

Chapter 13 : Distribution

1. Distribution

: which refers to the location where consumers can buy products from. If business cannot get products in the right place at the right time they are nor likely to be successful.

2. Distribution channels

: Business can choose from a number of different distribution channels

2.1 Two Stage

: Producer — — Consumers

2.2 Three Stage

: Producer — — Retailers — — Consumers

2.3 Four Stage

: Producer — —Wholesalers — —Retailers — — Consumers

- **Wholesalers** : usually buy from manufacturers and sell to retailers. Wholesalers may break bulk, repack goods and redistribute smaller quantities, store goods and provide delivery services.
- **Retailing** : are businesses that buy goods and sell them straight to consumers. They provide a number of services.

3. Two-stage distribution

3.1 The internet : Some manufacturers also have own websites.

3.2 Direct mail : This is where suppliers send promotion through the post direct to customers inviting them to buy products.

3.3 Door-to-door selling : This is where salespeople visit household directly, inviting people to buy products or services.

3.4 Mail order catalog : This is where catalogues are distributed to customers who may buy the product illustrated.

3.5 Direct response adverts: Direct response adverts : Some businesses place adverts in newspaper, magazine, or television inviting people to buy goods and services.

3.6 Shopping parties : Representatives organise parties and invite people to attend for an enjoyable social occasion while having the opportunity to buy products such as

jewellery, cosmetics and kitchenware.

3.7 Telephone selling : Although many people do not welcome telephone calls from businesses trying to sell them goods and services, the practice is still widespread.

4. Agents or Brokers

: Agents mean the third parties link between buyers and sellers.

5. Choosing the appropriate distribution

5.1 The nature of the product : Different types of products may require different distribution channels.

- Most services are sold directly to consumers. Eg. Hairdressers
- Fast-moving consumer goods like breakfast cereals, confectionery and crisps.
- Business producing high quality “exclusive” products such as perfume and design clothes, will choose their outlets very carefully.
- Products that need explanation or demonstration, such as technical products or complex financial products might need to be sold by expert salespeople or specialists

5.2 Costs : Businesses will normally choose the cheapest distribution channels. However, need to think about the effectiveness of distribution channels

5.3 The market: Producers selling to mass markets are likely to use intermediaries.

On contrast, businesses targeting smaller market are more likely to target customer directly.

5.4 Control : Some producer it is important to have complete control over distribution.

For example. Producers of exclusive products do not want to see them being sold in less prestigious outlets as this might damage their image.