Example of distribution channels case study

Business, Marketing

Select TWO products from the list of product categories below and using the teaching materials and any additional research explain what you think would be an appropriate distribution strategy for them. In doing so compare and contrast the two distribution strategies explaining why they would be similar or different.

Introduction

Distribution channels are strategies or methods of moving products and services from manufacturers to consumers in an efficient and convenient manner (Dent, 2011). Distribution channels are based on the “ place” factor of the marketing mix tool that refers to getting the product at a place that is suitably viable to consumers. Channels of distribution comprise of a group of co-dependent organizations like sales agents, retailers, and wholesalers that facilitate the availability of services or goods from manufacturers.

Distribution channels are simply the marketing strategy for the distribution network that entails the real-perceptible systems of interlinked sources, and destinations that goods are dispersed until they reach the final user or consumer (Onkvisit, 2008). Thus, this calls for a critical analysis and comparison of the similarities and differences of two distribution strategies in the automobile and jewelry product distribution.

Distribution Channels

Manufacturers use numerous distribution channels to get their products to consumers in the most convenient place and way. For instance, a car from Toyota can be purchased directly from the manufacturer through direct mail, telephone, and internet or indirectly through sales agents, retailers, showrooms, and car dealers. Commercial consumers can also get the goods directly through the manufacture's sales office. There are about five distribution channel models widely used in marketing. The simplest model is a two-way framework that involves goods and services moving straight from the provider or manufacturer to the customer (Dent, 2011). It is widely applied in industries where customers can order goods and services directly from the producer and the producer fulfills the orders via its own distribution method. In a three-way channel strategy, retailers act as mediators between the producer and the consumer. They order products from the producer and sell them directly to customers. In the four-way strategy, manufacturers sell the products directly to wholesalers. In the fifth level, a producer's sales agent can act as mediators between the producer and the wholesalers (West et al., 2004). These models have multiple distribution strategies that producers use to ensure their products get to consumers effectively. For instance, one can purchase jewelry on the internet, through a retail store, or through a supermarket.

Automobile Distribution Strategy

The automobile industry is the biggest manufacturing industry in the world with revenues of over 1 trillion USD. Competition among car manufactures in the past few years has been on the rise. Hence, other than the design, features, and other marketing strategies, distribution channels still remain a determinant in the success of most car makers. Most automobile products are distributed through exclusive dealer's strategies, where the manufacturers choose use other companies as their private sales partners. However, by applying the marketing mix elements; manufacturers can use a different distribution strategy by directly selling the products via the internet or web. This strategy involves the manufacturer selling the product directly to the consumer but through the use of internet (Rosenbloom, 2011). For instance, Ford became the first car maker to sell their products directly through online means. In Britain, Ford launched an online service where customers could order a car, have it provided to a solely owned showroom, complete the paper works, and drive away inside the car (Onkvisit, 2008). The strategy is appropriate in selling cars internationally as most customers may feel limited to what showrooms have; hence if they get it directly from the manufacturer they get what they precisely want. Furthermore, to compete with the increasing competition, getting as close as possible to the consumers increases the competitive advantage in a significant manner.

Jewelry Distribution Strategy

The jewelry industry is worth over $40 billion. The industry has faced some setbacks in sales due to inefficient distribution strategies that did not get the product to a convenient place and means for the customer. Jewelry manufacturers have dwelt on traditional channels such as retail and departmental stores. Jewelry manufacturers need to get the products closer to customers in a place where it is convenient for them to buy. Direct distribution channel through a television is an appropriate strategy in getting jewelry products to the consumer in the most convenient manner (Paul, 2008). This means that the manufacturer can sell jewelry on a television network, the customer orders for the product phone, and the jewelry is delivered. Television is an improved method of reaching customers who do not visit retail or jewelry stores. Again, there is need to showcase and get the product to the consumer in the best place and manner he/she can easily purchase. For instance, Jewelry television network sell jewelry through the television by showcasing different jewelry and accessories (Paul, 2008). This can also be through adverts and television features that can highlight the unique elements of all the jewelry.

Comparison of the distribution Strategies

In comparing the two distribution strategies, there are some similarities and differences. Both of the strategies sell their products directly to the consumer without any intermediaries. Intermediaries are also in significant in facilitating the distribution of goods to customers, but may have some limitations like the lack of all manufacturer designs or product models (Rosenbloom, 2011). However, the direct interaction between the consumer and the manufacturer increases consumer trust and convenience. Another similarity is in providing the product in the most convenient place for the consumer. In the online distribution strategy, most consumers will surf the web at any place at their own convenience, and in the television strategy, the consumer watches the television at his/her own convenience without having to go to the store. Not all consumers manage to access retail stores and showrooms to purchase a car because of accessibility and time factors. The difference between the two strategies is in the method used to deliver the product to the consumer. The automobile industry will use information technology through the internet while the jewelry will use mass communication through the television. The internet is extremely significant because over 30% of the world population uses it. Meaning, auto makers are able to reach more customers using a remarkably inexpensive method of applying information technology. In the television strategy, Jewelry television program has over 80 million users.

Pros and Cons

Although these strategies may be suitable for each product distribution strategy, there are pros and cons to them. In the online strategy, it is easy and inexpensive to set up the online system compared to traditional strategies. Customers can also get much more information in the internet than through other distribution channels. However, the strategy is limited to the internet only and cannot be used in places without internet. Additionally, the application of this strategy is limited in lower and middle class countries with limited technological advancements (Paul, 2008). In the television strategy, the manufacturers get to expose the product to many viewers at their most convenient place that is at home. However, this method may be limited to home users only, limiting other countries or consumers with no access to television.

Conclusion

In conclusion, distribution channels are equally beneficial to the overall marketing strategy of any organization. They aim at making goods and services easily accessible to consumers by developing a plan of the place and best method of providing the goods to customers. Online and television distribution channels are direct strategies that involve the manufacturer selling products directly to the consumer. With these strategies, manufacturers are able to increase their sales and overall profits.

Distribution channels should be based on the consumer preferences and their convenience.

References

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