

The image features a central blue horizontal bar with a rounded right end, containing the text "Supply Chain Management" in white. This bar is framed by a dark teal outline that forms a large, rounded rectangular shape around it. The background is plain white.

Supply Chain Management

Supply Chain Management

- The relationships among marketing channel members that reduce inefficiencies, costs and redundancies and develop innovative approaches to satisfy customers
 - Optimizes costs throughout the whole channel for efficiency and service
 - Includes all entities that facilitate product distribution and benefit from cooperative efforts
 - Arises from the need to achieve a more competitive position

Links in the Chain

- All the goods, products, services and raw materials required to deliver a finished product to the consumer.
 - materials
 - parts
 - transportation
 - logistics
 - inventory management

Marketing Channels

- Marketing Channel
 - A group of individuals and organizations directing products from producers to customers
 - some degree of interdependency
 - Reduce the overall costs of market exchanges
 - Reduce search costs for customers
 - Maintain order in the marketplace
 - Efficiencies can be “compounded”

Marketing Intermediary

- An intermediary linking producers to other intermediaries or to ultimate consumers through contractual arrangements or through the purchase and resale of products

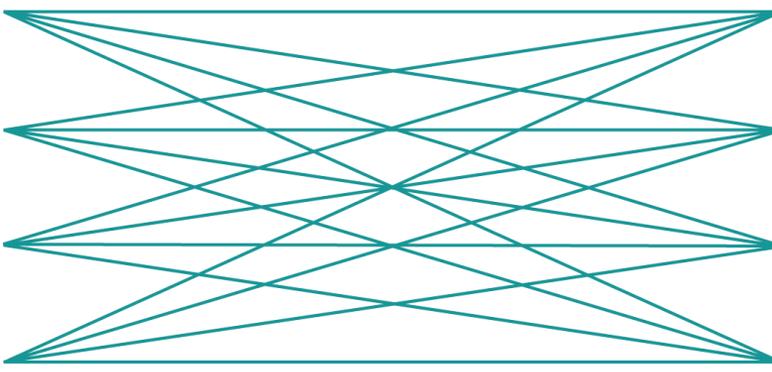


Channel Member Value

- Market intelligence
- Supporting end users
- Promotion
- Customer prospecting
- Need based selling
- Matching needs to channel activities
- Negotiation

Traditional View of Exchanges

Producers



Buyers



Producers

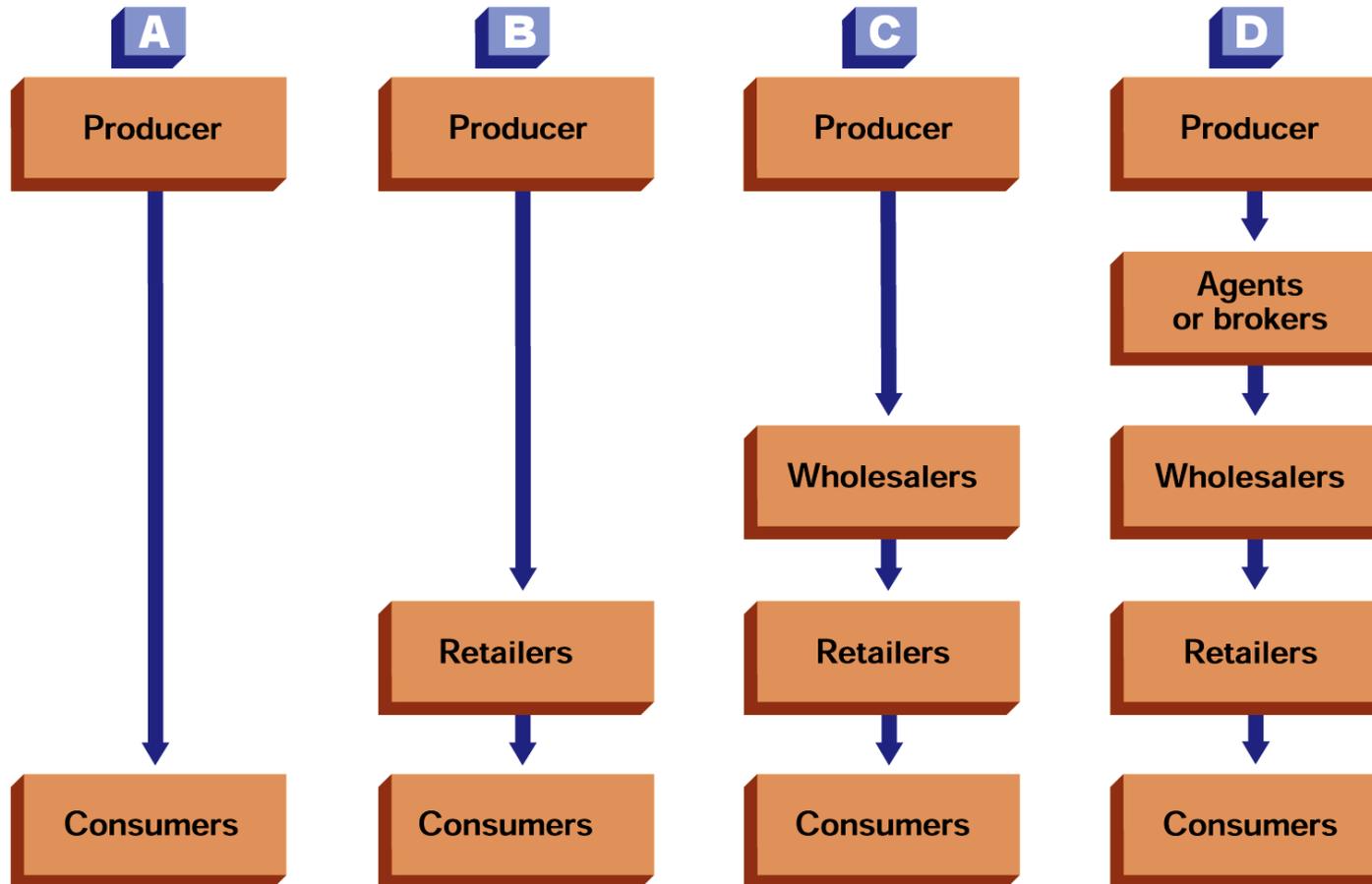


Buyers

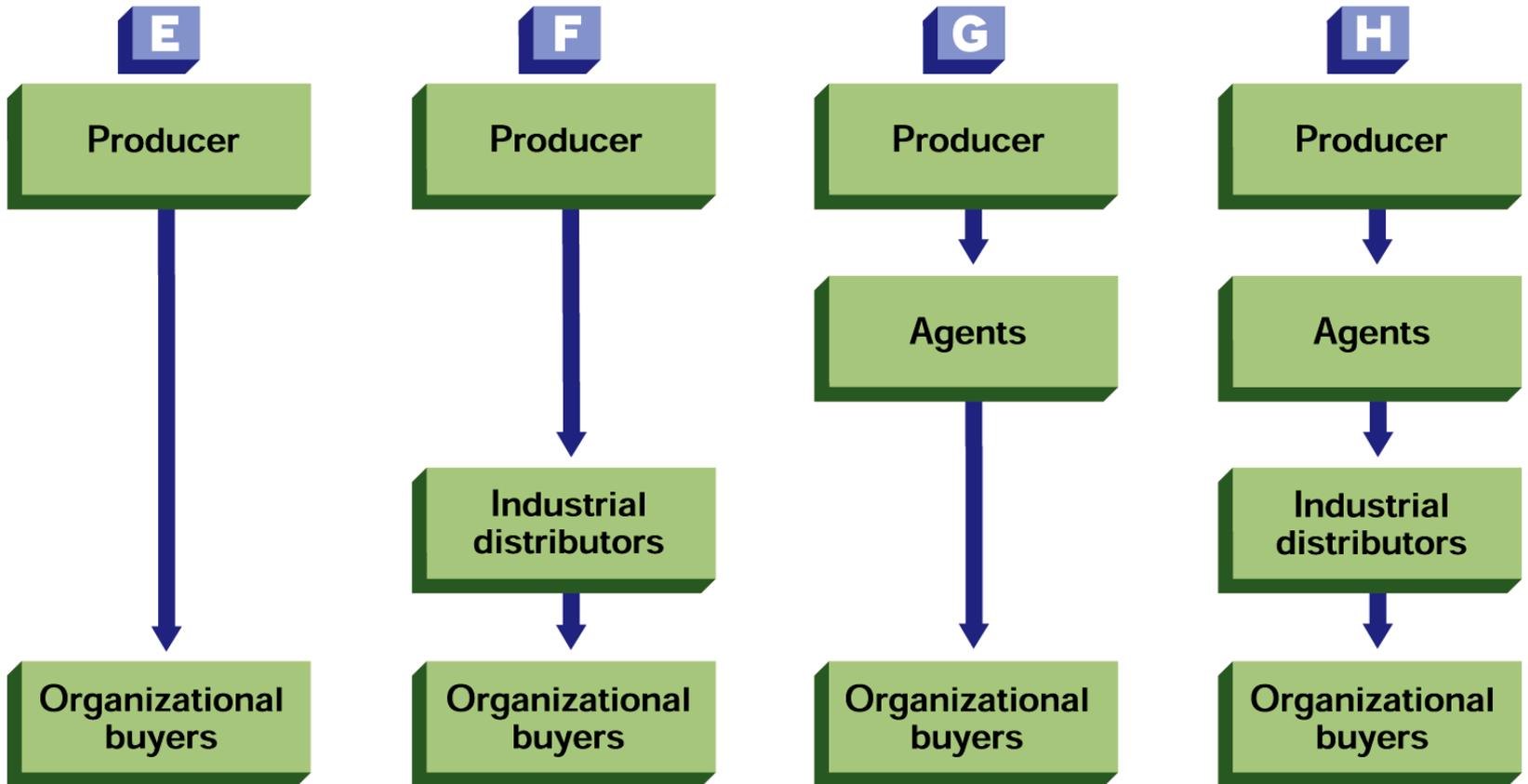


Does this view still apply to today's SCM?

Typical Marketing Channels for Consumer Products



Typical Marketing Channels for Business Products



Channel Behavior

- Channel captain
 - the key actor in the channel
- Channel power
 - the degree to which any member can influence the channel
- Strategic alliances
 - two or more firms providing mutual benefits
- Channel conflict
 - may occur at many levels and over a number of issues

Channel Captain

- A dominant member (producer, wholesaler, or retailer) of a marketing channel or supply chain
 - Establishes channel policies and coordinates development of the marketing mix

Channel Power

- The ability of one channel member to influence another member's goal achievement
 - may influence pricing, distribution and product decisions
 - power may be regional or product line specific
 - manifested in both tangible and intangible outcomes

Channel Conflict

- Sources of Channel Conflict
 - Disagreements arising among channel members
 - Communication difficulties jeopardizing coordination
 - Increased use of multiple distribution channels by manufacturers creating conflicts with distributors and retailers
 - Intermediaries diversifying into and offering competing products
 - Producers attempting to circumvent intermediaries and dealing directly with retailers

Conflict Levels

- Horizontal
 - among channel members functioning at the same level
 - territory infringement
 - product allocation
- Vertical
 - among members functioning at different levels

Channel Cooperation

- Improving Channel Cooperation
 - Unifying channel to maintain market order
 - Agreeing to direct efforts toward common objectives
 - Precisely defining each channel member's tasks

Channel Integration

- Vertical Channel Integration
 - Two or more stages of the marketing channel are under one management.
 - Channel members coordinate their efforts to reach a target market.
- Vertical Marketing System (VMS)
 - A marketing channel managed by a single channel member to achieve efficient, low-cost distribution
 - Corporate VMS
 - Administered VMS
 - Contractual VMS

Channel Integration

- Horizontal Integration
 - Organizations at the same level of operation are combined under one management.

Physical Distribution

- Physical Distribution (Logistics)
 - Activities used to move products from producers to consumers and other end users
 - Order processing
 - Inventory management
 - Material handling
 - Warehousing
 - Transportation

Outsourcing

- The contracting of physical distribution tasks to third parties with specialized logistics skills who do not have managerial authority within the marketing channel



Inventory Management

- Developing and maintaining adequate assortments of products to meet internal or external requirements
 - Objective is to minimize inventory costs yet have on hand a sufficient supply of goods to satisfy customers
 - Stockouts—inventory-related shortages of products
 - Reorder point= (Order Lead Time x Usage Rate) + Safety Stock

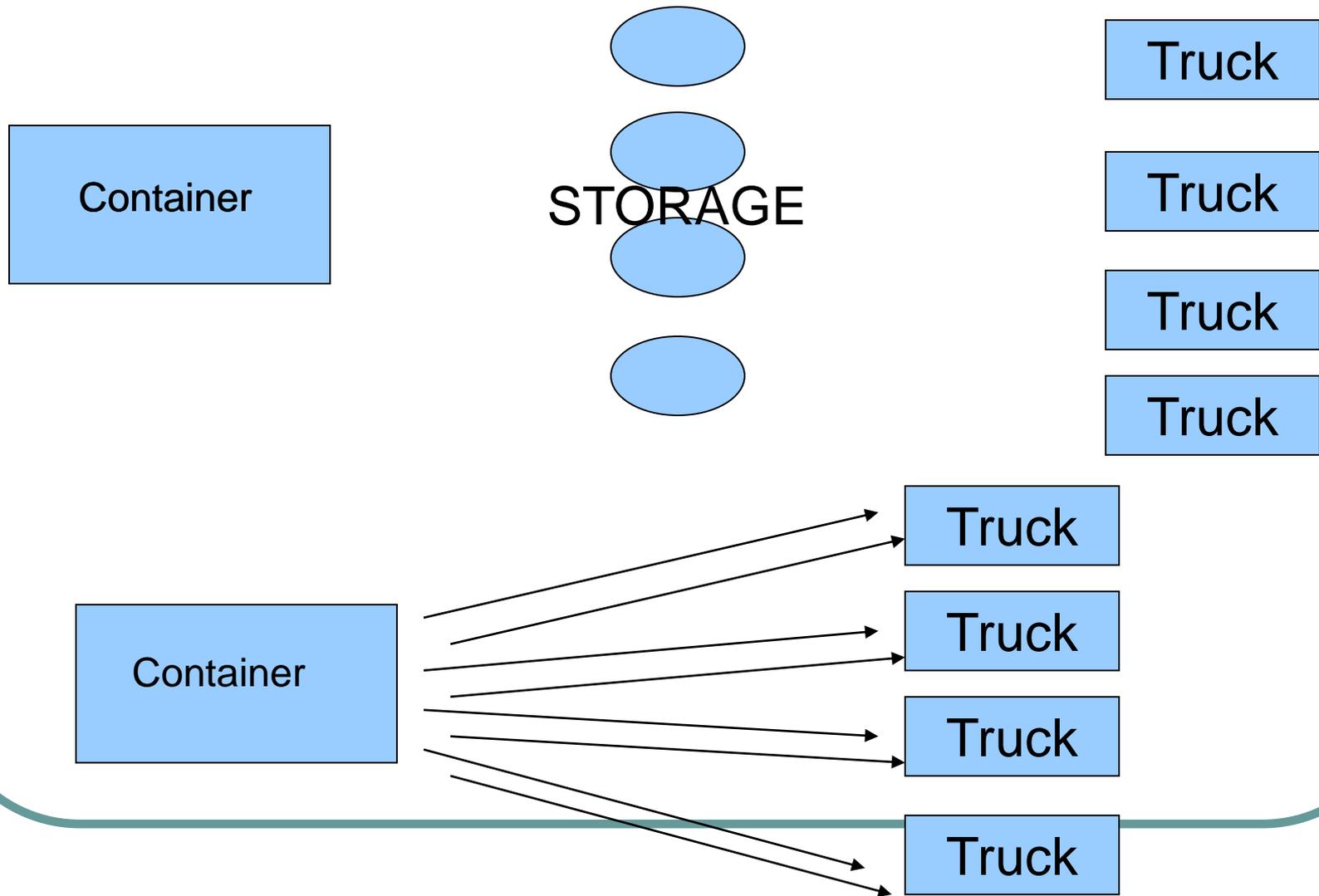
Just-in-Time

- An inventory management in which supplies arrive just when needed for production or resale
 - minimizes warehousing
 - lower carrying costs
 - increases efficiencies
 - requires a high level of integration and coordination

Materials Handling

- The physical handling of products in warehousing operations and the transportation from points of production to points of consumption
 - Unit loading—one or more boxes of product are placed on a pallet and handled by mechanical means (e.g., forklift)
 - Containerization—consolidation of many small items into a single large container providing increased handling efficiency and security in shipping

Cross Docking



Coordinating Transportation

- **Intermodal Transportation**
 - An integrated transportation approach in which two or more transportation modes are used in combination
 - Containerization: piggyback, fishyback, birdyback modes
- **Freight Forwarders**
 - Organizations that consolidate shipments from several firms into efficient lot sizes
- **Megacarriers**
 - Freight transportation firms that provide several modes of shipment