

Marketing mix - Place

What is place?

Channel of distribution:

How has 'place' changed in the past ten years?

Why is the distribution channel choice important?

Consumers	Manufacturers	Retailers

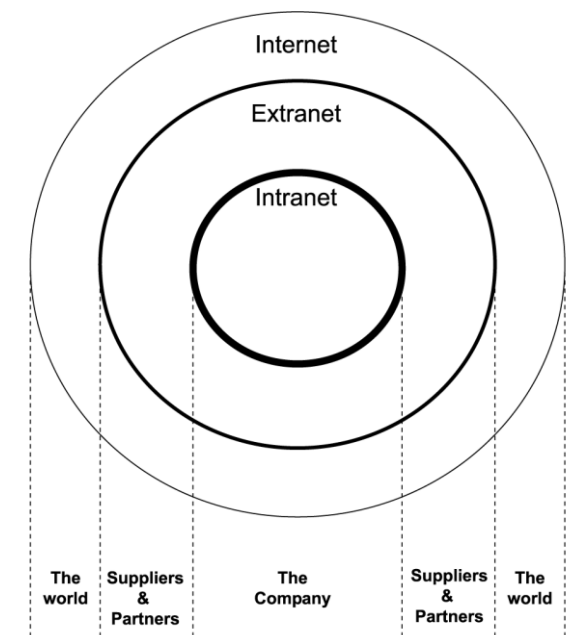
Concept of distribution:

'Getting the right **p** _____ to the right _____ at the right _____
in a way that is the most _____ to the consumer'

- ❖ Any **BUSINESS**, whether it produces goods or provides services – needs to establish a _____ that will define how it is going to **m**_____ products from the point of **c**_____ to points of **con**_____ in an efficient and low-cost manner so that it is convenient for the consumer to buy.
- ❖ Getting products on the shelf – the producer and manufacturer, wholesalers, transporters and retailers is called the _____
- ❖ Consider the terms: from farm to fork – moving food from the farm, through the process and eventually to the consumer's mouth.

Customer service as an objective of distribution:

- The main purpose is not necessarily to aim for the lowest cost:
 - A **farmer** could decide to **only sell** to people **visiting** the farm – is this convenient?
 - Many busy consumers expect home delivery or **access** to food products through local shops
 - A computer manufacturer may decide to **only sell online** –
 - How good is the service for the consumer?
 - What about those people who don't have internet access?
- **Cost** is important as a distribution strategy – but it shouldn't be the primary one
 - **Consider** customer service -
 - **Priority** for consumer – available when **ne**_____d
 - **Change of place** – increase in online purchasing for both B2C and B2C
 - Information has made consumers more **price sens**_____
 - Internet, Intranets and Extranets



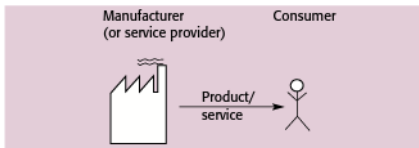
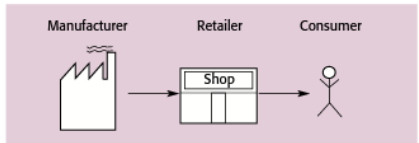
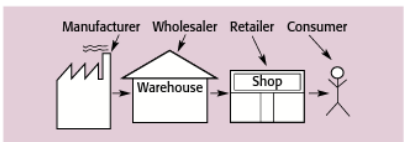
Source: Adapted from Chaffey *et al.* (2003, p. 26)

Channel strategy:

A firm must answer questions such as:

The channel must be integrated with marketing objectives: For example

Channels of distribution:

Channel	Drawbacks	Benefits
 <p>Figure 17.2 Direct selling to consumer</p>		
 <p>Figure 17.3 Single-intermediary channel</p>		
 <p>Figure 17.4 Two-intermediaries channel</p>		

Factors influencing the choice of distribution include:

- *Industrial products*
- *Geographical dispersion*
- *Level of service expected by consumers*
- *Technical complexity*
- *Unit value of product*
- *Number of potential customers*

Recent **trends** in distribution channels in recent years include:

- ✓ Increased use of _____
- ✓ Large supermarket chains – vertical marketing
- ✓ Variety of different channels
- ✓ Integration of services

Activity 17.9 - Coke chief's latest Daft idea – a cola tap in every house (p.332)

Internet marketing (also known as online marketing):**Internet marketing can involve several different marketing functions:**

- *Selling of good directly to consumers*
- *Advertising*
- *Sales leads are established by visitors to a site*
- *Collecting market research data*
- *Dynamic pricing-*

Impact on business:

Without doubt, the internet has had a huge impact on the business world, especially the marketing mix.

- Music industry
- Film industry
- Banking
- Insurance
- Travel and tourism

There has been a **decline** in many traditional industries such as:

New industries include:

- ✓ C2C market – auctions such as eBay
- ✓ iTunes – online music streaming such as Spotify
- ✓ Price comparison websites; feedback sites
- ✓
- ✓
- ✓

Viral marketing:

Evaluation of promotion and place decisions:

Increase in promotional spending

Ease of access

An integrated marketing mix (very important)

- Consider an expensive product being sold on the street/market stall
- Exclusive shop selling expensive gifts wrapping newspaper
- Wrong product promoted in the wrong place

Integration becomes vital – consistency and the range of messages for a consumer's psychology

- Messages that are confusing or lacking focus often fail to identify the true 'personality'
- Product looks cheap but is highly priced – consumers will ask questions...
- Product looks expensive but is priced cheaply – deception?
- Confused consumers **WILL** steer clear of the product
- Even the best marketing plans can be destroyed in one part of the marketing mix is wrong

The most effective marketing-mix decisions will, there be:

- Based on marketing objectives and affordable
- Integrated and consistent with each other and targeted at the appropriate customers

Summary of the worksheet in your own words (in English and Chinese):

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Vocabulary check:

English	Chinese