



DPM40103
Business Marketing

**MARKETING CHANNEL &
LOGISTICS STRATEGY**



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APPRECIATION

*To my extraordinary superheroes who always stand and hold my back -
Mej. Nik Abdul Hadi, N.A Hafiey and N.A Hadief.*

Nooralwani Alias

*To my beloved Avengers Team, who always encourage and support,
sustain me in ways that I never knew that I need, Syahril A., R. Zharif and R.
Zhafran.*

Nor Ariefah Hafidza Kadir

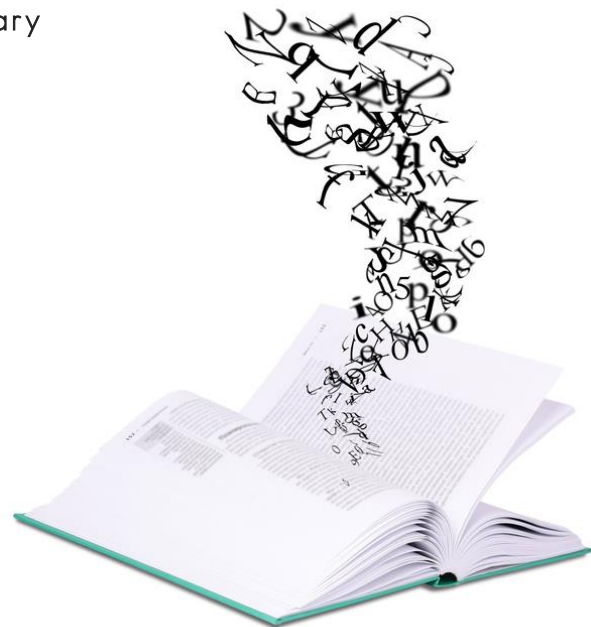
*To my pillars and strength, who are always been through thick and thin -
Shohaimi and Ikmal*

Rosniyati Abd Razak



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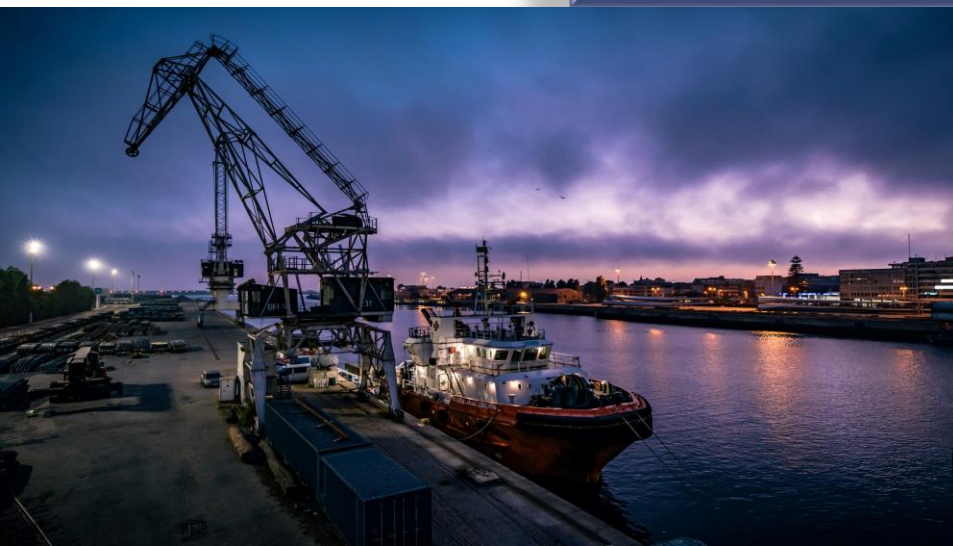
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COURSE LEARNING OUTCOME

Upon completing of this course, students should be able to:

No	Course Learning Outcomes (CLO)	CLO	PLO
1	Derive the information on the business buying behaviour and marketing mix pertaining to business market.	CLO 1	C3 , PLO 1
2	Perform the segmentation, targeting and positioning model in marketing mix strategies for the business market.	CLO2	P4 , PLO3
3	Demonstrate good supervisory skills through the implementation of marketing strategies for the business market.	CLO3	A3 , PLO7



MARKETING CHANNEL AND LOGISTICS STRATEGY



This e-book represent Chapter 4 in the syllabus of DPM40103 Business Marketing and will discuss Marketing Channel & Logistics Strategy. Therefore, at the end of this chapter, students should be able to:

4.1 Explain the factors affecting the nature of the business marketing channel

4.1.1 Explain the factors affecting the nature of the business channel

4.2 Describe the alternative for business marketing channel

4.2.1 Explain the alternative for business marketing channel

4.3 Explain the types of business middlemen or intermediaries

4.3.1 Describe the types of business middlemen or intermediaries

4.4 Describe the concept of logistics

4.4.1 Explain the definition of logistics

4.4.2 Describe the importance of logistics

4.4.3 Explain the marketing logistics / physical distribution activities



WHAT IS BUSINESS MARKETING

Business Marketing : Industrial Marketing / Organizational Marketing
Business to Business Marketing (B2B)

Consumer Marketing : Business to Consumer Marketing (B2C)



SCAN ME



source: youtube

DEFINITION OF BUSINESS MARKETING

- Those operations in commercial markets or company organizations that facilitate product and customer exchanges.

Example : **business customers**

Manufacturers, governments, undertakings, the private sector, educational institutions, hospitals, distributors, and dealers are all part of the manufacturing industry.

Businesses purchase goods and services to achieve a variety of goals, including:

- Other items and services are produced,
- Earning profits,
- Cutting cost





A **business transaction** known as professional seller (representing a selling company) and a professional buyer engage in a business transaction (representing a buying company). Activities involving the sale of products or services for purposes other than personal consumption.



WHAT IS Marketing Channel ??



Marketing Channel (also known as distribution channel or trade channel) is defined as a group of interconnected businesses that make a product or service available to clients for use.

Krishna K. Havaldar (2005)

WHAT IS Marketing Logistics ??

Marketing Logistics (also called physical distribution) entails delivering finished goods to clients and channel middlemen.

Krishna K. Havaladar (2005)

The passage of physical commodities, marketing materials, and information from the producer to the market is planned, delivered, and regulated are all **part of marketing logistics**. The goal is to satisfy client requests while still earning a profit.



Carefully
selected
manufacturers



Warehouses
where
manufacturers
handle
inventory

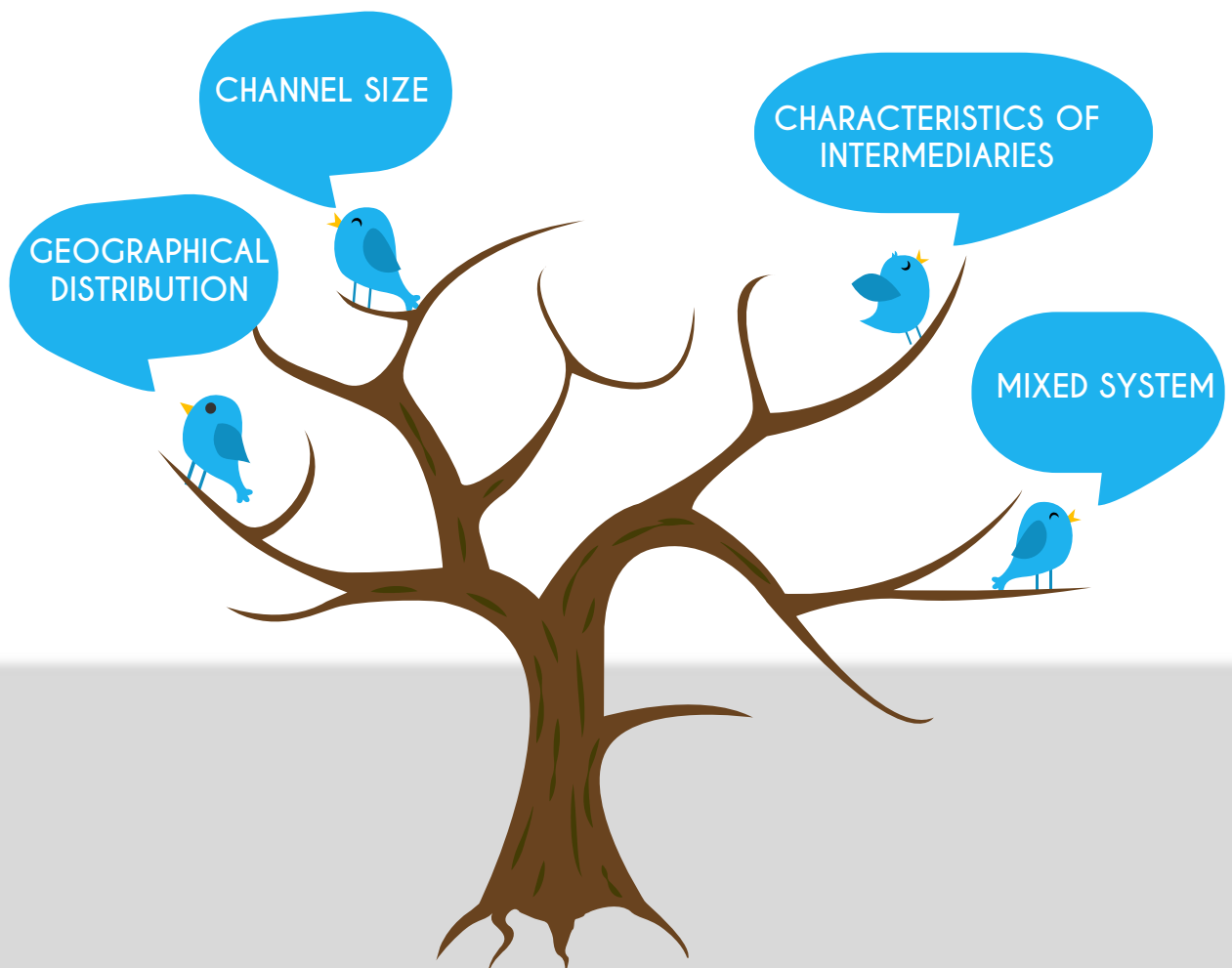


Large
strategically-
located
distribution
centres



Big box retail
locations with
just in time
delivery

FACTORS AFFECTING THE NATURE OF BUSINESS CHANNEL



When a manufacturer chooses a distribution channel, they must consider variables that are relevant to the product's quality and nature.

Geographical Distribution involved industrial intermediaries, distributors or dealers situated where the industrial market exists or is known as highly concentrated geographically.



GEOGRAPHICAL DISTRIBUTION

PANASONIC
Melaka

NORTH PORT,
Port Klang

PROTON
Selangor

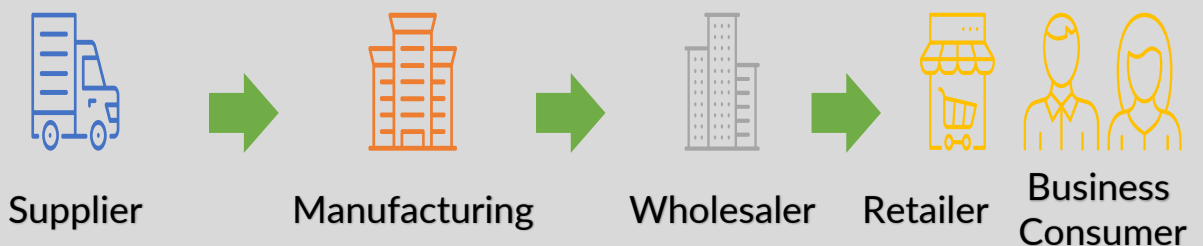
PETRONAS
Terengganu



more reading !!
source: yourarticlelibrary

CHANNEL SIZE

Channel size depends on organizational buyer expectation on product availability, technical expertise and servicing capabilities. Some are long, some are short based on expectations that need to be fulfilled by the intermediaries and the manufacturer.





CHARACTERISTICS OF INTERMEDIARIES

In the nature of business market, **industrial intermediaries** are industrial distributors, manufacturer representatives and brokers to reach the business user or customers. These industrial intermediaries usually have technically qualified and close relationship with an industrial manufacturer.



scan here for more reading ??
source: britannica.com

MIXED SYSTEM

In **mixed system**, to meet the needs of various market segments, industrial marketers used a combination of direct and indirect channels.



IQ TEST! LET SEE...

i) As a collection of interconnected businesses that make items or services available to clients.

ii) Depends on organizational buyer expectation on product availability, technical expertise and servicing capabilities.

iii) Delivering finalized items to customers and channel intermediaries is part of this process.



Marketing Logistics

Marketing Channel

Channel Size



THE ANSWERS

i) As a collection of interconnected businesses that make items or services available to clients.

Marketing Channel

ii) Depends on organizational buyer expectation on product availability, technical expertise and servicing capabilities.

Channel Size

iii) Delivering finalized items to customers and channel intermediaries is part of this process..

Marketing Logistics

CASE STUDY



SCAN ME



source: youtube



ALTERNATIVE STRUCTURE OF INDUSTRIAL CHANNEL

DIRECT CHANNEL

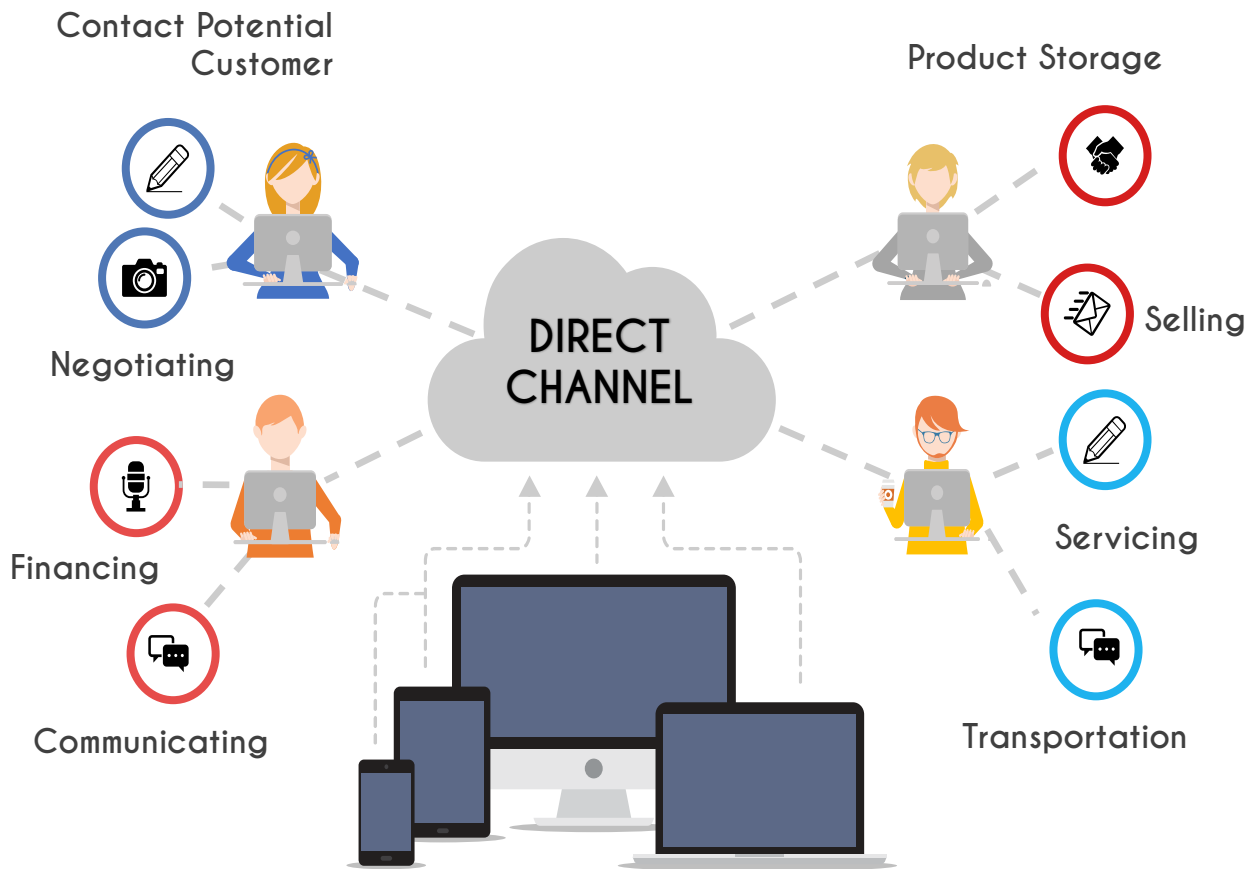
In a **direct channel structure**, all of the functions or procedures required to generate revenues and deliver items to industrial clients are performed by the manufacturers.

Krishna K. Havaldar (2005)





These channels take the shortest route to the consumer. Certain goods, like the industrial machinery, are directly sold to the consumers. They perform certain tasks include:

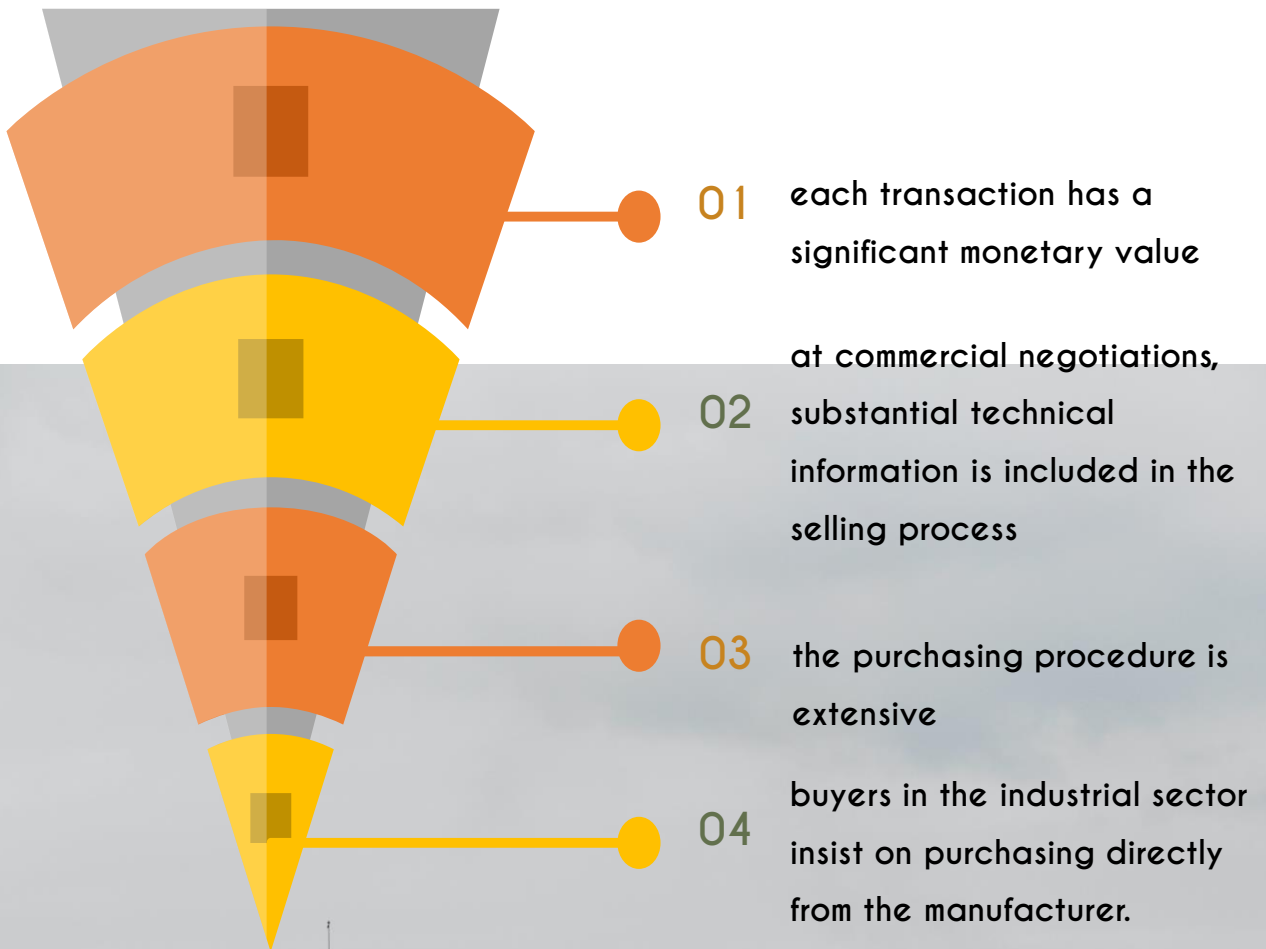


There are many examples of huge organisations that efficiently employ the direct route, particularly for B2B transactions. Direct channels can also be used to sell services, and the same idea applies: an individual purchases a service directly from the supplier who delivers it.

Examples of the direct channel include through the medium of :



APPLICABLE WHEN:



An indirect channel is a method of selling goods in which they are not sold directly to customers, but rather through intermediaries such as a wholesaler corporation that buys huge quantities of items from the manufacturer, and these intermediaries share tasks.

INDIRECT CHANNEL



SUPPLIER



PRODUCER



WHOLESALER



DISTRIBUTOR



RETAILER

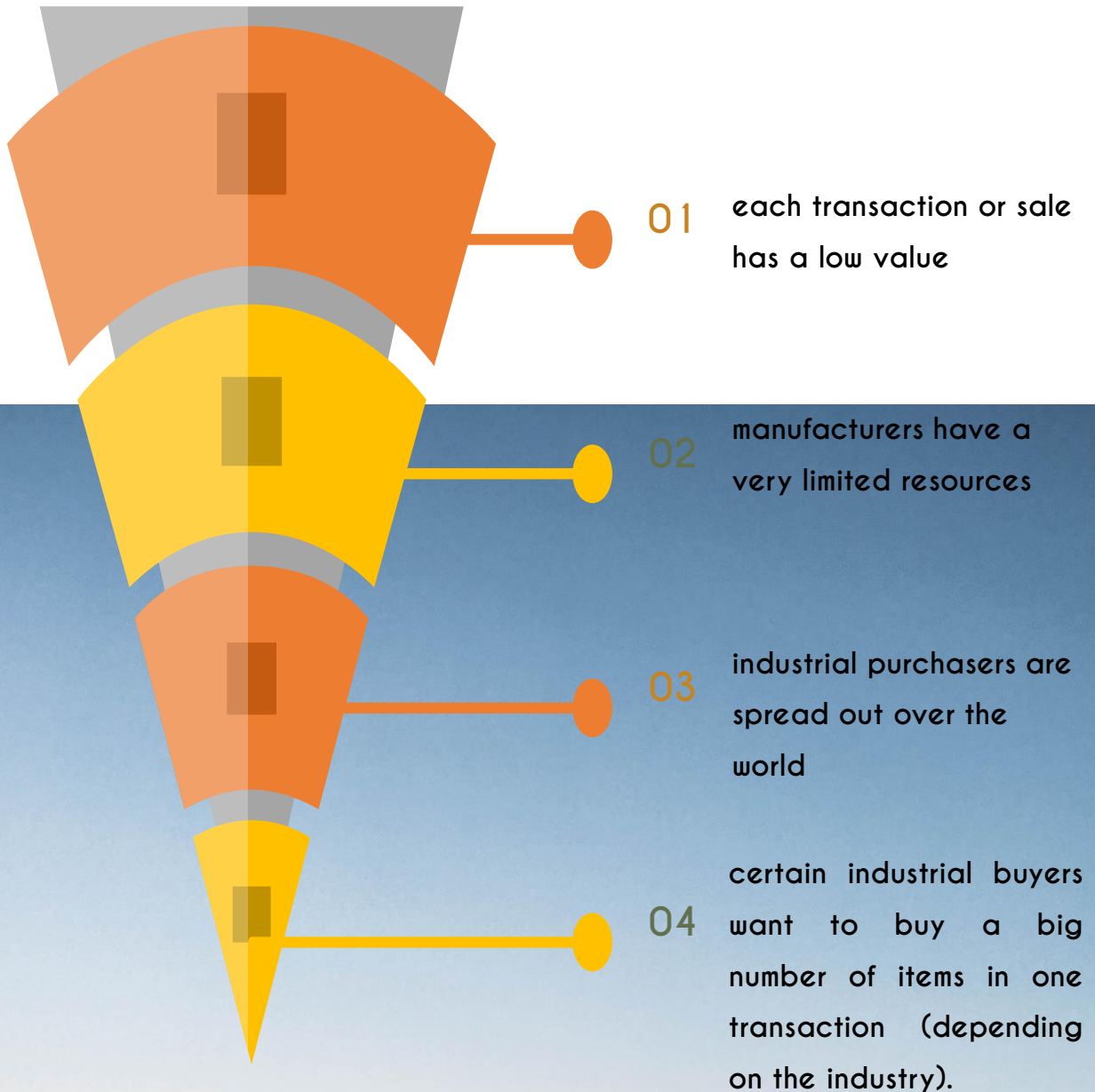


STORE



BUSINESS
CUSTOMER

APPLICABLE WHEN:





TYPES OF BUSINESS MIDDLEMEN OR INTERMEDIARIES



MANUFACTURER REPRESENTATIVES

INDUSTRIAL DISTRIBUTOR



BROKERS

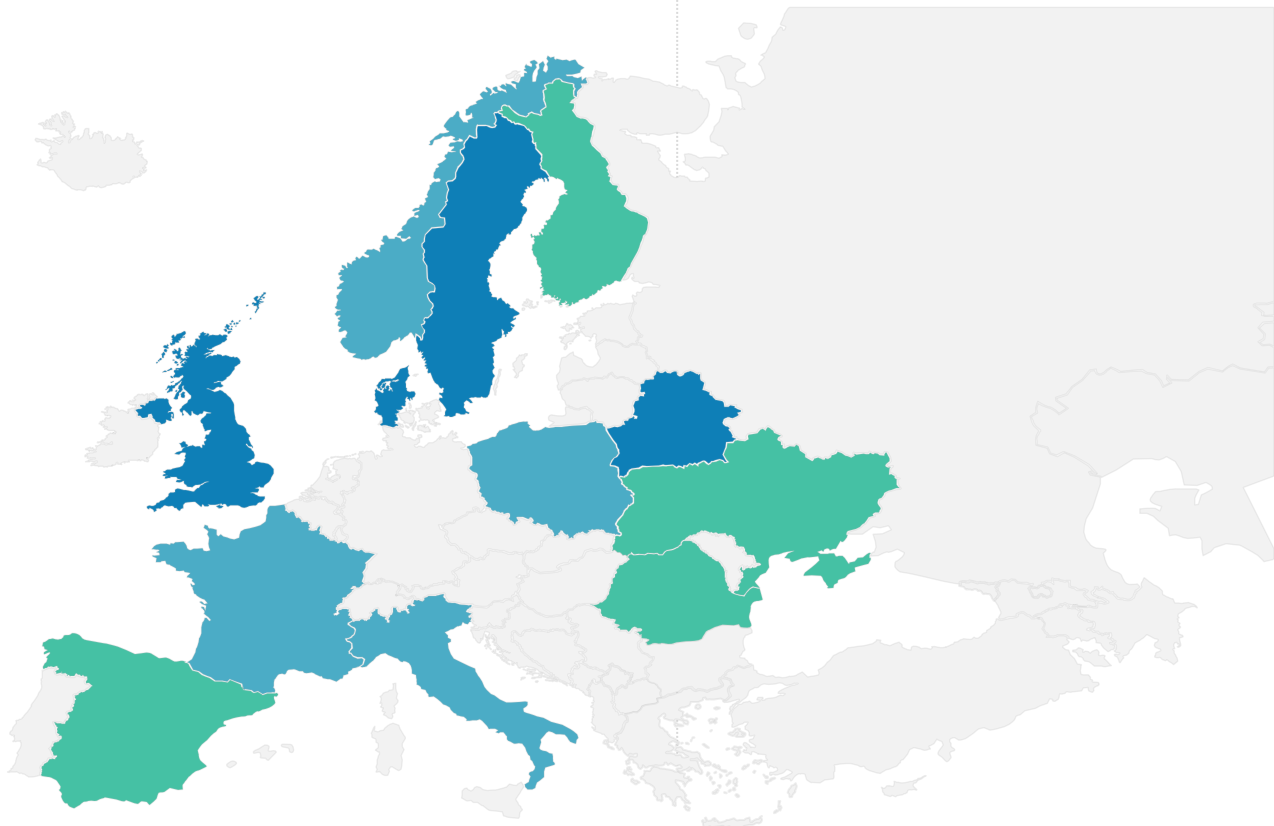
COMMISSION MERCHANTS

VALUE ADDED RESELLER (VARs)

MANUFACTURER REPRESENTATIVES

A **manufacturers' representative**, or individual sales agent, or company that sells for a manufacturer's products to wholesale and retail clients is known as an **independent sales representative** or sales agent to the company they represent. Among the functions they conduct are:

- Promote sales and ensure that purchases are fulfilled
- Obtain market research about their industry
- Being compensated on a commission basis by the industry
- Not involved in the transactions' purchase, storage, or financing
- They serve as neutral third parties who are knowledgeable about the markets they cover.



INDUSTRIAL DISTRIBUTOR

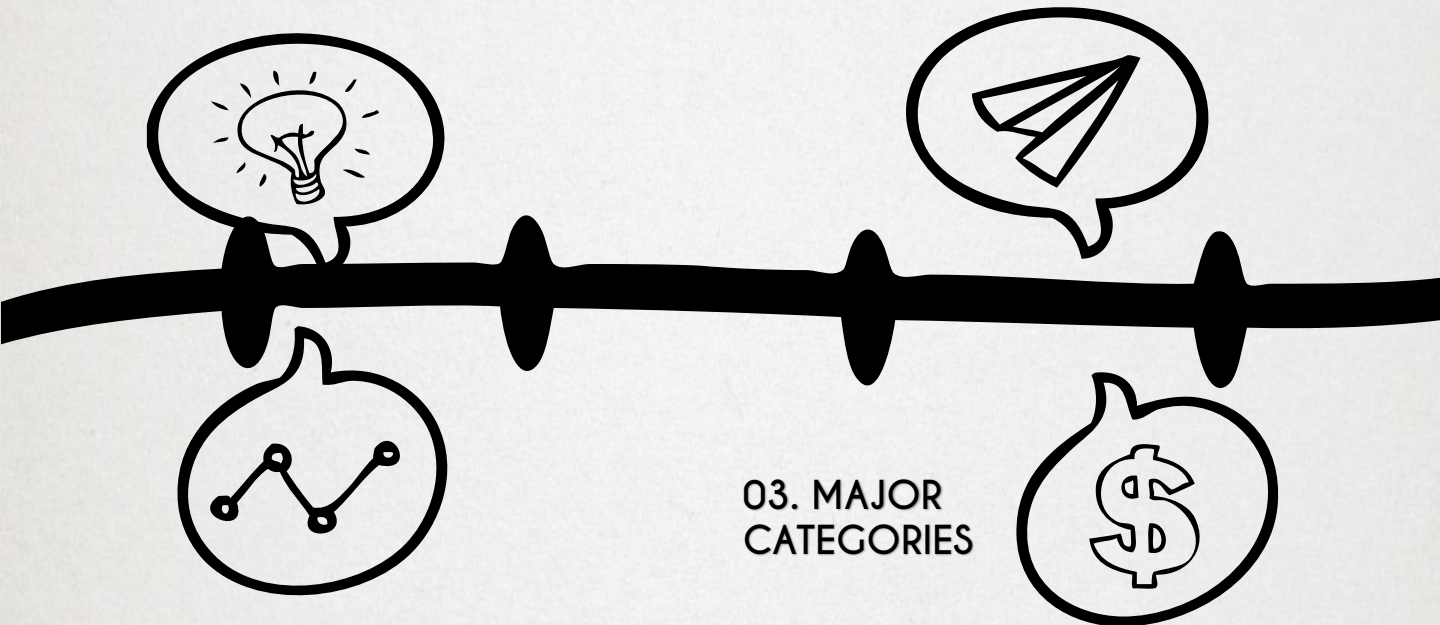
Industrial distributors, who are typically small businesses, serve as middlemen. They **purchase industrial products** in large quantities from a manufacturer and distribute them to enterprises. They will subsequently be used for production or manufacturing by these companies. A distributor works with a producer or a business market to complete a transaction.

Ensuring customer service which makes them also known as full function middlemen.

Usually serve the narrow geographical market and focusing on certain industry

02. PROVIDING SERVICE

04. MARKET



01. RESPONSIBILITIES

The industrial distributors performing several functions such as buying, storing, promotion, credits term, transportation and providing information

03. MAJOR CATEGORIES

- General line distributors - carry a wide range of generalized industrial products
- Specialized distributors - focusing mostly on narrow range related products involve the technical type of industrial products
- Combination house - sell directly to the industrial buyer as well as to retailer

BROKERS

A **broker** is a person or company that facilitates transactions between buyers and sellers in exchange for a commission when the deal or business is completed. A broker can also act as a seller or a buyer, making them a key player in the transaction.



Representing either buyer or seller plus the relationship usually focus on short-term deals.

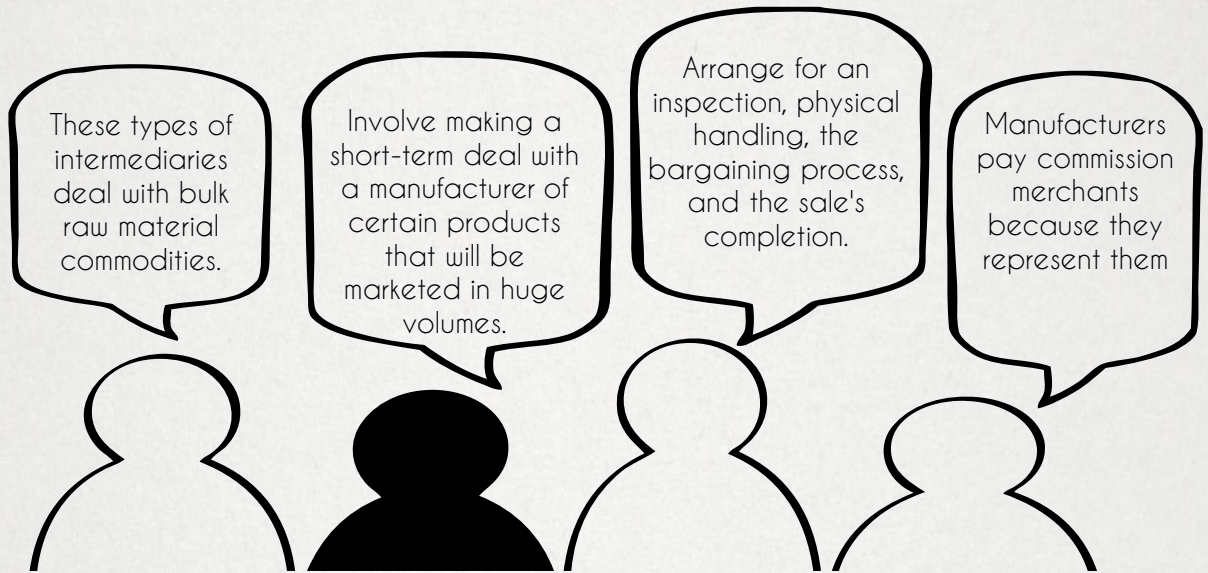


Brokers need to find a potential buyer or supplier for both parties, do the negotiating process and complete the sale.



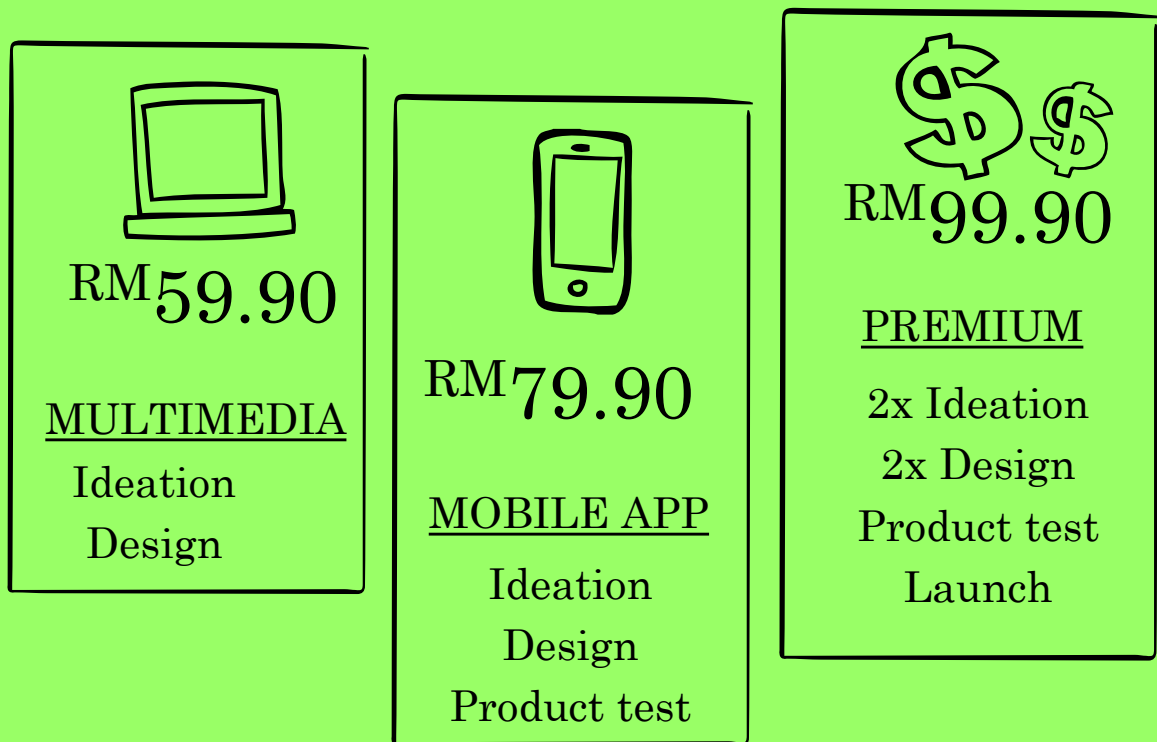
Brokers have been paid on a commission basis depends on the business transaction they perform.

COMMISSION MERCHANTS



VALUE ADDED RESELLER (VARs)

A **value-added reseller** adds customized products or services to the core product for resale, increasing the value of other companies' products.



This practice occurs commonly in the electronics or IT industry, where, for example, a VARs might bundle a software application with supplied hardware.

Read & Match

Draw a line from the object on the left to the shape that matches it.

They add value to the product before selling them to industrial consumer.

INDUSTRIAL DISTRIBUTORS

These middlemen's job is to connect buyers and sellers together by offering information on what's available and what's needed.

VALUE-ADDED
RESELLERS

This type of middleman, often known as a full-function middleman, performs a range of functions or jobs.

COMMISSION
MERCHANT

These middlemen's job is to promote sales, obtain orders, and provide market intelligence..

BROKERS

These middlemen deal with bulk commodities products and also organise inspections, physical handling, negotiation, and sales.

MANUFACTURERS
REPRESENTATIVE

Answer

They add value to the product before selling them to industrial consumer.

INDUSTRIAL DISTRIBUTORS

These middlemen's job is to connect buyers and sellers together by offering information on what's available and what's needed.

VALUE-ADDED
RESELLERS

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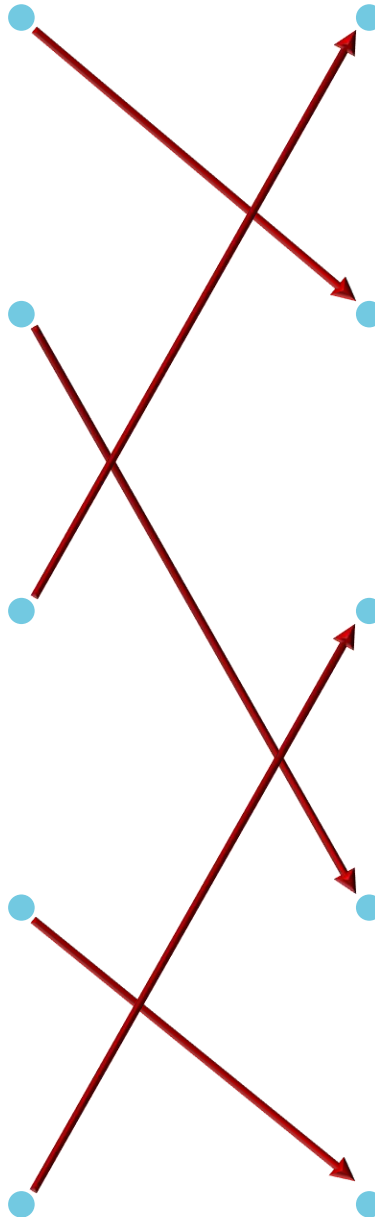
COMMISSION
MERCHANT

These middlemen's job is to promote sales, obtain orders, and provide market intelligence..

BROKERS

These middlemen deal with bulk commodities products and also organise inspections, physical handling, negotiation, and sales.

MANUFACTURERS
REPRESENTATIVE



THE CONCEPT OF LOGISTICS

“You will not find it difficult to prove that battles, campaigns, and even wars have been won or lost primarily because of logistics.”

- General Dwight D. Eisenhower



“

"I think we'll see some big changes, such as procurement for resilience rather than cost during COVID 19"

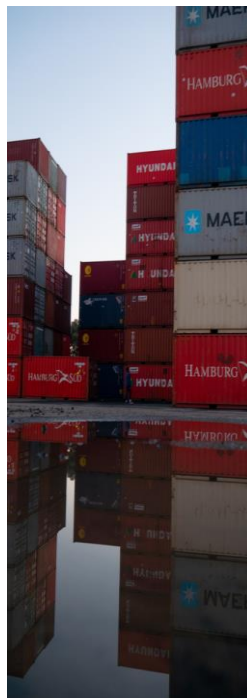


PROF. RICHARD WILDING

World's leading logistics
and supply-chain gurus

Definition of logistics

The commercial activity of transporting goods to customers by coordinating activities necessary to achieve superior levels of service at a lower cost.



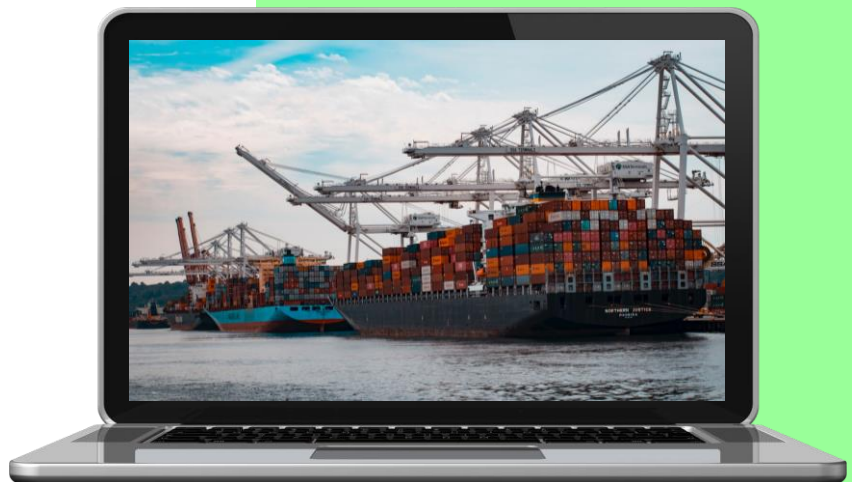
Importance of logistics

1

Physical supply to the manufacturing process, which includes raw materials, components, and supplies.

2

Physical distribution, consisting of the delivery of completed products to intermediaries or business users or also known as Marketing Logistics or Physical Distribution.



Marketing logistics/physical distribution activities

Planning, distributing, and controlling the flow of physical goods, marketing materials, and information from the producer to the market is what marketing logistics is all about. The goal is to satisfy client requests while still earning a profit.

The activities related to marketing logistics/physical distributions are:



Warehousing

Provides space for products to be stored and made available to business users as needed.



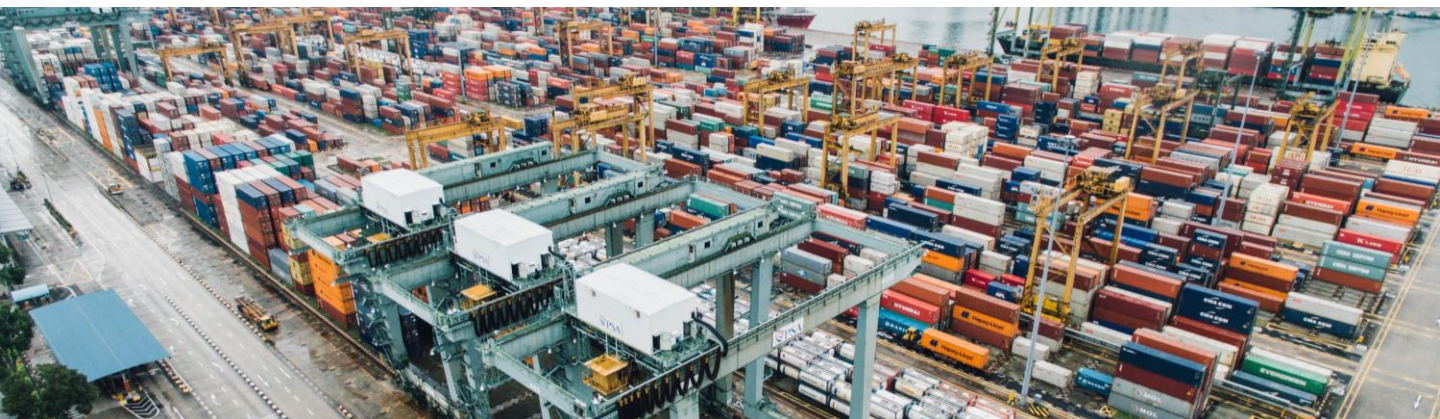
Inventory Control

Ascertain that the product is always available to business customers at the appropriate location and time.



Transportation

Transporting goods from a manufacturer's location to a business user.



Marketing logistics/physical distribution activities



Packaging

Ensure the product's protection and maintain the product identity when it arrives at the marketplace.



Material Handling

Increases order picking speed and reduces the cost of transporting products between locations and transport carriers, as well as the loading and unloading procedure.



Order Processing

Starts the physical distribution process and other varied actions in the process of distributing items to business users; as a result, speed and accuracy are important since they affect customer service and cost.

← → C youtube.com/watch?v=JzLoo8cFJBI

YouTube MY physical distribution strategies

Retailers, Wholesalers and Distributors

165,677 views · Jun 7, 2017

1.8K 71 SHARE SAVE ...



Marketing logistics/physical distribution activities



Communication

Information exchange between company's physical distribution department and business users.



Factory and Warehouse Locations

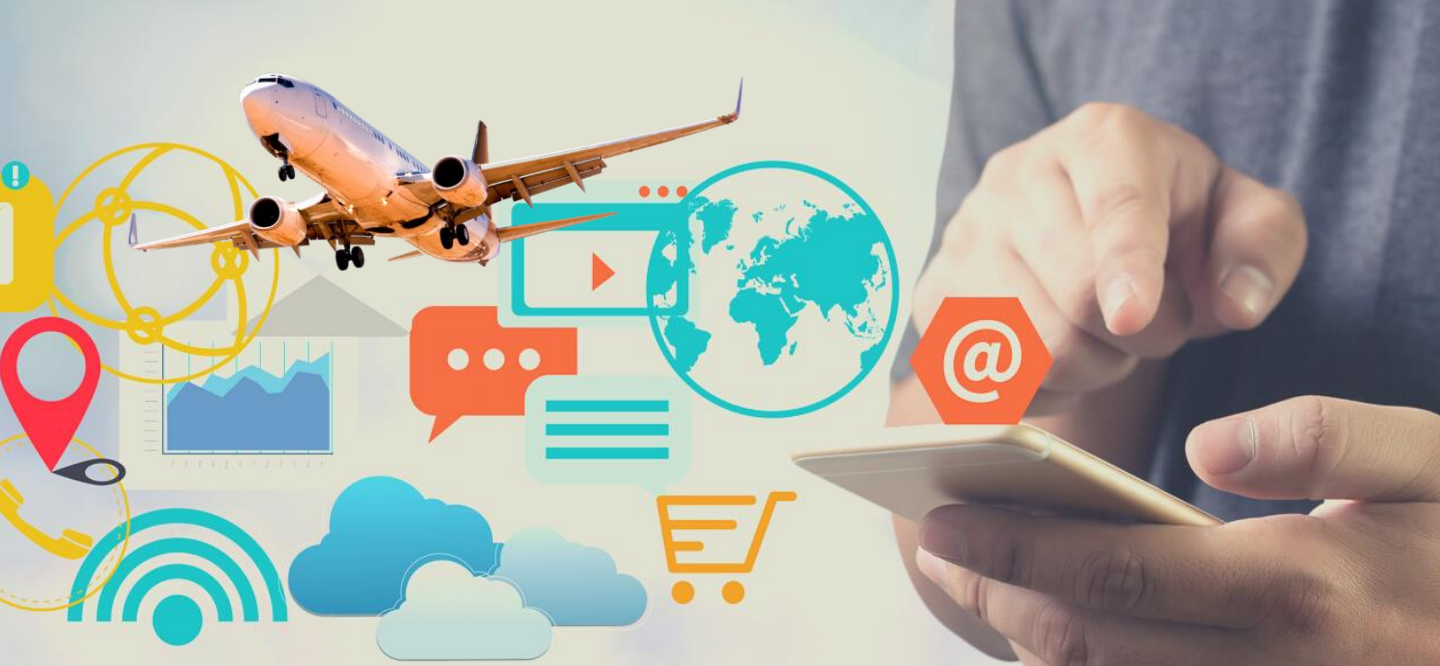
Customer service is influenced by plant location, and transportation expenses are reduced (freight charge).



Customer Services

Customer value is developed through good physical distribution activities, which has an impact on the company's market share, overall cost, and profitability.





LOGISTIC RIGHTS WITHIN MARKETING CHANNELS



There are FOUR (4) rights within marketing logistic which include:

1

ATTAINING MARKET COVERAGE

The correct place for a product is where it has to be in order to meet customer expectations. By matching product availability with market demand, logistics allows businesses to capture market share.

2

DELIVERING CUSTOMER SERVICES

By cultivating strong personal ties with other channel members, businesses can gain a strategic advantage. As a result, these businesses will be in a better position to supply the right product at the right time.

3

ENSURING THE RIGHT PRODUCT CHARACTERISTICS

A important logistical function is getting products to clients in the appropriate condition and in the right quantity. Today's products are becoming increasingly personalised to fit the needs of exchange partners. Modifying protective packaging or real product characteristics allows for customization.

4

ACHIEVING COST CONTAINMENT

The proper price is determined by the market. Customers ultimately decide how much they are willing to pay for a channel function to be done on their behalf. However, costs are not spread evenly throughout the supply chain. A fundamental factor in channel management, as well as a source of recurrent channel dispute, is who will shoulder the cost of executing logistics functions.

Revision Questions

1. Distribution channels are also referred to as:
 - a. marketing channels
 - b. sales channels
 - c. trade channels
 - d. none of them
2. Marketing logistics is also called as:
 - a. logistics
 - b. physical distribution
 - c. supply chain management
 - d. demand chain management
3. There are types of marketing logistics/physical distribution activities.
 - a. 6
 - b. 7
 - c. 8
 - d. 9
4. FOUR (4) rights within marketing logistics which include:
 - a. Hierarchy of effects
 - b. Major trend of logistics
 - c. Attaining market coverage
 - d. Characteristics of intermediaries
5. The importance of logistics are:
 - a. physical supply & physical distribution
 - b. physical product & physical material
 - c. physical supply & physical demand
 - d. physical product & physical transportation

Answer

1.A

2.B

3.D

4.C

5.A

Answers

CHAPTER SUMMARY

Marketing Channel and Logistics Strategy



FACTORS AFFECTING NATURE OF BUSINESS MARKETING CHANNEL

- Geographical Distribution
- Channel Size
- Characteristics of Intermediaries
- Mixed System



ALTERNATIVE FOR BUSINESS MARKETING CHANNEL

- Direct Channel
- Indirect Channel



TYPES OF BUSINESS MIDDLEMEN

- Manufacturer's Representative
- Industrial Distributors or Dealers
- Broker
- Commission Merchant
- Value-added Reseller (VARs)



IMPORTANCE OF LOGISTICS

- Physical Supply
- Physical Distribution



MARKETING LOGISTIC/PHYSICAL DISTRIBUTION ACTIVITIES

- Transportation
- Warehousing
- Inventory Control
- Packaging
- Material Handling
- Order Processing
- Communication
- Factory and Warehouse Locations
- Customer Services



LOGISTIC RIGHTS WITHIN MARKETING CHANNELS

- Attaining Market Coverage
- Delivering Customer Service
- Ensuring the Right Product Characteristics
- Achieving Cost Containment

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