

PRINCIPLES OF FASHION MARKETING

TOPIC : MARKETING CHANNELS, VERTICAL
MARKETING SYSTEM & HORIZONTAL MARKETING
SYSTEM

MARKETING CHANNELS

- Marketing channels is also known as distribution channel. It is a path through which products and services flow from manufacturers to consumer.
- The main aim of producer is consumption and marketing channels helps to make products available for consumers.
- A marketing channel can be short or long, it can be direct or indirect.

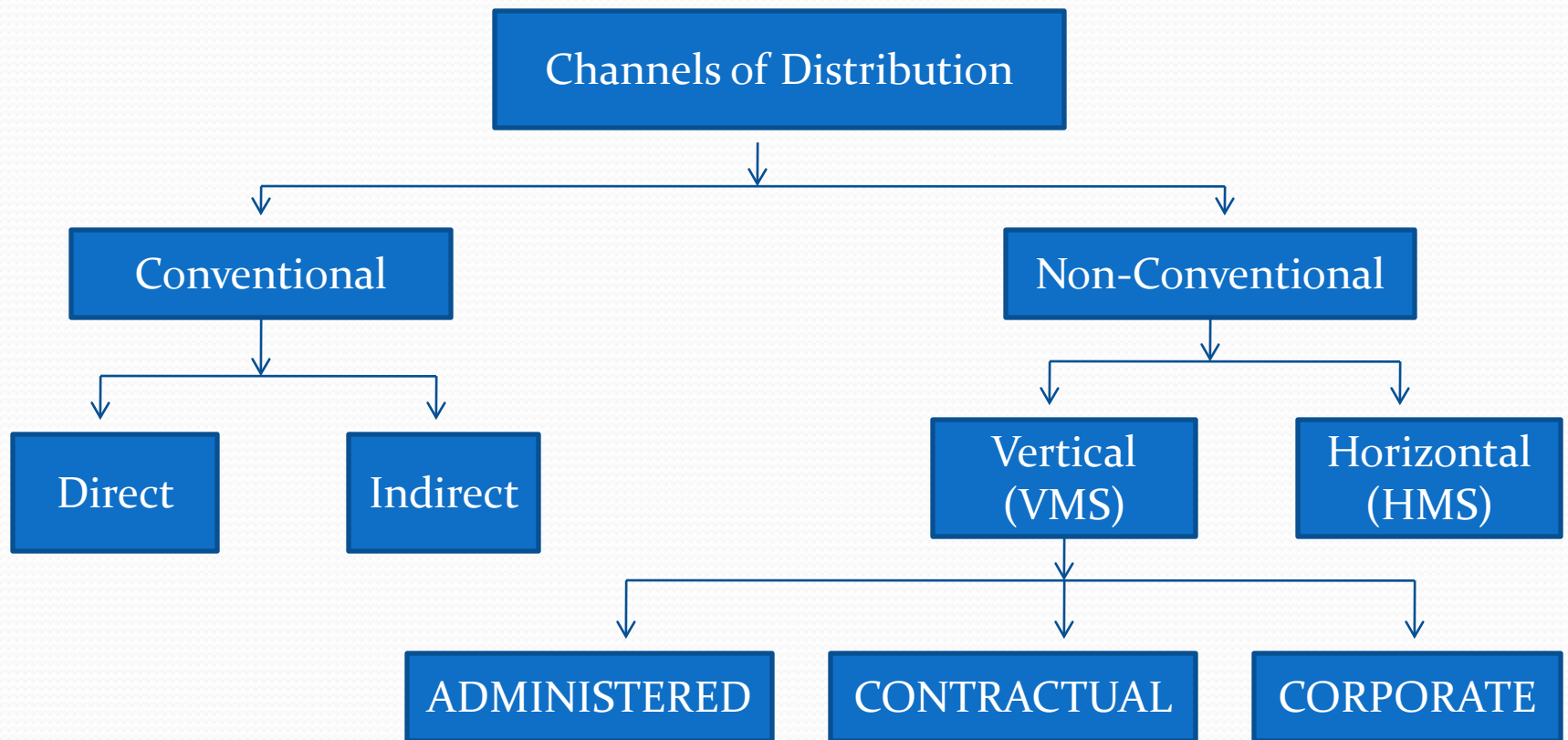
DEFINITIONS

- “The structure of intra company organization units and extra company agents and dealers, wholesale and retails, through which a commodity, product or service is marketed.”
 - American Marketing Association.....

CLASSIFICATION OF CHANNELS

- The trade channels are classified into conventional and non-conventional or Integrated and non-integrated with further ramifications.

CHART



CONVENTIONAL CHANNELS

- Conventional or individualistic channels are the fragmented net-works wherein the manufacturers and the consumers are loosely linked by intermediaries in the process of exchange. These intermediaries in the usual conventional marketing functions.

Conventional channels are two types:-

1. Direct
2. Indirect

DIRECT MARKETING

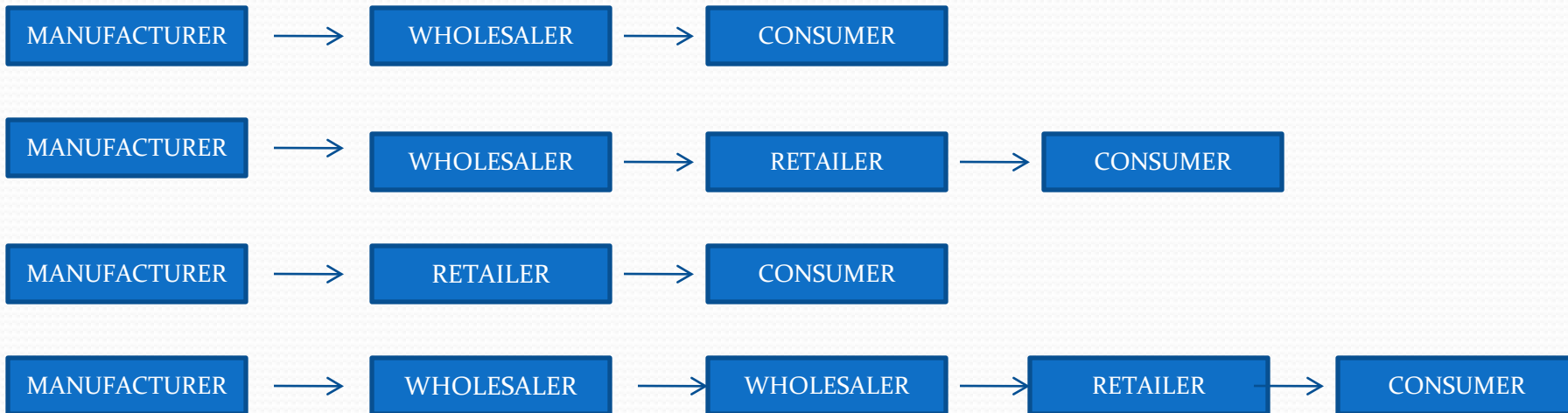
- Direct marketing channels is the oldest, short and simple channels of distribution. In this manufacturer directly sells the products to consumers. No middle man is involved in direct distribution channel. The sales can be made through door to door method, factory outlets, direct mail etc . Many products are sold in this method like garment, footwear, cosmetics, accessories etc .
- MANUFACTURER → CONSUMER

ADVANTAGES & DISADVANTAGES

- This is the simple and fast method.
- It is economical method.
- No dependance on middle man.
- The producer has full control or on pricing distribution and promotion of the products.
- Less number of consumers are targeted.
- Large investment is required.
- The expert services of middlemen will not be available.

INDIRECT MARKETING CHANNELS

- According to this channel product is passed to consumer from manufacturer indirectly. In this kind of channel middle men or intermediaries are involved like distributor, sellers, retailers and suppliers.



ADVANTAGES & DISADVANTAGES

- Middlemen help to extend the market coverage to wider group of customer.
- Intermediaries bridge the gap between manufacturer and consumer.
- indirect marketing channel also help the customer to buy the product in small quantities also.
- In indirect marketing channel there is no contact between manufacturer and consumer.
- Manufacturer has no control on final pricing of product because it is controlled by intermediaries.
- Manufacturer has no control on product promotion and presentation.

NON- CONVENTIONAL CHANNELS

- Non-conventional channels are those networks that work with full co-ordination and cohesion.
- Types of non- conventional channels:
 1. vertical distribution channel system.
 2. horizontal distribution channel system.

VERTICAL MARKETING SYSTEM

- The vertical marketing system channels are professionally managed network, designed to achieve technological, managerial, and promotional economies through integration, co-ordination and synchronization of marketing flows from the point of production to point of ultimate use.

VERTICAL SYSTEM TYPES

- CORPORATE SYSTEM
- ADMINISTRATED VERTICAL SYSTEM
- CONTRACTUAL MARKETING SYSTEM

HORIZONTAL MARKETING SYSTEM

- It is a new trend in distribution in which two or more companies join hand to exploit a marketing opportunity or opportunities, either by themselves or by creating an independent unit.
- **EXAMPLE :** Associated cement company, sugar syndicate of India, maruti udyog and HDFC bank.

FUNCTION OF MARKETING CHANNELS

- marketing channels increase sales opportunities.
- Indirect marketing channels helps to extend the market and target large no. of customers.
- When one intermediaries buy product for one party and sells to another, they get profit.
- In indirect marketing channel the business risk shared by all the intermediaries.

CONCLUSION

- In short, we can say that a manufacturer can use the different type of distribution channels to transfer the goods and services from producers to consumers.