

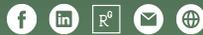


ĐƠN GIẢN LÀ KHÁC BIỆT

CHAPTER 2: CUSTOMER DEVELOPMENT

TRADE MARKETING

DINH Tien Minh (Ph.D.)



1



ĐƠN GIẢN LÀ KHÁC BIỆT

OBJECTIVES

- 1 An understanding of components of **customer development** strategy
- 2 Applying knowledge to practical situations



2



TABLE OF CONTENTS

- 1 Channel Development
- 2 Trade Discount Policy
- 3 Loyalty Program
- 4 Customer Events



3

1 WHAT IS A CHANNEL STRATEGY?

Marketing channel or marketing channel system, defined as **a set of interdependent organizations** involved in the process of making a product or service available for use or consumption.

The set of activities focused on designing and managing a marketing channel **to enhance the firm's sustainable competitive advantage** and financial performance.

(Robert et al., 2015)



4

1 THE IMPORTANCE OF CHANNEL STRATEGY

The channel experience determines people's perceptions of the manufacturer's brand image and thus end-user satisfaction.

Marketing channels represent a significant portion of the world's business.



Marketing channel is an important asset in the company's overall marketing and positioning strategy.

The channel is a gatekeeper between the manufacturer and the end-user.



5

WHO PARTICIPATES IN MARKETING CHANNELS?

- 

Manufacturers
Upstream Channel Members
- 

Intermediaries
Wholesale, retail, and specialized
- 

End-users
Business customers or consumers



6

1 MANUFACTURERS: UPSTREAM CHANNEL MEMBERS



Manufacturers that brand their products are known by name to end-users.



Manufacturers that make products but do not invest in a branded name for them produce private-label products.



The manufacturer **need not be the channel captain.**



ĐƠN GIẢN LÀ KHÁC BIỆT



7

1 INTERMEDIARY



Wholesale: Include merchant wholesalers or distributors, manufacturers' representatives, agents, and brokers.



Retail intermediaries come in many' forms: department stores, mass merchandisers, hypermarkets, specialty stores, category killers, convenience stores, franchises, buying clubs, warehouse clubs, cataloguers, and online retailers.



Specialized intermediaries enter the channel to perform a specific function.



ĐƠN GIẢN LÀ KHÁC BIỆT



8

1 END-USERS: DOWNSTREAM CHANNEL MEMBERS



End-users (either business or individual consumers) are channel members because they can and frequently do perform channel functions such as physical possession, ownership, and financing functions.



ĐƠN GIẢN LÀ KHÁC BIỆT



9

1 COMBINATIONS OF CHANNEL MEMBERS:



Combinations of Channel Members:

- Channel participants can be combined in many ways to create an effective marketing channel strategy.
- The range and number of channel members is affected by the needs of the end-users and manufacturers.



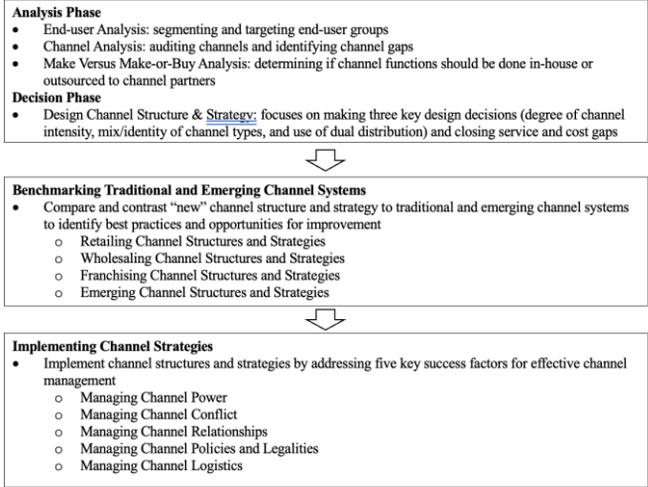
ĐƠN GIẢN LÀ KHÁC BIỆT



10

1 CHANNEL STRATEGY FRAMEWORK

Framework for designing and implementing channel strategy



1 END-USER ANALYSIS: SEGMENTATION AND TARGETING



Segmentation means splitting a market into groups of end-users who are (1) maximally similar to one another and (2) maximally different from other groups of end-users.



Service outputs include (but are not limited to) bulk breaking, spatial convenience, waiting and delivery time, assortment and variety, customer service, and product/market/usage information sharing.



1 END-USER ANALYSIS: SEGMENTATION AND TARGETING

	Browser buying best-sellers to take on vacation		Student buying textbooks for fall semester at college	
	Descriptor	Service Output Demand Level	Descriptor	Service Output Demand Level
Bulk-breaking	"I'm looking for some 'good read' paperbacks to enjoy."	Medium	"I only need one copy of my Marketing textbook!"	High
Spatial convenience	"I have lots of errands to run before leaving town, so I'll be going past several bookstores."	Medium	"I don't have a car, so I can't travel far to buy."	High
Waiting and delivery time	"I'm not worried about getting the books now... I can even pick up a few when I'm out of town if need be."	Low	"I just got to campus, but classes are starting tomorrow and I'll need my books by then."	High
Assortment and variety	"I want the best choice available, so that I can pick what looks good."	High	"I'm just buying what's on my course reading list."	Low
Customer service	"I like to stop for a coffee when book browsing."	High	"I can find books myself, and don't need any special help."	Low
Information provision	"I value the opinions of a well-read bookstore employee; I can't always tell a good book from a bad one before I buy."	High	"My professors have already decided what I'll read this semester."	Low



13

1 CHANNEL ANALYSIS: AUDITING MARKETING CHANNELS



Evaluate the capabilities of each potential channel, in terms of the key channel functions, to determine how well it is suited to meet the segment's service output demands.



Complete the gap analysis template to identify both service gaps and cost gaps



14

1 MAKE-OR-BUY CHANNEL ANALYSIS



Should the firm **integrate vertically by performing** both upstream (e.g., manufacturing) and downstream (e.g., distribution) functions?



Should a single organization **perform all channel functions** (i.e., manufacturer, agent, distributor, retailer—all rolled into one)?



Should outsourcing **apply to either distribution** (upstream looking down) **or production** (downstream looking up), **or both**, such that the identities of manufacturers and downstream channel members are separate?



ĐƠN GIẢN LÀ KHÁC BIỆT



15

1 DESIGNING CHANNEL STRUCTURES AND STRATEGIES

- The degree of channel intensity
- Mix of channel types/identities
- Use of dual distribution
- Close any service or costs gaps.
- Find an optimal channel structure



ĐƠN GIẢN LÀ KHÁC BIỆT



16

1 BENCHMARKING TRADITIONAL AND EMERGING CHANNEL SYSTEMS



Use existing channel systems as benchmarks, **comparing them against "new" channel designs**, which play important roles in their own right.



Other channel systems can offer **important insights** that new designs need to leverage.



Among existing channel systems, the three **most notable** or well known are **retailing, wholesaling, and franchising**.



ĐƠN GIẢN LÀ KHÁC BIỆT



17

1 IMPLEMENTING CHANNEL STRATEGIES



Channel managers must manage **five key channel elements** to ensure that the channel system runs smoothly, and all participants cooperate **to optimize it**:

- Power
- Conflict
- Relationships
- Policies and legalities
- Logistics



ĐƠN GIẢN LÀ KHÁC BIỆT



18

2 TRADE DISCOUNT POLICY

A trade discount is **the amount by which a manufacturer reduces the retail price of a product** when it sells to a reseller, rather than to the end customer. **The reseller** then charges the full retail price to its customers in order to **earn a profit on the difference** between the amount by which the manufacturer sold the product to it and the price at which it then sells the product to the final customer.

(Bragg, 2022)



ĐƠN GIẢN LÀ KHÁC BIỆT



19

3 LOYALTY PROGRAM

“

**95% OF CUSTOMERS SAY TRUSTING A
COMPANY INCREASES THEIR
LOYALTY**

(Trends in Customer Trust Report, Salesforce Research)



ĐƠN GIẢN LÀ KHÁC BIỆT



20

3 LOYALTY PROGRAM

MORE CUSTOMER REFERRALS

If you have a great loyalty rewards program, people may tell their friends and family about it. More referrals equals more customers.

1

HIGHER CUSTOMER RETENTION

If people find value in your customer loyalty program, they'll likely stick around longer.

2

MORE SALES

According to recent loyalty research, 49% of consumers agree they've spent more after joining a loyalty program.

3

BRAND ADVOCACY

You can use presentation media in the form of a combination of images, videos, graphics, tables and others.

4



21



DINH Tien Minh (Ph.D.)

THE END



23