

Distribution channel and promotion: marlboro case study example

[Business](#), [Marketing](#)



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Introduction

International business market is changing with increasing globalization as businesses face challenges in terms of competition hence a need to employ effective strategies to enhance their competitiveness. Therefore, an effective marketing mix is crucial in establish appropriate product positioning, pricing, distribution and promotion. In this respect, distribution strategies entail consideration of appropriate channel designs that would deliver an organization's products to clients at the right place and time. In addition, promotion which entails advertising and other strategies requires creativity in order to deliver the products information to customers in a manner that is effective and suitable for the target market as well as the product. In this consideration, this analysis identifies Marlboro for analysis as a case study in which the brand's distribution is analyzed by identifying current distribution partners, providing recommendations for new channels as well as identifying possible channel problems and their solutions. Finally, the case identifies a competitor's print advertisement and applies reverse engineering to identify

the creative strategies that were involved in its development and explains the elements identified.

Discussion

- Distribution Channel design decisions.

In channel design decision, various factors are put in consideration including the size of the firm, the size of the average order, technical complexities involved, stage in product life cycle, degree of standardization and the purchase frequency. 1

- Kotler, Philip and Gary, Armstrong. Marketing: An introduction, (New Jersey: Prentice Hall, 2012), 20.

These factors determine to a large extent the type of distribution channels which in turn guides the choice of distributors that a business chooses. It is also paramount for a business to consider the objective that a distribution channel would be serving. 2

- Current distribution partners

In its distribution of Marlboro brand, Phillip Morris enlists the service of several distributors to ensure that its product reach the target customers effectively. Some of the distributors providing the organization's products include

- China National Tobacco Corporation who are licensed to manufacture and distribute the brand in China.

- Godfrey Philips India which is a joint partnership between KK Modi group and Philip Morris manufacturing and distributing the brand in India

- Mauvilac Group through Flemingo distribution Ltd in Mauritius. 3

- Channel recommendations

With increasing globalization, businesses requires more effective distributors with a wider reach to the market and capable of dealing with the changing and current complex distribution structures. This would ensure that Marlboro's products are effectively delivered to the customers eliminating the need for the business to intervene in some markets where it is forced to directly distribute the brand despite existence of distributing partners. This would require the organization to enlist new distributors with ability to enforce the brand's promotion and cope with the required high level of market information including feedback. 4

- Kotler, Philip and Gary, Armstrong. Marketing: An introduction, (New Jersey: Prentice Hall, 2012), 20.

- Phillip Morris International. Our brands. Marlboro, accessed April 04, 2013, In addition, the organization can adopt more online based distribution channels which are capable of reaching more young people who falls within the brand's target group. Adoption of online distribution would also be appropriate considering the increased use of the internet in the modern world. A good example of such online platforms is the CIG online Tobacco store.

Phillip Morris should also employ disintermediation in the regions where it has the ability to deliver the product effectively without enlisting the service of the intermediaries. In this respect, the business would be able to quickly and effectively respond to market changes without conflicts with existing distribution channels. 5

- Possible channel conflicts and solutions

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There are various factors that affect the distribution efficiency depending on several factors including the product characteristics, consumer habits, market factors as well as company factors. In addition, a channel conflict occurs in the market due to possible conflict of objectives and strategies applied by both producers and distributors. The most prominent conflict in the distribution channel is the horizontal conflict which occurs when there are several retailers and distributors eroding the profitability to the distributor of which is the primary objective of engaging in the distribution partnership. 6

- Kotler, Philip and Gary, Armstrong. Marketing: An introduction, (New Jersey: Prentice Hall, 2012), 22.

- Brown, James and Day, Ralph. " Measures of Manifest Conflict in Distribution Channels", Journal of Marketing Research 18, no. 3 (1981): 263-274

The conflict also occurs when the producer overlooks the distributor and offers the product directly to the market. This kind of conflict drives away the motivation by the distributors hence resulting to further problems including

- Distributors low investments and promotion budgets for the brand.
- Distributors' adoption of wide range of products some of which are direct competitors.
- Inadequate market share for the distributor.

- Communication problem between the organization and the distributors

The most notable of such horizontal conflict for Marlboro was experienced in India when Phillip Morris directly sought to distribute the brand despite having a joint partnership with Modi Group for the brands distribution

through the Godfrey Phillips India.

Some of the solutions that could solve the horizontal conflict facing Marlboro's distribution as well as the other channel related problems would include.

- Establishment of flexible partnership agreement with distributors which avoiding any long-run restrictions
- Developing fair partnerships in which the distribution partners earn a motivating profit. 7
- Brown, James and Day, Ralph. " Measures of Manifest Conflict in Distribution Channels," Journal of Marketing Research 18, no. 3 (1981): 263-274
- Developing of distribution partnerships with a long run perspective avoiding any opportunistic actions that could jeopardize long-term relationships with the partners. This could have solved such conflict as the Philip Morris and Modi group conflict in India.
- Promotion: Competitors' print advertisement

Advertisement is a key promotion tool applied by businesses to ensure that the market gets information about its products with an aim of informing and persuading. In this respect, Marlboro as well as its competitors engages in advertisements through Medias ranging from print to electronic. For analysis purpose, Camel brand which is one of the main competitors for Marlboro has one of its print advertisements identified for creative strategy analysis as below. 8

Creative brief and creative strategy elements

A creative brief being a short description of what is to be achieved by the advertising agency can be drawn from the advertisement itself by observation of the graphics and the advertisement itself. This is because the brief acts as the guide from the producer to the advertising agency describing the target audience and the advertisement's purpose. Given the creative brief, the agency adopts a creative strategy which could apply creativity formulas or brainstorming to establish the creative elements that should be encompassed in the advertisement. Such elements which are identifiable in the Camel's advertisement include.

- Objective of an advertisement which focuses on informing and persuading target audience about the product. 9
- Kotler, Philip and Gary, Armstrong. Marketing: An introduction, (New Jersey: Prentice Hall, 2012), 21.
- Inbid, 20
- Primary audience is the key target for the advert defined by the product's target market. In this respect, the advertisement is able to communicate to the right audience as there have been all considerations of the segment's attributes including demographics, economic and social traits.
- Attitudes/ objections/beliefs of the target audience are considered in developing an advertisement with consideration of the status quo which establishes the target group's view of the product in order to be able to persuade them to adopt the product. The advert uses the doctor to present the argument that even professionals smoke the cigarette.
- Competitive benefit element usually provides and communicates support

for the products benefit by presenting to the target audience the intended benefits from the product in comparison with competitor's product

- Call to action is also a key element of a creative strategy through which an advertisement provides and communicates the expected action by the audience. The advert in this case calls for customers to buy the cigarette and be in the same class as the professionals. 10

- Brown, James and Day, Ralph. "Measures of Manifest Conflict in Distribution Channels," *Journal of Marketing Research* 18, no. 3 (1981): 263-274

Camel's print advert. 12

Conclusion

The analysis provides a clear demonstration of distribution channel and promotion as crucial marketing mix strategies that require a lot of consideration given the increasing market competition. In this respect, Phillips Morris as the Marlboro producers is shown to enlist distribution partners as its intermediaries in reaching the product's market. However, the channel has faced some challenges including the horizontal conflict which can be solved by enlisting more distributors and disintermediation in some markets. Finally, the case shows a print advertisement for Camel cigarette brand to have been developed with application of creative strategy that clearly reflected the elements of a creative brief including target audience, objective, call to action, competitive benefit as well as addressing target group's objections and believe about the product.

- R. J. Reynolds. *Transforming Tobacco*, accessed April 04, 2013.

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R. J. Reynolds. Transforming Tobacco, accessed April 04, 2013, <http://www.rjrt.com/>