

HORIZONTAL AND VERTICAL MARKETING SYSTEM

A **Horizontal Marketing system** is a form of distribution channel wherein two or more companies at the same level unrelated to each other come together to gain the economies of scale.

In other words, Horizontal marketing system is the merger of two unrelated companies who have come together to exploit the market opportunities.

Generally, this type of marketing system is followed by companies who lack in capital, human resources, production techniques, marketing programs and are afraid of incurring the huge losses. In order to overcome these limitations, the companies join hands with other companies who are big in size either in the form of joint venture –that can be temporary or permanent, or mergers to sustain in the business.

Horizontal marketing system has gained popularity in the recent times due to an immense competition in the market where everybody is striving to gain a good position in the market along with huge profits.

In this marketing system, the collaboration can be between:

- Two or more Manufacturers- With an objective of making optimum utilization of scarce resources.
- Two or more Wholesalers-With the objective of covering a larger area of the distribution of goods and services.
- Two or more Retailers- With the objective of providing bulk quantities in a particular area.

Examples of Horizontal Marketing:

Johnson & Johnson, a health care company, have joined hands with **Google**, with an objective of having a robotic-assisted surgical platform. That will help in the integration of advanced technologies, thereby improving the healthcare services.

Thus, two or more companies join hands to capitalize on the expertise of each and capture a greater market share.

VERTICAL MARKETING SYSTEM

A vertical marketing system (VMS) is one in which the main members of a distribution channel—producer, wholesaler, and retailer—work together as a unified group in order to meet consumer needs

In conventional marketing systems, producers, wholesalers, and retailers are separate businesses that are all trying to maximize their profits. When the effort of one channel member to maximize profits comes at the expense of other members, conflicts can arise that reduce profits for the entire channel. To address this problem, more and more companies are forming vertical marketing systems

Vertical marketing systems can take several forms----

- **In a corporate VMS**, one member of the distribution channel owns the other members. Although they are owned jointly, each company in the chain continues to perform a separate task
- **In an administered VMS**, one member of the channel is large and powerful enough to coordinate the activities of the other members without an ownership stake.

- **a contractual VMS** consists of independent firms joined together by contract for their mutual benefit. One type of contractual VMS is a retailer cooperative, in which a group of retailers buy from a jointly owned wholesaler. Another type of contractual VMS is a franchise organization, in which a producer licenses a wholesaler to distribute its products.

The concept behind vertical marketing systems is similar to vertical integration. For example, an auto parts supplier might practice forward integration by purchasing a retail outlet to sell its products. Similarly, the auto parts supplier might practice backward integration by purchasing a steel plant to obtain the raw materials needed to manufacture its products. Vertical marketing should not be confused with horizontal marketing, in which members at the same level in a channel of distribution band together in strategic alliances or joint ventures to exploit a new marketing opportunity.

MULTICHANNEL MARKETING

Multichannel marketing refers to the practice of interacting with customers using a combination of indirect and direct communication channels – websites, retail stores, mail order catalogs, direct mail, email, mobile, etc

Multichannel marketing is the implementation of a single strategy across multiple channels or platforms, thus maximizing opportunities to interact with prospective customers. A channel might be email, a print ad, a [retail](#) location, a website, a promotional event, a mobile app, SMS messaging, a product's package, or word-of-mouth

The goal of multichannel is to give consumers a choice, and allow them buy when and where they want to.

Multichannel marketing provides customers with more than one way to complete a sales transaction, such as through a retail store, a web page on the Internet, or even through their smartphones.

Additionally, it recognizes that different consumers not only favor particular channels, but may commonly use multiple channels throughout the purchasing process—for example, by finding information on a web page, but actually making the purchase at a physical store

Here are a number of perceived benefits to multi-channel marketing---

- *Increased Awareness
- * Consistent Messaging
- * Channel Preference
- * More Data