

Lecture 10 - Distribution & Logistics Strategies

Distribution and logistics

Marketing channels are structures linking groups of individuals or organisations through which a product or service is made available to the consumer or industrial user (Brassington & Pettitt 2000)

Intermediaries consist of wholesalers, retailers, distributors and dealers, agents and broker, franchises and the internet

Distribution system design

Factors influencing channel structure are:

- Choice of outlets
- Consumer concentration: where the consumers will be
- Product characteristics: perishable/ industrial
- Economic and legal restrictions

Strategic channel choices

- Intensive distribution
- Selective distribution
- Exclusive distribution

There are different types of channels

- Physical flow - the physical movement of goods
- Title flow - the passage of ownership, such as car
- Information flow - feedback and exchange of information

Vertical marketing systems

Corporate marketing systems

Franchise systems

Co-operative and voluntary groups

Strategic issues in channels can be caused by management conflicts such as:

- Goal incompatibility
- Position, role and domain incongruence
- Communication breakdown
- Ideological differences

Other issues can be growth of multi-channels and E-commerce

Buyer's perspective of distribution

- Availability
- Speed
- Reliable
- Range of choice
- Empathy when supply is interrupted
- Convenience
- Service and support
- Good price

The primary concerns of buyers are access, search, possession and transaction

Channel design decisions are based on