

# Directed study in marketing 2

Business



Questions/Problems - Chapters 10, 11 & 12 October 30, 2012 Chapter 10 6.

Insurance agents are intermediaries who help other members channel by providing information and handling the selling function. Does it make sense for an insurance agent to specialize and work exclusively with one insurance provider? Why or why not? Insurance intermediaries enable the placement and purchase of insurance and deliver services to insurance companies and consumers that supplement the insurance placement process.

Traditionally, insurance intermediaries have been viewed as either insurance agents or brokers. The difference between agents and brokers relates directly to the way they operate in the marketplace. Insurance agents are generally, licensed to conduct business on behalf of insurance companies. Agents act in the interest of the insurer in the insurance process and generally function under the terms of an agency agreement with the insurer.

In some markets, agents are " independent brokers" and work with more than one insurance company (commonly a small number of companies); in others, agents operate exclusively - either representing a single insurance company in one geographic area or selling only one line of business for several insurance companies. 8. Give an example of a producer that uses two or more different channels of distribution. Briefly discuss what problems this might cause. Delivery of products and services takes place via the use of channels.

Channels are groups of mutually supporting organizations called intermediaries, who are involved in making the product available to consumers and in many cases, servicing those customers.

Retailers are intermediaries that buy and then resell the products. An organization can set up any number of channels. Channels are organized by the number of intermediaries between producer and consumer. A level one channel has a single intermediary. This flow is typically from manufacturer to retailer to consumer. My husband and I used to own three mobile phone distributorships.

One of the lines we sold was NEXTEL.

This was when it was new to the North Alabama market and we were the first to offer this “ push to talk” product. We were only one of the channels NEXTEL Corporate used for distribution. NEXTEL also had a regional direct sales force, several NEXTEL direct stores and the company also sold its product on the Internet. Over time, this became a serious issue because NEXTEL started opening company stores in the same general location as our stores.

They also allowed competitor distributorships to locate within a few miles of our store. Eventually, we had to close our locations because the market became saturated. 0. Find an example of vertical integration within your city. Are there any particular advantages to this vertical integration? If so, what are they? If there are no such advantages, how do you explain the integration? When an organization increases its business into areas that are at different points on the same production track, such as when a manufacturer like Motorola owns its supplier and/or distributor. Vertical integration can help companies reduce costs and improve efficiency by

decreasing transportation expenses and reducing turnaround time, among many other advantages.

It's funny, I feel like I have done a little of everything. I guess at my age, it is very possible. Anyway, in the 90s, I actually worked for Motorola for about 5 years. This is a company that routinely operated in vertical integration as it had Motorola stores where consumers could go in and purchase its products in the same city.

Chapter 11 3. Briefly describe a purchase you made where the customer service level had an effect on the product you selected or where you purchased it. Chegg. com! I love this on-line company!

They make it so easy for me to purchase/rent my text books and be able to return them absolutely hassle free! When I place my order, I immediately receive emails from Chegg. com letting me know exactly when my books will be shipped and when they will arrive at my door.

On my last purchase, I received an email within minutes that one of the books I had ordered was not in stock. I was horrified! Just minutes later I received another email informing me that they had purchased a brand new book and I would be receiving it " drop-shipped" directly to me within the same date as the other books I had ordered.

When I return my rented books to Chegg. com, I receive emails from them informing me of the status of my shipment, which is free of charge, and exactly when they have received them. They actually email me to tell me that UPS has received them and that the books are in route to them. This eliminates the worry that my return shipment may not make it to Chegg.

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com and that somehow I may be charged for the unreturned books. I just love this company. 5. Give an example of why it is important for different firms in the supply chain to coordinate logistics activities.

International trade is defined by shipping commodities and finished goods between countries, including both exporting commodities and goods from the U.

S. as well as importing commodities and goods from around the world.

Logistics is the process of planning, implementing, and controlling the efficient flow of goods and services through the supply chain from producer to consumer. Distribution comprises all freight carriers (water, air, trucking, and intermodal) and warehousing. Until recently, most manufacturing organizations took responsibility for the warehousing and coordination of their flow of materials.

Now these services are often outsourced to create advanced just-in-time delivery systems. The integration of international trade, logistics, and distribution into one continuous and extensive supply chain driven by global free trade has put this industry at the forefront of economic growth. Logistical coordination is a high value added service that will drive industry growth in coming years. Generally, technical workers dominate employment in this field. It is composed of advanced just-in-time distribution and logistics networks, goods movement coordination, and the electronic devices involved, often called "track and trace.

Federal Express pioneered the service side of distribution, and more established companies have been racing to catch up, including the United

States Postal Service and various international shipping lines. 8. Discuss the problems a supplier might encounter in using a just-in-time delivery system with a customer in a foreign country. JIT was first introduced in the early 1980s and quickly spread to the trucking industry — a shipper’s “ dream come true”. It reduced inventory to its lowest, saving huge amounts of money while at the same time increased production and efficiency.

JIT became the standard logistics system for land, air and sea transportation throughout the industrialized world. Global political, economic and social conditions, however, have changed fundamentally in the 25 years since Japanese auto manufacturer Toyota developed JIT and began receiving parts under that system. Truck makers and parts distributors no longer live in a well-balanced and peaceful world. None of us would have ever imagined that the Egyptian government, seemingly as secure as its Pyramids, could be removed from power in less than fourteen days?

Or that many people in oil-rich Libya—with its “ dictator for life” and no history of free expression—would embrace democracy almost as quick as it did? With just-in-time delivery becoming almost a requirement for well-organized international trade, mainly in a progressively competitive market environment, sufficient attention must be given to resolving issues in transport areas which are vital for the efficient development of the international trade of landlocked countries. Chapter 12 5.

What are some advantages and disadvantages to using the internet for shopping?

I actually did some shopping on the internet today. I made a rather large purchase of a product for use in pursuing my degree at Faulkner and to be used on my job at Marshall Space Flight Center. Although the product I purchased is offered in local retail electronics stores, I have been twice to make the purchase only to find out the stores were sold out. In being able to go onto the internet and make my purchase, which only took about ten minutes, I finally successfully bought the item.

It will be delivered to my door in about 3 days and I have avoided the hassles of running around town looking for this item.

6. Apply the wheel of retailing theory for your local community. What changes seem likely? Will established retailers see the need for change or will entirely new firms have to develop? A process observed in retail marketing when what is originally a discount store improves its services and products in order to boost prices once it has become established.

As it cycles through the wheel of retailing, a discount retail business might develop into a higher end department store or restaurant chain, leaving its former niche to be filled by newer discount businesses. Way back in 1986, Steak Out started in Huntsville, AL as a small restaurant.

Steak-Out has always tried to be a big part of the communities where they are located. They now have over 30 franchisees as far south as Florida, as far west as Utah to as far west as South Dakota. And they tailor each one of our menus to match the local flavor. 7.

What advantages does a retail chain have over a retailer who operates with a single store? Does a small retailer have any advantages in competing against a chain? Explain your answer.

Chain stores can buy the same product for each of its stores in large quantities. This often results in discounts received for making large orders. Chain stores can also combine their money towards a large product a single store could not afford, such as advertising. Small retailers often face bargaining power and competitive pricing disadvantages relative to larger retailers.

However, these cost disadvantages are possible to overcome by assertive and proactive small business owners who take advantage of their strengths.

Small retailers do have several benefits to offer discerning customers such as customer service. Most small retailers do it best when it comes to making customers happy. Small business owners and managers must work to establish a culture in which customer service is a top priority. When effectively done, small businesses can have a more personal touch with their marketplace relative to large chain stores.