I'm not robot

reCAPTCHA

Continue

Selective distribution means selling through

Choosing the best marketing channel is critical because it can mean your product's success or failure. One of the reasons the Internet has been as successful as a marketing channel is because customers can make some channel decisions for themselves. They can buy almost any product in the world, when and where they want when they can connect on the web. They can also choose how the product is delivered. The Internet may not be the best channel for any product, though. For example, do you want to carefully examine the fruits and vegetables you buy to make sure they are ripe enough or not overripe? Then online grocery shopping may not be for you. It is unclear how your customers want to buy products affected by the channel you choose. Actually, that should be your main consideration. First, are you selling to the consumer or to a business customer? In general, these two groups want them to be sold differently. Most consumers are willing to go to a grocery or convenience store to buy toilet paper. The head of the hospital, who is trying to replenish his supplies, is not doing so. The head of the hospital would also buy much more toilet paper than an individual and would expect the distributor to call it, but perhaps only semi-regular. The manager may then wish to have toilet paper delivered regularly and presented to the hospital via automated systems. Likewise, when companies buy expensive products, such as machines and computers or products that need to be adapted, they generally assume that they are sold in person through sales representatives. And often they expect special payment terms. The type of product you sell also affects your marketing channel choices. Perishable products often have to be sold through shorter distribution channels than products with a longer shelf life. For example, yellowfin tuna heading to the export market are likely to be flown overnight and handled by a small number of intermediaries. By contrast, canned tuna can be transported in a slow boat and handled by more dealers. Valuable and delicate products also tend to have shorter marketing channels. Car manufacturers typically sell their cars directly to car dealers (retailers) rather than wholesalers. The makers of corporate jets often sell them directly to companies that require them to customize certain specifications. Your ability to compare the capabilities of organizations operating in other types of marketing channels may affect your channel's choices. If you are a massage therapist, you are quite able to deliver your product directly to your client. If you download products such as digital books or recordings, you can sell your products directly to customers on the Internet. Hypnotic World, the UK's self-hypnosis recorder manufacturer, is such a company. If you want to stop smoking or weight, you can pay and download the recording to help you do this . But let's say you've created a great new personal gadget— something that's tangible or physical. You managed to sell it through two channels, such as on tv (maybe through a home shopping network) and online. Now you want to get product retail stores such as Target, Walgreens and Bed Bath & Beyond. If you can get your product into these stores, you can exponentially increase your sales. In this case, you may want to enter into a contract with an intermediary-perhaps agent or distributor who convinces corporate buyers in their stores through their product. Ped Egg Commercial (click to see the video) The general business environment, such as the economy, can also affect the marketing channels of selected products. For example, think about what happens when the value of the dollar decreases compared to currencies in other countries. When the dollar falls, products imported from other countries pay more to buy compared to products produced and sold in the United States. Products made in China have become less attractive because they have become more expensive. As a result, some companies will then look closer to home with their products and channel partners. Of course, technological changes also affect marketing channels. We explained how the Internet has changed the way products are bought and sold. Many companies like to sell products on the Internet as much as consumers like to buy them. First, the Internet sales channel gives companies more control over how their products are sold and at what prices than when they leave the job to another channel partner, such as a retailer. In addition, a company selling on the Internet has a digital footprint or a recording of what buyers are watching, or click on its site. As a result, products they appear to be interested in and aimed at them at special offers and even prices may be recommended. Some sites allow customers to customize products to their liking. On Domino's website, you can choose your pizza ingredients and then check them out as they fall onto your virtual pizza. The site will then let you know who is baking your pizza, how long it will take to cook, and who has to deliver it. Although communication is digital, it somehow feels a lot more personal than the phone's main subscription. Developing customer relationships is what today's marketing is about. The Internet helps businesses do this. How your competitors sell their products can also affect your marketing channels. As we explained, Dell now sells computers to companies like Best Buy so that computers can compete with other brands on store shelves. You don't always have to choose the channels your competitors rely on. Netflix is an example. Netflix turned the video rental business into its head with an upcoming new marketing channel that better responds consumers' needs. Starting direct mail and then moving to Internet delivery, Netflix (along with competitor Hulu) may finally revolutione the way television is watched. With the exception of sports and other live events, television moves to an on-demand model where you watch what you want, if you want, not when it's broadcast. Along the way, though, Netflix (and Redbox, a video vending machine) have already virtually eliminated DVD rental through stores. Perhaps lin and L'Oréal's products are mainly sold in retail stores. But Mary Kay and Avon use sales reps to sell their products personally to consumers. Companies that choose intensive marketing. strategy to try to sell your products to as many outlets as possible. Intensive marketing strategies are often used for convenience offerings-products customers buy locally without much shopping around. Examples include soft drinks and newspapers. You see them selling in different places. Redbox, which rents DVDs out of vending machines, has made progress using a distribution strategy that is more intense than Blockbuster's: machines located in fast food restaurants, grocery stores, and other places people often go to. The strategy has been so successful, Blockbuster has had to avenge its line of vending machines, although it may be too few. Figure 8.15 Since it is cheaper to install vending machines than opening a retail business, Redbox has been able to find DVD vending machines in more places than blockbusters that can store their stores. Blockbuster has responded to your vending machine. By contrast, selective marketing Strategy for selling products in fixed outlets and/or locations. includes the sale of products at selected points of sale in specific locations. For example, Sony TVs can be purchased in a number of outlets such as Circuit City, Best Buy or Walmart, but the same models are not generally sold at all outlets. The cheapest Sony TVs are at Walmart, the better Sony models are more expensive and found in stores like Circuit City or specialty electronics stores. By selling different models with different functions and price points at different points of sale, the manufacturer may turn to different target markets. You don't expect, for example, to find the highest priced products from Walmart; if you're shopping there, you're looking for lower-priced goods. Exclusive marketing Strategy to sell products in one or more specific locations through a retailer. includes the sale of products through one or very few outlets. Most students often think exclusive means high prices, but that's not always the case. Exclusive simply means limiting distribution to only one outlet in any area, and this may be a strategic decision based on demand. For example, supermodel Cindy Crawford's line of furniture is sold only by furniture company Rooms To Go. Designer Michael Graves has a string of products sold only by Target. To buy these goods, you must go to one of these retailers. In such cases, retailers are starting to work with these brands to create a sense of quality based on scarcity, a sense of quality that applies not only to the brand, but also to the store. tv series are only distributed. In this case, the choice is not so much about the application of the scarcity principle, as it is about controlling the risk. The company that produces the show enters into an exclusive deal with networks such as ABC, CBS or Showtime, and the series is initially only shown on that network. Later, replays of performances are often selectively distributed to other networks. However, the purpose of that initial exclusive right is to protect the network's investment by granting the network exclusive rights to broadcast the broadcast. In order to control the reputation of their products and the prices at which they are sold, manufacturers of higher-priced products often prefer to distribute their products more efficiently. Expensive perfumes and designer wallets are an example. During the recession, some of the makers of these products were disappointed to see retailers reduce product prices, depretally reduce their reputable brands. Disseminating a product to only a limited number of organisations under strict conditions will help prevent the deterioration or loss of value of the company's brand. It can also prevent the cheap sale of products in grey markets. Grey MarketMarketMarket, where the manufacturer has not allowed the sale of its products. is a market in which the manufacturer has not authorised the sale of its products. Acknowledge, however, that the choice to share intensively, selectively or only is a strategic decision based on a number of factors, such as the nature of the brand, the types and number of competitors, and the availability of the options for the distribution. Choosing the best marketing channel is critical because it can mean your product's success or failure. The type of customer you sell affects the channel you selected. In fact, that should be your main consideration. Product type, your organization's capabilities compared to other channel members, the way competing products are marketed, and changes in your business environment and technology can also affect your marketing channel decisions. Different factors influence the company's decisions about the intensity of product marketing. An intensive marketing strategy involves selling the product in as many outlets as possible. Selective marketing involves selling a product at a point of sale in specific locations. Exclusive distribution includes through one or very few outlets. Review questions Why good channel decisions are critical to product success? Identify the factors that influence channel selection decisions. Which products are more likely to be distributed through exclusive marketing strategies? Strategies?