

## Strategies of Distribution Channels

### **1) Indirect distribution**

Indirect distribution is when the product reaches the end customer through numerous channels in between. For example – The product goes from manufacturer to C&F, then to the distributor, then to the retailer and finally to the customer. Thus the chain is long.

### **2) Direct distribution**

Direct distribution is when the company either directly sends the product to end customer or when the channel length is very less. A company selling on an e commerce portal or selling through modern retail is the form of direct distribution.

Further more, distribution strategies are also decided based on the level of penetration that the company wants to achieve. This level of penetration is decided again by the remaining 3 P's of the marketing mix – Product, price and promotions. However, based on the level of penetration, the distribution strategies vary as follows.

### **3) Intensive distribution**

When the company is having a mass marketing product, then it uses intensive distribution. Intensive distribution tries to cover as much of the market as it can. Typical FMCG and consumer durable products are best example of intensive distribution strategy. You can read this detailed article on Intensive Distribution.

### **4) Selective distribution**

A company like Armani, Zara or any other such branded company will have selective distribution. These companies are likely to have only limited outlets. For example – In an urban city, Armani might have 2-3 outlets at the maximum whereas Zara might have 4-5. You can read this detailed article on Selective Distribution.

### **5) Exclusive distribution**

If Zara has 4-5 outlets in a city, how many outlets would a company like Lamborghini have? Probably one in a region of 5-7 cities. That's exclusive distribution for you. If a company wants to give a big region to

one single distributor then it is known as exclusive distribution strategy. In some cases, a distributor might be appointed for a complete country. There would be no one other than that distributor operating in that company. You can read this detailed article on Exclusive Distribution

Overall, distribution strategies depend a lot on the various products which the companies might have. A single company might have multiple product line and lengths, each with its own distribution strategy.

Some products, which are premium, might need selective distribution whereas others which are mass products may need intensive distribution. The strategies for both types will be different. So, in the end, the distribution of a company is dynamic in nature and it contributes a lot to the competitive advantage of the company.

Further the strategies can be classified as:

**(i) Push Strategy:**

Push strategy is a manufacturing strategy aimed at other channel members rather than the end consumer. The manufacturer attempts to entice other channel members to carry its product through trade allowances, inventory stocking procedures, pricing policies, etc. Under this strategy the communications and promotional activities by the marketer to persuade wholesale and retail channel members to stock and promote specific products.

**(ii) Pull Strategy:**

A manufacturing strategy aimed at the end consumer of a product. The product is pulled through the channel by consumer demand initiated by promotional efforts, inventory stocking procedures, etc.

Under this strategy the communications and promotional activities by the marketer to persuade consumers to request specific products or brands from retail channel members.

**References:**

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