



Libyan International University

Place Distribution

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Define Distribution

According to Philip Kotler- "Every producer seeks to link together the set of marketing intermediaries that best fulfill the firm's objectives. This set of marketing intermediaries is called the marketing channel, also trade channel or channel of distribution."

Types of Intermediaries

I:Agents/Brokers

Agents or brokers are individuals or companies that
act as an extension of the manufacturing company.
Their main job is to represent the producer to the
final user in selling a product. Thus, while they do not
own the product directly, they take possession of the
product in the distribution process. They make their
profits through fees or commissions.



2:Wholesalers

Unlike agents, wholesalers take title to the goods and services that they are intermediaries for. They are independently owned, and they own the products that they sell.



retailer

A business or person that sells goods to the consumer, as opposed to a wholesaler or supplier, who normally sell their ...



3:Distributors function similarly to wholesalers in that they take ownership of the product, store it, and sell it off at a profit to retailers or other intermediaries.



Factors Affecting the Choice of Distribution Channel

PRODUCT Consideration

- Nature of product
- Perishability
- Unit Value
- Weight and technicality
- Standardised product
- Product Line
- Seasonality
- •Newness and market acceptance

MARKET Consideration

- Consumer or industrial market
- Number of customers
- Geographical distribution
- Buying habits of consumers
- Size of order
- Need of product

COMPANY Consideration

- Financial strength
- Size of the company
- Past channel experience
- Reputation of the company
- Product mix
- Marketing policies
- Marketing experience and managerial ability

MIDDLEMEN Consideration

- Availability of middlemen
- Attitude of middlemen
- Services provided by middlemen
- Cost of channel
- Sales volume potential
- ·Financial ability

4:Importance of Distribution

- They create exchange efficiency by reducing the number of contacts needed.
- The distribution channels can perform many functions like transportation, storage, selling, scale of operation and advertising better than the manufacturers.
- Large manufacturing companies can reduce their costs and time required to reach their products with the help of distribution channels.
- These can offer promotion and financial support.

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