



ДОНСКОЙ ГОСУДАРСТВЕННЫЙ ТЕХНИЧЕСКИЙ УНИВЕРСИТЕТ
УПРАВЛЕНИЕ ЦИФРОВЫХ ОБРАЗОВАТЕЛЬНЫХ ТЕХНОЛОГИЙ

Учебное пособие по английскому языку

«Менеджмент сбыта продукта»

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Аннотация

В пособии глубоко и всесторонне рассмотрены каналы сбыта продукта и его параметры. Изложена структура сбытовой сети. Пособие предназначено для студентов элективных курсов, магистрантов и аспирантов, изучающих иностранный язык в профессиональной сфере, по специальности «Менеджмент».





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ПРЕДИСЛОВИЕ

Пособие «Менеджмент сбыта продукта» имеет цель решить одну из самых важных проблем современной экономики. Пособие состоит из

3-х разделов: 15-ти юнитов; 15-ти тем для докладов и Глоссария. Пособие построено в форме диалогов, что неуклонно способствует развитию навыков устной речи и легкому усваиванию трудных моментов изучаемого вопроса. Пособие рассматривает распределение потребительских товаров, определяет факторы, влияющие на выбор канала сбыта, дает ориентацию новым компаниям по выбору каналов сбыта для их новой продукции. Очень профессионально рассмотрен вопрос одновременного использования многих каналов сбыта с учетом точек зрения производителя и посредников. Определены факторы, влияющие на выбор посредников при сбыте продукции. Четко, с точки зрения законодательства, обозначены права и обязанности производителей и посредников и их партнерские отношения и, наконец, дана оценка каналов сбыта. В конце пособия дан перечень тем для докладов и дискуссий "Problems for Reports". Можно рекомендовать преподавателю регулярно проводить слушание и обсуждение докладов после каждой изученной темы. Или дать их как вопросы к итоговому контролю.

Пособие рассчитано на студентов, имеющих базовые значения английского языка. Язык пособия-American English. Тексты - аутентичны. Пособие предназначено для студентов и аспирантов, изучающих иностранный язык в профессиональной сфере, по специальности «Менеджмент».

An American professor of Economics has come to Rostov with a course of lectures. He is going to deliver his lectures for the students of the Don State Economics Academy and for businessmen. Now we are at one of his seminars. He is having it with young businessmen. The theme is "Product Distribution and its Channels". Our businessmen are beginners and put a lot of questions to the Professor. Let us listen to his Introduction word.

LESSON 1

- I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

Marketing executives frequently find that establishing channels for their products and solving the problems connected with channel management are among their most difficult tasks. Competitive conflicts constantly call for attention and sometimes force channel adjustments. Long channels compound a producer's problem because he is far from his ultimate consumers or users. Also, frequently he has little or no control over his middlemen and cannot get from them necessary current market information regarding his markets and products.

Three steps are involved in this decision-making phase of the marketing process. First, a manufacturer must select the general channel to be used, keeping in mind the goals of the company's marketing program and the job to be done by means of the distribution system. Second, assuming he is going to use middlemen, he must make a decision regarding the *number* of middlemen or the intensity of distribution to be used at each level and in each market. Finally, again assuming he will use middlemen, he must select the specific firms which will handle his product, and then manage the day-to-day working relationships with them. Only infrequently—as when a new company is started or when an established firm introduces a new product or enters a new market—will a marketing manager establish a distribution system from the ground up. The more usual task of channel management involves a continuing evaluation, and possibly a reorganization, of the existing structure. Far more marketing executives are involved with the day-to-day working operations of the distribution system than with any other step in channel selection.

Middlemen also face channel problems essentially similar to those of a producer. Furthermore, the control of the channels used by manufacturers and the freedom of choice regarding these channels may actually

rest with wholesaling and/or retailing middlemen.

Actually there are several alternative channels, and in most industries each alternative is used by at least a few firms. We shall outline the most frequently used channels for the two major classes of products.

2. Retell the text.

LESSON 2

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

A Businessman: "What are these channels"?

The Professor: I'll gladly answer all your questions, gentlemen.

"Look at this fig.1. Five channels are widely used in the marketing of consumer products. In each channel, a manufacturer or producer may use his own sales branches or personnel to reach the next institution. The channel leading directly from the producer to the consumer at the upper left of the diagram represents door-to-door selling and direct mail. In any channel, two levels of merchant wholesalers may be involved—one wholesaler sells the product to another wholesaler.

Some of you will justifiably conclude that consideration of these institutions triples the number of alternatives. Furthermore, whenever wholesalers are used, goods may be distributed from one large wholesaler to several subjobbers and then to retailers, thus placing two wholesaling links in the chain. It is evident, therefore, that our suggestion that there are only five major channels is an oversimplification, but line which seems necessary if we are going to discuss this unwieldy subject at our seminar.

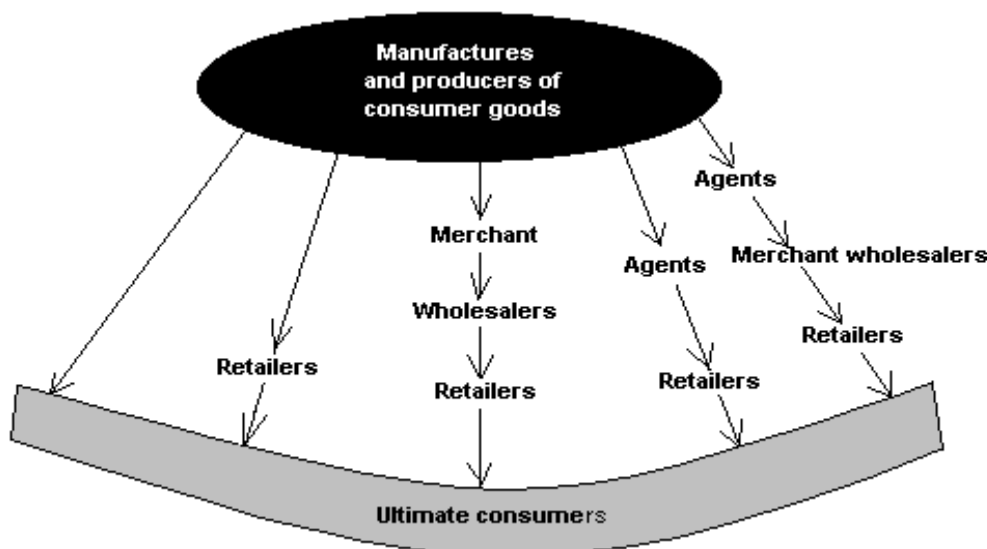


Fig. 1

Dialogue 1.

Businessmen:	The Professor:
1-st. Which is the shortest, simplest channel of distribution for consumer products?	The shortest, simplest channel of distribution for consumer products is from the producer to the consumer, with no middlemen involved. The producer may sell from house to house, as many dairies and some agricultural producers do, or he may sell by mail.
2-d. Are there any retailers that buy directly from manufactures and agricultural producers?	Many large retailers buy directly from manufactures and agricultural producers. And some manufacturers establish their own retail stores, although this is not a common practice.
3-d. What is a "traditional" channel for consumer goods?	This is: a producer-wholesaler-retailer-consumer. Small retailers and small manufacturers by the thousands find this channel the only economically feasible choice.
4-th. Can producers do without wholesalers?	Many producers prefer to use a manufacturers' agent, selling agent, broker, or another agent middleman to reach the retail market, especially <i>large-scale</i> retailers. I know a manufacturer of a glass cleaner who selected a food broker to reach the grocery store market, including the large chains. And a manufacturer of a line of fishing lures who used manufacturers' agents to "reach sporting goods stores, hardware stores, and other retailing institutions.
5-th. What is the longest way to a consumer?	When trying to reach <i>small</i> retailers, the producers often use agent middlemen, who in turn go to wholesalers who sell to small stores and we have "Producer-agent-wholesaler-retailer-consumer" chain.

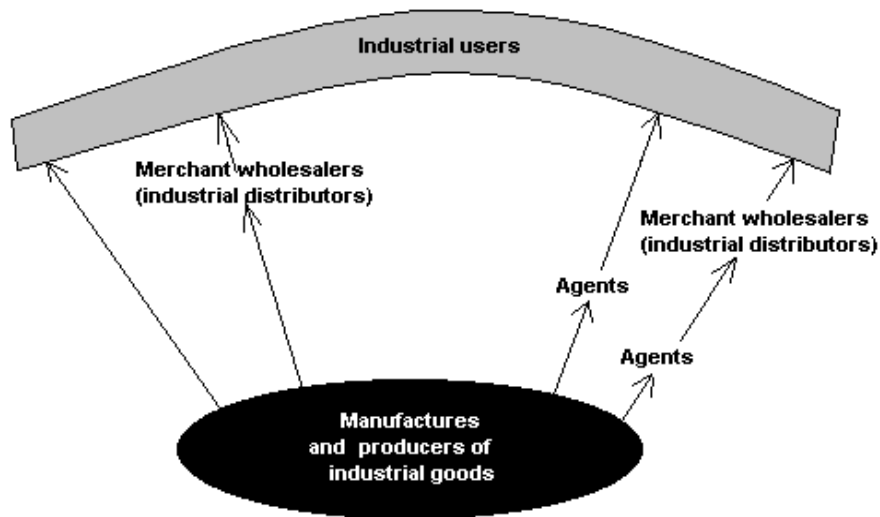


Fig.2

The professor: "Look at fig. 2. and let us discuss it. Here we see four general types of channels that are widely used in reaching industrial users. Again, a manufacturer may use a sales branch or a sales office to reach the next institution in the channel, or two levels of wholesalers may be used in some cases.

Businessmen:	The Professor:
6-th. What do you understand under "door-to-door selling!"	It is "producer—industrial user". This direct channel accounts for a greater dollar volume of industrial products than any other distribution structure. Manufacturers of large installations, such as locomotives, generators, and heating plants, usually sell directly to the users
7-th. What kinds of producers use industrial distributors to reach their markets?	Producers of operating supplies and small accessory equipment frequently use industrial distributors in this case. Manufacturers of building materials, construction equipment, and air-conditioning equipment are only a few examples of firms which make heavy use of the industrial distributor. Here we have the chain: 'producer-industrial distributor- user'.
8-th. Why does a company use agents rather than its own sales force?	Firms without their own marketing departments find this a desirable channel. Also, a company which wants to introduce a new product or enter a new market may prefer to use agents rather than its own sales force.

<p>9-th. Is it feasible to go through agents directly to the industrial user?</p>	<p>This channel "Producer—agent—industrial distributor—user" is not feasible. Probably the unit sale is too small to sell directly, or perhaps decentralized inventories are needed to supply the users rapidly. In such cases, the storage services of the industrial distributor are required.</p>
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2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 3

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

A Businessman: We would like to get some general notions about distribution.

The Professor: You are welcome.

Businessmen :	The Professor :
1-st. What should channel analysis begin with?	First, channel analysis should begin with the final customer and work backward to the producer.
2-d. What are channels of distribution determined by?	Essentially, channels of distribution are determined by consumer buying habits. This point, of course, is in complete alignment with the philosophy marketing concept.
3-d. Why should the retail section of the channels include the additional outlets?	If a significant percentage of the potential customers wish to buy on credit or prefer to shop in the evenings, the manufacturer should see to it that the retail section of the channels includes the appropriate outlets.
4-th. What must the channels finally established be totally appropriate to?	The channels finally established must be totally appropriate to the basic objectives of the firm's marketing program.
5-th. When should a short channel be used?	If the company's goal is to render the best possible servicing for its complex industrial product, then a short channel should be used.

<p>6-th. When is an exclusive franchise policy at the retail level is <i>not</i> appropriate?</p>	<p>If management sees as its goal the widest possible distribution of its product line, then obviously an exclusive franchise policy at the retail level is <i>not</i> appropriate.</p>
<p>7-th. What should channels provide a firm with?</p>	<p>Channels should provide a firm with access to a predetermined share of the market, including a definite level of intensity of market penetration. For example, a manufacturer of golfing equipment seeking as broad a market as possible makes a mistake in establishing channels which include only department stores and sporting goods stores at the retail level. The executives should also consider channels which would reach discount houses and the professional shops at country clubs, or as the major trading-stamp companies include the products in their premium catalogues.</p>
<p>8-th. Must the channels be flexible? How?</p>	<p>The channels must be adequately flexible so that the use of one channel will not permanently close off another. Here is an example: a manufacturer of small appliances (irons, toasters, etc.) distributed only through appliance wholesalers and then to appliance retailers. For example: the company had an offer from a drug chain to buy the products directly from tin- manufacturer. The appliance retailer threatened to discontinue the line if the manufacturer placed it in drugstores, and the producer decided to turn down the drug chain's offer. Subsequently, a competitive manufacturer accepted a similar offer and profited considerably.</p>
<p>9-th. Are all firms in the channel for any given product interdependent or independent?</p>	<p>There is a high degree of interdependence among all firms in the channel for any given product. There can be no weak link in the chain if it is to be successful. In effect, each firm in the channel becomes his brother's keeper. Manufacturers using wholesalers are only as good as the wholesalers; wholesalers, in turn, are successful only if their retailers do well.</p>

<p>10-th. Do you think that channels of distribution and middlemen are always on trial?</p>	<p>Sometimes in the course of categorizing institutional middlemen a person may succumb to the notion that markets are segmented or otherwise protected so that the different channels or the several types of middlemen do not compete with one another. Actually, there is considerable competition, and this is one of the economic forces making for constant change.</p>
<p>11-th. When do middlemen survive?</p>	<p>Middlemen survive only when their existence is economically sound and socially desirable. Nobody subsidizes or otherwise keeps a middleman in existence if he does not serve well. Furthermore, new middlemen and channels arise to do new jobs or to do those which are not being done well.</p>

2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 4

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

Professor: The theme of the discussion is "Factors affecting choice of channels of distribution". You know already that referring to the generalization that channels of distribution should be determined by customer buying patterns, we note that the nature of the market is the most important factor influencing the choice of channels of distribution. What are your questions?

<p>Businessmen:</p>	<p>The Professor:</p>
<p>1-st. Tell us what is the most important point to consider?</p>	<p>The most obvious point to consider is whether the product is intended for the consumer or the industrial market. If it is going to the industrial market, retailers will not be included in the channel. If it is going to both markets, the company will want to use more than one channel.</p>

<p>2-d. Are there any other points to be considered?</p>	<p>Yes, it is the number of potential customers. A large potential market is likely to necessitate the use of middlemen. If the market is relatively small in numbers of customers, the company may be able to use its own sales force to sell direct. A related consideration is the number of different industries to which the company sells.</p>
<p>3-d. Can you give us an example?</p>	<p>All right. A firm selling drilling equipment and supplies only to the oil industry used its own sales force and sold directly to the users: one reason for this channel choice was the relative narrowness of the market. But for a paper products manufacturer, this aspect of the market led to an opposite decision. The company's products were ultimately sold to many different industries and to many firms in each industry. Consequently, the manufacturer made extensive use of industrial distributors.</p>

The Professor: Let's talk about: "Geographic concentration of market".

It is not less important. For example: Firms selling to the textile or the garment industry will find that a large proportion of the buyers are concentrated in a few geographic areas. Direct sale is more feasible than it would be if the market were spread over the entire nation. Even when a market is truly national, some segments have a higher density rate than others. In densely populated markets, a seller may establish sales offices or branches, but he will decide to use middlemen in markets where the numbers of potential customers are less heavily concentrated. A company selling hard-rock mining equipment has a geographically concentrated market, and direct sale is feasible. On the other hand, the same company may sell drills, compressors, and other construction equipment to contractors all over the country. Here the lack of a geographically concentrated market, or of market elements with high density rates, forces the company to use industrial distributors.

<p>4-th. Do you think "order size" is one of the important factors affecting choice of channels of distribution?</p>	<p>Of course, it is. The volume of sales which may be made to individual firms will influence the channels used to reach these companies. A food products manufacturer will sell directly to large grocery chains because the total volume of business makes this channel economically desirable. The same manufacturer cannot sell to small grocery stores in sufficient quantities to warrant direct sale, so wholesalers will be used because they afford a larger volume potential. One reason industrial operating suppliers are typically sold through industrial distributors is that the volume purchased by most industrial users is too small to justify direct sales.</p>
<p>5-th. What affects channel policies?</p>	<p>Customer buying habits. The buying habits of ultimate consumers and industrial users, and amount of effort the consumer is willing to expend, the desire for credit, the preference for one-stop shopping, and the desire for the services of a personal salesman significantly affect channel policies.</p>

2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 5

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

The professor: the problem we are going to analyze now is "Product considerations".

Businessmen:	The Professor:
<p>1-st. What are product considerations that may influence on the choice of distribution channels?</p>	<p>Several product considerations have a strong influence on the choice of distribution channels. They are: unit value, bulk and weight, perishability, technical nature of a product and servicing required, custom-made versus standardized products and extent of product line.</p> <p>Special governmental regulations and the channels used for competitive products also play a part.</p>
<p>2-d. Does the unit value of a product influence the amount of funds available for distribution?</p>	<p>Usually, the lower the unit value of a product, the longer the channels of distribution.</p>
<p>3-d. Let's compare the product of high unit value and of the low unit value.</p>	<p>In contrast, if the product is of high unit value, more funds are derived from each unit sold, and the company is more apt to use shorter, more costly channels. This is one reason why industrial installation type of products are sold direct, while small accessory equipment items usually go through industrial distributors or agents. However, when products of low unit value are sold in large quantities or are combined with other goods so that the total unit <i>sale</i> is large, shorter channels may be feasible.</p>
<p>4-th. And if an item is heavy and bulky will producer seek to minimize the physical handling of the product?</p>	<p>Management must consider the cost of freight and handling in relation to the total value of the product. A producer of a heavy, bulky item, where freight is a significant part of the total value, will seek to minimize the physical handling of the product and will prefer to ship in carload or truckload quantities. This is one reason drop shippers are used in the marketing of coal and building materials. Although the title may go through middlemen, the physical product is, shipped directly to the industrial user or retailer.</p>

<p>5-th. Speak about perishability and problems connected with them!</p>	<p>Products subject to physical or fashion perishability must be speeded through their channels. Typically the channels are short. If middlemen are used for physically perishable products, they may be selected because of their special storage facilities. Manufacturers of nonperishables have wider choices in channel selection. They can offer better guarantees to middlemen and normally will find more middlemen willing to carry their goods.</p>
<p>6-th. Why do consumer products of a technical nature provide a real distribution challenge for the manufacturer?</p>	<p>An industrial product which is highly technical often will be distributed directly to the industrial user. The manufacturer must have salesmen and servicemen who can explain the product to potential customers and who can provide considerable presale and postsale service. Wholesalers normally cannot do this. Ordinarily manufacturer cannot sell the goods directly to the consumer. As much as possible, he will try to sell directly to retailers, and even then the servicing of the product often poses problems.</p>
<p>7-th. What are channels of distribution of custom-made products?</p>	<p>This factor is somewhat related to the preceding one. If a product is custom-made, it will probably be distributed directly from producer to ultimate consumer or industrial user. One important exception is found in tailor-made consumer products, such as home furnishings, where retailers are widely used. In these instances, the retailers do not carry merchandise ' stock. They have samples, illustrations, and catalogues from which consumers may order.</p>

8-th. How can you explain the fact that the broader the line, the shorter may be the channel?

A manufacturer's channel choice is influenced appreciably by the extent of his product line. In the field of home appliances, for example, a firm is almost required to produce a full line of products if it wishes to secure desirable wholesalers and retailers. The manufacturer with only one item may have to use wholesaling middlemen, whereas he could go directly to retailers if he had several products which could be combined in one large sale. Again using the appliance field as an example, a retailer ordinarily cannot buy a carload of washing machines alone, but he might buy a carload of mixed appliances.

2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 6

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

The Professor: "Today I want to draw your attention to "Company considerations". Now I am waiting for your questions."

Businessmen:	The Professor:
1-st. What is evidence of the strong relationship between the size of a firm, the channels it uses, and the method of organizing the marketing function?	The one factor which tells most about a company and has the greatest influence on channel policies is probably its size. Although size in and of itself means little, the company that has been successful enough to become large is almost certain to have financial strength, capable management, the ability to provide services for middlemen, and a desire to control the channel for its product. Given comparable market and product considerations, a large firm is more apt to have shorter channels than a small enterprise.
2-d. Let's compare a financially strong company and a financially weak one.	A financially strong company needs middlemen less than one which is financially weak.
3-d. Why is a financially weak firm completely at the mercy of its one large customer?	A financially weak firm may deal directly with retailers or industrial users if they can take the entire output of the plant. Some large chains have such working agreements with manufacturers. Usually the product is sold under the retailer's brand. The obvious disadvantage of this arrangement is that the producer depends on one large customer.

<p>4-th. What are channel decisions affected by?</p>	<p>They are affected by the marketing experience and ability of the management. Many companies lacking marketing know-how prefer to turn the job over to middlemen. New companies, built upon the engineering and production abilities of management, often rely heavily on middlemen to do the marketing job. An established company planning to sell a new product or enter a new market is likely to use middlemen until it acquires experience in the new field.</p>
<p>5-th. Why do new companies often rely on middlemen to do the marketing job?</p>	<p>New companies, built upon the engineering and production abilities of management, rely heavily on middlemen. An established company planning to sell a new product or enter a new market is likely to use middlemen until it acquires experience in the new field.</p>
<p>6-th. What does a manufacturer do when he wants to control the distribution of his product?</p>	<p>In this case he may establish as short a channel as possible even though the cost of the more direct channel is higher. The producer may feel that he can give his product more aggressive promotion by controlling the channel. Also, he can better control such factors as freshness of merchandise stocks and the retail prices of the goods.</p>
<p>7-th. Often a producer's channel decision is influenced by the quantity and quality of marketing services he can provide in relation to those demanded by the middlemen. When can manufacturers sell their products to retail chains?</p>	<p>Only if the goods are presold through heavy advertising. Other middlemen may demand that the manufacturer build in-store displays or send missionary salesman to call on retailers and industrial users.</p>

2. Make your own dialogue on its basis.
- II. Learn the dialogue.

LESSON 7

- I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

The Professor: "The final factors to be analyzed by a manufacturer are those involving middlemen. Your questions, please, gentlemen. "

Businessmen:	The Professor:
1-st. The factors involving middlemen are particularly important because so often middlemen control the channel for a given producer's product. What are these factors?	They are: services provided by middlemen, availability of desired middlemen, attitude of middlemen toward manufacturer's policies, sales volume possibilities, cost requirements.
2-d. What services do middlemen provide?	A producer should select middlemen who will provide the marketing services he himself either is unable to provide or cannot economically perform. If a product needs aggressive promotion to enter a new market, a manufacturers' agent can usually provide the service better than a full-function wholesaler. If a product requires special storage facilities, a wholesaler may provide these facilities best. In these examples we can see the relationships between the nature of the product and the services provided by middlemen.

<p>3-d. What should administrator do when middlemen he desires may not be available?</p>	<p>An administrator should recognize that fact. They may be carrying competitive products and may not wish to add another line. In any event, the manufacturer may have to alter his entire channel. One producer of industrial machinery who could not secure desirable distributors in a metropolitan market opened a sales office in that city. It proved so successful that eventually he opened branches or offices in several other markets and discontinued his use of industrial distributors in those cities.</p>
<p>4-th. Are marketing policies acceptable to all types of middlemen? And why?</p>	<p>Sometimes a manufacturer's choice of channels is limited because his marketing policies are not acceptable to certain types of middlemen. The producer's unwillingness to guaranty the product against a price decline will eliminate many middlemen from consideration. Some types of retailers and wholesaling middlemen are interested in carrying a line only if they can get an exclusive franchise in a territory.</p>
<p>5-th. Now let us talk about sales volume possibilities.</p>	<p>A point calling for very careful study is the determination of which channel offers opportunities for maximum sales volume. All other factors being equal, a producer will select a channel offering the greatest potential volume over the long run. There are two problems inherent in that statement, however. The first is the difficulty of forecasting which channel will offer the largest potential volume. The second is that realistically all other things are not equal. A high-volume channel may also be a high-cost channel, or a firm may secure maximum volume but lose all control over its distribution.</p>

<p>6-th. What are cost requirements?</p>	<p>Let us consider the cost of selling through alternative channels. Expenses should be equated with functions performed by the middlemen. A high-cost middleman is not to be excluded automatically from consideration. His cost may be high only because he provides so many services. When analyzing these costs, a firm should study the total channel expense rather than the expense of separate types of middlemen.</p> <p>Analysis of cost by channels of distribution is a difficult task. If such an analysis is not made, however, management has no sound foundation for judging channel expenses. Furthermore, even after a cost analysis shows which is the lowest-cost channel, the products, the market, or other considerations may indicate that this channel is not the best choice.</p>
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2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 8

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

A Businessman: "You see, Professor, selection of channels for new products and new companies is always a headache for is. Help us".

The Professor: "Do, please".

Businessmen:	The Professor:
<p>1-st. If an established company adds a new, unrelated product to its line, will it face special channel problems? Or by a new company starting out either with a new type or product or with an established product.</p>	<p>Any established company adding a new, unrelated product to its line, or by a new company starting out either with a new type or product or with an established product. Three important considerations will influence the decision making in these situations.</p>
<p>2-d. What does the first consideration concern?</p>	<p>The first concerns the newness of the product and the extent to which consumers realize they want it. A manufacturer of men's suits who adds shirts to his line faces different channel problems from those of an appliance manufacturer who adds electronic clothes washers which require no water. In the latter case a primary demand must be created, and provisions must be made in the channel to educate consumers regarding the new product and to instruct them in its use.</p>
<p>3-d. They say that for any new product or new company the promotion requirements are particularly high, aren't they?</p>	<p>In this case aggressive selling is needed. We have seen that wholesalers do not perform this service; yet they may be needed to reach retailers or industrial users.</p>
<p>4-th. What are the alternatives of the manufacturer?</p>	<p>The manufacturer, faced with the need to spend huge sums on advertising and to establish a missionary sales force, has several alternatives. Instead of using wholesalers, he may develop his own sales force to call directly on retailers or industrial users; or he may compromise by employing a manufacturer's agent and giving him a large-enough commission to encourage him to sell the product intensively and aggressively.</p>

<p>5-th. If the middlemen are not eager to take on an unknown company or an unknown product.</p>	<p>In this case the manufacturer may have to use any channel which will accept the product and hope that in time he can change to more appropriate channels.</p>
<p>6-th. Is a manufacturer restricted to the same market, or he may reach different markets?</p>	<p>A manufacturer may use multiple channels either to reach different markets or to sell to the same market.</p>
<p>7-th. Are channel structures the same for a firm selling products to both consumer and industrial markets?</p>	<p>A firm selling the same products to both consumer and industrial markets would usually establish separate channel structures.</p>
<p>8-th. Do differences in the size of the buyers or the market densities influence the number of channels?</p>	<p>In like manner, differences in the size of the buyers or the market densities often result in the use of more than one channel.</p>
<p>9-th. Does a manufacturer use one channel when he sells his food products to large grocery chains and to smaller stores?</p>	<p>A manufacturer of food products will sell directly to large grocery chains, but to reach smaller stores he will use another channel which includes grocery wholesalers.</p>
<p>10-th. How does a producer act in a concentrated market?</p>	<p>A producer may establish sales branches in a concentrated market and from these branches send out a sales force to reach wholesalers or to go directly to retailers. In more sparsely populated markets, the same producer will use manufacturers' agents instead of sales branches or his own sales force.</p>
<p>11-th. Sometimes a producer is reaching different markets, and thus is using multiple channels, because he is selling unrelated products. What types of firms can illustrate it?</p>	<p>For example: firms producing oleo-margarine and paint, or rubber products and plastics, illustrate the point. These firms may also have organized their sales forces into separate divisions according to the various customer groups or product lines.</p>

2. Make your own dialogue on its basis.
 II. Learn the dialogue.

LESSON 9

- I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

The Professor: Last time you asked me to speak on another important for businessmen problem. We decided it would be “Intensity of Distribution” .It is a very wide and voluminous theme. We shall try to determine it now. Your questions, gentlemen.

Businessmen:	The Professor:
1-st. What are a manufacturer’s minimum and maximum programmes	After a manufacturer has decided upon the general channels he will use, he then should determine the number of middlemen—the intensity of distribution—to be employed at the wholesaling and retailing levels in the channels. In this respect, a manufacturer has three major alternative courses of action.
2-sd. Are these neatly compartmentalized alternatives?	No, they are not. Instead, the degrees of intensity of distribution form a continuum, or points on a scale.
3-d. I suppose there must be some alternatives of distribution, mustn’t there?	At one end is the distribution, in which the manufacturer tries to get maximum exposure for his product by having it sold in every outlet where final customers might possibly look for it. The second alternative is the distribution, in which the producer selects a limited number of wholesalers and/or retailers in a given geographic area. The third possibility is the distribution, which involves the use of only one wholesaling middleman or retailer in a specified geographic market.
4-th. How are the above mentioned distributions correspondingly called?	They are called: <i>intensive, selective and exclusive.</i>

A Businessman: Let’s pay our attention to Intensive distribution.

The Professor: Do, please.

Businessmen:	The Professor:
5-th. What policy do the manufacturers of consumer convenience goods ordinarily adopt?	The policy of intensive distribution. Consumers demand immediate satisfaction for this class of product and will not defer a purchase in order to get a particular brand. In the field of industrial products, intensive distribution is usually limited to operating supplies or other highly standardized items, such as janitorial supplies, small tools, and some lubricants.
6-th. Who usually controls implementation of intensive distribution?	Retailers often control the extent to which the policy of intensive distribution can be implemented. For example, a new manufacturer of toothpaste may want distribution in all supermarkets, but these retailers may limit their assortment to the four fastest-selling brands.
7-th. When do wholesalers and retailers not help advertise a product?	A product which all competitors are selling. Intensive distribution also places most of the burden of advertising and promotion on the shoulders of the manufacturer.

The Professor: You see, all types of distributions are closely connected and depended. Let's analyze the selective one.

<p>8-th. Does selective distribution have a limited number of outlets and what types of consumer goods does it refer to?</p>	<p>Selective distribution covers a wide range of market exposure or distribution intensity. A business which adopts this policy may have only a few outlets in a particular market, or it may have a large number but still have something short of intensive distribution? The policy of selective distribution lends itself especially well to manufacturers of consumer shopping or specialty goods and industrial accessory equipment, for which most customers have a brand preference. Even makers of convenience goods often limit the number of their outlets to some extent because it simply is not profitable to sell to every existing outlet.</p>
<p>9-th. When is the number of wholesalers reduced?</p>	<p>When a firm adopts a selective distribution policy at the retail level. Conversely, a firm may limit the number of retail outlets by the simple expedient of first limiting the number of wholesalers to whom it sells.</p>
<p>10-th. Is it possible for a manufacturer to bypass wholesalers completely?</p>	<p>Yes, it is, when adopting a selective distribution policy at the retail level.</p>
<p>11-th. Why do many companies switch to selective distribution?</p>	<p>In order to achieve higher profit levels.</p>
<p>12-th. How do many companies manage to increase their sales volume substantially?</p>	<p>When they are able to do a more thorough selling job with the smaller number of accounts.</p>
<p>13-th. What does the change of intensive distribution for selective distribution usually hinge upon?</p>	<p>The reasons for the change usually hinge upon the high cost of intensive distribution or the unsatisfactory performance of middlemen.</p>

<p>14-th. Do customers play any role in the line?</p>	<p>Some customers perennially order in small, unprofitable amounts. Others may be poor credit risks. Still others may be chronic complainers, frequently returning goods they ordered or demanding extraordinary services. Finally, some retailers may be eliminated because they are not providing adequate repair and maintenance facilities to service the products.</p>
<p>15-th. Explain why the fewer the number of outlets, the heavier the requirements!</p>	<p>Once the executives in a firm decide to follow a selective distribution policy, special requirements ordinarily fall upon the chosen outlets. For example, if there is a limited number of middlemen, they are expected to display the products more prominently and to promote them more aggressively than if distribution were unlimited.</p>

2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSEN 10

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

The Professor: Now we have come to "Exclusive Distribution" Let's discuss it.

<p>Businessmen:</p>	<p>The Professor:</p>
<p>1-st. Will you kindly tell us what do such terms as "an exclusive dealing", "exclusive dealerships", "exclusive distributorships", "exclusive distribution" mean?</p>	<p>The technical language, a contract wherein the middlemen agrees not to handle competitive products is known as an "exclusive dealing" agreement. On the other hand, the terms "exclusive dealerships," "exclusive distributorships," and "exclusive distribution" refer only to arrangements whereby the seller agrees not to sell to other retailers or wholesalers in the particular market; these arrangements have nothing to do with other products.</p>

<p>2-d. Now then, tell us about "exclusive agency" and "exclusive agent"!</p>	<p>Frequently the term "exclusive agency" is used to describe exclusive dealerships, and the retailer is referred to as the "exclusive agent" for the product. No agency relationship exists in a legal sense. The retailer buys the product outright and legally performs in his own interest. He is not the legal agent of a manufacturer. Because he is an independent retailer, the term "exclusive franchise" would more appropriately describe his relationship with the manufacturer.</p>
<p>3-d. Under what policy are the middlemen are prohibited from handling a directly competitive line of products?</p>	<p>Under an exclusive distribution policy the supplier enters into an agreement with a particular wholesaling middleman or retailer whereby the supplier will sell only to that wholesaler or retailer in the given market. Under these exclusive distributorships with a wholesaler or exclusive dealerships with retailers the middlemen are some-times prohibited from handling a directly competitive line of products.</p>
<p>4-th. How can a new firm having difficulty establishing a distribution system attract outlets?</p>	<p>By offering exclusive franchises. Some risk is involved in using exclusive selling agreements to secure initial distribution because if the manufacturer later wants to terminate the exclusive arrangement, considerable ill will may be engendered.</p>
<p>5-th. Where are exclusive dealer-ships frequently used?</p>	<p>In the marketing of consumer specialty products.</p>

<p>6-th. Give examples to illustrate the usage of exclusive distribution policy?</p>	<p>All right. Expensive men's suits, sold under heavily advertised brands, fall into this category. When equipment stores or very large specialty stores are granted these franchises, a manufacturer often gets a bonus in the form of several outlets in the one market because the retailers open branch stores in suburban shopping centers.</p>
<p>7-th. When does management adopt an exclusive distribution policy?</p>	<p>When it is essential that the retailer carry a large inventory in order to ensure customers an adequate choice. This form of distribution is also desirable when the dealer or distributor must furnish installation and repair service. Manufacturers of farm machinery, large construction equipment, and commercial heating and air-conditioning equipment frequently use exclusive distributorships for this reason.</p>
<p>8-th. What does an exclusive distribution policy help the manufacturer to control?</p>	<p>The retail segment of his channel. He is better able to determine what the retail price of his product will be, and he is in a position to, approve advertisements featuring his product.</p>
<p>9-th. What is dealer's behaviour under exclusive distribution policy.</p>	<p>A dealer is more likely to be cooperative and to promote the product aggressively because he realizes that his future is tied to the success of the manufacturer.</p>
<p>10-th. And what are manufacturer's possibilities under an exclusive distribution policy?</p>	<p>With fewer accounts, the manufacturer is able to reduce credit losses and marketing costs. His billing, shipping, and order-filling functions are simplified. The dealer will probably carry a complete stock and be more willing to service the products than he would be if there were broader distribution.</p>

<p>11-th. Are there only possibilities or limitations as well?</p>	<p>There are a few serious competitive limitations to this distribution policy. Probably the most significant is that the manufacturer substantially limits the number of his sales outlets. He may lose the business of some customers who would normally buy his brand if it were available at more convenient locations. Also, the manufacturer will suffer if his exclusive dealer incurs customer ill will. Essentially, the manufacturer has all his eggs in one basket, and he is pretty much dependent upon the retailer. Another problem facing the manufacturer is the different of getting good dealers. Often the best ones in a market are already taken by competitors. Finally, a manufacturer who does a considerable amount of national advertising will have a great deal of waste circulation if his advertisements reach many people who do not live in the vicinity of his dealers.</p>
<p>12-th. Speak about retailer's privileges.</p>	<p>A significant advantage of being an exclusive dealer is that such a retailer reaps all the benefits of the manufacturer's marketing and advertising activities in the particular market and gets all repeat sales. He finds it easier to maintain the margin on the product because he is protected from price-cutting competitors. Finally, if he does not carry competitive lines, he may increase his rate of stock turnover in the exclusive product line and also reduce his investment in inventory. Because he is important to the manufacturer, the lone retailer probably gets better treatment from him.</p>

<p>13-th. What's the main drawback of an exclusive dealership from retailer's standpoint?</p>	<p>For a retailer, it is that he becomes wedded to the manufacturer. If the manufacturer does a good job with the product, the dealer prospers. But if the manufacturer fails, the dealer is powerless to do anything but sink with him. Dealership agreements often require the retailer to invest a considerable sum of money in equipment and facilities. If the agreement is then canceled, he stands to lose a major investment. Having cut himself off from other suppliers, he may have virtually no opportunity to acquire a product line of another firm.</p>
<p>14-th. To what extent does a retailer depend on the manufacturer?</p>	<p>Another hazard from the retailer's standpoint is that once the volume is built up in a market, the manufacturer may add other dealers. The retailer is often at the mercy of the manufacturer: it is a one-sided arrangement in this respect, particularly if the brand is strong and the franchise is valuable. High quotas and other demands set by the manufacturer may put a heavy strain on the retailer. To keep the valuable franchise, the middleman may have to give up his independence and operate almost as a sales branch.</p>

2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 11

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

A Businessman: As far as we understand laws intrude into all spheres of life. How do they treat this aspect?

The Professor: In all countries they are different.

Businessmen:	The Professor:
1-st. Are there Legal considerations of this question?	In the USA although exclusive distribution is not illegal, federal laws and judicial interpretations have imposed some restrictions on its use.
2-d. What are these restrictions, tell us?	They concern three major aspects of its use. One aspect is <i>exclusive dealing contracts</i> , the arrangement whereby the franchise holder is prohibited from carrying similar product lines from competing manufacturers. A second involves tying contracts, under which the exclusive dealer or distributor is required to carry a manufacturer's full line if this supplier so desires. The third arrangement is the <i>closed sales territory</i> , wherein the manufacturer limits each franchise holder to selling only to buyers located within the assigned exclusive territory.
3-d. What are the rules regulating these three types of distribution restrictions?	I repeat that none of the three arrangements is automatically illegal. Section 3 of the Clayton Antitrust Act specifically states, that exclusive sales or lease contracts are unlawful if their effect "may be to substantially lessen competition or tend to create a monopoly in any line of commerce." It is under this provision that unreasonably restrictive exclusive dealing contracts and tying contracts have typically been ruled illegal. Questions on the legality of closed sales territories usually involve Section 5 of the Federal Trade Commission Act, which prohibits unfair competition which may be in restraint of trade.

<p>4-th. When are exclusive dealing contracts unlawful and can the law be violated?</p>	<p>You see, exclusive dealing contracts are declared unlawful rather consistently if the manufacturer's sales volume is a substantial part of the total volume in a market or if the volume done by the exclusive dealers is a significant percentage of the total business in an area. That is, the law is violated when the competitors of a manufacturer are essentially shut out from a substantial part of the market because of this manufacturer's exclusive dealing contract.</p>
<p>5-th. Can you give some examples?</p>	<p>I can give you some facts: In recent years, probably the key case affirming this position was the one involving the Standard Oil Company of California. The Supreme Court ruled that Standard's exclusive dealing contracts (covering gasoline and other products) with its independently owned Chevron stations were unlawful because they were a substantial threat to competition.¹ About six thousand dealers in seven Western states were involved. Together they represented 16 percent of the service stations and only 6.7 percent of the total sales volume of all these products in the seven-state area.</p>
<p>6-th. Can it be made clear that exclusive dealing is illegal in all situations?</p>	<p>Not always In fact, where the seller is just getting started in a market or where his share of the total market is so small as to be negligible, his negotiation of exclusive dealing agreements may not only improve his competitive position but also strengthen competition in general.</p>
<p>7-th. Is a manufacturer free in his actions as to whom to sell?</p>	<p>Ordinarily there is no question of legality when a manufacturer agrees to sell to only one retailer or wholesaler</p>

	<p>in a given territory, provided there are no limitations on competitive products. Also, a manufacturer can sell to dealers who do not carry competitors' products, as long as this is a voluntary decision on the part of the franchise holder.</p>
<p>8-th. They say that a dealer can be required to carry a manufacturer's full line as long as the dealer is not prohibited from carrying competitive products, explain, please.</p>	<p>With regard to tying contracts, apparently it is true. The arrangement is questionable, however, if a supplier forces a dealer or a distributor to take slow-moving, less attractive items in order to acquire the really desirable products. Closed sales territories may be illegal because they restrict the franchise holders. They may also tend to create a monopoly for a product in a given territory in that buyers cannot play exclusive dealers in different territories against one another.</p>
<p>9-th. Perhaps the safest policy is to assign each reseller a geographic area of primary responsibility rather than a closed sales territory, isn't it?</p>	<p>The situation regarding contractual channel relationships was summed up nicely by professor Dixon when he observed: "The future importance of contractual integration in marketing will depend in part upon the extent to which the restraints in these contractual arrangements present problems under the antitrust laws.</p>

2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 12

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

The Professor: Now I suggest to discuss the role and place of middlemen.

Businessmen:	The Professor:
1-st. What are middlemen?	They are the ones who personally contact the final customer, whether he is an ultimate consumer or an industrial user. Middlemen can often make or break a manufacturer. Consequently, a manufacturer's entire channel effort is fundamentally designed to reach one goal—that of maximizing the marketing effectiveness at the point of final sale. This generalization supports the systems concept of a channel of distribution.
2-d. Is it as a complete system or a series of independent, competing, self-oriented links?	To maximize the effectiveness of a distribution channel, it must be treated as a complete system. Thus the success of a manufacturer's distribution effort depends ultimately upon how well he selects his individual middlemen and then administers the action system involving these distributors and dealers.
3-d. When is the time to finish establishing channels?	The final step in establishing channels is particularly important at the <i>wholesaling</i> level.
4-th. Why?	Because a manufacturer uses fewer wholesalers than retailers. Furthermore, the choice of wholesaling middlemen preempts to a considerable extent the manufacturer's choice of retailers.

<p>5-th. When is the best time to select middlemen?</p>	<p>At the <i>retail</i> level, the choice of individual middlemen is particularly important when the producer has decided upon a policy of selective or exclusive distribution. A manufacturer may create considerable ill will for himself when he terminates a franchise. Not only are feathers ruffled among the retailers who are dropped, but also dealers in other markets may begin to lose their regard for this supplier.</p>
<p>6-th. Are there any factors that may contribute to a middleman's success in his business operation?</p>	<p>Yes, there are some. Such as business conditions and competition, are external to the firm's operation and generally are not controllable by the wholesaler or retailer. Other points which are internal and controllable by middlemen include the caliber of their executives, their ability to advertise, and the soundness of their product planning.</p>
<p>7-th. What would you advise the manufacturer in this situation?</p>	<p>The manufacturer should establish qualifying standards for each factor so that he will know what he is looking for. Then he must find the available middlemen who meet these predetermined standards. Here we may again observe that channel research is one of the most difficult types of marketing research. Getting the desired information regarding potential middlemen will undoubtedly involve some kind of field research. When the manufacturer has a prospective retailer in mind for a selective or exclusive dealership, he probably should talk with the retailer's suppliers and competitors. If possible, the manufacturer should find out what the retailer's customers are like and what they think of his store.</p>
<p>8-th. I think it is important to make certain that all information is currently accurate.</p>	<p>You're right. A store that was doing an outstanding job in promotion last year may have lost the key executive who was the guiding force behind this success.</p>

<p>9-th. How can the manufacturer know that a retailer sells to the market, he wants to reach?</p>	<p>This really is the <i>sine qua non</i> of middleman selection. If he does not now reach the manufacturer's desired market, it is doubtful that the manufacturer's products will induce him to change his customer list substantially.</p>
<p>10-th. Is a firm's "location" particularly important at the retail level?</p>	<p>Yes, it is. And it must also be considered in selecting wholesaling middlemen.</p>
<p>11-th. Why?</p>	<p>Because a firm's location is often closely related to its ability to reach a desired market.</p>
<p>12-th. Must a retailer's location be considered with respect to shopping centers, competitive outlets, trading areas?</p>	<p>A manufacturer who wants to select a specialty store in a shopping center will first want to determine whether the shopping center is the most desirable one in the market. In one case, a shopping center had no leading department store, and therefore a specialty store was not selected in this center. Even the location of the retail store within the shopping center may be an important consideration. Manufacturers of shopping goods will try to select retailers' who are located close to competitors and are in an area where there is heavy customer traffic.</p>

2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 13

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

A Businessman: What are the most important factors for a manager in dealing with a middleman?

The Professor: Oh, they are numerous, all his troubles begin with product-planning policies, then...

Businessmen:	The Professor:
<p>1-st. Excuse me, what are these "policies"?</p>	<p>I say a manufacturer should carefully consider the product policies of prospective wholesalers or retailers. A manufacturer ordinarily seeks stores where his line will complement rather than compete with the store's other products. If he refuses to sell to middlemen who carry a competing' line, then he must seek outlets which have no such line or which are willing to drop their present lines. A garment manufacturer had such a policy, and his products' were so attractive to retailers that many stores discontinued their previously handled brands in order to get his line.</p>

<p>2-d. Can the assortment typically carried by a dealer within a product line influence a manufacturer's or wholesaler's choice of outlet? Prove it, please!</p>	<p>It may influence, of course. I know, A manufacturer of health and beauty aids produced a wide line of products in several sizes, types of packaging, and colors. Department stores and large drug-stores would carry the full assortment, but supermarkets wanted only one or two sizes of a few fast-moving items. This manufacturer could not rely only on supermarkets for his retail distribution. He had to use other stores which were willing to carry a larger proportion of his complete assortment.</p> <p>You see, a manufacturer must consider the comparative quality, and price of other lines in a store. For example: even if the retailer were willing, a manufacturer should not be interested in selling his line of dresses which start at \$59.95 to stores whose highest-priced lines of other dresses sell for \$29.95.</p>
<p>3-d. Does it mean that the pricing policies and practices followed by middlemen should influence a manufacturer?</p>	<p>A producer who is opposed to resale price maintenance should normally avoid dealers who demand it. By the same token, if the manufacture want, to maintain a suggested retail price, he must avoid dealers who are well-known price-cutters or who might use the brand as a price football.</p>

<p>4-th. What are manufacturer's "promotion policies"?</p>	<p>If a manufacturer must rely on middlemen to do the bulk of the promotion, he will select them differently from the way he would if he himself planned to advertise and otherwise promote the product heavily. Some manufacturers have been forced to shun large retailers who were otherwise desirable because these dealers demanded promotional allowances, displays, or product demonstrators. The manufacturers either could not afford these promotional devices or preferred to use other methods.</p>
<p>5-th. Is the nature of the middleman's personal selling activities important?</p>	<p>A manufacturer of earth-moving equipment and other construction machinery makes it a point to ascertain the technical abilities of salesmen of industrial distributors before granting a franchise in a territory. If a product does not lend itself to the self-service method of retail selling, then obviously the many stores employing this method are eliminated from further consideration.</p>

<p>6-th. Has the consumer's acceptance of discount selling, with its limited services but low prices, changed managerial thinking with regard to the necessity of services? Can manufacturers and middlemen consider customer service a thing of the past?</p>	<p>The answer is where service is important, a manufacturer should judge the potential middlemen on the basis of the services they normally offer to their customers. Manufacturers and wholesalers of big-ticket consumer products, such as furniture and appliances, usually prefer retailers who supply credit and delivery services for their customers. Middlemen for many industrial products must be able to provide their customers with good mechanical service and rapid delivery of parts and supplies.</p>
<p>7-th. Which of the two middleman will interest a manufacturer more: financially secure or insecure?</p>	<p>He should investigate a middleman's financial condition and the financing services he provides for his customers and suppliers. Naturally a manufacturer will prefer middlemen who pay their bills regularly and promptly. In some cases a manufacturer will select an individual retailer who is small and financially insecure because he holds great promise for the future.</p>
<p>8-th. Outline "Quality of management" in few words, please?</p>	<p>An overall factor for a manufacturer to consider is the caliber or executives in a middleman's business. Their capacity to manage—that is, their ability to perform all aspects of the management process, such as planning, organizing, and staffing—is crucial to the success of the firm. The quality of management is reflected in all aspects of the middleman's business.</p>

2. Make your own dialogue on its basis.

II. Learn the dialogue.

LESSON 14

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

A Businessman: Discussing "Administration of Manufacturer-Dealer Systems," questions concerning "Working relationship" arise.

The Professor: Naturally. And don't forget that day-to-day working relationships between manufacturers and their middlemen determine the ultimate success of any arrangement.

Businessmen:	The Professor:
1-st. What are the principles of the working relationship?	In the administration of a channel system (as you know now), some institutions assume the role of primary (controlling) organizations, while others occupy secondary roles. Regardless of whether the manufacturer or the middlemen hold the controlling position, a real interdependence exists between the two groups. Unless the manufacturer is successful, the welfare of the dealers is in jeopardy, and, conversely, the manufacturer has a vital interest in his dealers' success. The greater the share of his total business that a dealer derives from the sale of a given manufacturer's product, the greater is his dependence on that supplier.
2-d. Is there also a community of interests in what each organization –manufacturer and middleman-expects from the other in terms of support of an effective total marketing program.	A series of rewards and penalties may be instituted by either party in order to encourage the other to perform as expected in line with the needs of the distribution system.
3-d. Is there any reward for a party? And in what form?	There is. The major reward for either party is in the form of increased profits. A manufacturer can also use programs of recognition or financial incentives to further reward a dealer.

<p>4-th. And what are penalties?</p>	<p>Probably the most powerful penalty which a manufacturer can assess is to terminate his sales agreement with a dealer.</p>
<p>5-th. Can a middleman can penalize a manufacturer?</p>	<p>A middleman, in turn, can penalize a manufacturer by not promoting his products adequately, by pushing a competitor's products, or ultimately by dropping the manufacturer's line entirely.</p>
<p>6-th. What can a middleman expect from the manufacturer?</p>	<p>A middleman has a right to expect the manufacturer to provide well-designed, properly priced, salable products for which consumer demand has been built by a good advertising program. A manufacturer may also grant territorial protection in the form of an exclusive franchise.</p>
<p>7-th. Can a manufacturer furnish promotional and managerial assistance in any other forms?</p>	<p>On a day-to-day basis. Preparing sales manuals for middlemen and conducting sales training programs for dealer or distributor salesmen are only two examples. A manufacturer's in-store promotional aids may be useful, and his missionary salesmen are often welcomed because they can check stock, build displays, and work with salesclerks.</p>

<p>8-th. How do manufacturers help middlemen?</p>	<p>Middlemen should be notified about price changes and stock conditions, and they should be completely informed about new products. Manufacturers can offer managerial assistance in accounting systems, buying activities, and advertising. Managerial advice should be available for a middleman when he selects a location for a new store, arranges a store layout, modernizes an existing store, or switches to a self-service operation. In return for the products and services which he supplies, the manufacturer has a right to expect certain assistance from middlemen in day-to-day relationships.</p>
<p>9-th. What do manufacturer expect from middlemen?</p>	<p>A retailer or wholesaler may be expected to carry adequate stocks of merchandise, undertake some advertising and sales promotion, grant credit to customers, and possibly service the product. The amount of help to be provided in each of these activities depends upon the product itself and the nature of the middleman's franchise. More is expected from holders of exclusive franchises than from middlemen used in intensive distribution.</p>
<p>10-th. And there must be a real spirit of cooperation.</p>	<p>Otherwise friction can develop easily. But now, Gentlemen, let's make a scheme on the above analyzed communication system.</p>

You see that it provides for information interchange in such categories as physical inventory, promotion, product features, pricing, and market conditions. It is also essential for the coordination of intrachannel activities.

2. Make your own dialogue on its basis.

II. Learn the dialogue.

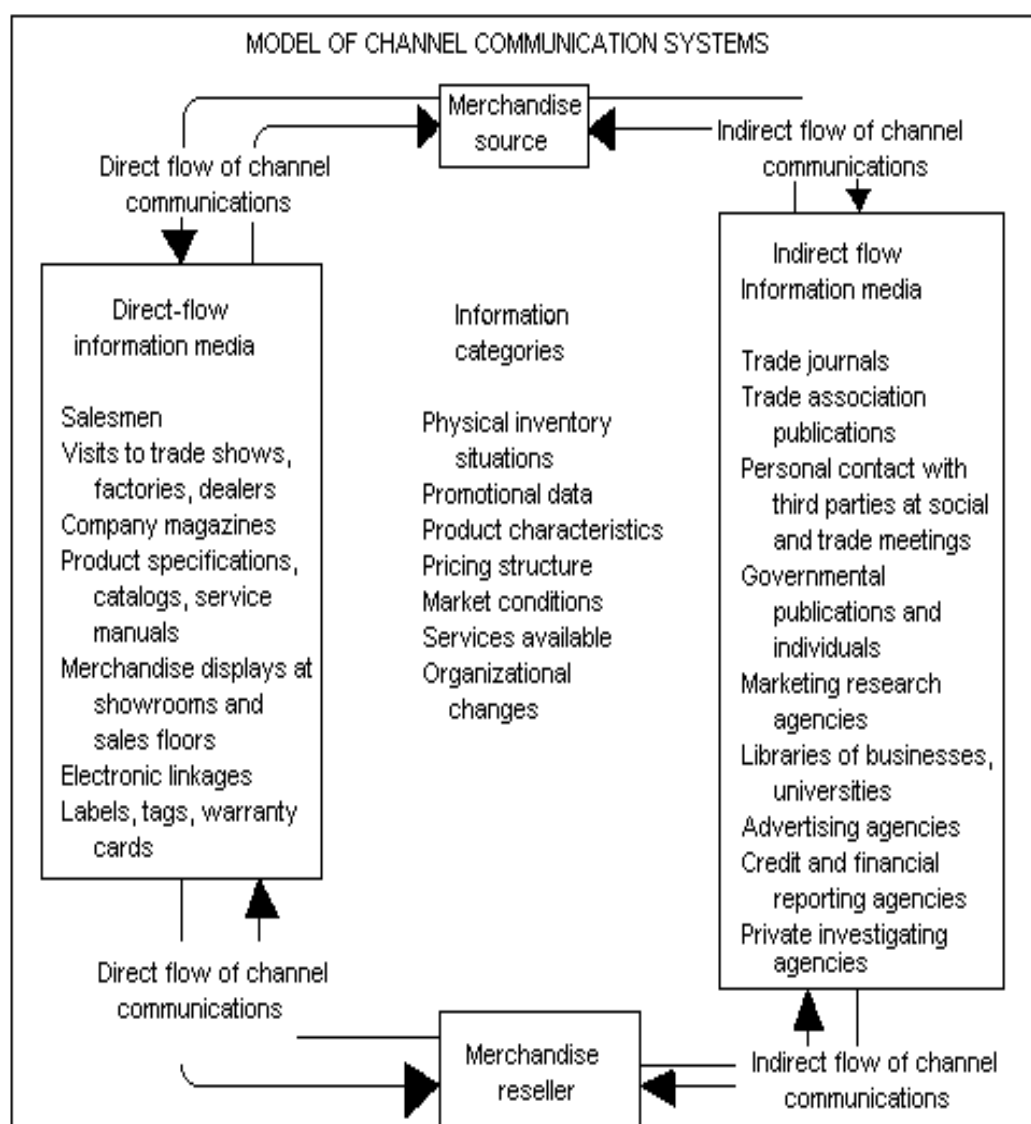
LESSON 15

I. 1. Read the dialogue and translate it with the help of the words given in Glossary.

The Professor: Good evening, gentlemen. I want to inform you, that I'm leaving you in a day. So, today is our last meeting.

A Businessman: Thank you, Professor, for your very useful and interesting lectures and we invite you for the farewell party tomorrow evening.

The Professor: Thank you, gentlemen. Let's come to our problems.



A Businessman:	The Professor:
<p>1-st. Are companies right when they assume that the channel job is completed once their channels are established?</p>	<p>In the face of changing conditions in the market and among middlemen, constant appraisal of channel activity is mandatory. But executives who regularly sponsor product innovation and who insist on a new advertising campaign twice a year often seem perfectly content with an archaic distribution structure. Failure to keep its channel abreast of the market can seriously hurt a firm's profit position.</p>
<p>2-d. What can help a business in appraising its channels?</p>	<p>Several types of quantitative and qualitative marketing research may be undertaken to aid a business in appraising its channels. In a quantitative sense, a company may analyze the sales volume performance of each of its middlemen to determine whether they are getting an adequate volume from each territory, product line, and customer group and make a cost analysis by channels of distribution.</p>
<p>3-d. Tell, please, how to do a good job of evaluating a middleman's performance!</p>	<p>A manufacturer must establish standards and then develop methods for measuring the middleman's performance.</p>
<p>4-th. What are these predetermined criteria?</p>	<p>A commonly used standard of performance is a sales quota. The manufacturer sets the number of units or the dollar volume of each of his products which a middleman must sell in a given time period. Other bases for appraising performance include the total amount of advertising the middleman devoted to the manufacturer's products, his treatment of competitive lines which he handles, his promptness in paying bills, and the number of complaints which the manufacturer receives from his customers.</p>
<p>5-th. These are internal factors. What are external ones?</p>	<p>External factors, such as new competitors and general business conditions in a market, should often be taken into consideration when measuring performance.</p>

<p>6-th. Professor, Have you shared all your secrets with us?</p>	<p>You know, I have. Listen! One more moment: another type of valuable research involves determining the attitudes and reactions' of middlemen and even final customers toward the manufacturer, his products, and his marketing policies. Essentially, the manufacturer is trying to get some "freedback" from his middlemen and final customers. Middlemen's attitudes may be uncovered by a formal questionnaire survey conducted either by the manufacturer himself or by an outside research agency.</p>
<p>7-th. Give us an example, please.</p>	<p>A few years ago, a major home appliance manufacturer employed a research firm to determine what the appliance dealers' attitudes were toward the manufacturer's salesmen, distribution system, and advertising program. The main findings were that dealers wanted the products to be presold through advertising and to be of high quality, and they wanted the manufacturer's service facilities close by. Additional findings regarding what the dealers expected from the manufacturer's salesmen were incorporated into the latter's sales training program.</p>
<p>8-th. All: Thank you very much, Professor.</p>	<p>Not at all. I wish you success in your business.</p>
<p>9-th. See you tomorrow night.</p>	<p>Good – bye!</p>

2.Make your dialogue.

II. Learn the dialogue.

PROBLEMS FOR REPORTS.

1. Which of the channels illustrated in Fig. 16-1 is most apt to be used for each of the following products? Defend your choice in each case.
 - a.* Life insurance
 - b.* Single-family residence
 - c.* Farm tractor
 - d.* Newspaper printing press
 - e.* Office furniture
 - f.* Iron ore
 - g.* Toothpaste
 - h.* Women's shoes
 - i.* Men's shoes
 - j.* Refrigerators
2. "The great majority of industrial sales are made directly from the producer to the industrial user." Explain the reason for this in terms of the nature of the market. In terms of the nature of the product.
3. A small manufacturer of fishing lures is faced with the problem of selecting his channel of distribution. What reasonable alternatives does he have? In your analysis, consider particularly the nature of his product and the nature of his market.
4. What special channel problems are involved with new products and new companies? What recommendations do you have for overcoming each of the problems?
5. What is the usual relationship between the intensity of a company's distribution and the length of its channels of distribution?
6. Is a policy of intensive distribution consistent with buying habits for convenience goods? Shopping goods? Is intensive distribution normally used in the marketing of any type of industrial goods? Explain.
7. Why would a manufacturer ever want to abandon intensive distribution in favor of selective distribution?
8. Assume that a manufacturer of builders' hardware wanted to move to a selective distribution system. How would he go about determining which accounts to keep and which to eliminate?
9. From the manufacturer's viewpoint, what are the competitive advantages of exclusive distribution?
10. What are the drawbacks to exclusive selling from the retailer's point of view? To what extent are these alleviated if the retailer controls the channel for the particular brand?
11. What is a tying contract? Is it illegal under the Clayton Antitrust Act?
12. Identify a few retailers near your school who have exclusive franchises for particular products. Study these retailers and determine to what extent they meet the standards discussed in this chapter in connection with selecting individual middlemen.

13. How can a manufacturer determine whether an individual retailer or wholesaler sells to the market the manufacturer wants to reach?
14. A manufacturer of a well-known brand of men's clothing has been selling directly to one dealer in a Western city for many years. For some time, the market has been large enough to support two retailers very profitably, and yet the present holder of the franchise objects strongly when the manufacturer suggests adding another outlet. What alternative does the manufacturer have in this situation? What course of action do you recommend that he take?
15. "A manufacturer should always strive to select the lowest-cost channel of distribution." Do you agree? Should he always try to use them.

GLOSSARY

A	
Adopt	Принять
Accessory	Вспомогательный
Account	Счет
Advertise	Рекламирывать
Assortment	Ассортимент
Agency	Агентство
Approve	Одобрить
Advertisement	Рекламное объявление
	Настойчиво
Aggressively	Хотя
Although	Договоренность
Arrangement	Доступ
Access	Область
Area	Средство, помощь
Aid	Деятельность
Activity	Архаичный
Archaic	Другой
Another	Дополнительный
Additional	
B	Марка
Brand	Между
Between	Закупка
Buying	Составление счетов
Billing	
C	Потребитель
Consumer	Контроль
Control	Конкурент
Competitor	Покрытие
Cover	Заказчик
Customer	Наоборот
Conversely	Компания
Company	Полный
Complete	Канал
Channel	Центр
Centre	Тщательно
Carefully	Условие

Condition	Калибр
Caliber	Связь
Communication	Сотрудничество
Cooperation	Обычно
Commonly	
D	Распределение
Distribution	Запрос
Demand	Решать
Decide	Скидка
Discount	Понижение
Dropping	Ежедневно
Day-to-day	Определять
Determine	
E	Степень
Extent	Показ
Exposure	Особенно
Especially	Исключительный
Exclusive	Усилие
Effort	Учреждать, устанавливать
Establish	Использовать
	Существующий
Employ	Оценка
Existing	
Evaluation	
	Меньшее количество
F	Часто
Fewer	Привилегия
Frequently	Основательно
Franchise	Стремительный
Fundamentally	Финансирование
Fast-moving	Результаты
Financing	
Findings	
	Товары
G	
Goods	
	Высоко
H	Стержень

Highly	
Hinge	
	Интенсивный
I	Непосредственный
Intensive	Индустриальный
Immediate	Элемент
Industrial	Вывод
Item	Вовлекать
Inference	Включать
Involve	Исследовать
Include	Обменивать
Investigate	
Interchange	
J	
Job	Работа
K	
Kindly	Любезно
Keep	Держать
L	
Limited	Ограниченный
Lubricants.	Смазки
Legal	Юридический (Законный)
Location	Расположение
Low	Низкий
M	
Manufacturer	Изготовитель
Major	Значительный
Monopoly	Монополия
Management	Управление
Middleman	Посредник
Market	Рыночный
Mean	Средний, скупой
N	
Necessity	Потребность
Normally	Обычно
Notified	Уведомлённый

O	
Ordinarily	Обычно
Order	Порядок
Operating	Действие
Often	Часто
Outlet	Рынок
Once	Однажды
Offering	Предложение
Outstanding	Выдающийся
Obviously	Очевидно
Organizing	Организация (дела)
Occupy	Занять
Operation	Операция
P	
Purchase	Закупка
Particular	Частный
Product	Изделие
Possible	Возможный
Perennially	Вечно
Planning	Планирование
Promotion	Содействие
Prospective	Предполагаемый
Promotion	Содействие
Politics	Политика
Promotional	Содействующий
Profits	Прибыль
Q	
Quality	Качество
Quantitative	Количественный
Qualitative	Качественный
R	
Retailer	Розничный продавец
Reduce	Уменьшать
Risk	Риск
Reach	Достигаемость
Relationship	Отношения
Return	Возвращение

S	
Supplies	Запасы
Standardized	Стандартизированный
Such	Такой
Small	Маленький
Some	Некоторый
Supermarket	Универсам
Shoulder	Плечо
Selective	Выборочный
Standpoint	Точка зрения
Specifically	Определённо
Situation	Ситуация
Selecting	Отбор
Several	Несколько
Soundness	Разумность
Success	Успех
Substantially	Существенно
Services	Услуги
Selling	Продажа
System	Система
Switch	Выключатель
Self-service	Самообслуживание
Sponsor	Спонсор
T	
Tool	Инструмент
Technical	Технический
Territory	Территория
Thousand	Тысяча
Trading	Торговля
Traffic	Движение
Typically	Типично
Training	Обучение
U	
Usually	Обычно
Unprofitable	Нерентабельный
Uncovered	Раскрытый
V	

Volume	Объём
Vital	Жизненный
W	
Wholesaler	Оптовый торговец
Western	Западный
Working	Обработка