

Distribution channels essay sample

[Business](#), [Customers](#)



What Is Meant By A Distribution Strategy?

A distribution strategy refers to the availability of a product internationally in a selected region by the marketer. The intensity level for such distribution depends upon some factors which include capacity for production, promotion and pricing policies, target market size and the frequency by which the product is being used by the end user. The choice of a distribution strategy will also depend on how perishable or non-perishable the product is. There are three types of these strategies (Chand, 2012). They have been discussed below briefly:

Intensive Distribution

Intensive distribution provides coverage to the complete market by using all accessible outlets. In some cases of products, sales have a direct link with the amount of outlets. This type of distribution strategy is mostly used when customers have a wide variety of brand options to choose from. It can be said that if a brand is unavailable, then customer will switch to another one (Chand, 2012)

Selective Distribution

Selective distribution strategy comprises of selected amount of outlets by a producer in a specific region to sell its products. In this type of distribution strategy, it is quite advantageous that the producer can select the most useful or high performing outlet and then focus their efforts on them.

Exclusive Distribution

It is an intense form of distribution as it involves only one distributor, retailer or wholesaler within a geographical region. In the case of exclusive distribution, a producer will distribute its product by offering it for sale at only one or two outlets. They will be their exclusive dealers. This is most commonly used for such brands and products that have a high, prominent image. This includes the distributions of automobiles, home appliances, designer goods and expensive mobile phones (Chand, 2012)

Distribution Strategy for Automobiles

Automobiles are categorized under the category of specialty goods. Such goods are unique and unusual. They are considered as a luxury item as they are mostly purchased by the rich upper class. A person will not purchase an automobile very frequently. It may be for only a few times during a lifetime. Automobiles have a unique feature that exists only in that specific model. This causes it to be easily substituted.

Keeping these characteristics of automobiles in mind, it can be said that the distribution channel should be selected accordingly. It will require a lot of safety and special maintenance. For this purpose, it would be recommended to use the ‘exclusive’ distribution strategy. A few outlets within a geographical region would be sufficient for selling automobiles (Hirsh et. al, 1999)

Example of Ford’s Distribution Strategy

Ford Motors is a multinational American company of automobiles manufacturing. It was originated by Henry Ford. It is a highly priced, posh car

and considered to cater the upper class market only. They have extended into many products like Ford Focus, Ford Fiesta, Ford Ranger, Ford Escape and other such Ford products. They are implementing the strategy of exclusive distribution as Ford is a luxurious item. It is not to be purchased very frequently. It can be consumed over a longer time period and it will require information or service to satisfy the needs of its buyers.

Ford's channel of distribution involves the manufacturer, dealer and customer. When the automobiles are manufactured and ready in the Ford factory, they are distributed among various dealer outlets by train or road transportation. Then, customers can visit the dealer's retail outlet and buy their desired model from there

Distribution Strategy for Canned Soups

Canned soups belong to the product category of unsought goods. These are such goods about which the consumer knows but does not usually think to purchase. They neither are a necessity for the customers nor are they a specialty product. Canned soups are easily available in market but only a few customers purchase it. It may be either due to their need or other interests. It would be feasible for adopting and implementing the 'intensive' distribution strategy for the canned food items as such items are easily perishable. Although the canned soup has a long shelf life due to the additives and preservatives, it is still preferred that it should be sold quickly so it does not lose its original taste and aroma (Fisher, 2014)

Example of Progresso's Distribution Strategy

The most appropriate method of selling Progresso canned soups to the customers is by involving a market intermediary. The ideal channel of distribution for this would be by manufacturing canned soups, then giving it to the wholesalers. Then they will pass it on to the retailers. Customers will finally buy them from their retail shops. This will be the best possible way of distributing it.

Besides this, it would be in the form of intensive distribution strategy. It means that the distribution network will be widely spread as the product needs to cater to the needs of a larger clientele. Customers are more willing to buy canned soups as they are less time consuming than preparing soups. Even if somebody makes soup for themselves, its taste will vary from these canned ones. They will be placed on shelves in famous retail shopping outlets like Wal-Mart, Tesco, Target and others. It is necessary to use the intensive distribution strategy if we want that our product should reach out to the maximum target market in a quicker time period (Leporte, 2013)

Differences in Distribution Strategies of Both Products

It is obvious that there will be a huge difference in their distribution as they belong to totally different product categories. Both have a different target market and they cater to a different customer need. Automobiles are a high end, luxury item which involves special handling and security. A customer representative needs to be present at the point of sale for giving information and details about model specifications (Lanckers, 2014). Nothing as such is required in the case of canned soups. Customers look for the product they want and then they read the details from label on it.

Similarities in Distribution Strategies of Both Products

There are a few similarities among the strategy for distribution. Both products require some prior knowledge and interest in the customer. They cannot be purchased as an impulse product. A positive word of mouth will help to convince the customer in buying either automobile or canned soup. It is essential that both products have a safe distribution channel where they are handled with care and have no chances of damage. It would be appropriate to have a shorter distribution channel for both products. Even though canned soups have a good shelf life, but the distributor should make sure that it reaches the retail outlets as quickly as possible so customers may buy it (Fisher, 2014)

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