

International Market- ing Channels- Cateora

Factors to consider prior to channel selection

- Identify specific target markets within and across countries
- Specify marketing goals in terms of volume, market share and profit margin
- Specify financial and personnel commitments to the development of international distribution
- Identify control, length of channels, terms of sale and channel ownership

Main idea

- If marketing goals are to be achieved, a product must be accessible to the target market at affordable price
- Getting the product to the target market can be a costly process. Distribution structure is key
- Making the right channel decision is crucial

Kinds of channel Cost

- the capital or investment cost of developing the channel
- the continuing cost of maintaining it
- capital requirements and cash-flow patterns associated with a type of middlemen

Channel of distribution structures

- the channel members' behavior is the result of interactions among the cultural environments and marketing process
 - Import-oriented distribu- tion structure
 - fixed supply of goods
 - selling at high prices
 - small number of customers
 - demand exceeds supply-
 - the importer-wholesaler traditionally performs most marketing functions
 - Japanese distribu- tion structure- high density of middlemen
 - structure dominated by many small middlemen dealing with many small retailers
 - channel control by manufacturers thru
 - inventory financing
 - cumulative rebates
 - merchandise returns
 - promotional support
 - business philosophy shaped by unique culture
 - laws that protect the foundation of the system: the small retailer
 - Walmart and deregulation are causing some change in Japanese dist. practices

New trends- Distribution structures

- Multinational marketers are innovating
 - direct marketing
 - door-to-door selling
 - hypermarkets
 - internet
 - no frontiers

Distribution patterns

- Retail Patterns
 - size pattern (large retailer chains)
 - direct-marketing
 - resistance to change
 - Manufacturer's retail store
 - apple
 - disney
 - benetton
 - Global retailers
 - Walmart
 - Ikea
 - Costco
- Wholesaler
 - Exports management company or company sales force
 - important middle- man for firms with small int'l volume