

Chapter Review

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The Marketing Mix: Distribution

Objectives...

- 1 explain the purpose of distribution as a variable in the marketing mix
- 2 define what a channel of distribution is (including functions) and key considerations in channel strategy and decision-making
- 3 discuss the types and roles of intermediaries
- 4 explain the importance of supply chain management

Key Terms

Distribution channel
Place or distribution

Interlinked stages and organizations involved in the process of bringing a product or service to the consumer or industrial user.

Is essentially about how you can place the optimum amount of goods and/or services before the maximum number of members of your target market, at times and locations which optimize the marketing outcome, i.e. sales.

23. Distribution or place is the marketing mix variable referring to activities which aim to make products available to customers when and where they want to purchase them. Activities are organised within distribution channels which may be direct, indirect or hybrid. In the case of the direct channel, the manufacturer distributes products and services to the end consumer. In the case of the indirect channel, the manufacturer makes use of intermediaries as a link between themselves and the ultimate consumer. Each channel has differing advantages and disadvantages, particularly in terms of economics, coverage and control. The distribution channel is responsible for many functions and their joint efforts may be captured under the general banner of supply chain management. This latter concept promotes the coordination of all business entities engaged in the activities of providing customers with the products or services demanded. Internet technologies have impacted upon the supply chain to enable both e-procurement, upstream, and e-commerce downstream. Such technologies reduce transaction costs and enable two-way communication with consumers. They also enable manufacturers to adopt direct channels or hybrid models that can lead to channel conflict and cannibalisation.