MARKETING (DISTRIBUTION) CHANNELS

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WHO BELONGS TO A MARKETING CHANNEL?

Channel Members: Parties to marketing channel includes

- Manufacturers
- Intermediaries
- End-users
MARKETING CHANNEL

Marketing Channel: To reach a target market, the marketer uses three kinds of marketing channels.

- **Communication channels** deliver and receive messages from target buyers, and include newspapers, magazines, radio, television, mail, telephone, billboards, posters, fliers, CDs, audiotapes, and the Internet, e-mail, toll free-numbers. Beyond these, communications are conveyed by facial expressions and clothing, the look of retail stores, and many other media.

- The marketer uses **distribution channels** to display, sell, or deliver the physical product or service(s) to the buyer or user. They include distributors, wholesalers, retailers, and agents.

- The marketer also uses **service channels** to carry out transactions with potential buyers. Service channels include warehouses, transportation companies, banks, and insurance companies that facilitate transactions.

Marketers clearly face a design problem in choosing the best mix of communication, distribution, and service channels for their offerings.
A marketing channel performs the work of moving goods from producers to consumers. It overcomes the time, place, and possession gaps that separate goods and services from those who need or want them. Members of the marketing channel perform a number of key functions such as:

- Gather **information** about potential and current customers, competitors, and other actors and forces in the marketing environment.
- Develop and disseminate **persuasive communications** to stimulate purchasing.
- Reach **agreements** on price and other terms so that transfer of ownership or possession can be effected.
- Place **orders** with manufacturers.
- Acquire the **funds to finance inventories** at different levels in the marketing channel, and assume risks connected with carrying out channel work.
- Provide for the successive **storage and movement** of physical products.
- Provide for buyers' **payment of their bills** through banks and other financial institutions, and oversee actual transfer of ownership from one organization or person to another.
CHANNEL FLOWS

As any marketing channel moves goods from producers to consumers, the marketing intermediaries perform and participate in a number of marketing functions or activities. These constitute functions constitute the following channel flows:

1. Physical (storage and movement of product)
2. Title or possession (transfer of ownership)
3. Promotion (development and dissemination of persuasive communications)
4. Information (collection and distribution of marketing research)
5. Negotiation (agreement on price and terms for transfer of ownership or possession)
6. Financing (acquisition and allocation of funds)
7. Risking (risk taking)
8. Ordering (intentions to buy)
9. Payment (buyers paying sellers)

Some functions (physical, title, promotion) constitute a forward flow of activity from the company to the customer; other functions (ordering and payment) constitute a backward flow from customers to the company. Still others (information, negotiation, finance, and risk taking) occur in both directions.
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<th>Channel Flows</th>
<th>Producer</th>
<th>Wholesaler</th>
<th>Retailer</th>
<th>Customer: Industrial And Households</th>
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Example: Five Marketing Flows in the Marketing Channel for Forklift Trucks

1. Physical Flow
   - Suppliers
   - Transporters, warehouses
   - Manufacturer
   - Transporters, warehouses
   - Dealers
   - Transporters
   - Customers

2. Title Flow
   - Suppliers
   - Manufacturer
   - Dealers
   - Customers

3. Payment Flow
   - Suppliers
   - Banks
   - Manufacturer
   - Banks
   - Dealers
   - Banks
   - Customers

4. Information Flow
   - Suppliers
   - Transporters, warehouses, banks
   - Manufacturer
   - Transporters, warehouses, banks
   - Dealers
   - Transporters, banks
   - Customers

5. Promotion Flow
   - Suppliers
   - Advertising agency
   - Manufacturer
   - Advertising agency
   - Dealers
   - Customers
Each of these flows must be performed by a marketing intermediary for any channel to deliver the goods to the final consumer. Thus, each producer must decide who will perform which of these functions in order to deliver the service output levels that the target consumers desire.

Reasons for Growth of Channels flow:
Producers delegate these flows for a variety of reasons.

First, they may lack the financial resources and human resources to carry out the intermediary activities themselves.

Second, many producers can earn a superior return on their capital by investing profits back into their core business rather than into the distribution of their products.

Finally, intermediaries, or middlemen typically focuses on a small handful of specialized tasks within the marketing channel and offer superior efficiency in making goods and services widely available and accessible to final users. Manufacturer may not be able to perform those specialised tasks.
DISTRIBUTION CHANNELS: MEANING

Distribution or trade channels are sets of interdependent organizations involved in the process of making a product or service available for use or consumption. A channel of distribution is defined as the path or route along which goods move from producers or manufacturers to ultimate consumers or industrial users. In other words, it is a distribution network through which producer puts his products in the market and passes it to the actual/end users.

This channel consists of producers, end users (consumers or industrial user) and the various intermediaries like wholesalers, selling agents and retailers who intervene between the producers and end user. Therefore, the channel serves to bridge the gap between the point of production and the point of consumption thereby creating time, place and possession utilities.

Some intermediaries—such as wholesalers and retailers—buy, take title to the merchandise, and resell the merchandise; they are called merchants. Others—brokers, manufacturers' representatives, sales agents—search for customers and may negotiate on the producer's behalf but do not take title to the goods; they are called agents. Still others—transportation companies, independent warehouses, banks, insurance companies advertising agencies—assist in the distribution process but neither take title to goods nor negotiate purchases or sales; they are called facilitators.
The producer and the final customer are part of every channel. There are a number of intermediary levels to designate the length of a channel. These distribution channels are classified as:

- **Zero-level Channel /Direct-marketing Channel/Selling through Direct Channels:**
  A zero-level channel (also called a direct-marketing channel) consists of a manufacturer selling directly to the final customer. This is the oldest, shortest, and the simplest channel of distribution. The producer sells the product directly without involvement of any middle man. The major examples are door-to-door sales, retail stores, mail order, telemarketing, TV selling, internet selling, and manufacturer-owned stores. Perishable goods such as vegetable and fruits can also be sold directly.

- **Selling Through Indirect Channel:**
  According to this method of indirect selling, product is passed on to the customers through intermediaries known as wholesalers, retailers, and agents. These channels may be as under:

  - **One level Channel (Producer -> Retailer -> Customer):** A one-level channel contains one selling intermediary such as a retailer. Under this channel the producer sells goods to retailers, who sell the goods to customers. This channel is popular with the departmental stores, chain stores, and supermarkets etc. because these are large scale retailers.
- **Two level Channel (Producer -> wholesaler -> Retailer -> Consumer) :** A *two-level channel* contains two intermediaries. The common practice in this two level channel is that the goods are sold to the wholesaler in bulk. The wholesaler sells goods to retailer who sells the goods to customers in pieces. This channel is suitable where the retailers are few and geographically centred. This channel is commonly used in textile, machinery, equipment and agricultural products.

- **Three level Channel(Producers -> Wholesalers -> Jobbers > Retailers -> Customer):** A *three-level channel* contains three intermediaries. The common practice is that the manufacturer sells goods in large quantity to wholesalers who sell goods to jobbers and jobbers (small-scale wholesaler or middleman in the retail goods trade) sell to small retailers. Finally goods are sold to customers in pieces. The channel is used for consumer goods.
CHANNELS OF DISTRIBUTION FOR CONSUMER GOODS AND INDUSTRIAL GOODS

(a) Consumer marketing channels

0-level 1-level 2-level 3-level
Manufacturer Manufacturer Manufacturer Manufacturer
<table>
<thead>
<tr>
<th>Wholesaler</th>
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<tbody>
<tr>
<td>Jobber</td>
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<tr>
<td>Retailer</td>
<td>Retailer</td>
</tr>
<tr>
<td>Consumer</td>
<td>Consumer</td>
</tr>
</tbody>
</table>

(b) Industrial marketing channels

0-level 1-level 2-level 3-level
Manufacturer Manufacturer Manufacturer Manufacturer
| Manufacturer’s representative | Manufacturer’s sales branch |
| Industrial distributors |
| Industrial customer |
| Industrial customer |
| Industrial customer |
| Industrial customer |
Marketing channels are not limited to the distribution of physical goods. Producers of services (such as banking, insurance, travel, and stock buying and selling) and ideas also face the problem of making their output available and accessible to target populations. These service channels are classified as:

- **Direct:** In the services sector, the relationship is direct. The services firm delivers the service directly to the customer. In the consultancy sector, for example, the customer deals directly with the person who delivers the service.

- **Agents:** In some service markets, an indirect marketing relationship exists. Firms selling services, such as insurance, financial services, labour, travel or entertainment may use agents instead of selling directly to customers.

- **Internet:** The Internet enables service firms to change their business model as well as their distribution model. On its website, Coursera has a virtual education platform with no physical offices. Here in Coursera, resource persons from various prominent universities offer diversified educational courses to potential clients (students) globally. A client chooses a course of its choice form a list courses offered and used Internet services to continue their desired courses.

- **Multichannel:** Using the Internet as an additional distribution channel enables service businesses to offer their customers greater choice. In retail banking, for example, customers can carry out transactions by telephone, online banking or by visiting their branch. Internet is being increasingly used by many established insurance companies to sell directly to customers.
 Partnership: Partnership with organizations operating in a firm's target market provides a distribution channel that can accelerate growth. A firm offering computer maintenance services, for example, could expand its customer base by partnering with a computer manufacturer or distributor and providing services to its partners' customers.

Distribution channels in a service business enable a firm to market its service products and deliver them to the customer in different ways. Choosing the right distribution channel gives a services firm a competitive advantage and an opportunity to expand its business at a rate that is faster than organic growth.
WHOLESALE: MEANING AND FUNCTIONS

Buying of goods in large quantities from producers and selling the same in small quantities to retailers is termed as wholesale trade and the person who carries on wholesale trade is called the "Wholesaler".

Functions:
The functions performed by the wholesalers are as follows:

- To act as liaison between retailers and producers/manufacturers’ conveying the views of each to the other.

- To reduce the burden of marketing from the manufacturer by taking bulk supplies from him, and settling promptly with cash. The risks of production are therefore greatly reduced, since it is now the wholesaler who is bearing the risks.

- To grant credit / financial assistance where required to retailers whose resources are limited, so that goods can be sold before payment is required.

- To store the assembled goods in proper warehouse till the goods are sold. Warehousing or storing of goods fills up the time gap between the production and consumption.
To distribute the assembled goods to the retailer or to the consumer directly. He thus helps in the dispersion process of marketing.

To help in the transportation of goods form the place of production to his go-down and to the retailer.

To help in proper grading of goods as per quality, size and colour.

To market the goods by advertising, demonstrating, or displaying them in ways appropriate to the class of goods concerned. This may also involve other processes such as packaging, blending, and branding.

To involve in all the risks associated with the ownership as he makes bulk purchases and makes arrangement for assembling and warehousing. These risks are: (a) That the goods will not be needed because there is not demand; (b) that they can be disposed of only at a lower price than the cost price to the wholesaler; (c) deterioration; (d) theft and misappropriation, which are specially high when goods are in transit; (e) bad debts.
TYPES OF WHOLESALER

Merchant Wholesaler
Merchant wholesalers are firms engaged primarily in buying, taking title to, storing, and physically handling products in relatively large quantities and reselling the products in smaller quantities to retailers; industrial, commercial, or institutional concerns; and other wholesalers.

Merchant wholesalers include two broad types:

- full-service wholesalers, which provide a full set of services,
- limited service wholesalers, which offer fewer services to their suppliers and customers.

Full-Service Wholesalers includes

- Industrial Distributors: Industrial distributors buy industrial products in bulk from a manufacturer and supply them to businesses that then use them for production or manufacturing. The distributor deals with a producer or business market instead of a consumer market.

- General Merchandise Wholesalers: General merchandise wholesalers usually carry large quantities of non-perishable products of different types and will be intending to add value to them by reselling in smaller quantities to distributors, retailers and resellers. This type of wholesaler may resell products from a number of different industries and suppliers, and in several different categories such as hardware, electrical supplies, plumbing supplies, furniture, drugs, cosmetics, and automobile equipment.
✓ Specialty-line Wholesalers or Specific Product Wholesalers or Limited-line Wholesalers: This type of wholesaler will resell products from a specific industry or product category (say footwear or computers or industrial tools) but may have products from multiple suppliers and cover a wide geographic area. Because specialty wholesalers specialize in a specific industry or product type, they often know a great deal about the product, price and final target markets in their channel. For example, an automobile specialty wholesaler might carry only two-wheeler items and sell exclusively to mass-merchandisers. Manufacturers often use this type of wholesaler to distribute one or more of their products.

✓ Rack Jobbers: These wholesalers specialize in non-food products (housewares, hardware items, and books and magazines) and often display them on their own wire racks. They resell small quantities of so many different kinds of products. Rack jobbers are almost service wholesalers – except that they usually are paid cash for what is sold or delivered.

o Limited-Function Wholesalers includes

✓ Cash-and-Carry Wholesalers: Cash and carry wholesaler offers merchandise to smaller retailers that are willing to pay by cash or cheque, and will either provide their own transportation or pay extra for product delivery. These wholesalers generally carry a limited line of fast-moving products (such as groceries), construction materials, or office supplies. The cash and transportation policies eliminate the necessity of both a credit department and delivery personnel and equipment.
✓ **Truck wholesalers or Truck Jobbers:** These wholesalers specialize in delivering products that they stock in their own trucks. By handling perishable products such as: tobacco, candy, potato chips etc, truck wholesalers may provide almost the same functions as full-service wholesalers. Their big advantage is that they deliver perishable products that regular wholesalers prefer not to carry. Some truck wholesalers operate 24 hours a day, every day and deliver an order within hours.

✓ **Drop Shippers:** These wholesalers own take title to the products they sell but they do not actually handle, stock, or deliver them. They get orders – from wholesalers, retailers, or other business users and pass these orders on to producers or supplier. Then the producer or supplier ships the order directly to the customers. These wholesalers earns commission on orders passed on to the manufacturer or supplier. Most of the network marketing firms and internet based merchants of books, drugs, supplements, toys, etc., are drop shippers. Because drop-shippers do not have to handle the products, their operating costs are lower.

✓ **Catalog Wholesalers:** These wholesalers sell out of catalogs that may be distributed widely to smaller industrial customers or retail store and representatives only who might not be called on by other middlemen. These wholesalers operate in the hardware, jewellery, sporting goods, and general merchandise lines.
✓ **Wholesale Clubs**: Wholesale Club is a chain of warehouse clubs. A warehouse club is a retail store usually selling a wide variety of merchandise in which customers are required to buy large wholesale quantities of the store's products, which makes these clubs attractive to both bargain hunters and small business owners. The clubs are able to keep prices low due to the no-frills (essential) format of the stores. In addition, customers may be required to pay annual membership fees in order to shop.

✓ **On-line or mail or web wholesaler**: Wholesalers who sell their products on-line offer discounted prices as they can reduce their overheads such as rent and rates of physical premises. This type of wholesaler is therefore able to add a lower percentage to their purchase price and still make margin.

✓ **Producer’s Cooperatives**: Producer’s co-operatives operate almost as full-service wholesalers – with the "profits" going to the cooperative’s customer-members. Cooperatives develop in agricultural markets where there are many small producers.
Agents, Brokers, and Commission Merchants

Agents, brokers, and commission merchants are also independent middlemen who usually do not take title to the goods in which they deal, but instead are actively involved in negotiating and other functions of buying and selling while acting on behalf of their clients.

- Manufacturers’ Agents or Selling Agent: Manufacturers' agents or representatives are independent contractors who work on commission to sell products for more than one manufacturer. They are not under the immediate supervision of what they sell for, so their relationship generally falls into client-customer patterns. Manufacturers' agent may be a businesses operated by a sole entrepreneur or firm considerably more extensive armed with numerous salespeople covering specific territories.

- Purchasing Agent: Buying agents or purchasing agents are people or companies exclusively acting on behalf of buyer of goods or property for a commission. They assist the client during the entire purchasing process such as from sourcing the properties as per clients' requirements, in negotiating the best possible price and terms with the seller, and helping the client legal matters related to acquisition. There are agents for all kinds of products, from raw materials and commodities to specialized custom equipment.

- Commission Merchants: A Commission Merchant is one to whom goods are sent for sale, and who charges a certain per cent on the price of the goods sold for his service, which is called commission. Farmers and manufacturers who have large quantities of goods to sell, send them to the cities to the commission merchant who sells them for them. Commission merchants are, therefore, agents to sell, and the owners of the goods are their principals. These duties and responsibilities are in general like those of other agents.
Import Agents: Import Agents are representatives that assist a business importing merchandise from a foreign country. The import agent plays a major role in the international importing business. Many companies require the services from someone who can assist them in acquiring raw materials, semi-finished or finished goods from countries abroad. Through the use of an import agent, the company can find the appropriate supplier much more efficiently than if they had to conduct the search on their own.

Export agent: A representative that assists a business in transporting and/or selling their products in a foreign country. An export agent might be paid a sales commission by the company they represent or have distribution rights for a product within a specified region.

Brokers: A broker is a third-person facilitator or party (brokerage firm) that arranges transactions between a buyer and a seller for a commission when the deal is executed. Real estate broker facilitates the sale of a property. Stockbroker who makes the sale or purchase of securities on behalf of his client play a dominant role in the sale of stocks, bonds, and other financial services. A broker who also acts as a seller or as a buyer becomes a principal party to the deal.
Manufacturers’ Sales Branches and Offices

Manufacturers' sales branches and offices are owned and operated by manufacturers but are physically separated from manufacturing plants or headquarters. They are used primarily for the purpose of distributing the manufacturers' own products at the wholesale level. Some have warehousing facilities where inventories are maintained, while others are merely sales offices. Some of them also wholesale allied and supplementary products purchased from other manufacturers. Thus, The manufacturers do wholesaling themselves rather than through independent wholesalers.
RETAILERS

Purchasers may be individuals or businessmen. Businessmen buying in bulk either directly or through a wholesaler for resale to end users is known as retailer in commerce language. Retailing consists of the sale of goods or merchandise from a fixed location (such as a department store, boutique) or by mail or any other method to end user for direct consumption.

- Retailing may include subordinated services such as delivery.
- Retailers are at the end of the supply chain.
- Retail establishments are often called shops or stores.
- The major role of a retailer is to collect an assortment (product mix) from various sources, and act as the contact between manufacturers, wholesaler and the consumers.
- Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy.
Classification of Retailing

Classification of retail format

Store based Retailing

Non-store

* Direct selling
* Mail order
* Telemarketing

Service retailing

* Banks
* Car rental
* Service Contracts

Form of Ownership

* Independent
* Chain
* Franchise
* Leased
* Department
* Consumer
* Cooperative

Merchandise offered

* Convenience
* Supermarkets
* Hypermarkets
* Speciality stores
* Departmental stores
* Off price retailer
* Factory outlet
* Catalogue Showrooms
CLASSIFICATION OF RETAILING

- **CLASSIFICATION BASED ON OWNERSHIP (Store based)**
  - **Independent Retailer:** An independent retailer is one who owns and operates only one retail outlet. The owner and few other local hands or family members working as assistants in the shop manages such an outlet. Many independent stores tend to be passed on from generations to generations.
  
  - **Retail Chain or chain retailer or corporate retail chain:** A chain retailer operates multiple outlets (store units) under common ownership; it usually engages in some level of centralized (or coordinated) purchasing and decision making.
  
  - **Franchising:** A franchise is a contractual agreement between the franchiser and franchisee which allows the franchise to conduct business in return for a fee or compensation. Franchising can be a product or trademark where the franchise sells the products under franchiser's name.
  
  - **Leased Department:** They are also termed as shop in shops. When a section of a department in a retail store is rented to an outside party, it is termed as a leased department.
  
  - **Consumer co-operative:** A consumer co-operative is a retail institution owned by its member customer. These many arise largely because of dissatisfied consumer whose needs are not fulfilled by the existing retailers.
CLASSIFICATION ON THE BASIS OF MERCHANDISE OFFERED (Store based)

- **Convenience store**: They are relatively small stores located near residential areas. They are open for long hours, seven days a week and offer a limited line of convenience products like bread, eggs, milk and other grocery items.

- **Department store**: A departmental store is a large scale retail establishment with a building open to the public, offering a wide range of consumer goods. It typically allows shoppers to choose between multiple merchandise lines at variables price points in different product categories known as departments. Department stores usually sell a variety of products including clothing, furniture, home appliances, toys, cosmetics, toiletries, sporting goods, paint, hardware, food, books, jewellery, electronics, stationaries, baby needs and pet supplies.

- **Super markets**: Super markets are large form of traditional grocery store offering a wide variety of food and household products. These are low margin, high volume, self service operations typically comprising meat, fresh produce, diary and backed goods, canned and packaged goods, as well as various non-food items such as kitchenware, household cleaners, pharmacy and beauty care products. It is usually situated near a residential area in order to be convenient to the customers.

- **Hyper markets**: Hyper markets is a super store comprising of super markets and departmental stores. The result is an expansive retail facility carrying a wide range of products under one roof, including full groceries lines and general merchandise. Hyper market tends to allow customer to satisfy all their routine shopping needs in one trip.
Speciality stores: A stores specializing in a particular type of merchandise or single product categories is termed as a speciality store. These are characterized by a narrow product line with deep assortments in that product line. Specialty stores usually concentrate on apparel, jewellery, fabrics, furniture etc.

Catalogue showroom: Catalogue retailers usually specialize in hard good such as house wear, jewellery, and consumer electronics. A customer walks into this retail show room, goes through the catalogue of the products that he would like to purchase.

Off-price retailers: They buy products from manufactures in off seasons as a deep discount and sell them at less than retail prices. The merchandise may be in odd sizes, unpopular colours or with minor defects. They may be manufacturer owned
NON-STORE BASED FORMAT CLASSIFICATION: (Non-store retailing is a form of retailing in which sales are made to consumers without using physical stores)

- Direct Selling: Direct selling is the marketing and selling of products directly to consumers through face-to-face sales presentations at home or in the workplace, away from a fixed retail location. Party plans hosting groups to view a product demonstration and encouraging participants to purchase the products. Example: Eureka Forbes.

- Telemarketing: In this form of direct marketing the product is advertised on television, details about the product features, price and things like guarantee/warranty are explained. Phone numbers are provided for each city, where the buyer can call in a place the order for the product. The products are then home delivered. Example: telebrand

- Catalogue Marketing: In Catalogue Marketing is form of direct marketing where the seller prepares catalogues of merchandise or products and sells directly to the customer. The catalogues are generally in printed form but can also be distributed in the form of CDs. To avoid printing and distribution costs, the catalogues are being increasingly made available online. Products from various companies or vendors may be combined into a single catalogue to provide a one shop point for customer looking out for a particular type of product. Example: Avon is a good example of a company successfully leveraging this channel to sell its range of cosmetics.

- Mail order: Mail order is a term which describes buying of goods or services by mail delivery. Here, buyers and sellers do not make face-to-face contact. The sellers list their products for sale in catalogues or websites for consumers to buy via telephone, mailed check with order form, or internet order. The products are typically delivered directly to an address supplied by the customer, such as a home address, but occasionally the orders are delivered to a nearby retail location for the customer to pick up.
LOGISTICS MANAGEMENT or LOGISTIC MIX

Logistics Management, generally concentrate on actual transportation of and storage of goods. It deals with inbound freight (movement of materials, parts and other finished inventory from supplier to manufacturing, assembly plants, warehouse or retail store) and outbound freight i.e. movement of final product from the end of production line to end users (inventory, storage and warehouse, packaging), reverse shipping, communications (flow of related information) during the transit, delivery of goods, coordination among third party carriers, fleet management and other activities directly related to the actual transportation of goods from one point to another. All these activities are interdependent and needs close coordination and form a system of Logistic Mix. Logistic mix includes following functional areas:

- Order Processing
- Information Flow
- Warehousing
- Inventory control
- Packaging
- Transportation
SUPPLY CHAIN MANAGEMENT

Whereas marketing channels connect the marketer to the target buyers, the supply chain stretches from raw materials to components to final products that are carried to final buyers. It includes sourcing, procurement, movement and storage of raw materials into an organization, work-in-process, inventory, internal processing of materials into finished goods, and the movement of finished goods out of the organization and toward the end consumer. Thus supply chain covers sourcing, production, logistic as well as information system needed to coordinate these activities. A supply chain, thus, is a system which comprises organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer.

In supply chain management, the activities are increasingly being outsourced to other firms that can perform them better or more cost effectively. The result is increase in the number of organizations in the supply chain which tends to reduce managerial control of daily logistics operations. Less control and more supply chain partners led to the creation of the concept of supply chain management.

Main functions of supply chain management are as follows:
- supplier management
- inventory management
- distribution management
- channel management
- financial management
Difference between supply chain management and logistic management:

- Logistic management is a part of supply chain management. Supply chain management is an extension of logistic management.

- Supply chain management involves coordinating and integrating logistics management within and among companies.

- Logistics management involves the entire supply chain (from point of origin to point of consumption) but is often practiced at a local level (within an individual company) where supply chain management specifically focuses on optimizing the flow of goods throughout the entire chain (within and among companies).
Reference : PHILIP KOTLER