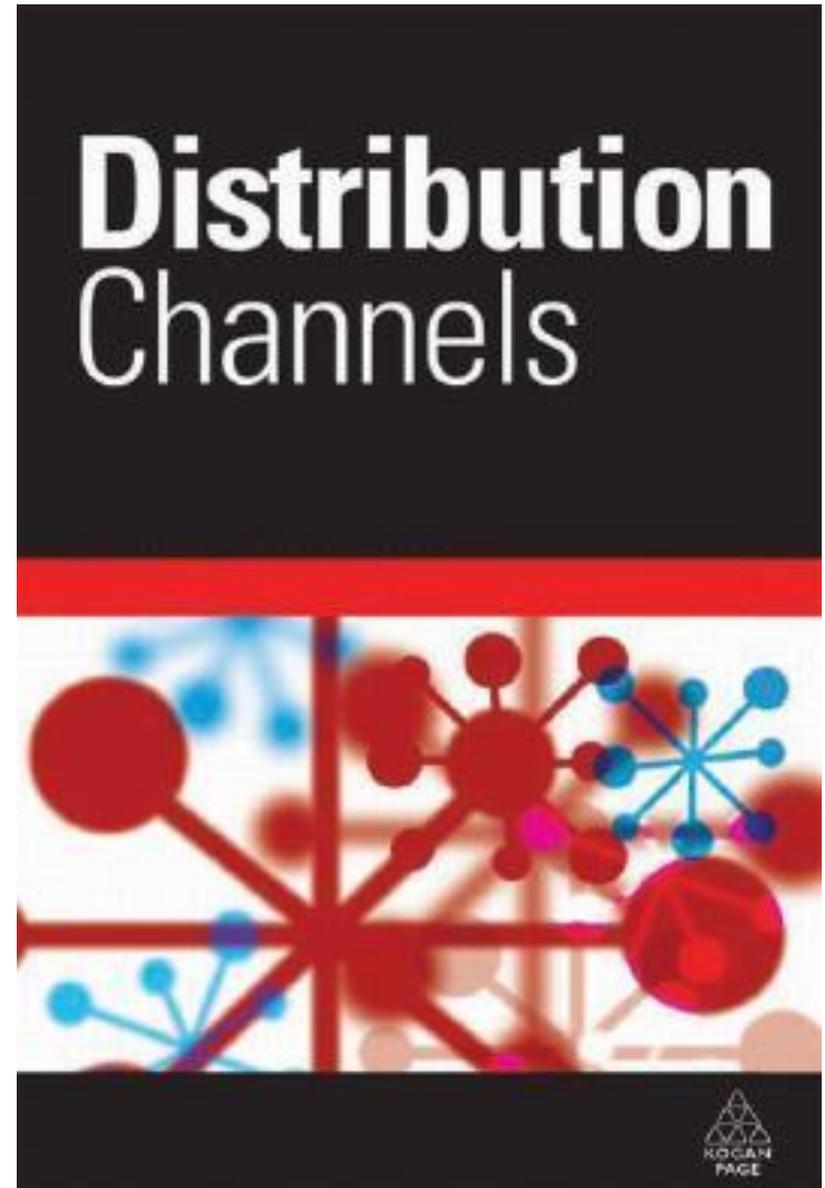


INTRODUCTION TO DISTRIBUTION CHANNELS

- What is a channel?
- Broad perspective on Marketing
- Types of Channels
- Example
- Summary



WHAT IS A CHANNEL OF DISTRIBUTION

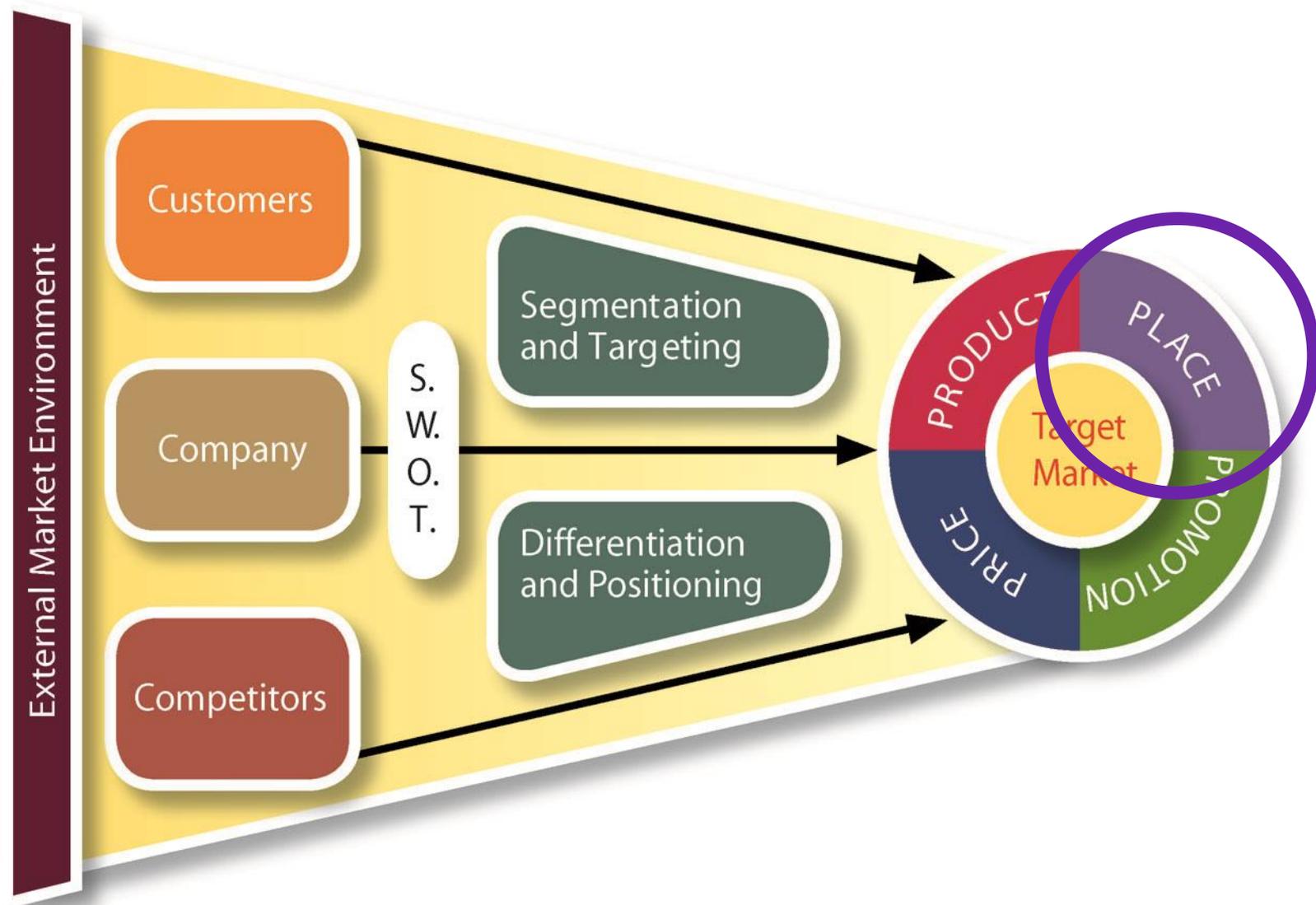
The processes and partners that move a product from the producer to the customer



**IN OTHER WORDS CHANNEL OF
DISTRIBUTION ANSWERS THE CRUCIAL
QUESTION.....**

Where and how will the customer obtain the product or service?

MARKETING : A BROAD PERSPECTIVE



WHAT DOES THE CHANNEL DO?

- ✓ Connects producers with Customers
- ✓ Completes transactions
- ✓ Handles logistics
- ✓ Financing
- ✓ Post sale support



CHANNEL VOCABULARY

Place (From the four P's)

Marketing channel

Channels of distribution

Distribution

Distribution System

Channel



**More or less
mean the same
thing**

TWO MAIN TYPES OF CHANNELS



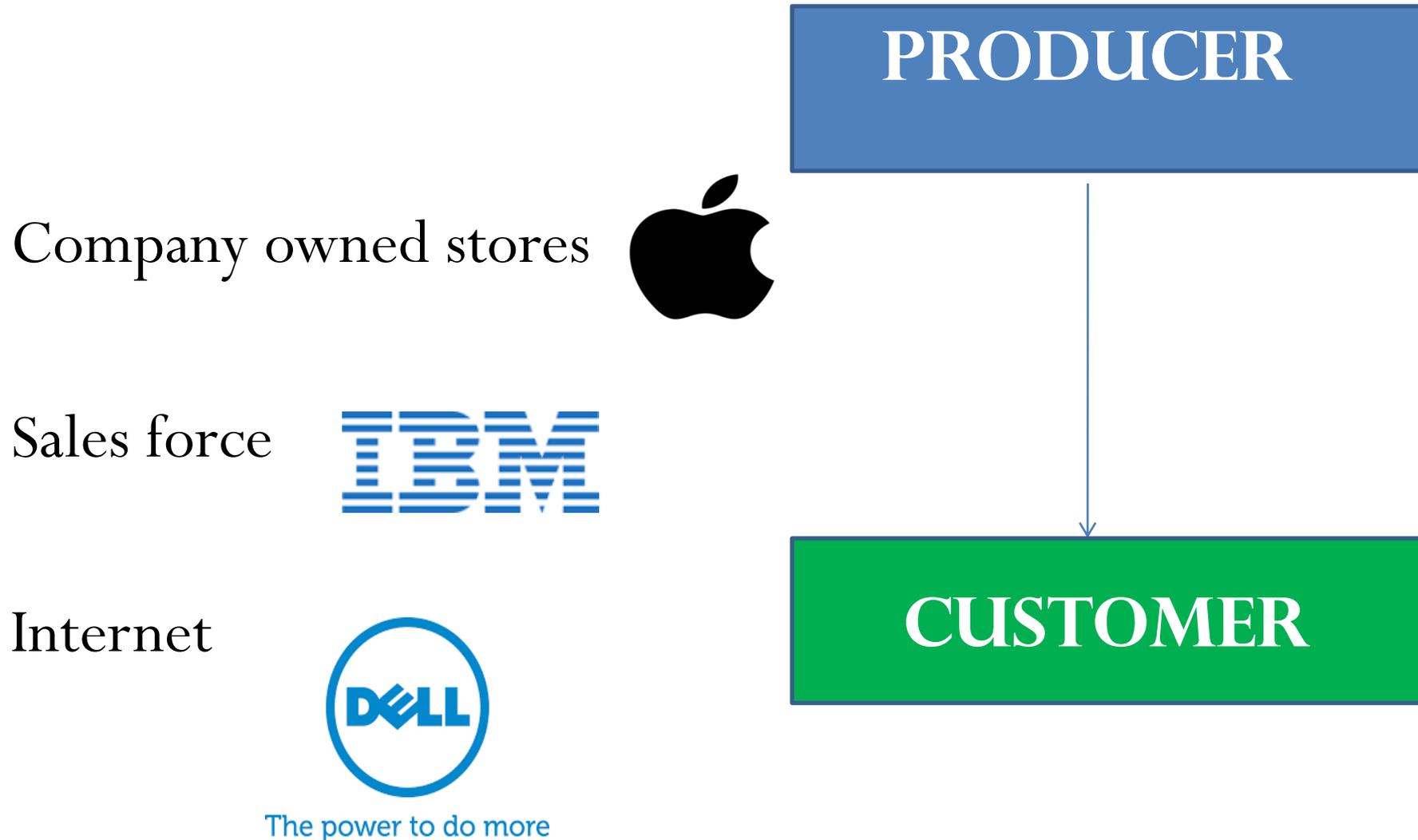
The power to do more

Direct Channel : When a producer and ultimate customer deal directly with each other

Indirect Channel : When there are independent intermediaries between the producer and customer

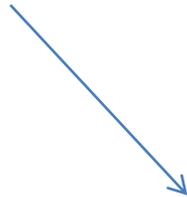


DIRECT DISTRIBUTION

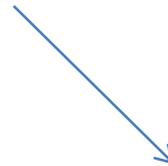


INDIRECT CHANNELS OF DISTRIBUTION

PRODUCER



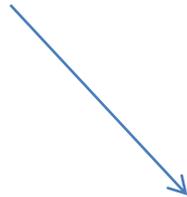
**INDEPENDENT
RETAILER**



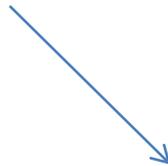
CUSTOMER

THIS APPLIES TO SERVICES AS WELL

**INSURANCE
COMPANIES**



BROKERS



CUSTOMER



BUT WE WONDER...

Why do some producers choose to use the channel and others do not?

PRODUCER

```
graph TD; PRODUCER[PRODUCER] --> CHANNEL[CHANNEL]; CHANNEL --> CUSTOMER[CUSTOMER];
```

CHANNEL

CUSTOMER

DIRECT CHANNEL STRENGTHS AND WEAKNESSES

STRENGTHS

- Dedicated to your products
- High quality contact with customers
- Fast feedback loop

WEAKNESSES

- Smaller coverage
- High fixed costs
- On own to generate leads
- Whole solution

IN-DIRECT CHANNEL STRENGTHS AND WEAKNESSES

STRENGTHS

- Larger coverage
- Reach new target segments
- Create whole solution
- Lower fixed costs

WEAKNESSES

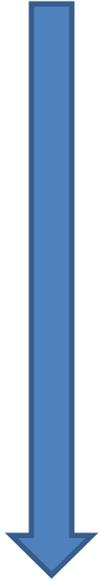
- Less focus on your products
- Smaller margins
- May limit customer information

**CAN DIRECT AND IN DIRECT
DISTRIBUTION BE COMBINED?**

LET'S FIRST START AN ICE CREAM SANDWICH COMPANY

- PREMIUM
- WELL BRANDED
- HIGH PRICE POINT





CUSTOMER

FOUR KEY CRUCIAL QUESTIONS.....



1. Does the channel fit the target customer?
2. Does the channel fit the brand positioning?
3. Is the channel a good fit for our organization?
4. Can we achieve our economic goals through this channel?

CHANNEL DECISION MATRIX

POSSIBLE CHANNELS	WILL CUSTOMER BUY?	FITS PRODUCT AND BRAND?	FITS ORGANIZATION?	PROFIT POTENTIAL?
OPTION 1				
OPTION 2				
OPTION 3				
OPTION 4				

ICE CREAM CHANNEL DECISION MATRIX

POSSIBLE CHANNELS	WILL CUSTOMER BUY?	FITS PRODUCT AND BRAND?	FITS ORGANIZATION?	PROFIT POTENTIAL?
FARMER'S MARKET	YES	YES	YES	YES
OWN STORE	YES	YES	NO	NO
ICE CREAM SHOPS	YES	YES	YES	YES
HIGH END GROCERY STORES	YES	YES	YES	YES

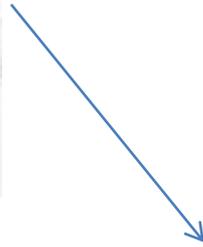
WE NEED TO CONVINCICE ICE CREAM SHOPS TO CARRY OUR PRODUCTS



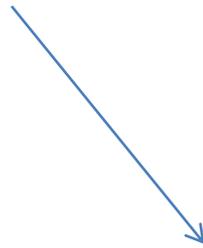
**ICE CREAM
PARLOR**

HOW DO PRODUCERS MOTIVATE CHANNEL PARTNERS

- OPPORTUNITY FOR PROFITS
- PRICE, TERMS AND CONDITIONS
- SUPPORT AND TRAINING
- PRODUCT LINE : PRESENT AND FUTURE DIRECTION
- ATTRACTIVE BRAND
- PERSONAL ATTENTION
- CO-MARKETING



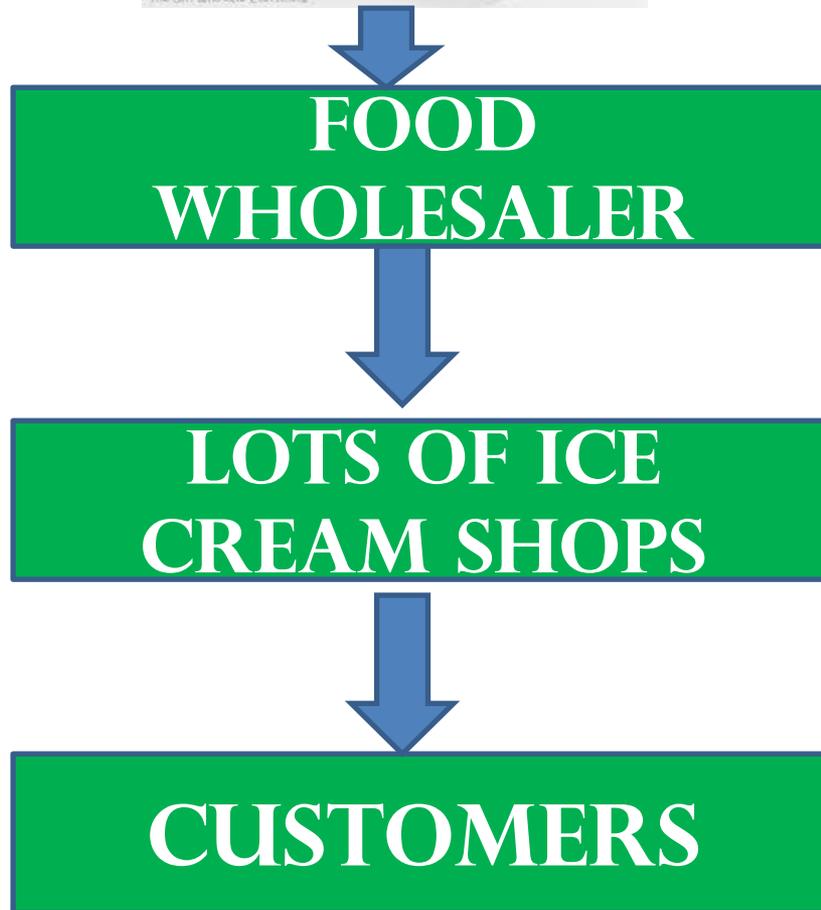
**ICE CREAM
PARLOR**



WHAT IF WE WANT TO REACH LOTS OF ICE CREAM SHOPS??

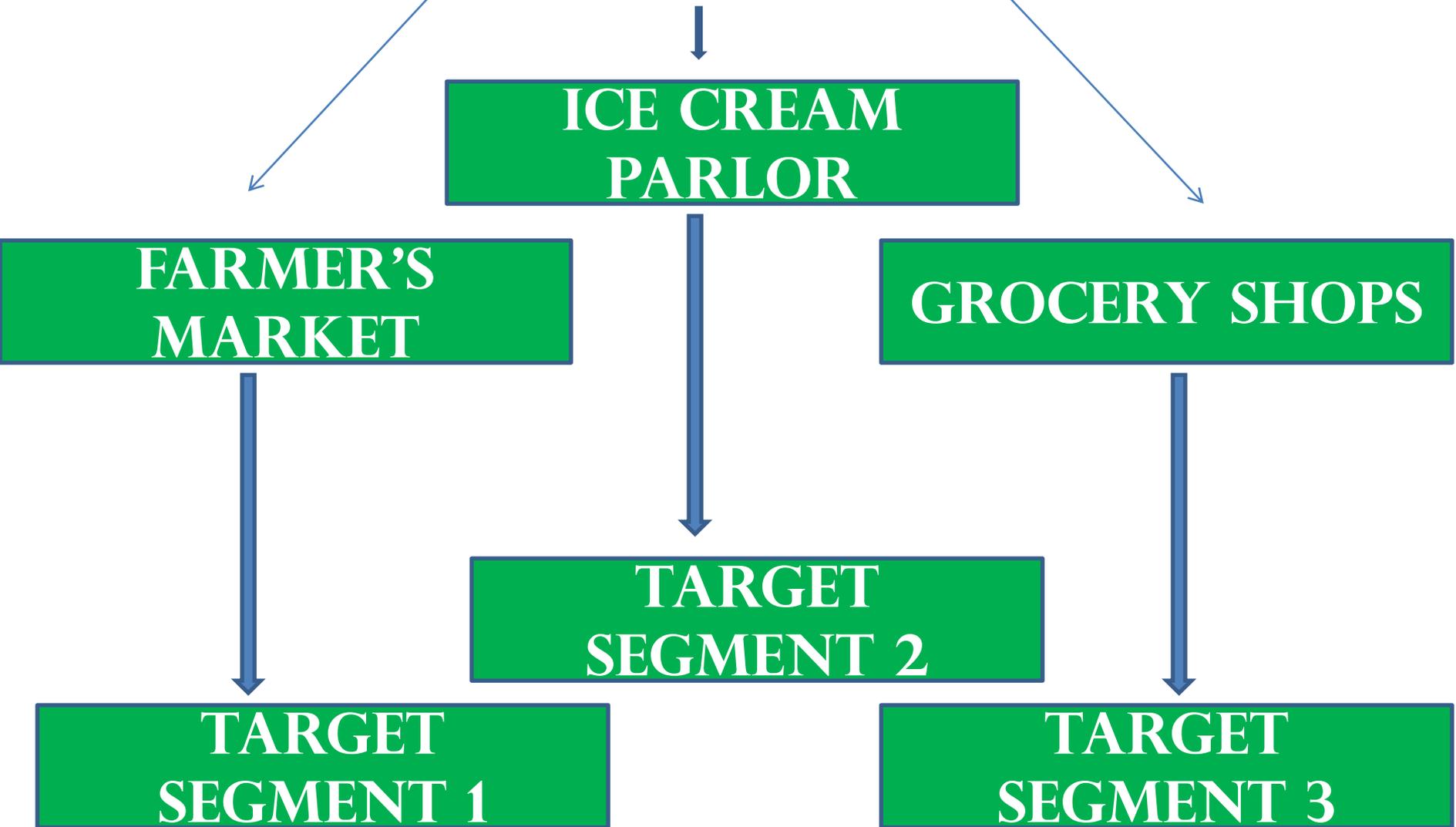


**ADD
ANOTHER
LAYER**



**TRANSACTION
LOGISTICS**

**MULTI CHANNEL
DISTRIBUTION
STRATEGY**



SUMMARY OF THE KEY POINTS

- ✓ A channel is the processes and partners that move a way from a producer to a consumer.
- ✓ Two main types of channels
- ✓ Channels can provide unique added value for particular target markets.
- ✓ Four key question can help us choose the right channel.