
QUESTIONS CHAPTER THIRTEEN

1. The Hallmark example illustrates the problems facing a manufacturer when a new and potentially dominating channel emerges, thereby setting up a conflict with the company's traditional channel. What could Hallmark have done to help its Hallmark card shops cope with this problem, given that the company had to sell its cards to the large drug, supermarket, and general merchandise discount chains? Part of Hallmark's problem may have been of its own making because of its failure to recognize the growing importance of mass merchandisers in selling its cards. What kind of a monitoring system would have alerted the company to the emerging problem? How could Hallmark have taken advantage of the early warning?
2. A manufacturer of a line of men's personal care products (including razor blades, aftershave lotions, and deodorants) sold through a variety of retailers, including supermarkets, drugstores, and discount general merchandise stores, is considering switching from a company sales force to use of manufacturers' reps. The latter are independent agent middlemen who work on commission. What would be the argument for doing so? What would be the negatives?
3. The president of a carpet manufacturer has asked you to look into the possibility of bypassing the firm's wholesalers (who sell to carpet, furniture, and department stores) and using company sales people to sell directly to these stores. What caution would you voice on this matter and what information would you gather before making a recommendation?
4. Under what conditions is a manufacturer most likely to consider the use of *multiple distribution channels* for marketing a product? Describe an example of multiple channels involving a consumer good or service.
5. A Swedish manufacturer of home entertainment equipment such as stereos and VCRs is interested in entering the U.S. market. What kinds of institutions should it consider including in its distribution channel in the United States? Why?
6. Calvin Klein jeans are *selectively distributed* through a limited number of fashionable department and specialty stores. Is this an appropriate channel design for such a product? Why or why not?
7. The U.S. retail structure is certainly a dynamic one—as shown by the changes it has experienced over the past decade or so. What do you think this structure will look like by the year 2010? Answer in terms of what will happen to the various forms of retailing (e.g., traditional versus catalog versus TV home shopping versus the use of the Internet) as well as the major types of retail institutions.
8. One of a number of trends affecting wholesalers in the United States, Europe, and Japan is *just-in-time*. Describe what this term means and explain what forces are making it a more and more important business practice. For a wholesaler to adopt this practice, what must it be able to do?
9. A few years ago, large manufacturers with well-known brands—General Foods and Procter & Gamble—held substantial power over even the largest retailers in their distribution channels. Today, large retailers such as the Safeway supermarket chain have the power to demand more rewards and support from major manufacturers. What

has caused this change in the balance of power? What are the bases (or sources) of retailers' power over their suppliers?

10. Why would an independent hardware store owner agree to become a member of a *cooperative chain*? What benefits would the store owner receive? How would the development and growth of the cooperative chain affect the balance of power in hardware distribution channels?

11. A small and relatively unknown manufacturer of valves and fittings wants to induce large plumbing wholesalers to carry and promote its products. Which strategy should it pursue? Which specific incentives might it offer to wholesalers to gain their support?

12. A cereal manufacturer is considering using a pull strategy to gain extensive retail coverage for a new cereal brand targeted at health-conscious adults. Which characteristics and capabilities of the manufacturer can help determine its ability to successfully implement such a strategy?

13. There is often conflict between manufacturers and the retailers who distribute their products. What are some major causes of such conflicts? What can a manufacturer do to minimize or resolve these conflicts?

14. In establishing and maintaining a channel system in the developing countries in Africa, what problems might the manufacturer of small electrical appliances expect to encounter? For each such problem, what can be done to solve it?

15. As a consultant to a small chain of supermarkets, you have been asked by the president to list, in outline form, what ethical subject areas the company should discuss internally before writing an ethical manifesto, which would be distributed to suppliers, staff, and stockholders.

16. Services do not ordinarily require the same kind of distribution networks as do the marketing of tangible products. Some airlines of late have been rethinking their distribution systems (which centers on the use of travel agents) in an effort to gain a more efficient channel system. What new channels should they consider? What actions should they consider taking to improve their present channels?