



Libyan International Medical University
Faculty of Business Administration



Title : Place

Course: Marketing Management

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Content:

- An Introduction of Place.
- Distribution definition.
- Types of distribution.
 - I. Advantages and disadvantages.
 - II. Distribution channels and intermediaries.
 - III. Difference between intermediaries.
- The factors that affect distribution.
- Importance of distribution.
- Conclusion





What is placement?

The process of moving products
from the producer to the
intended user.



Source: Martin, Marketing Mix | Place in Four P's, (*Cleverism*), August 9th, 2014,.

“ Defined as the design and management of a system that directs and controls the flows of materials into, through, and out of the firm across national boundaries, to achieve its corporate objectives at a minimum total cost”

Source: Kotabe & Helsen, (2012) **Global Marketing Management**, *5th edn*, p500

Distribution



Direct



Indirect

Direct distribution

Consists of a manufacturer selling directly to consumers.

✓ Advantages:

1. Closer Interaction
2. Greater Measurability
3. Multiple Closing Opportunities
4. More Transaction Options

✗ Disadvantages

1. Warehouse Management
2. Limited Expertise
3. Delayed Response
4. Sales Requirements

Indirect distribution

Channels containing one or more intermediaries.

✓ Advantages:

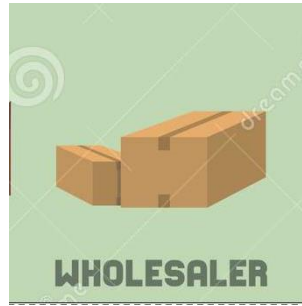
1. Tapping into an existing customer base.
2. Cost-efficient.
3. Increases speed to market.
4. Established logistics allow you to streamline, scale and focus.

✗ Disadvantages:

1. The distance it puts between you and your customers.
2. Increasing the amount of time.
3. Harder to establish brand —loyalty .

3

Intermediaries



Wholesaler/ Distributer

- Obtain large quantities of products from producers, store them, and break them down into cases and other smaller units more convenient for retailers to buy.
- Wholesalers get their name from the fact that they resell goods “whole” to other companies without transforming the goods.



Brokers/ Agents

- Don't purchase the products they sell (take title to them).
- Their role is limited to negotiating sales contracts for producers.
- They are generally paid a commission for what they sell and are assigned to different geographical territories by the producers with whom they work.



Retailers

- Buy products from wholesalers, agents, or distributors and then sell them to consumers.
- Retailers vary by the types of products they sell, their sizes, the prices they charge, the level of service they provide consumers, and the convenience or speed.

Source: Source: Tanner, J. (2012), **Marketing Principles** (v. 1.0), p248

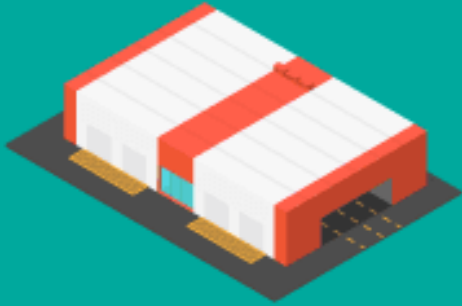


Value Added Reseller (VAR)

- Is a company that adds features or services to an existing product, then resells it (usually to end-users) as an integrated product or complete "turn-key" solution.

source: Lombard, S. (September 12, 2012). "ITEXPO Party Sponsor OnSIP's Mike Oeth on VAR and UC Trends".

WHOLESALEERS



Fulfill retail orders

Resell goods in bulk

Focus only on storage and delivery goods

Buy from distributors or manufacturers

RETAILERS



Outlets to purchase products

Sell in stores or online

Buy from distributors or wholesalers

AGENTS



Handle special shipments and contracts

Work on marketing

Specialize in customer relationship management

"Own" products by representing producers


Factors that affect distribution :

- Unit Value of the Product.
- standardized or Customized Product
- Number of Buyers
- Consumer behavior
- Preference.
- Buying Quantity
- Size of Market:
- Regulations
- Cost


Source: Samiksha, (2012), *5 Important Factors Affecting the Choice of Channels of Distribution by the Manufacturer*



Is Distribution Important ?



According to Drucker: “both the market and distribution channels are more crucial than the product.”



Essays, UK. (November 2013). *Importance Of Distribution Channels Marketing Essay.*

Conclusion

There is no best distribution channel, as this process varies in implementation, it is an essential element that depends on the type of business and product/ service.



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