

Distribution



Distribution Introduction: Distribution strategies play an important role in the success of a business organization in a competitive environment. Most business enterprises find themselves in such an environment, as a result of globalization. Ford Motor Co. is one of the world's largest automobile manufacturer's. To remain successful in the competitive automobile manufacturing sector, it needs to be imaginative in its distribution strategies.

Innovative Distribution Strategy in the Automobile Industry:

Ford Motor Co. in the last decade has made changes from the traditional distribution channels. In 1997, Ford changed its more than a century old strategy of independent dealers to a reduced number of jointly held super stores, thus reducing competition among the dealers and shifting the focus to competing with the other automobile dealers (1). In 2005, the Ford unified its Ford and Mercury Lincoln division to strengthen its marketing, sales and service, in the face of growing competition. (2). Therefore in the last decade Ford has demonstrated an urge to adapt to the environment in which it functions. These changes have not given Ford the boost it needs. Ford needs to be more innovative in its changes in the distribution and sales strategies, in keeping with revolutionary change that it brought about in the early 1900s through mass production assembly lines (3).

So what is the innovative distribution strategy that Ford can consider? A look at its web site provides a possible solution. In its web site Ford offers a prospective customer the means to navigate and find out the range of products and accessories offered and the possible cost of a product with a variety of accessories and financing facilities. In short the customer has all the information he needs to make the purchase, but now has to go to a

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jointly held super store and place his order. In case Ford were to make use of the Internet and sell directly it would be making use of direct selling strategies. No doubt this would be against the grain of traditional sales and distribution in the automobile industry sector, which has relied on indirect dealer based sales. There is no market intelligence to suggest that Ford is considering such a change, but then maybe such an innovative change in the automobile sector would be to the advantage of Ford.

The reason for this suggestion is the example of Dell Inc. Dell changed the way in which business enterprises have viewed direct selling strategies and the use of the Internet for sales, through its successes in the computer and peripherals market. This remarkable direct-sales model was the result of, in the words of its founder Michael Dell “ We were forced to do things, based on the resources we had, that were more efficient, smarter, delivered more value” (4). This is exactly what Ford requires to do to be competitive, and successfully hold its place among the leading automobile manufacturers. Dell has also demonstrated that customers have accepted direct sales strategies in the purchase of capital goods.

The only issue that Ford has to be wary about is that in a high value product market, some customers would prefer to actually see, touch and feel the product before purchase. Its here that its existing super stores come in handy, as it can offer an alternative place for purchase through them for such customers, and the customers of its higher end products.

Conclusion:

Adapting and changing is the buzz word in business enterprises in this competitive world. Ford needs to demonstrate a little more of its innovative revolutionary bloodline towards adapting and change to remain successful.

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