

## 5.7 PHYSICAL DISTRIBUTION MANAGEMENT

Physical distribution is the group of activities associated with the supply of finished product from the production line to the consumers. The physical distribution considers many sales distribution channels, such as wholesale and retail, and includes critical decision areas like customer service, inventory, materials, packaging, order processing, and transportation and logistics. You often will hear these processes be referred to as distribution, which is used to describe the marketing and movement of products. Accounting for nearly half of the entire marketing budget of products, the physical distribution process typically garnishes a lot of attention from business managers and owners. As a result, these activities are often the focus of process improvement and cost-saving initiatives in many companies.

Physical distribution is concerned with the physical movement of the goods from the producer to the consumer. It is an important part of marketing activity and a major component of marketing mix. It includes all those activities which help in efficient movement of goods from producer to consumer, such as transportation, warehousing, material handling, inventory control, order processing, market forecasting, packaging, plant and warehouse location and customer service. Philip Kotler has defined physical distribution as, "Physical distribution involves planning, implementing and controlling the physical flow of materials and final goods from the point of origin of use to meet consumer needs at a profit." According to William J. Stanton, "Physical distribution involves the management of physical flow of products and establishment and operation of flow systems." Physical distribution is thus, management of the physical flow of products and management and operation of the flow system. It is a process of managing the movement of the goods.