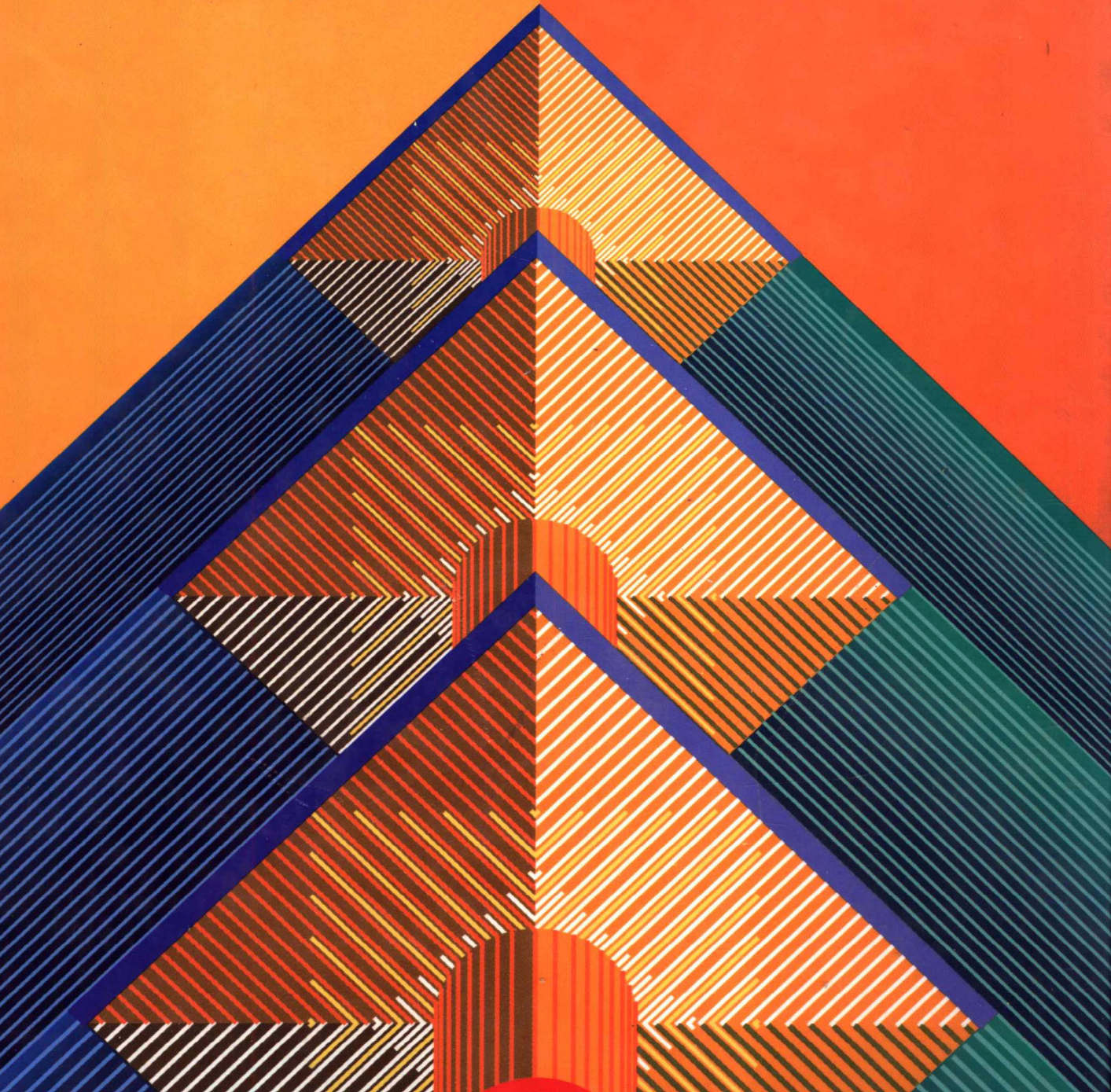


STRATEGIC MARKETING

CHANNEL MANAGEMENT

DONALD J. BOWERSOX

M. BIXBY COOPER



# STRATEGIC MARKETING CHANNEL MANAGEMENT

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## **STRATEGIC MARKETING CHANNEL MANAGEMENT**

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# PREFACE

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Business executives and academicians increasingly acknowledge the important role distribution relationships play in marketing strategy. The development and management of efficient relationships among organizations is a critical factor in gaining and maintaining competitive success. The frequent use of the terms “partnerships” and “strategic alliances” in the business media reflects the increasing importance of these complex relationships in the business world. This book is devoted to helping the reader better understand the role of distribution channels in a firm’s strategy and throughout the global economy.

The introductory chapters of the text lay a solid foundation of channel management, including a comprehensive discussion of the structures and participants. Following the introductory chapters, *Strategic Marketing Channel Management* covers three main topics: the process of designing and developing marketing and logistical channel arrangements; the management of these relationships in a competitive market; and the application of channel management principles to nontraditional situations. The text presents a comprehensive treatment of distribution channel concepts and practices and provides a strategic framework for managing the process of planning and implementing marketing channel arrangements.

*Strategic Marketing Channel Management* distinguishes itself from other channel texts by offering the following features:

- First, the text presents a comprehensive treatment of all participants in marketing channels including manufacturers, wholesalers, retailers, and a full range of service providers.
- Second, marketing channels are covered from a managerial or executive perspective in the text.
- Third, to facilitate skill development each part of the text is supported with five cases that focus on essentials of channels management discussed in the corresponding parts. These cases followed by thought-provoking questions, have been developed to address the challenges of applying concepts to practical situations. In fact, they are much more than a chronology of a firm’s problems; rather, they are designed to act as workshop settings in which the student can apply channel concepts.

- Fourth, the text addresses several aspects of channel management that are often neglected. Topics such as logistics, performance measurement, negotiation, international and service industries, are covered comprehensively.

- Fifth, the text explores various aspects of developing and managing strategic alliances among firms engaged in interorganizational arrangements.

- Finally, even though theory is essential to developing an in-depth understanding of any profession, we have departed from the traditional method of presenting theoretical developments. Concepts such as power, leadership, performance measurement, conflict resolution, and change management are treated in an integrated framework for managerial planning and decision making throughout the text. Selected environmental aspects of channel management such as legal and regulatory discussions are also integrated throughout the text.

A complete Instructor's Manual is available as an aid for course preparation. It contains lecture outlines, answers to all end-of-chapter questions, case summaries, answers to all case questions, a complete test bank with objective true/false, multiple-choice and essay questions that test text concepts, and transparency masters that highlight lectures.

A major feature of this text is its positioning as a part of a new technology of publishing. *Strategic Marketing Channel Management* is linked to McGraw-Hill's PRIMIS database that serves to tailor college textbooks to fit specific teaching requirements. Since channels course presentations range from introductory undergraduate to capstone MBA, a wide range of supplemental cases and readings are provided to accommodate such required diversity in presentation. The text material, cases, and *Business Week* readings are keyed into the PRIMIS database and can be selected and arranged to fit any channels course. Instructors can, in essence, custom design their course materials to reflect their unique managerial perspectives at any level of sophistication. Of course, the option of PRIMIS is an individual choice. The standard text, cases, and teaching support materials offer a comprehensive package as is.

Countless individuals have contributed to the development of this book. Dean Richard J. Lewis of the Eli Broad Graduate School of Management and Chairperson Robert W. Nason of the Department of Marketing and Transportation Administration and Michigan State University foster an environment that encourages scholarly research and writing. All of our colleagues in the Department of Marketing and Transportation Administration provided support and encouragement for our efforts. In particular, we wish to thank Donald A. Taylor, Professor Emeritus, for his continued support and encouragement. Don, even in retirement, remains a professor's "professor."

Special appreciation is also due to the reviewers who made extensive comments and suggestions for improvement on the manuscript: John R. Grabner, The Ohio State University; Jan B. Heide, Case Western Reserve University; Michael J. Houston, University of Minnesota; Charles A. Ingene, University of Washington; James M. Kenderdine, The University of Oklahoma; and Lynne D. Richardson, The University of Alabama at Birmingham.

Bonnie Binkert, Mimi Melek, and the McGraw-Hill staff are appreciated for their

encouragement and guidance throughout the painful process of bringing the book from concept to finished product. Numerous students and hundreds of business executives have all, in their own way, made important contributions to *Strategic Marketing Channel Management*. Particular appreciation is due to David J. Frayer, research assistant, for the hundreds of hours he spent helping us with all aspects of development of both the text and the associated instructor's manual; and to Pamela Kingsbury for her tireless work in manuscript preparation.

In the final analysis, even with so much assistance, we bear sole responsibility for any shortcomings that appear.

*Donald J. Bowersox*

*M. Bixby Cooper*

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PART **ONE**

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**THE SCOPE OF  
MARKETING AND  
DISTRIBUTION CHANNELS**

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# MARKETING CHANNELS

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## CHAPTER OUTLINE

### REALITIES AND CONTRADICTIONS

- Awareness
- Visibility
- Multiple Engagements
- Involvement
- Acceptance
- Cooperation and Conflict

### WHY BUSINESSES SEEK CHANNEL ARRANGEMENTS

- Functional Performance
- Reduce Complexity
- Specialization

### ORDER OF PRESENTATION

- Channel Planning
- Implementation

One marvel of a free-market system is the complex process by which products and services are matched with customers' wants and preferences. Business, as the dominant economic force in an advanced industrial society, coordinates the talents and resources of many different organizations to achieve effective distribution. As a result, the consuming public enjoys a quality of life characterized by broad assortments of products and services available at times, in places, and in quantities desired. The distribution process offers customers freedom to choose products and services at