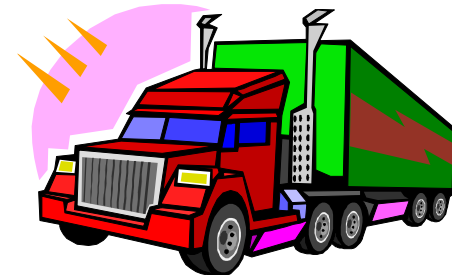




Place

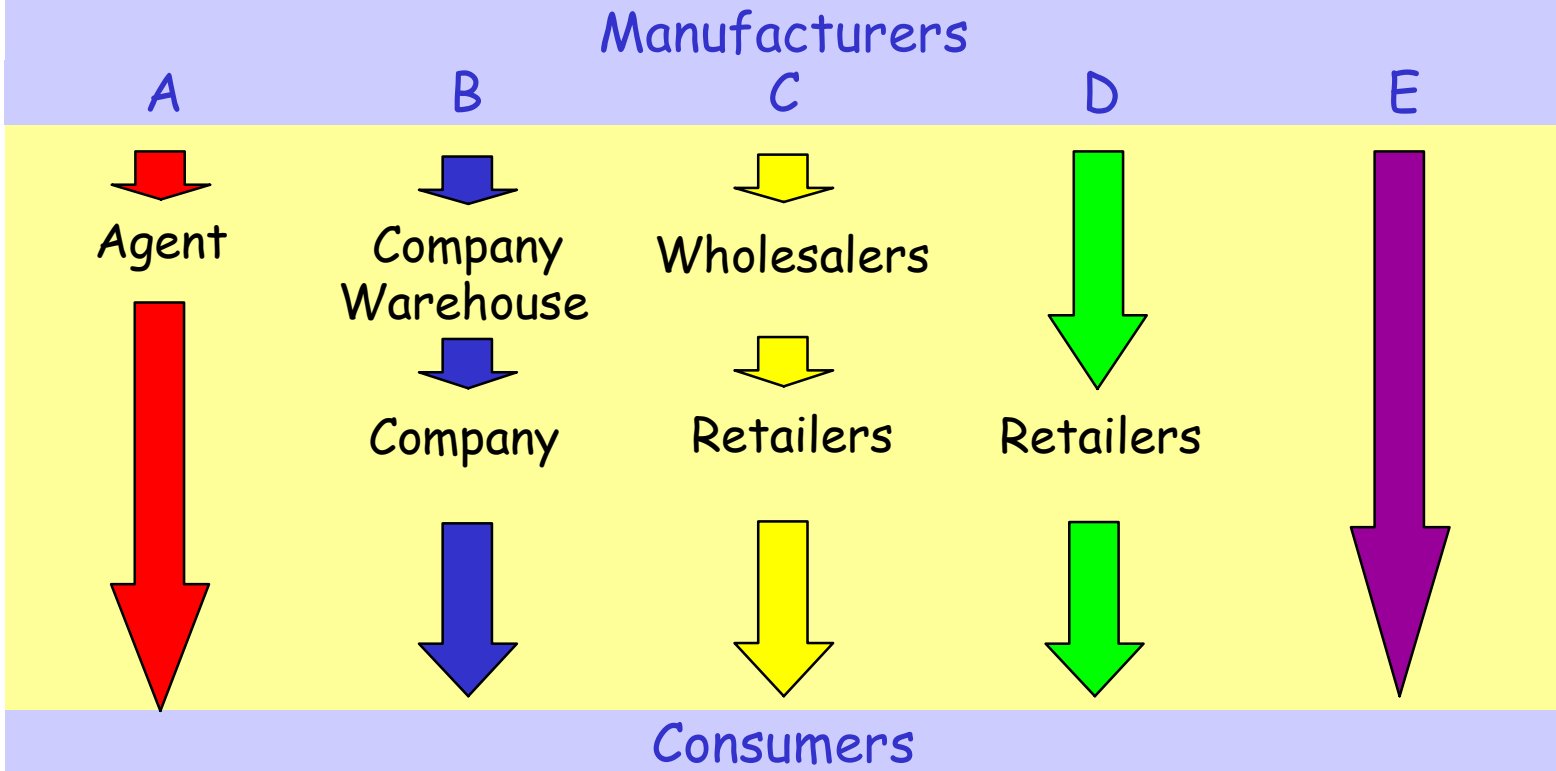
- This involves making goods or services available for those who want to buy them
- There are 2 main issues:
 - **Distribution Channels**
 - How goods are actually moved from manufacturer to consumer and where goods are actually sold
 - **Physical Distribution**
 - Stock control and physical transportation
- Place is often overlooked, but it is a vital part of marketing - without it nothing would be sold!





Distribution Channels

- There are a number of possible channels which can be combine in various ways using **INTERMEDIARIES**:

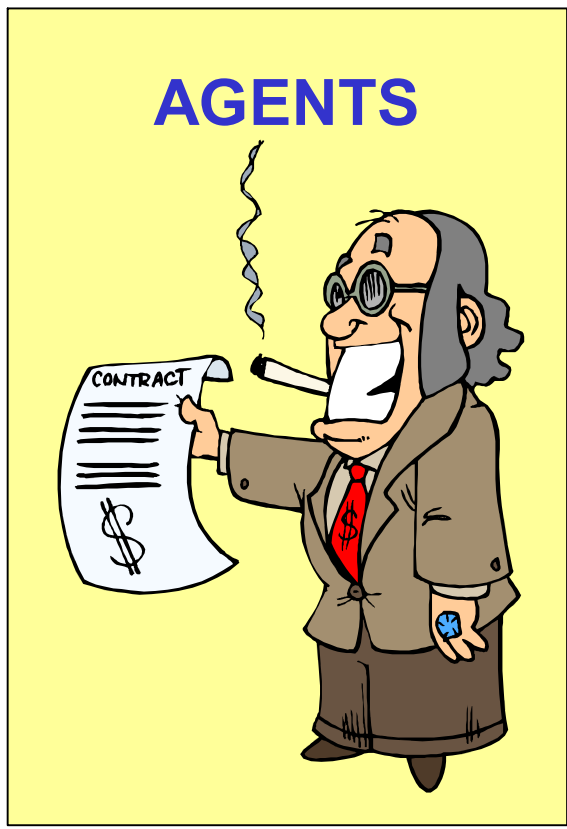


- Intermediaries are used since few businesses have the resources to distribute directly



Intermediaries

- There are 3 main intermediaries:



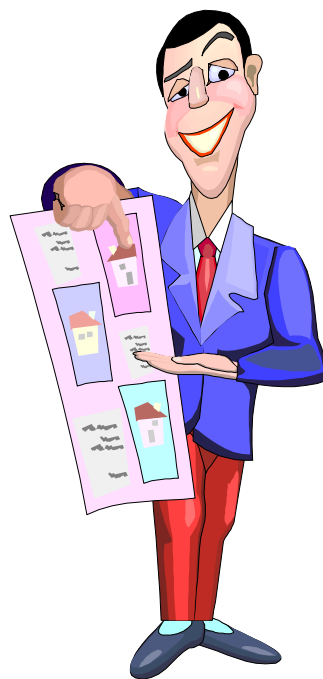


Agents

- Usually negotiate sales on behalf of the seller
- Are not usually involved in ownership
- Instead usually take a commission
- Examples include:



Travel Agents



Estate Agents



Football Agents



Wholesalers

● There are 2 types of wholesalers:

➤ **Cash & Carry**

■ Like a large supermarket where small, local retailers buy in bulk

➤ **Voluntary Groups**

■ Set up by a group of small retailers to allow economies of scale. They only serve members. E.g. Spar, Nisa Today

● Wholesalers often balance the interests of retailers and manufacturers, and offer a number of advantages:

➤ **Breaking Bulk**

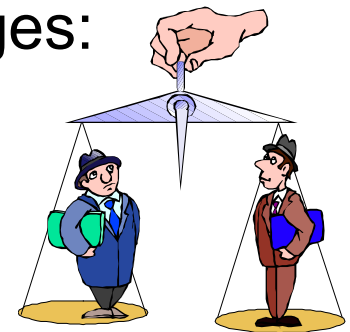
■ Retailers can buy in single cases rather than multiples

➤ **Storage**

■ Retailers do not have to hold large amounts of stock

➤ **Offering Advice**

■ Being in the middle means that wholesalers know what is happening in the market

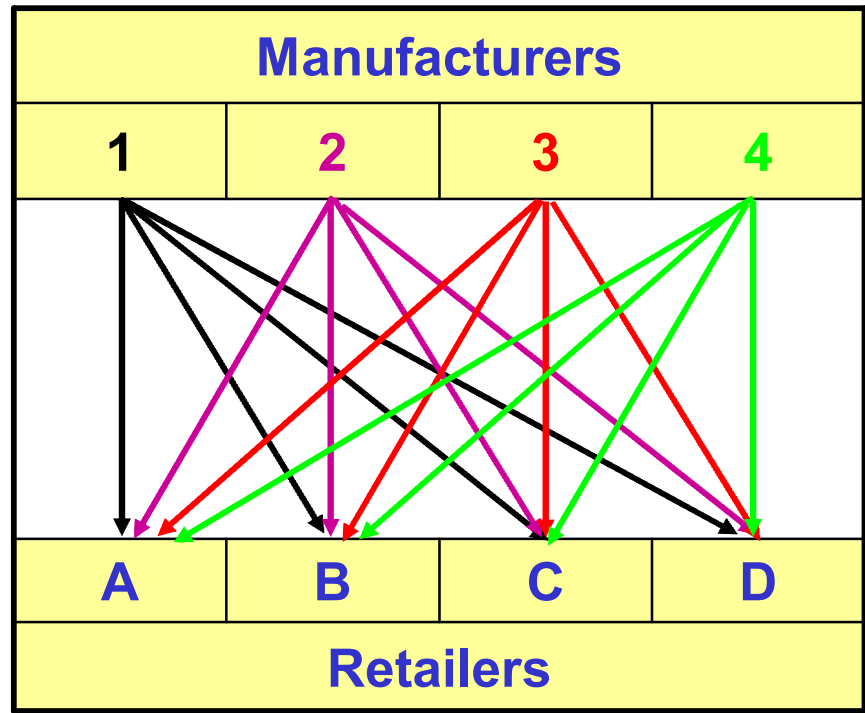




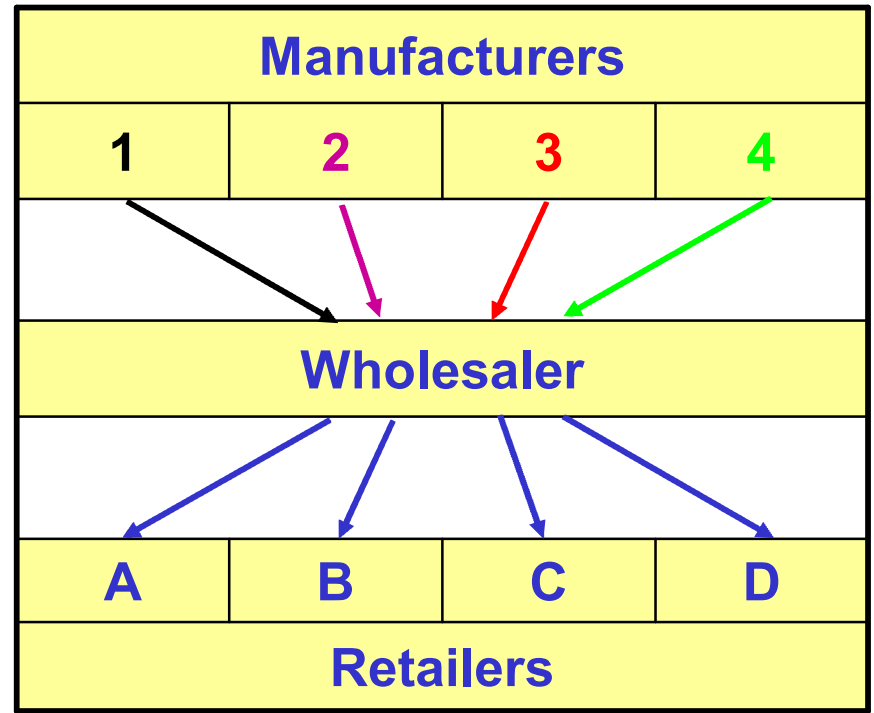
The Main Advantage of Wholesalers

- The main advantage of using a wholesaler is that they simplify the distribution process:

Without Wholesalers



With Wholesalers





● There are 5 main types of retailers in the UK:

➤ **Independent Traders:**

- Often run by sole traders, and must have less than 10 branches.
- Decreasing numbers - many now part of voluntary groups

➤ **Multiple Chains:**

- Have more than 10 branches
- Can be specialist (e.g. Waterstones) or variety (e.g. Woolworths)



➤ **Supermarkets:**

- Store with at least 400m² of floor space having at least 3 checkouts
- Most are owned by Tesco, Sainsbury's, Walmart & Morrisons

➤ **Superstores:**

- Large stores often selling diverse, but related products



➤ **Department Stores:**

- Have at least 5 departments and have 2,500m² of selling space
- Many now contain franchised departments



Which Distribution Channel?

- The choice of distribution channel is usually based upon 3 criteria:

- **The Economic Criteria**

- Comparison of costs for each method

- **The Control Criteria**

- A firm will want to retain some control since customers will hold them responsible when things go wrong

- **The Adaptive Criteria**

- A distribution channel should be capable of being adapted in case things go wrong





Physical Distribution

- This involves the movement of products from one place to another
- This is important because:
 - failure to deliver a product can harm the marketing effort
 - costs of transportation can be high
- In addition firms must consider the ICT systems that may be required
- As such there are 2 main issues in physical distribution:
 - **Holding Stocks**
 - **Transporting Products**





Holding Stocks

- This effectively relates to stock control systems
- Since holding stocks is expensive many firms try to use a **Just-In-Time (JIT)** system
- Such a system relies heavily on ICT
- However, there are problems with this:
 - any delays that occur may result in lost sales
 - heavily dependent upon suppliers
 - may lose some benefits of economies of scale
- Therefore in reality many firms will maintain stocks at a level that yields an agreed level of customer service, i.e. 2 day delivery





Transporting Products

- There are a number of options open to firms:

Road



Rail



Sea



Air



- Firms will need to consider the relative costs and speed of each option
- This will have been considered when first locating the business and therefore is not regularly reviewed