DISTRIBUTION DECISIONS

Distribution is the physical flow of products through distribution channels.

A channel of distribution is defined as a chain of market intermediaries or middlemen used by a producer or marketer to make products and services available when and where consumers or users want them.

Intermediaries are individuals or businesses that assists the producers in the performance of distribution tasks such as physical distribution among others Example of intermediaries includes wholesalers, retailers, and agents.

Distribution objectives

The first step in designing a distribution channel for a given product is to determine what objectives the channel must accomplish and their relative importance.

Objectives of distribution channels include the following:

i. Increase the availability of the good or service to potential customers

ii. Satisfy customer requirements by providing high levels of service

iii. Ensure promotional effort: obtain promotional support from channel members

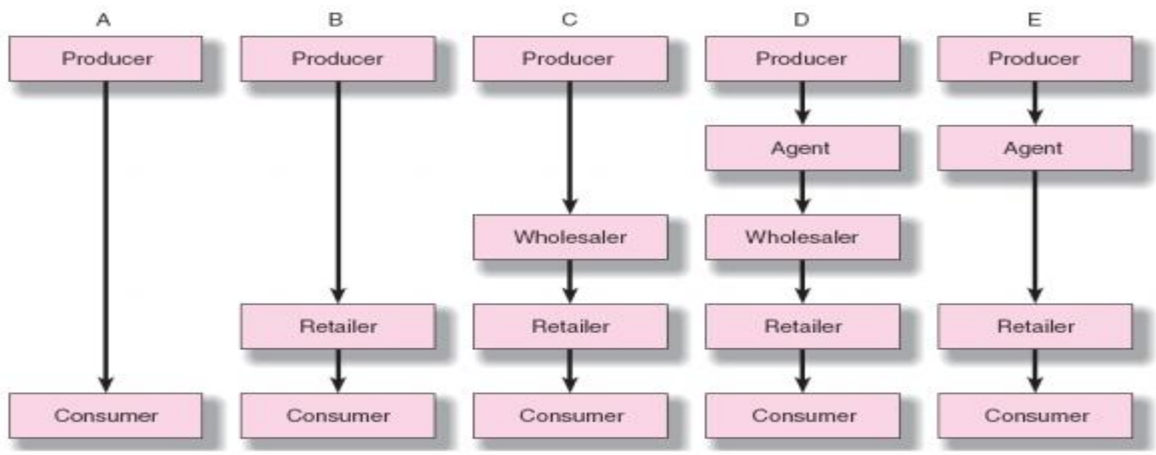
iv. Obtain timely and detailed market information: middlemen are relied upon for fast and accurate feedback

v. Increase cost- effectiveness

vi. Maintain flexibility

Channels of distribution

There are number of channels which are widely used in the marketing of consumer products Channels vary in length from short to long, depending on the numbers of middlemen involved Some of the channels of distribution are as follows:



Factors Affecting Choice of Distribution Channels

Since a channel of distribution should be determined by customer buying patterns, the nature of the market is the key factor influencing management's choices of channels. Other major considerations are the product, middlemen, and the company itself

a) Market considerations

• Number of potential customers: with relatively few customers, a manufacturer may use its own sales force to sell directly to consumers

• Geographical concentration of the market: sellers may establish sales branches in densely populated markets

• Order size: a manufacturer may sell directly to buyers with large order size

b) Product considerations

• Unit value: the lower the unit value, the longer are the distribution channels e.g. sweets

• Perishability: products subject to perishability must be distributed fast through shorter channels

• Technical nature of the product: an industrial product that is highly technical is distributed directly to industrial users

c) Middlemen considerations

• Services provided by middlemen: middlemen who provide services that the manufacturer is unable to provide influence choice of distribution channel

• Availability of desired middlemen

• Attitude of middlemen toward manufacturers' policies: congruency of manufacturer's policies to those of middlemen influence choice of distribution channel

d) Company considerations

• Financial resources: a business with sufficient finances can establish its own sales force

• Management's ability: many firms with little marketing knowledge and abilities prefer to distribute through middlemen

• Channel control: manufacturers who desire to control the distribution opt for shorter channels

• Services provided by seller: distribution channel decisions are influenced by the marketing services the manufacturer is able to provide to middlemen