



# Place (Distribution)

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- Components of the Distribution Channel
  - Wholesalers
  - Retailers

# Wholesalers- Why Have Them?



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- Services to Retailers

- Promotion
- Market Information
- Financial Aid

- Services to Manufacturers

- Provide Sales Force
- Reduce Inventory Cost
- Furnishing Information



# Wholesalers- Why Have Them?

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- Services to Retailers

- Promotion

- Help promote products by providing display materials.
    - May help build window, counter, and shelf displays
    - May work on retail floor during special promotions.

# Wholesalers- Why Have Them?



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- Services to Retailers
  - Market Information
    - Gathers information about consumer demand, prices, new developments in the market.

# Wholesalers- Why Have Them?



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- Services to Retailers
  - Financial Aid
    - Make prompt and frequent deliveries to keep inventory costs low.
    - Provide delayed billing.



# Wholesalers- Why Have Them?

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- Services to Manufacturers
  - Provide Sales Force
    - Producers rely on wholesalers to sell and distribute their products to many retailers.



# Wholesalers- Why Have Them?

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- Services to Manufacturers
  - Reduce Inventory Costs
    - By purchasing goods from producers, they reduce amount of inventory that producers must hold to.



# Wholesalers- Why Have Them?

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- Services to Manufacturers
  - Furnishing Information
    - Lets producer know information such as
      - Consumer Demand
      - Producer's Competition
      - Buying Trends



# Retailers

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- Final Link between producers and consumers.
- Sell goods and services to consumer.
- Two Types of Retailers
  - In-Store Retailers
  - Nonstore Retailers

# Retailers – In-Store



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- Classify In-Store by:
  - Number of Stores Owned and Operated by the Firm
  - Store Size and The Kind and Number of Products Carried



# Retailers – In-Store

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- Number of Stores Owned and Operated by the Firm
  - Independent Retailer
    - Firm operates only one retail outlet.
    - 75% of retailers are independent.
    - Usually locally owned, small businesses.

# Retailers – In-Store



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- Number of Stores Owned and Operated by the Firm
  - Chain Retailer
    - Firm operates more than one retail outlet.
    - 25% of retailers are chains.

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Department Store
    - According to U.S Census Bureau a department store:
      - Employs 25 or more people
      - Sells at least home furnishings, appliances, family apparel, household linens, and dry goods; each in a different part of the store

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Discount Stores
    - Self-service, general merchandise at lower than usual prices.
    - Examples include: Wal-Mart, Kmart

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Warehouse Showroom
    - Retail facility in a large building with large on-premises inventories and minimal service.
    - Examples include: Furniture Stores, Car Dealers

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Convenience Stores
    - Small food store that sells limited variety of products.
    - Open well beyond normal business hours.
    - Examples include: 7-11 and Wikiwiki Mart

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Supermarkets
    - Large self-service store selling food and household products.
    - Emphasize low prices and one-stop shopping for household needs.
    - Examples: Safeway, Sack n Save

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Superstore
    - Like supermarkets but also carries additional product lines like electronics, clothing, garden products, small appliances.
    - Also provides services like film developing, banking, etc.
    - Examples: KTA

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Warehouse Clubs
    - Large-scale, members only
    - Discount retailing
    - Broad range of items
      - Food to Furniture to Hardware to Clothing
    - Provide few services
    - Examples: Costco

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Traditional Specialty Store
    - Narrow Product Mix with deep Product Line
    - Sell products like clothing, jewelry, sporting goods, computers, flowers, books, and pet supplies
    - Emphasize customer service and atmosphere
    - Examples: Radio Shack, Footlocker, Floral Mart

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Off-Price
    - Buy manufacturer's seconds, returns, flaws, overstock, off-season goods.
    - Buys for cheap and sell at discount prices.
    - Examples: Ross, Savers

# Retailers – In-Store



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- Store Size and The Kind and Number of Products Carried
  - Category Killers
    - Large specialty store
    - Low prices and enormous number of products
    - Called “category killers” because they take business away from smaller-high-cost retail stores.
    - Examples: Home Depot, Office Max, Kay-Bee

# Retailers – Nonstore



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- Purchase products without visiting a store.
- Three Types
  - Direct Selling
  - Direct marketing
  - Vending Machines

# Retailers – Nonstore



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## ■ Direct Selling

- Face-to-Face presentation at home or workplace.
- A.k.a “door to door selling”
- Usually uses “party-plan” method
  - Customer acts as host and invites people to view products.
- Examples: Party-Lite Candles, Tupperware

# Retailers – Nonstore



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## ■ Direct Marketing

- Use of computers, telephones, television, and other nonpersonal media to communicate product and company information.
- 5 types

# Retailers – Nonstore



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- Direct Marketing

- Catalog Marketing

- Provide catalog from which customers make selections and place orders by phone or mail.
  - Eastbay, Crutchfield, JCPenny

- Direct-Response

- Retailer advertises a product and makes it available through mail or telephone orders.
  - Magazine Ads, commercials, infomercials

# Retailers – Nonstore



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- Direct Marketing

- Telemarketing

- Call homes to try and sell products or services.

- Television Home Shopping

- Certain channels display products to viewers.
- Demonstrate products on t.v.
  - Home Shopping Network, QVC

# Retailers – Nonstore



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- Direct Marketing

- Online Retailing

- Present and sell products online
    - More and more popular.
    - Faster response
    - Easily accessible

# Retailers – Nonstore



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## ■ Direct Marketing

### ■ Automatic Vending

- Use of machines to dispense products
- Sell items that require little thought
- Also can dispense service as well
  - Ex atm's
- Permits 24-hour service
- Doesn't require much space