

Chapter 6

Introduction to Distribution Management

ABSTRACT

Distribution management is all about reaching the product as near to the customer as possible and making the product and service available to the customer. The products must be available to the customer at the right place and at the right time and with an assortment which gives a lot of choice to the customers. The intermediaries in the marketing channel performs a lot of activities for the manufacturer and serves as the go-between of the manufacturer as well as the consumer. The value addition of the distribution system is tremendous and that is why it is now a very important component of the marketing strategy. It is the fourth P in the 4Ps of the marketing mix and has not been given much importance traditionally. However, now the situation has changed primarily because it is very difficult nowadays to differentiate in the market through the use of product, price, and promotions alone. Distribution systems can help the company in differentiating themselves from the competitors. The distribution system understands the end-customers very well and thus guides the company in offering the best product mix to the consumers. The distribution system also expects a lot of support and motivation from the company and when the company is able to do that well, a long-term relationship is formed. This is crucial as the then the commitment level of the system goes up and tends to support the company and the brand in every possible manner. It has been seen time and again that when the long-term relationship forms, the company gets a very positive response and return from the market. The idea here is that the distribution systems should not be treated as a combination of some marketing tactics, but a significant and important part of the company's strategic intent and goals.

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LEARNING OBJECTIVES:

- Nature and functioning of distribution management
- Need for the Distribution System
- Roles and responsibilities of Distribution
- Coordination with the Sales Force
- Role of Distribution in Marketing Mix
- Distribution as a Differentiator
- Marketing Channels and Marketing Strategy

INTRODUCTION

What is Distribution Management?

Consumers, in their everyday lives, do not give much thought to the organization and even existence of the distribution system. When a consumer needs a toothpaste at nine o' clock in the night and buys it from the nearest retailer, he is unlikely to give second thoughts about how it has been made possible for him to buy goods and services at almost any hour of the day and at a place convenient to him. However, this is exactly what the enormous and complicated distribution system networks accomplish day after day – and each day of the year. This is what is already in place in most countries of the world. The distribution system ensures availability of all products at all times for its consumers in their designated areas. So, the primary purpose of existence of the distribution network is to make products and services AVAILABLE to the consumers. There is no point in producing goods and services until and unless it reaches the consumers for their consumption. The distribution system does exactly this value-added service for the manufacturers or producers in one end and the consumers at the other end. That is why it is possible today that a product is being manufactured in New York and consumed in Kolkata within a span of a few days. The Business Dictionary has defined distribution in the following way: “The management of resources and processes used to deliver a product from a production location to the point-of-sale, including storage at warehousing locations or delivery to retail distribution points. Distribution management also includes determination of optimal quantities

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