

Chapter38

Place

Overviews

1. The role of distribution channels.
2. The different methods of distribution
3. The role played by e-commerce in distribution

1. Place

- **Place:** refer to the location where people can buy products.
- **Distribution channel:** the means by which a product is passed from the place of production to the customer or retailer.
- **Intermediary:** person or organization that helps to arrange agreements or business deals between other people or organizations.
- **Wholesalers:** persons or businesses that buy goods from manufacturers and sell them in small quantities to retailers.

Other distribution methods	Description
Direct selling	- where business sell their product directly to customers
Wholesaling	- persons or businesses that buy goods from manufacturers and sell them in small quantities to retailers

Retailers: businesses that buy goods from manufacturers and wholesalers and sell them in smaller quantities to consumers.

Method of retailing	Description
Independents	- this tend to be small outlets including selling bicycles, jewellery or toys
Supermarkets	- retail grocery stores with dairy products, fresh meat , packages food and non-food departments - Are usually large stores selling up to 20,000 product lines including groceries, fresh food, greeting cards, clothes. - Many supermarkets are located on the outskirts of towns and cities where land is cheap and there is car parking available.
Department stores	- there are large stores split into district selling departments such menswear, night wear, cosmetics and food. - A large store sells a variety of products from a wide range of suppliers.
Chain Stores	- two or more stores which have the same name and characteristics. - each store in the chain look the same and under control of the central office including products, store layout, staff uniform.
Superstores or hypermarkets	- very large-out-of-the town which sell wide range of products - Cheaper than supermarket
Discount Stores	- Retail stores offering a wide range of products at discount price.
Superstores	- New very large-out-of-the town which sell wide range of products
Kiosks and street vendors	- very small outlets selling a limited range of goods. - They may be found in airports at bus and train station.
Market traders	- selling goods from market stalls. - This has low overheads and cheaper than other retailers.
Online retailers	- Businesses can sell products through websites or online channels e.g. shop, amazon

2. E-Tailing // E-commerce:

E-commerce : is buying and selling of goods and services using computer systems linked to the internet.

There are 2 main types.

- 1) **Business to consumers (B2C)**; selling of goods by businesses to consumers such as ticket of air, cinema, events, financial service.
- 2) **Business to business (B2B)**; involves businesses selling to other businesses online.

Benefits and disadvantages of online distribution

3. Other distribution methods

Agents or brokers : intermediary that brings together buyers and sellers

4. Choosing appropriate distribution channels

1) the nature of product

- Eg. Services are sold directly to customers

2) Cost

- choosing the cheapest distribution channels.
- They will prefer direct channels as intermediates can share profit.

3) Market

- If it is bought every day ⇒ retail outlets could be used.
- Producers selling to mass markets are likely to use intermediaries.

4) Control

- Some producers would like to complete control over distribution to protect brand image.