

MARKETING CHANNELS

This test focuses on (1) functions, structures, and flows characterizing marketing channel members, including producers, wholesaling and retailing intermediaries, and facilitating agencies; (2) environmental and behavioral forces that influence channel design and development; (3) policies and procedures involved in planning, designing, selecting, motivating, controlling and evaluating channel members; (4) marketing planning processes that relate target markets and marketing mixes to channel objectives; (5) logistical systems that bring together channel marketing mixes and target markets in the most cost effective manner.

(3 s.h.)

MAR-331-TE

This is a three-hour examination in which you must answer 30 multiple-choice questions (worth 1 point each), and 7 essay questions (worth 10 points each). A passing score is **60** out of 100 points.

Here are the topics covered and their approximate importance on the test:

- I. MARKETING CHANNEL (MC) SYSTEMS (25%)
 - A. MC importance
 - B. MC characteristics and flows
 - C. MC participants
 - 1. Wholesalers
 - 2. Retailers
 - 3. Producers
 - 4. Intermediaries, facilitators
 - D. MC structures
 - E. MC environmental influences
 - 1. Economic/competitive
 - 2. Social/cultural
 - 3. Technological
 - F. MC behavioral processes
 - 1. Conflict, competition, communication

- II. DEVELOPING AND MANAGING MARKETING CHANNELS (25%)
 - A. MC strategic planning
 - B. MC target market characteristics
 - C. Differential advantage/positioning
 - D. Channel design
 - 1. Setting objectives and tasks
 - 2. Evaluating variables
 - 3. Selecting best channel
 - E. Selecting channel members
 - F. Motivating channel members
 - G. Evaluating channel performance

- III. MARKETING CHANNEL MARKETING MIX ISSUES (25%)
 - A. Product issues
 - B. Pricing issues
 - C. Push/pull promotion issues
 - D. Direct selling/direct marketing

IV. ADDITIONAL MARKETING CHANNEL PERSPECTIVES (25%)

- A. The logistics function
 - 1. Logistics systems, costs, components
 - 2. Logistics output: service
 - 3. Logistics management process
- B. Electronic marketing channels
- C. Marketing channels for services
- D. International marketing channels

Textbooks to help you prepare:

We recommend that you use Rosenbloom as your primary reference. The other text can provide useful supplementary reading, as will most texts in this subject.

Coughlan, Anne et al. *Marketing Channels*. Current edition. Upper Saddle River, NJ: Prentice-Hall

Rosenbloom, Bert. *Marketing Channels: A Management View*. Current edition. Cincinnati: South-Western

SAMPLE QUESTIONS

Multiple-Choice

1. Which of the following is true of the independent resident buying office?
 - a. It is another name for a syndicate office.
 - b. It is typified by the Associated Merchandise Corporation.
 - c. It is primarily utilized by smaller retailers.
 - d. It performs buying services for a small commission.
2. Which of the following is NOT one of the basic steps in the retail inventory method?
 - a. Determining the markup percentage, and through this the cost percentage, on the total merchandise
 - b. Calculating from the records the closing retail book inventory
 - c. Taking a physical inventory at retail prices
 - d. Adjusting retail price tags to reflect discrepancies
3. Channel decisions should be made
 - a. during product development
 - b. before pricing decisions are made
 - c. after promotional strategy has been developed
 - d. after sales data are available
4. Physical distribution involves all of the following EXCEPT
 - a. inventory control
 - b. customer satisfaction
 - c. manufacturing costs
 - d. market forecasting

5. A manufacturer who sells primarily through food brokers would generally find it best to define his or her sales territories by
 - a. states
 - b. trading areas
 - c. cities or counties
 - d. census tracts
6. Department store operating expenses are
 - a. generally lower than discount retailers
 - b. slightly higher than retailers offering fewer services
 - c. considerably higher than retailers offering fewer services
 - d. about the same as discount retailers
7. Freight carriers are classified as
 - a. common, contract and private
 - b. public, private and national
 - c. contract, private and local
 - d. for hire and common
8. The total sales volume of wholesale trade is always larger than total retail sales because
 - a. wholesalers typically deal in larger quantities
 - b. wholesalers seldom sell at discount prices
 - c. many products sold by retailers are purchased directly from manufacturers
 - d. wholesalers sell to industrial users and other wholesalers as well as to retailers
9. The decision to locate a plant near the market or the source of raw materials depends mainly on
 - a. transportation versus processing cost in relation to the retail price
 - b. the cost of the product to be manufactured in relation to the retail price
 - c. public opinion
 - d. the availability of distributors

Essay (On the test itself, you will be given a choice of 7 out of 10 essay questions.)

10. What is the meaning of the term *nonprice competition* in retail distribution?
11. Describe three ways in which retailers carry on nonprice competition.
12. State two advantages to a supermarket chain in selling its own private brand.
13. Since wholesalers may also undertake retailing, how would you functionally differentiate between a wholesaler and a retailer?

ANSWERS TO SAMPLE QUESTIONS

1. **d** 2. **d** 3. **b** 4. **c** 5. **b** 6. **c** 7. **a** 8. **d** 9. **a**

10. The strategy of nonprice competition means that the retailer assigns a lesser role to price than to other elements of the marketing mix. Instead of emphasizing price, the retailer stresses such aspects of the mix as product differentiation, broad market coverage to provide availability of the product to the target market, considerable personal selling and/or advertising effort.
11. a. The retailer may employ heavy newspaper advertising in which the emotional features of products like jewelry or "designer" clothing are featured.
- b. The retailer may employ specialized sales people in such departments as furniture or cosmetics to ensure that product features are thoroughly explained to the customer.
- c. The retailer may arrange products in the store and use point-of-purchase promotional material to highlight package differences in products, brand names, or convenience features of the product (e.g., frozen foods).
12. a. Since such a brand can be bought only in the particular supermarket, such private brands will ensure that customers will shop in that store. The supermarket gains a so-called customer franchise.
- b. The supermarket chain can often buy products at relatively low prices and secure improved gross margins even though its retail price is below that of a corresponding national brand.
13. The distinction between **pure** retailing and **pure** wholesaling is that retailers sell a satisfying assortment of goods or services primarily to the ultimate consumer, whereas wholesalers sell primarily to retailers and other merchants and/or to industrial, institutional, and commercial users—and **not** to ultimate consumers in any significant amount.