KARATINA UNIVERSITY

SCHOOL OF BUSINESS

Bachelor of Business Management

THIRD YEAR, SECOND SEMESTER EXAMINATION

BBM 322: CHANNEL MANAGEMENT

DATE: 18TH APRIL 2015 TIME: 3 HOURS

INSTRUCTIONS:

***ATTEMPT QUESTION ONE AND ANY OTHER THREE QUESTIONS.***

**Question one**

**CASE STUDY**

The marketing channel for beauty Cosmetics Company is called a direct selling channel. The company uses a sales force of over 1,000 independent beauty consultants. These consultants are not employees of beauty cosmetics from the company at a wholesale price and sell to end users at a retail price. They maintain personal relationships with their end users and deliver products to them after it is ordered; it is a high purchasing relationship from consumers’ point of view, these consultants act as both distributors and retailers.

***Answer the following questions.***

1. Identify the 5 marketing flows that have been used by independent beauty consultant.(10 mks)
2. Discuss five reasons why beauty Cosmetics Company prefers to use independent beauty cosmetics to distribute their products. (10 mks)
3. Explain five challenges independent beauty cosmetics face when selling these cosmetics in the market. (5mks)

**Question Two**

1. A marketing strategy that seeks to blanket the market with a product requires a channel structure that stresses a very high level of distribution intensity. Describe five product variables that should be considered in evaluating the channel structure.(10mks)
2. Describe three main members of a marketing channel in Bidco E.A Company. (5mks)

**Question Three**

1. Explain five main components of a logistic system in supply chain management (5mks)
2. The most useful demand side insights for marketing channel design are no about what users want to consume but about how end users want to buy and use products or services being purchased. Explain five service outputs that consumers would expect to be provided by intermediaries.(10mks)

**Question Four**

1. Power in channel management is the ability of one channel member to get another channel member to do something they would not have done. Discuss five sources of power in a channel of distribution. (10mks)
2. Describe five reasons why companies outsource the performance of channel of distribution functions. (5mks)

**Question Five**

1. Gaps in channel design can come as a result of the management of an organization not having carefully thought about target end users demand for services output. Discuss three types of channel gaps that exist in demand and supply side of channel management. (9mks)
2. Explain five benefits companies gain through exclusively dealing with channel intermediaries. (6mks)

**Question Six**

1. Channel conflict is behavior by a channel member that is opposition to their channel counterpart. Discuss five causes of channel conflict in a channel of distribution in Kenya. (10mks)
2. Explain five types of work that are performed by marketing channel members. (5mks)