7.5 Channels

Name: _____ Class: _____ Date: _____ **Total: 10 marks**

KEY WORDS channel • channel margin

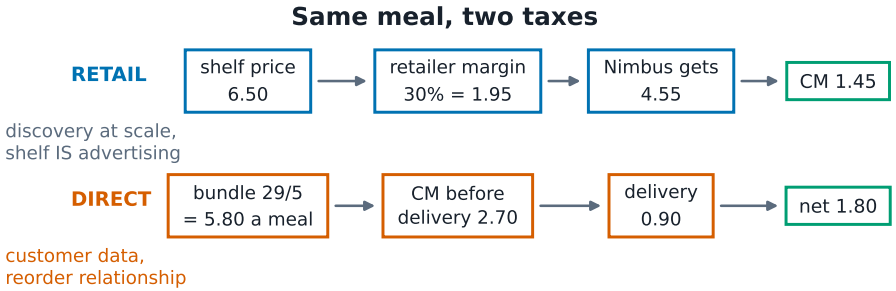
Objective

Map channels with their flows and margins; compare channel economics honestly; design the answer to channel conflict.

1 Key knowledge and worked examples

■ Flows and taxes

A channel moves product, information, promotion and money. Retail: margin tax, discovery job. Direct: logistics tax, data gift. Price each job before judging the channel.



retail earns discovery at 1.45; direct earns 1.80 AND the data - price each job

Same meal, two taxes

■ Worked example. Nimbus both ways

Retail CM £1.45 with reach; direct net £1.80 with the data. The QR finder's fee (£0.30/meal) prices one designed peace.

2 Practice

A candle maker sells via a boutique (shelf £24, boutique keeps 40%) and her own site (£22 direct, card fees 4% + £0.30 an order, shipping £3.80, variable cost £7).

2.1 Compute the maker's revenue and CM per candle in each channel. [4]

2.2 The boutique learns the site sells at £22 and objects. Design two priced answers that keep both channels. [4]

2.3 In one line each: what job does the boutique do that the site cannot, and what does the site return that the boutique never will? [2]

Solutions

2.1

- Boutique: maker receives $24 \times 0.6 = £14.40$.
- CM $= 14.40 - 7 = £7.40$.
- Site: receives $22 - 0.88 - 0.30 - 3.80 = £17.02$.
- CM $= £10.02$ – richer AND owns the customer file.

2.2

- Differentiate: site-exclusive bundle (3-wick gift set + refill plan) at a price the shelf cannot quote – commitment product, not the same candle.
- Share: in-store card with a QR to the site, finder's fee £2 a sale – still £8 net and the boutique is paid for discovery.

2.3

- Boutique: discovery, touch/smell, gift-buying impulse – the shelf IS advertising.
- Site: the customer list, reorder data, margin – the information flow.

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