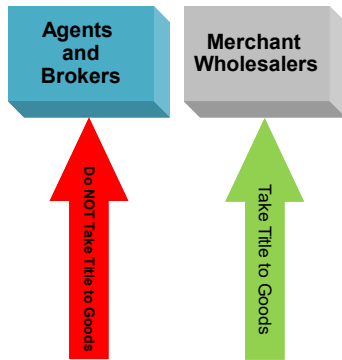
Agents and Brokers

Wholesaling intermediaries who facilitate the sale of a product by representing channel members.

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Channel Intermediaries



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Factors Suggesting Type of Wholesaling Intermediary to Use

Product characteristics

Buyer considerations

Market characteristics

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Retailers

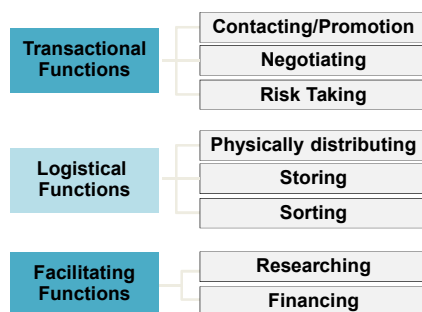
Retailers are firms in the channel that sell directly to customers

Retailers simplify distribution by cutting the number of transactions required by consumers, making an assortment of goods available in one location.

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Channel Functions Performed by Intermediaries



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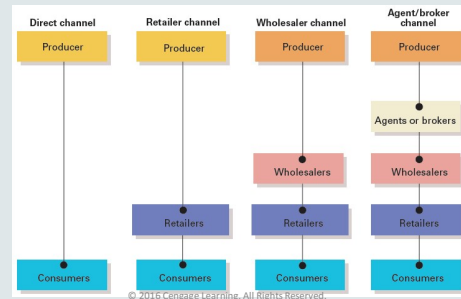
Channel Structures

Describe common channel structures and strategies, and the factors that influence their choice

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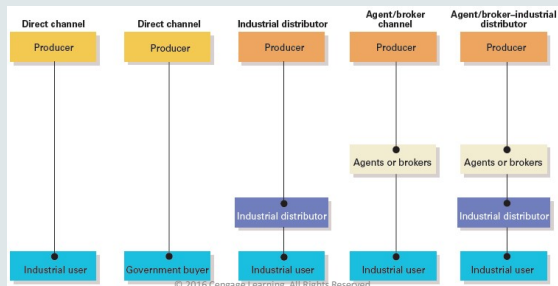
Marketing Channels for Consumer Products



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Channels for Business and Industrial Products



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Alternative Channel Arrangements

Dual or multiple distribution

Nontraditional channels

Strategic channel alliances

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Digital Channels

Digital channels are pathways for moving product and information toward customers such that they can be sent and/or received with electronic devices.

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Factors Affecting Channel Choice

Market Factors

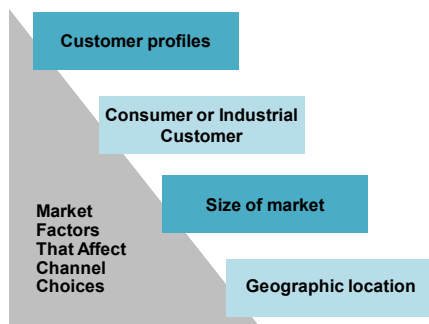
Product Factors

Producer Factors

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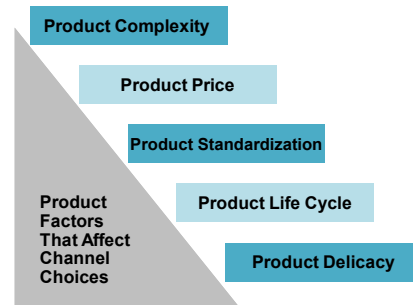
Market Factors



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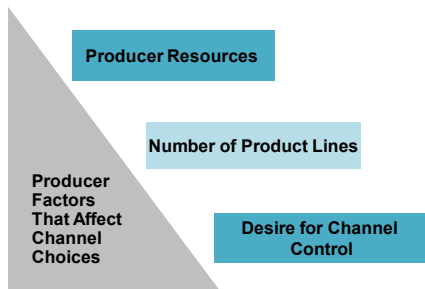
Product Factors



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Producer Factors



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Levels of Distribution Intensity

Intensive	A form of distribution aimed at having a product available in every outlet.
Selective	A form of distribution achieved by screening dealers to eliminate all but a few in any single area.
Exclusive	A form of distribution that established one or a few dealers within a given area.

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Levels of Distribution Intensity

Intensity Level	Objective	Number of Intermediaries
Intensive	Achieve mass market selling. Convenience goods.	Many
Selective	Work with selected intermediaries. Shopping and some specialty goods.	Several
Exclusive	Work with single intermediary. Specialty goods and industrial equipment.	One

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Emerging Distribution Structures

In recent years, rapid changes in technology and communication have led to the emergence of new, experimental distribution methods and channel structures.

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Omnichannel versus Multichannel Marketing

Discuss multichannel and omnichannel marketing in both B2B and B2C structures and explain why these concepts are important

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Multichannel Marketing

Customers are offered information, goods, services, and/or support through one or more synchronized channels.

While it can promote better consumer behavior, the multichannel design also creates redundancy and complexity in the firm's distribution system.

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Omnichannel Marketing

Retailers make their inventory data available to customers in real time, effectively merging their distribution channels.

This creates greater customer control over the shopping experience, leading to greater satisfaction and loyalty.

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Chapter 13 Video

Geoffrey B. Small

Geoffrey B. Small, a super-luxury fashion designer, discusses how he sources the materials needed to develop his clothing lines. He also discusses how he makes distribution decisions based on his micro production process and global distribution channels.

[CLICK TO PLAY VIDEO](#)

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