Example of marketing mix-distribution channels essay

Business, Company

The marketing mix consists of four Ps (price, product, promotion and place); an efficient distribution strategy facilitates the availability of the product in the right place where it can be easily accessed by the target consumers. The distribution strategy adopted by a company depends on a number of factors including the target consumer, the product itself as well as the prevailing micro and macroeconomic environment. In some instances, it may be taxing to correctly identify the customers, customers may be inaccessible or a huge number of customers with small transactions that the production company cannot handle on its own. On the converse, the product may be complex, demands widespread support or needs exceptional knowledgeable advertising (Dent, 2011).

These are some of the factors that influence the distribution strategy adopted by a company such that it gets to the target market at competitive prices. Manufacturing companies have to ensure that their products get to the final consumers at the most appropriate time and that they can conveniently be accessed. Companies employ different distribution strategies to channel the products to the markets and serve the consumers efficiently. The manufacturer’s principal objective is to deliver maximum value to customers. The producing company has a mandate to balance costs and customer ease while making sure that the product marketing is correct and consumers are receiving sufficient support (Dent, 2011).

Although the manufacturer manages the distribution strategy, the decision on the most efficient way to serve consumers is a function of the company’s resources, its size and competence. For example, a small producer may not have enough resources to establish large distribution network; as an alternative, such a producer will rely on wholesalers. Features of the distribution strategy comprise of the distribution channel's structure and the character of partners. Having a shorter low cost distribution channel or entering into contract with highly efficient partners ensures that a company gains competitive edge over its rivals in the market. Similarly, the producer may focus on bringing down manufacturing expenses and supplying competitively priced products in an established distribution network. The best distribution tactic employs only agents that add value for the final consumer either by trimming down the costs or offers extra ease, service or utilities (Dent, 2011).

The demand for automobiles has gone up considerable in the past two decades. Although the 2008-2009 global financial crisis slowed sales, sustained demand in newly industrialized countries and emerging markets has maintained sales. Due to the high initial capital and costs of running plants, there are few manufacturing companies in the world. Indeed, the automobile market is oligopolistic in nature dominated by less than seven major manufacturers. These companies sell their products across the world and an elaborate distribution strategy is critical to ensure products get to the consumers in a timely manner and conveniently. The market is characterized by fierce competition and every company has to enhance its distribution channel to attain a competitive advantage over competitors (Dent, 2011).

Traditionally, vehicles were distributed through exclusive dealership i. e. a dealer would only sell products from a specific automobile manufacturing company. The exclusive distribution strategy is the most effective tactic to market an automobile. It permits the vehicle manufacturer to provide a number of related services such as indemnity, financing and extensive service contracts in a standard package to complement the products. Furthermore, the outright ownership of distribution through franchising leads to order-to-deliver initiatives. The company is able to lower stock levels for new cars as well as significant decrease in the sales cost in the unavoidable crest and dips of the sales cycle. The company can also efficiently manage the used car account. The company can collect high quality data about the state of various markets thus facilitating the making of more sound decisions that drive sales and profits (Dent, 2011).

The modern highly informed consumer is demanding more services from car manufacturers and the producing companies have been forced to extend exclusive dealership such that the dealer not only sells cars but also provides related services to increase customer satisfaction. Service policies are very critical in the automobile industry and it is easier for the manufacturers to monitor provision of service when a company’s products are being distributed by specific dealers. Toyota vehicles especially its high end vehicles are marketed by exclusive dealers; indeed, products such as Lexus are marketed among the affluent in the society and they are not readily available. The Lexus does not have the Toyota insignia to maintain its quality image.

Toyota owns a small percentage of the dealers while the rest are independent but they all sell Toyota products to consolidate its market share in the world market. Similarly, General Motors maintain exclusive dealership mainly for its luxury brand Cadillac; it is an exclusive brand available to the highly and powerful members of the society including the US president. The company has entered into partnership agreements with dealers across the world to offer its products conveniently to its target consumers. The companies employ exclusive dealership to ensure that they are able to put in place proper marketing policies that optimize customer satisfaction.

Jewelry is decoration worn to compliment human beauty; it is usually made of precious metals such as gold and diamond. Since they are worn next to the body, people have an intimate relationship with jewelry i. e. jewelry has powerful emotional plea since extensive advertisement is undertaken by passionate people. There is designer jewelry specifically designed to meet the unique needs of the target consumers. Consumers make special arrangements before buying jewelry especially jewelry that make a lasting memory such as engagement rings. Such highly valued jewelry is only accessible in exclusive stores that stock jewelry from specific manufacturer. The jewelry retail at sky-high prices and are made of diamond carats or gold. The exclusive stores are characterized by excellent customer service and top quality and design (Dent, 2011).

Just like the high end automobiles, top jewelry stores such as Tiffany, Cartier and Bulgari charge premium prices. The companies retail in their own brands and stores and rarely stock jewelry from competitors. They maintain a tight grip on stores worldwide to ensure that service delivery is not diluted; despite the high prices charged, the excellent services offered at the stores keep on pulling more consumers. The stores are strategically situated in areas populated by the wealthy in the society who can afford the purchase the products at high prices.

Although the automobile and jewelry companies apply exclusive distribution channels and franchising, the practice is more pronounced among jewelry stores. Their stores are not independent and are strictly managed by the company. On the converse, the automobile vehicles own only a few dealers while the rest are independent and only required to maintain certain standards that enhance a company’s competitive advantage (Dent, 2011).

References:

Dent, J. (2011). Distribution channels: Understanding and managing channels to market. London: Kogan Page.