



4.6 – Place in the Marketing Mix

Place

- Discuss the effectiveness of different types of distribution channels
- Evaluate the effectiveness of different types of distribution channels including producers, wholesalers, agents and retailers
- Examine how organizations can increase the efficiency of the supply chain

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Place

Refers to the distribution of products

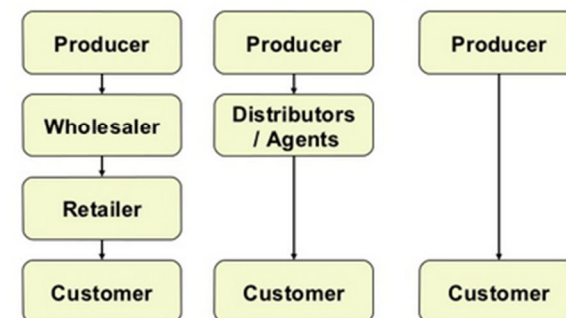
“Getting the right product to the right customer at the right price in the right place and at the right time” (Chartered Institute of Management)

Placement is about retailers assigning space to products in a store.

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Channels of Distribution

Each party in a distribution channel is called an “intermediary”



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Intermediaries



Retailer



Wholesaler



Distributor



Agent

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Retailing Trends

- Trend towards out-of-town stores
- Decline in independents
- Growth of retailer “own label” brands
- Continued growth in franchising
- Increase in international retailing within Europe
- Increasing technology in retailing

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The Channel Decision

- Channel length - direct or indirect?
- Choice of intermediary
- Use just one or several channels?
- How to move the goods through the channel?
- Control over the channel – e.g. who decides price, promotion, packaging?

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Direct Channels

- Increasingly popular
- Various Methods:
 - Direct mailing
 - E-commerce
 - Telemarketing (telephone selling)
- Examples
 - QVC (TV Selling)
 - Boden (clothes from catalogue)
 - Direct Line (insurance online)



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Why use intermediaries?

- Geography- customers may live too far away to be reached directly or spread widely
- Consolidation of small orders into large ones
- Better use of resources elsewhere
- Lack of retailing expertise
- Segmentation - different segments of the markets can be best reached by different distribution channels



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