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# Marketing Principles for Strategic Planning:

## The Choice of Place & Point of Sales

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Friction between Sales and Marketing  
on Channel Decisions

## Marketing Principles for Strategic Planning:

### The Choice of Place & Point of Sales

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#### Friction between Sales and Marketing in Channel Decisions

The alignment of Sales and Marketing functions has been proven to increase companies' efficiency and profitability. Nevertheless, this collaboration is full of conflicts, contradictions, and misalignment.

One of such conflicts emerges during in the decision of place and point of sales, of Philip Kotler's "4 Ps".

In his book, "Marketing Management: analysis, planning, and control," Kotler, describes the "Place" as encompassing two elements:

a) Marketing channels

Marketing channels are the intermediaries in the distribution chain – mainly wholesalers and distributors. They take the product from the manufacturer to the retailers and can store large amounts of merchandise.

b) Retailers

These are the ones that make the product directly available to the final customers.

In the past decade, online retailers have become significant players. For some product categories, the physical point of sales has become a showroom, customers placing orders online after visiting a "brick-and-mortar" store.

The importance of the choice of wholesalers and retailers is enormous: they can make the product available to the right customers or not, in which case, an amazing product, with the right price and great promotion may never leave the warehouses.

The decision of the marketing channels has been traditionally a marketing prerogative. However, once the choices are made, salespeople are the ones that deal directly with both wholesalers and retailers. If not properly aligned, this becomes a source of friction between sales and marketing. Let's analyze the reasons:

1. Profiling, Segmentation, and Targeting

Profiling, Segmentation, and Targeting should be part of any marketing plan, but they belong to the domain of both the Sales and the Marketing functions. Explaining: in the case of B-to-C, marketing has most of the intelligence on the end-customer, but Sales controls the intelligence about the intermediary agents: wholesalers and retailers. Sales sometimes argues that they must have stronger input on final customer targeting – they are the ones meeting customers daily when visiting retailers. Marketing will dispute

they have market research that describes the target customers in objective metrics, not anecdotes.

2. Retailer selection

Salespeople argue that they “live” the retailers 24/7. They know them in great depth, their geographic characteristics, the company culture, how receptive they are, even unknown facts as their true financial situation. Thus, Sales is the function that must make the choices. Marketing claims to know which retailers best fit the target customer profile. They argue that if things are left up to Sales, they will sell a luxury item at a discount store chain – if that meant selling more.

3. Wholesalers choice

Choosing a wholesaler is a less contentious. Marketing teams may think that most wholesalers and distributors are pretty much the same if their products get a good distribution (presence at the right retailers). A point for caution in choosing wholesalers concerns commercial policy. Wholesalers margins are typically defined by the Sales function, but there is a strong case for Marketing taking a stronger role in the decision. The commercial policy, includes discounts, rebates, and allowances to retailers, among others. The commercial policy may impact the final price to customers and, if not controlled by Marketing, a pricing war may ensue at the retailing level, messing up the product pricing policy. Sales, by their side, advocates that the commercial policy must consider the level of services provided by each wholesaler, and they are the only ones who can evaluate these criteria.

In e-commerce, marketers seem to be getting the upper hand since they are much more data-rich than typical Sales teams.

The fight for power between Sales & Marketing on the choice of marketing channels and points of sales is detrimental to clients, customers and the business itself.

By working on aligning both functions, companies will benefit from greater efficiency, shorter sales cycles, and improved customer satisfaction. It is worth the effort.

