



## **CAREERS IN MARKETING**

### **UNITED STATES POSTAL SERVICE**

The U.S. Postal Service (USPS) operates one of the largest distribution systems in the world. You know the USPS because it delivers your mail. The USPS also competes with FedEx and UPS in the business-to-business package and document-delivery market.

The USPS has been hard hit by the amount of correspondence transmitted electronically. To compete more effectively, it is creating a new business-to-business sales force. Sales positions will be offered to creative and goal-oriented sales professionals wanting to work in a team-selling environment.

Sales Specialists lead an account team of operations, customer relations, and technical support personnel. They develop and present reports, cost/benefit analysis summaries, and comprehensive sales plans for business prospects.

Qualified applicants need extensive business-to-business sales experience, leadership abilities, and an understanding of e-commerce, distribution, and customer service standards.

#### **THINK CRITICALLY**

1. Why is the business-to-business market important to the USPS?
2. Why do you think business-to-business sales experience is more important than educational background for this position?

# **CHAPTER**

# **4**

# **DISTRIBUTION AND GLOBAL MARKETING**

## **LESSONS**

### **4.1 DISTRIBUTION CHANNELS**

### **4.2 WHOLESALERS AND RETAILERS**

### **4.3 GLOBAL MARKETING**

## LESSON 4.1

## DISTRIBUTION CHANNELS

## GOALS

**DIFFERENTIATE** between direct and indirect distribution channels

**IDENTIFY** the important decisions that must be made in distribution planning



## THE DISTRIBUTION FUNCTION

**M**arketing is a term that became popular in the last half of the 20th century. Businesses recognized the importance of the many marketing functions and activities needed to develop satisfying exchanges with customers. Prior to that time, when companies wanted to improve the exchange process, they concentrated on distribution. While today distribution is just one of many marketing activities, it is very important in ensuring customer satisfaction. If customers cannot locate the product, cannot conveniently obtain it, or receive it late or damaged, they will be very dissatisfied. As one of the four

## ON THE SCENE

**C**onsider a movie that has just been released on videotape or DVD. Where are all of the possible places customers would be able to obtain a copy? Of all the possibilities, which would you likely choose? What factors would you consider in making the decision? Movie production companies obtain a large percentage of their revenues from the sale and rental of movies once they are no longer shown in theaters. Usually those sales and rentals determine whether the movie is profitable or not. Compare three different places that you can buy or rent a movie. How are they similar or different in terms of choice of movies, availability of the movies you want to watch, prices, and customer service? What influences your choice of where and how you obtain movies to watch?

marketing mix elements, **distribution** involves determining the best methods and procedures to use so prospective customers can locate, obtain, and use a business's products and services.

## REDUCING DISCREPANCIES

The goal of marketing is the successful exchange of products and services between businesses and their customers. No matter how good a product is, a company cannot make a profit unless it fills orders correctly and delivers the product undamaged and on time to the correct locations. Successful exchanges are not easy to carry out.

Several discrepancies exist between producers and consumers. Producers manufacture large quantities of one or a very few products. Consumers want small quantities of a variety of products. Producers manufacture products at a specific time and in a particular location. That time and location do not typically match the place and time consumers need the product. Distribution systems are designed to get the types and quantities of products customers want to the locations where and when they want them.

## DIRECT AND INDIRECT DISTRIBUTION

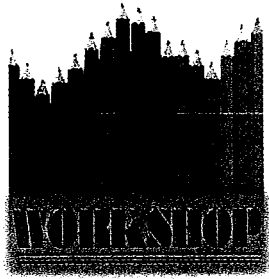
The routes products follow in moving from the producer to the consumer, including all related activities and participating organizations, are called **channels of distribution**. Producers need distribution channels whether they make products for consumers or other businesses. The channels that products follow may be short and simple or long and complex. The shortest path is for the producer to sell directly to the user. The longest path can include a retailer, a wholesaler, and other businesses. When producers sell directly to the consumer, it is called **direct distribution**. When distribution involves other businesses in addition to the producer, it is called **indirect distribution**.

Adding businesses to the channel makes the channel more complex and difficult to control. However, using businesses that have particular expertise in transportation, product handling, or other distribution activities may result in improved distribution or actual cost savings. The activities that need to be performed as a product moves from producer to consumer will help to determine the number and types of businesses in the channel.

**Direct Channels** Direct distribution, sometimes called *direct marketing*, means the producer sells and distributes its products to consumers. The company is responsible for the equipment, activities, and personnel needed to complete all of the distribution activities. That can include salespeople, warehouses, trucks, order-processing procedures, and customer service. The company may share some of the activities with the consumer. For example, the company might maintain a large warehouse at the production facility. Customers are responsible for transporting their purchases from the warehouse.

**Indirect Channels** When producers cannot or choose not to perform all marketing activities, they need an indirect channel of distribution. Much time would be wasted if all exchanges of products and services occurred directly between producers and consumers. Think of all of the products and services you purchase in just one week. What if you had to locate and contact each manufacturer, agree on a price, and find a way to get the product from the business to your home? You would spend most of your time just obtaining the things you need to purchase.





As a class, list the major decisions that must be made in planning a channel of distribution. Individually rank the decisions in order of importance based on which you think contributes most to customer satisfaction. Compare your rankings with other students.

When other businesses enter the channel of distribution, they take over many responsibilities and save you a lot of time. The business determines your needs and the needs of many customers like you. It then contacts the manufacturers of the needed products, purchases what it believes it can sell, and has the products shipped to one location. You can visit the business and purchase many of the products you need in the same shopping trip. In addition to saving you time, the businesses should be effective at locating and purchasing the needed products and finding the most efficient ways to ship them to their locations.

The most common types of businesses involved in indirect channels of distribution are wholesalers and retailers. However, many specialized marketing businesses often are involved including sales and telemarketing businesses, transportation companies, businesses that provide financing and credit, and others.

## CHECKPOINT

What is the difference between direct and indirect distribution?

## DISTRIBUTION ACTIVITIES

Just as with product/service planning, there are many possible decisions about the locations and methods used to make products available to customers. Some important questions that should be answered in planning distribution include the following.

- Where will the customer want to be able to obtain the product?
- Where will the customer use the product?
- Are there special requirements to transport, store, or display the product?
- When should distribution occur?
- Who should be responsible for each type of distribution activity?

### SELECT A CHANNEL OF DISTRIBUTION

From the available channels of distribution ranging from simple to complex, producers must decide which channel or channels will best fit their needs. Producers generally prefer to use as few channels and channel members as possible. Sometimes producers need to use more than one channel to achieve the widest distribution for their product or to sell to different target markets. The factors businesses consider when deciding which channels to use include distance, perishability, special handling, and number of customers.

**Distance** If customers are located very close to the producer there is less need for channel members. More channel members will be needed as the distance from producer to consumer increases.

**Perishability** Highly perishable products require rapid and careful handling. Those products, such as sea food, fresh fruit, and flowers are often marketed directly to the consumer or through a very short channel.

**Special handling** If the product is delicate or easily damaged it requires special handling and shipping procedures or equipment. It is likely to pass through as few channel members as possible. Manufacturers of complex medical equipment, for example, sell directly to hospitals.

**Number of customers** The greater the number of customers, the more channel members there usually will be. If a manufacturer of customized construction equipment sells to a few large contractors, a short channel will be used.



## TRANSPORTATION

Businesses must determine how to physically transport the products from the producer to the consumer. Factors to consider in shipping include the size, shape, and weight of the goods. Also, certain goods are fragile and may need special care in handling. Transportation choices will differ for medical supplies needed in a few hours versus building materials needed in several weeks.

Another shipping-related issue is cost. In addition to the basic transportation charges, there are the costs of packaging products for shipment, insurance, and often storing products before, during, and after delivery to the buyer. The most commonly used transportation methods are railroads, trucks, airplanes, and ships. A business may use more than one type of transportation depending on the requirements for the shipment.

## PRODUCT HANDLING

Product handling is important in order to avoid delayed, lost, or damaged shipments. Most products are handled several times on their way from producer to consumer. Businesses look for ways to improve packaging, more efficient procedures for packing and unpacking, and better equipment for handling and storing products.

An important part of product handling is keeping track of the products. Businesses and customers want to know where products are in the distribution channel and when they will be delivered. Careful record keeping is essential to route products correctly. Most businesses use bar coding to track products during distribution. For more information on bar coding, see the Tech Talk feature on the next page.



## TECH TALK

**BAR CODE DATA** Bar coding products is a widely used method for tracking products during distribution. Bar codes are product identification labels containing a unique set of vertical bars that scanning equipment can read. Each product or container has a bar code that is read as the product moves through the channel to track its progress. The data gathered is used to prepare reports for management.

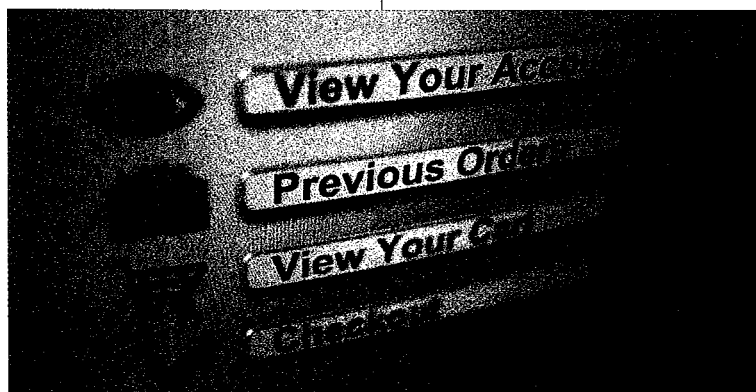
**THINK CRITICALLY** What type of management reports do you think can be created using bar code data?

## STORAGE

Consumers typically do not buy products as soon as they are produced. Manufacturers and other channel members must store the products until they are ready for distribution and sale. Buildings such as warehouses and distribution centers are needed to store large quantities of products until they can be sold.

Handling products and storing them for a long time is expensive. Also, moving them around increases the chances for damage. For more efficient handling with less risk of damage, many companies now use mechanical equipment and robots to handle products. Computers control both the equipment and the robots as products are moved into storage and subsequently removed for shipment.

## ORDER PROCESSING



Customers place orders in a number of ways. They may visit a retail store or submit an order using a salesperson, mail, telephone, computer, or fax. When an order is received, employees process the order and bill the customer. If customers have questions or problems with the order, employees must handle them in a friendly and courteous fashion. Most companies now have automated order processing using computers and the Internet. That way the manufacturer, channel members, or customers can track the order at any time.

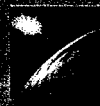
## CHECKPOINT

What are the major factors to be considered when a business selects a channel of distribution?

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## THINK CRITICALLY

1. What discrepancies exist between producers and consumers?

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2. What are some ways a manufacturer can use to insure the effectiveness of an indirect channel of distribution?

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3. Why are the needs and preferences of consumers so important in planning distribution?

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4. What are some ways that computers are used to improve distribution?

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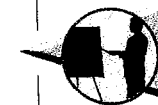
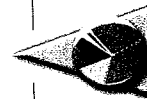
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## MAKE CONNECTIONS

5. **CRITICAL THINKING** The four primary transportation methods used in product distribution are airplane, truck, railroad, and ship. Create a spreadsheet listing the four methods of transportation as column headings. Then using resources available to you, identify three products under each of the methods that are primarily transported using the method. Review the products you have identified and prepare a one-paragraph statement for each method that describes the reasons a company might select that method for transporting its products.

6. **DECISION MAKING** Magazines are distributed in a number of ways using both direct and indirect channels of distribution. Working as a team with several other students, brainstorm as many places as you can identify where consumers can purchase magazines. Then using a graphics computer software program, diagram two direct and two indirect channels of distribution that a magazine publisher can use to distribute its magazines. Present your diagrams in class, and discuss the advantages and disadvantages of each channel choice. Compare your answers with those of other teams.



## LESSON 4.2

**WHOLESALESAERS AND RETAILERS****GOALS**

**IDENTIFY** benefits of including a wholesaler in a channel of distribution

**DISCUSS** important marketing activities performed by retailers

**WHOLESALESAERS AS CHANNEL MEMBERS**

In order for a product to be sold, all of the marketing functions need to be performed. In a direct channel, the manufacturer and the customer are the only ones who perform the functions. They can be shifted and shared, but they cannot be eliminated. If the producer or consumer is unwilling or unable to perform some of the functions, an indirect channel of distribution is needed. Wholesalers and retailers are the major businesses participating in an indirect channel. They provide the marketing functions that are not completed by producers and consumers.

Common indirect channels of distribution include a manufacturer, a retailer who sells the product of several manufacturers, and the consumers

**ON THE SCENE**

Outlet malls are becoming increasingly popular. The manufacturers of the products sold usually own the stores in those malls. Consumers are attracted to the stores because they think prices will be significantly lower. However, the same brands of merchandise sold in outlet malls are still purchased by consumers in other stores. In your experience, how does the selection, quality, and age of products sold in outlet malls compare to the same brands sold in other stores? What are reasons people might shop for the brands in other stores, and may be willing to pay higher prices for their purchases?



who purchase from retailers. In situations where channels are long, many products must be sold, or target markets have diverse needs, the traditional channel expands to include a wholesaler.

**Wholesalers** are companies that assist with distribution activities between businesses. Wholesalers seldom sell products to individual consumers but provide marketing activities as a part of the channel of distribution between producers and retailers.

### BENEFITS OF WHOLESALERS

Wholesalers are involved in marketing because they may be able to provide one or more of the needed marketing activities better or at a lower cost than the manufacturer or retailer. For example, a small retailer is not able to purchase most products in the large quantities required by the manufacturer. A wholesaler combines the orders of several small retailers to make the purchase. Shipments to several businesses in the same location are combined to save transportation costs.

A manufacturer usually tries to produce products on a regular basis throughout the year. Consumer demand for the products may be seasonal with most of products purchased during a few months. If the manufacturer does not have the space to store the products until they can be sold, it may use wholesalers who specialize in storage and inventory management.

### WHOLESALE ACTIVITIES

Typical wholesaling activities include buying, selling, transporting, and storing products. Wholesalers accumulate the products of many manufacturers, develop assortments for the retail customers they serve, and then distribute the products to them. Some wholesalers provide very specialized activities such as financing the inventories of manufacturers until they can be sold. They also may extend credit to retailers to enable them to purchase.

Wholesalers are important sources of information for other channel members. Many wholesalers offer marketing research and marketing information services. They provide manufacturers and retailers data that will help improve their operations and decisions.

They assist manufacturers in determining needs of retailers and consumers and provide market and product information to retailers. Most wholesalers also promote their products, often in the form of catalogs, salespeople, or Internet sites.

Computer technology can process orders more rapidly and keep track of the quantity and location of products. New methods of storing and handling products reduce product damage, the cost of distribution, and the time needed to get products from the manufacturer to the customer. Wholesalers also provide additional services to their



As a class, use a business directory to identify several wholesalers in your area. List the products they sell and the types of customers they serve. Discuss why the wholesalers are needed in the channel of distribution.



customers such as 24-hour ordering and emergency deliveries, and even specialized branding and packaging services so smaller retailers can have their own brand names on products.

## CHECKPOINT

What benefits do wholesalers provide to small retailers?

## THE ROLE OF RETAILERS

The final business organization in an indirect channel of distribution for consumer products is a **retailer**. Retailers accumulate the products their customers need by buying from manufacturers or wholesalers.

### RETAIL ACTIVITIES

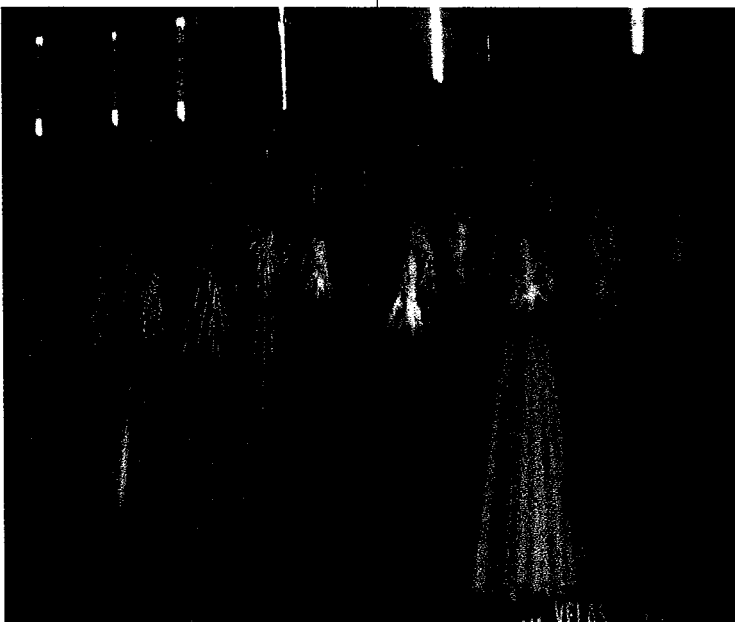
Retailers display a variety of products and provide information so customers can evaluate them. Most retailers have salespeople to assist customers with making informed purchase decisions. Retailers provide a variety of services to make it easy for customers to shop and buy including accepting credit cards or providing other credit choices, and offering product delivery, installation, and repair services.

In addition to serving consumers, retailers offer benefits to wholesalers and manufacturers. Besides selling the products of manufacturers, they complete many other marketing functions. They store inventory, assume risk and provide financing. Some retailers even take responsibility for transporting products from the manufacturer to their stores. Retailers have large budgets to promote the products they sell.

### TYPES OF RETAILERS

Because there are so many consumers, and because their needs and purchasing behaviors are so different, retail businesses develop to respond to those differences. A way of categorizing retailers is by the types of products offered. Some retailers specialize in one or a few product categories, while others offer customers a wide range of products.

*Single- or limited-line stores* offer products from one category of merchandise or closely related items. Examples include food, hardware, apparel, lawn and garden, or candle shops.





## BUSINESS MATH CONNECTION

**M**anufacturers offer discounts to channel members for providing various marketing functions. The discounts are often stated as a percentage of the suggested retail price and are expressed as 40/15, for example. The first number 40 is the percentage discount for a retailer. The second number 15 is the percentage discount for a wholesaler. Using the 40/15 discount rate, what price would a retailer and wholesaler pay for a product that retails for \$860?

### SOLUTION

Selling price – (Selling price × Retailer discount) = Retailer's price  
 \$860 – ( \$860 × 0.40 ) = \$516

Retail price – (Retail price × Wholesaler's discount) = Wholesaler's price  
 \$516 – ( \$516 × 0.15 ) = \$438.60

*Mixed merchandise stores* offer products from several different categories. Common examples of mixed merchandise retailers are supermarkets, department stores, and large drug stores all of which sell many categories of products.

*Superstores* are very large stores that offer consumers wide choices of products. Most superstores are mixed merchandise businesses offering a variety of product categories so consumers can use the business for one-stop shopping. Examples are Sam's Club and Costco. Other superstores sell products in a limited category but offer consumers many choices of brands, products, and features within that category such as Best Buy that sells consumer electronics and appliances, or CarMax that sells used automobiles.

A unique category of retail businesses is non-store retailing. *Non-store retailing* sells directly to the consumer's home rather than requiring the consumer to travel to a store. Two of the most common forms of non-store retailing are door-to-door selling and catalog sales. Other types include vending machines, telephone sales, televised shopping clubs, and direct mail selling. Today, Internet sales have become a popular form of non-store retailing.



## CHECKPOINT

List four types of retail businesses.

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## THINK CRITICALLY

1. Why must all marketing functions be performed by some member of a channel of distribution?

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2. Why would a large retailer want to use a wholesaler?

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3. Why is it possible for an indirect channel of distribution that includes a wholesaler and retailers to be more efficient than a direct channel?

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4. Why is non-store retailing popular with many consumers?

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## MAKE CONNECTIONS

5. **TECHNOLOGY** Arrange a visit to a large supermarket and an interview with a store manager. Ask the store manager to describe the ways technology is used in the store to assist with product storage, pricing, inventory management, and processing customer purchases and payments. Take careful notes during your visit. Write a two-page paper based on the information you gathered.

6. **RESEARCH** Use the Internet to identify two examples of non-store retailers. One should use the Internet to sell its products and another should use a more traditional method of selling (door-to-door, telemarketing, direct mail, and so on). Identify the businesses that are a part of the channel of distribution used by the retailer. List the marketing activities that are performed by each channel member. Prepare a diagram that illustrates your findings.

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## LESSON 4.3

**GLOBAL MARKETING****GOALS**

**DESCRIBE** ways that businesses are involved in international business

**IDENTIFY** important international marketing activities

**MARKETING IN INTERNATIONAL BUSINESS**

**Y**ou live in a global economy. To understand this, you need only examine the products you consume each day. Where are they produced and manufactured? What companies were involved in developing, distributing, pricing, and promoting the products? In most cases, it is difficult to identify a product you use that does not have some type of international connection.

In addition to consuming products that have an international connection, many of the jobs available in business depend on the international economy. The United States is the largest producer of goods and services in the world today. However, it is also the largest importer of products produced in other

**ON THE SCENE**

**F**ast-food franchises are well known for using the same marketing mix in each city where they have a business. Restaurants look the same in every location and offer the same product choices, prices, and hours of operation. Even the advertisements are the same. However, when the companies open locations in other countries they often have to make dramatic changes in the products, services, prices, and types of promotion used. Why have franchises tried to keep their marketing mix the same from location to location? Why is it sometimes necessary to make major changes in the mix when moving into international markets?

## did you KNOW?

According to Accenture, a global management and technology consulting firm, Chinese will become the most-used language on the Internet by 2007.

countries. Without international trade to provide markets for U.S. products and to obtain products for distribution and sale to U.S. customers, the economy would be much smaller with fewer jobs. Nearly 20 percent of all goods and services produced in the U.S. is sold in other countries. An estimated one in every fifteen U.S. jobs is directly involved in international business.

Thousands of products and trillions of dollars are exchanged between countries involved in international trade. However, only a small percentage of companies worldwide are actually directly involved in international business. About 10 percent of U.S. businesses and a much smaller percentage of businesses worldwide sell products and services in other countries.

Businesses often consider international trade when sales and profits begin to fall in their own countries or when they begin to face competition from businesses from other countries in their current markets. That may be too late to successfully enter international markets. Businesses should consider international markets any time they are studying possible new markets to enter.

### EXPORTING AND IMPORTING

The way most businesses first become involved in international business is through exporting and importing. **Exporting** is selling products and services to markets in other countries. **Importing** is purchasing products and services that are produced in other countries. Businesses often use indirect exporting and importing. That means other companies with expertise in international business are a part of the business's channel of distribution. Rather than directly selling products to other customers in other countries, indirect exporting allows the business to use an export company to make the sales. In the same way, with indirect importing, a business will make purchases from an importer rather than purchasing directly from the foreign producer.

Exporters and importers may be full-service or limited-service businesses. A full-service business completes most or all of the marketing functions. The company would purchase the products, provide transportation to another country, and store the products until they are sold. It would have a sales force to contact potential customers and may offer credit or financing. A limited-service business completes one or a very few marketing activities and relies on other companies for other functions. Once an order has been placed, another business is responsible for transporting the products from one country to another:

### JOINT VENTURES AND MULTINATIONAL BUSINESSES

Businesses heavily involved in international business often change the way they operate in other countries. Rather than just exporting or importing products, they establish operations in the countries where they have markets.

It may be difficult or very expensive to establish new businesses in several countries. Business owners may not be confident they have the knowledge and experience for successful foreign operations. One way to overcome those problems is by establishing a joint venture. A **joint venture** is an agreement between independent companies to participate in common business activities. A joint venture developed for international business usually involves a company from each of the countries. Two automobile manufacturers may decide to cooperate in producing an automobile that will be sold in both countries.

Each has an understanding of the customers and competition in their own country and has production facilities and dealers already established. Sometimes a manufacturer in one country will develop a joint venture with a retailer in another country to take advantage of the expertise of each.

Companies that operate in many countries and regularly engage in international business are **multinational businesses**. Multinational businesses think and operate globally. Their managers understand how to plan and market products successfully in many countries and are continuously looking for new opportunities throughout the world. Successful multinational businesses have adopted the marketing concept. They recognize that consumers in various countries have different needs and require unique marketing mixes.

## CHECKPOINT

What is the difference between exporting and importing?

## INTERNATIONAL MARKETING ACTIVITIES

Every time a product or service is sold to a customer, all of the marketing functions need to be performed. This is true in international business as well. However, companies often make a mistake in believing that a marketing mix that was successful in one country will be successful in another country. While all of the marketing functions will need to be performed, they may be quite different when serving customers in another country.

**Product/Service Management** Products and services need to be designed to meet the unique needs of a target market. Often fewer features and options are offered on products sold in other countries. Packaging may need to be redesigned to offer additional protection for shipping and storage. A brand name may not translate well into another language. There may be quite different expectations for customer service offered with the product.

**Distribution** Distribution procedures are often a challenge in international marketing. Decisions must be made on how to move the product from one country to another and then distribute it to the locations where it will be sold. Activities must be carefully timed to make sure products are available to customers when they want them. There may be laws that restrict distribution or require that local companies participate in the distribution process.

**Selling** A country's customs are very important in selling. Salespeople are involved in face-to-face contact with customers. Body language, forms of greetings, being too formal or informal, and customs such as presenting business cards and gifts play an important role in successful selling.

**Marketing-Information Management** Accurate and adequate market information is essential for planning marketing. Marketing research will be needed to identify target markets and their needs. Research procedures



Identify a product you use or consume that is produced in another country. Describe the marketing mix used to sell the product in the U.S. Discuss with other students ways you think the mix differs from what would be used to sell the product in its home country.



## BLURRED BORDERS AND THE LAW

**U**se of the Internet blurs the geographic borders between countries. However, the laws of a country are applied as if those borders do exist. What happens when something is legal in one country but illegal in another? Napster could not legally continue to allow people to exchange music files in the U.S. But what if it was legal to do so in India? Could the company relocate its headquarters to that country and then continue its service? The European Community has made it illegal for companies to collect and share a variety of personal information about consumers. U.S. companies routinely gather that type of information as part of their marketing research activities. Can U.S. companies be held liable if they collect information from European customers who shop via the Internet? New technology will force countries to reevaluate their laws and how they are enforced.

**THINK CRITICALLY** Do you think a company should relocate to another country to avoid laws it does not like? Should countries attempt to agree on laws to guide Internet business practices? Why or why not?

that are useful in one country may not be acceptable in another. Companies need to pay particular attention to cultural and social differences, economic conditions, legal and political structures, and differences in technology.

**Financing** If an exporter or importer will sell a product, the company may need to extend credit or provide financing for that company until the products are sold. Banks specializing in international finance are available to help with financial planning and management.

**Pricing** Prices to be charged must be calculated carefully to cover the costs of international business activities. The prices have to be acceptable to customers and competitive with the products of competitors in each market. The form of payment, value of currency, and consumer credit practices might be quite different.

**Promotion** Communicating information to prospective customers through advertising and other promotional methods is essential if a product is going to be successfully sold in another country. Effective communication relies on the careful choice of language and images that are understood by the target market. Often images and words don't translate well into another language and culture.



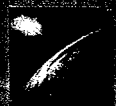
Name the seven marketing functions to be performed in conducting international business.

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## THINK CRITICALLY

1. Why do many companies fail to consider international marketing when selecting target markets?

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2. What are the possible disadvantages of participating in a joint venture with a business from another country?

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3. Why is managing marketing information such an important function when marketing in another country?

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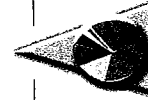
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## MAKE CONNECTIONS

4. **FINANCE** Countries have different forms of currency and the value of each currency changes in relation to that of other countries based on economic conditions. Use the Internet to gather the information about the name of the primary currency for each country listed in the following table and the current exchange rate for that currency in relationship to the U.S. dollar. Use spreadsheet software to calculate the cost of a product that costs \$85 in the U.S. in each country's currency based on that exchange rate.

Country	Primary Currency	Current value compared to the U.S. dollar	Product Price in Country's Currency
Argentina			
Australia			
Japan			
Italy			
Vietnam			

5. **FOREIGN LANGUAGE** Select three popular products that have well-known slogans or jingles. If you can speak and write a language other than English, attempt to translate the slogans and jingles into that language. If not, ask for the help of another person who is bilingual or research to find the translations. Identify the words or phrases that do not translate well or that may lead to another meaning than what was intended in the original message. Present your translations in class. Discuss your examples with other students and how the results would affect communications in another country.



# REVIEW

## CHAPTER SUMMARY

### LESSON 4.1 Distribution Channels

- A.** Distribution is very important in ensuring customer satisfaction. If customers cannot locate the product, cannot conveniently obtain it, or receive it late or damaged, they will be very dissatisfied.
- B.** Producers must decide which distribution channel or channels will best fit their needs.

### LESSON 4.2 Wholesalers and Retailers

- A.** Wholesalers and retailers are the major businesses participating in an indirect channel.
- B.** Wholesalers provide marketing activities as a part of the channel of distribution between producers and retailers. Retailers accumulate the products their customers need by buying from manufacturers or wholesalers.

### LESSON 4.3 Global Marketing

- A.** The U.S. is the largest producer of goods and services in the world and the largest importer of products produced in other countries.
- B.** Marketing mixes may differ widely among countries.

## VOCABULARY BUILDER

Choose the term that best fits the definition. Write the letter of the answer in the space provided. Some terms may not be used.

- |   |                                    |
|---|------------------------------------|
| _____ 1. Determining the best methods and procedures to use so prospective customers can locate, obtain, and use a business's products and services | <b>a.</b> channels of distribution |
| _____ 2. The routes products follow while moving from the producer to the consumer  | <b>b.</b> direct distribution      |
| _____ 3. Producers sell directly to the consumer  | <b>c.</b> distribution             |
| _____ 4. Distribution involves businesses in addition to the producer   | <b>d.</b> exporting                |
| _____ 5. Companies that assist with distribution activities between businesses  | <b>e.</b> importing                |
| _____ 6. The final business organization in an indirect channel of distribution for consumer products   | <b>f.</b> indirect distribution    |
| _____ 7. Selling products and services to markets in other countries  | <b>g.</b> joint venture            |
| _____ 8. Purchasing products and services that are produced in other countries  | <b>h.</b> multinational business   |
| _____ 9. An agreement between independent companies to participate in common business activities  | <b>i.</b> retailer                 |
|   | <b>j.</b> wholesalers              |

# CHAPTER 4



## REVIEW CONCEPTS

10. What discrepancies between producers and consumers are reduced with effective distribution?

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11. What two common types of business are involved in indirect distribution but not direct distribution?

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12. In what ways can wholesalers benefit manufacturers and retailers?

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13. What is a non-store retailer?

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14. Approximately what percent of U.S. businesses buy and sell products in other countries?

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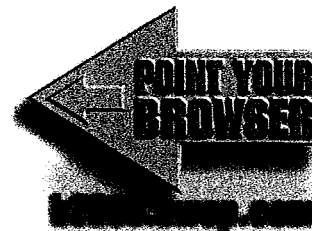
15. What are the challenges involved in distributing products internationally?

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# REVIEW

## APPLY WHAT YOU LEARNED

- 16.** Why do many Internet businesses use indirect channels of distribution even though they have direct contact with customers?

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- 17.** What are some examples of products where perishability and special handling are important distribution concerns?

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- 18.** How can having a wholesaler as a part of a channel of distribution benefit consumers?

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- 19.** What advantages and disadvantages do superstores provide for consumers?

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- 20.** What characteristics should a company look for when selecting an exporter to help develop international business?

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# CHAPTER 4

4



- 21. Provide examples of how technology can affect each of the marketing mix elements for a company involved in international marketing.**

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## MAKE CONNECTIONS

- 22. SOCIOLOGY** Select a country that interests you as a location for international marketing. Gather information on the country's culture and customs that should be considered when developing a marketing mix. Use a word-processing program to prepare a one-page report on your findings.
- 23. INTERNATIONAL BUSINESS** Use the Internet or a business directory to identify two companies fitting each of the following categories: importer, exporter, joint venture participant, and multinational company. Identify the company's name, address, the products or services it provides, and an Internet address if available.

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- 24. BUSINESS MANAGEMENT** Using the Yellow Pages of your community's telephone directory, identify at least ten retailers. Classify the retailers as to whether they are single-line stores, limited-line stores, mixed merchandise stores, superstores, or non-store retailers. Present your findings in a spreadsheet format.

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- 25. RESEARCH** Work with a team of other students to complete this activity. Interview a number of people and ask them to identify a negative experience they had when purchasing a product. Record their answers in a notebook. When the interviews are completed, the team should review all of the answers and identify whether the reason related to a distribution activity or some other business activity. Prepare an oral presentation for your class that recommends how companies can improve customer satisfaction using distribution activities.

