

A C B

Attracting Customers Bootcamp

**Week 7**  
**Place**

# Week 7

## Place

Before we get started let's recap the outcomes from the ACB course:

- Understand what marketing is
- Understand how marketing can benefit you
- Understand your client completely
- Learn how to identify the best products or services to increase sales
- Identify the best way to promote your products
- Discover how you can give your customers the best experience
- Work out how you can stand out from your competitors
- Create a realistic and relevant marketing strategy

This week we will begin to work out how you can stand out from your competitors and give your customers the best experience using the fourth P in the marketing mix- Place

### **Place in the Marketing Mix**

We have now identified our ideal customer, what products or services they need, what price we need to sell our products or services at and how we can promote our business, products and services.

However this is not enough to run a business. We need to get our products or services too our customers and the end user. This is where Place in the marketing mix comes into action. Place is also called Distribution.

The aim of place, or distribution, is to make sure your products or services are in the right place, at the right time, in the right quantities.

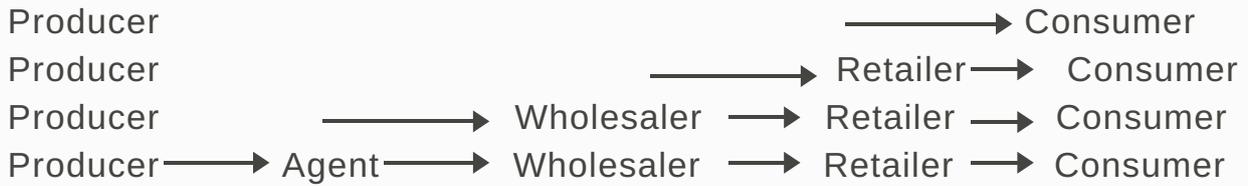
### **Distribution Channels**

The way a product or service moves from production to the end user is called the distribution channel. There are a number of distribution channels depending on whether you are involved in selling a service or products to consumers or business consumers.

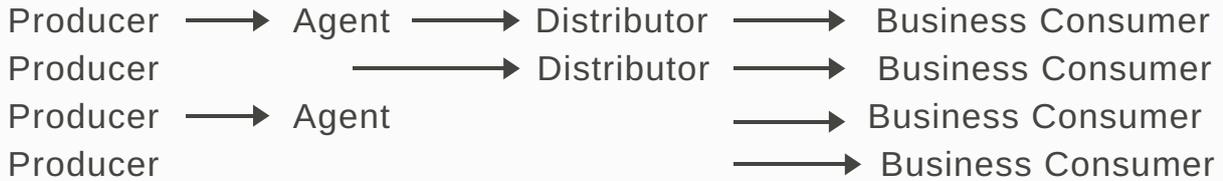
You need to understand where you are in the distribution channel as this will influence how you can differentiate your business, and offer your customers the very best experience

Let us look at the different distribution channels now.

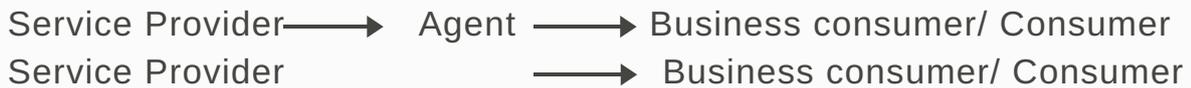
**Distribution Channels for Consumers**



**Distribution Channels Business to Business**



**Service Distribution Channels**



As you can see some distribution channels involve no intermediaries, these are called short distribution channels. Long distribution channels can involve agents, distributors or retailers as intermediaries.

**Where are you in the distribution channel with your business?**

## How to choose the best distribution channel for you

Wherever you are in the distribution channel there are number of ways you can distribute your products or services. Here are some of the ways you could distribute your products or services to the end consumer:

- Directly to the consumer
- Mail order
- Internet through your own website or external selling platforms
- Wholesalers
- Distributors or Retailers
- Agents
- Consultants
- Dealers

You may wish to have multiple distribution options.

You can work out the best way to distribute your products or services by considering: how your buyers behave; your resources; the nature of your product or service; your competitors and whether you wish to saturate the market. Let us look at each factor in turn now.

### 1. Buyer Behaviour

Your buyers may wish to purchase in a specific way. Your buyers may wish to purchase online or locally through a retailer. If your buyers need a lot of information they may prefer to buy through a sales agent or in a store where they can view and trial the product. If your customers are spread over a large geographical area then you may wish to distribute through retailers or online.

**How do your buyers and ideal clients wish to purchase your product or service?**

## **2. Your resources**

As a small business you may have limited resources in terms of time and money in which case you may wish to distribute your products or services via agents, distributors or retailers. On the other hand if you have more resources you may choose to distribute your product yourself. As a retailer you may wish to sell your products or services online instead of having a physical store, as this may cost less.

**What is the most suitable distribution channel based on your current resources?**

## **3. The nature of your product or service**

If you sell large, complex, and expensive products or services selling directly to your customers may be the most suitable option. Similarly if you sell perishable products you may need to use a short distribution channel to get the products to the consumer as quickly as possible.

**Does your product or service require a short distribution channel to move the product or service quickly? Which distribution channel would be most suitable for your business?**

#### **4. Competitors**

You do not necessarily need to distribute your product or service in the same way as your competitors. If your competitor sell through wholesalers you could sell directly to the consumer. Alternatively if your competitors only sell to the end user there may be demand for your product from retailers or online.

**How do your competitors distribute their products or service? Could you use a different method to give you a competitive edge?**

#### **5. Intensity**

If you have a mass market product or service such as toiletries or food you may wish to have your product or service in as many outlets as possible. Alternatively if your product or service is something that people will shop around for you may limit how many outlets stock your products. If you wish to work closely with a limited number of outlets and prevent price negotiations you may wish to have one outlet per city. If you sell an expensive product or service you may also wish to limit the number of outlets

**Do you wish to distribute your products or services to as many people as possible or do you wish for your products or services to remain exclusive?**

## How to stand out in the Distribution Channel

Wherever you are in the distribution channel there are some ways you can improve your customer experience and stand out from the competitors. You can stand out from competitors by:

- aligning your goals with others in the channel
- working together to develop products or services
- creating partnerships for mutual benefit
- having the same standards of performance.

### 1. Align goals

You can offer exceptional customer experiences and stand out from your competitors by ensuring your goals align with the others in the distribution channel. If your goals as a retailer are to sell as much as possible, you may offer promotions. If you offer promotions you must ensure that your wholesalers, distributors, agents and producers are happy with you reducing prices as this may impact their positioning, they may even stop supplying to you.

On the other hand if you are a wholesaler and you choose to sell to two retailers in one area to increase sales, you may lose both retailers as customers.

**What are your main goals as a business? Do these align with the others in the distribution channel?**

## **2. Product Lines**

As a retailer you may wish to increase sales by offering alternative product lines, however this may upset producers or wholesalers, who do not want you to use your resources promoting competitors products. Instead you could work with your wholesalers, distributors or producers to introduce ancillary products or services. As a producer, wholesaler, or agent you could ask the retailer or distributor for feedback and to pass on information from the end consumer to help you develop the right services or products

**If your ideal client wants new products or services how could you work with your channel to ensure you all benefit from demand?**

## **3. Partnerships**

By working as a partnership with everyone in your distribution channel you will be able to assist one another with things such as: promotional support; customer service; training; and offering the best customer experiences. As a consequence you will all benefit from increased demand and increased sales.

**How can you create strong partnerships with everyone in your distribution channel?**

## **4. Performance**

Wherever you are in the distribution channel you must be aware of three factors which can impact the customer experience. The three factors are reliability, customer service and quality.

### ***Reliability***

Whether you are a producer or retailer you need a reliable supply chain to ensure the consumers get the right products at the right time. It is no good being a producer with distributors who do not fulfil orders. Similarly as a retailer you need to ensure your deliveries are reliable. You can offer the best customer experience by:

- Using suppliers who are reliable
- Offering quick delivery to your customer
- Being proactive if there are any delays
- Have contingency plans for urgent orders that cover theft or damage in transit

### ***Customer Service***

You can stand out from your competition, wherever you are in the distribution channel, by offering exceptional customer service to those below you. You can ensure you offer the best customer service by offering:

- High stock levels
- Short delivery times
- Provide the right information at the right time, for example an estimated delivery date before the order is placed.

### ***Quality***

Wherever you are in the distribution channel you must ensure your product or services are of the right quality. As a producer, if you use poor quality materials you can damage relationships with intermediaries and the end user. Or as a retailer if the quality varies between different products, you need to communicate this with the end user. To stand out from your competitors and offer the best customer experience you can:

- Ensure your products or services are of a high quality
- Test products or services and conform to any quality standards
- Communicate any differences in quality to your customers

*Please note these are just some ways you can differentiate yourself from your competitors, you will be able to identify other methods based on your specific business.*

**How can you ensure you differentiate your business from your competition through performance factors?**

## **Roles in the Distribution Channel**

Whether you are a producer or a retailer you must be aware of the specific ways in which you can use or adapt your role to enable you to stand out from your competitors and offer exceptional customer experiences.

Let us consider the different roles in the consumer, business and service distribution channel. Let us also consider how you can use your own role to offer an exceptional customer experience.

You may wish to skip to the information regarding your specific role now.

### **Consumer Distribution Channel**

#### **Producer**

As a producer in the consumer distribution channel you could sell to the:

- consumer
- retailer
- wholesaler
- agent

If you sell directly to the consumer, you will be able to make the most profit per product sold, as you do not have to consider profit of intermediaries. For example if your product costs £5.00 and you sell it to the consumer at £15 you will make £10 profit per sale.

Whereas if you sell to retailer, they need to make a profit and therefore you could only charge them £10 per item. In this instance you would only make a £5 profit per sale.

The longer the distribution channel the lower your profit margins as you must consider the other intermediaries and the profit they wish to make

However if you sell to the end consumer you will have a different target market, you will be competing with producers and retailers and your profit may drop as you will be selling smaller quantities.

#### **How you can differentiate yourself and offer the best customer experience when selling to the end consumer**

- Appeal to the end users needs through promotions
- Sell the item cheaper as you will be able to make more profit per sale. However this may upset wholesalers, retailers and agents
- Emphasise that you offer a reliable service without unnecessary delays
- Sell online or through your own store

### **How you can differentiate yourself and offer the best customer experience when selling to agent, retailer or wholesaler**

- Appeal to end user through promotions to increase demand for your products from wholesalers and retailers
- Offer loyalty schemes or bulk buy discounts
- Work together to develop further products which will make the wholesaler and retailer feel valued
- Offer exclusivity
- Offer training

### **Wholesaler**

Wholesalers are popular with small businesses who only have the resources or requirements to order small amounts. As a wholesaler you can order larger quantities and sell to retailers who may not be able to purchase the high quantities required from the producer. You could also sell directly to the end user, although this may upset retailers.

### **How you can differentiate yourself and offer the best customer experience when selling to the retailer**

- Offer smaller quantities for small retailers to meet their demands
- Have large quantities in stock for large orders
- Open out of hours to help retailers contact you
- Offer events to train retailers on specific products
- Create an online reservation system to help retailers fulfil orders
- Advertise to consumers to help retailers attract new customers

### **How you can differentiate yourself and offer the best customer experience when selling to the end user**

- Offer cheaper prices than retailers
- Offer different hours compared to retail store
- Offer bulk purchase- this works well if you are selling things such as food, drinks or things for special events

### **Agents**

Agents act as a salesperson. Agents do not hold any stock and typically earn commissions on sales. Agents may sell to the end user or to intermediaries. For example, a travel agent sells to the end consumer.

### **How you can differentiate yourself and offer the best customer experience when selling to the retailer or wholesaler:**

- Provide excellent customer service as you have more time than the producer
- Offer a range of products to give wholesalers or retailers more choice
- As an expert in your field you can provide training to help wholesalers and retailers increase sales
- Offer smaller quantities for ordering
- Offer payment plans

### **How you can differentiate yourself and offer the best customer experience when selling to the end user:**

- Offer lower prices
- Offer bulk purchase options

## **Retailers**

Retailers offer customers a wide selection of products which they can test and compare. As a retailer you may distribute your products in a shop, over the internet or through mail order.

### **How you can differentiate yourself and offer the best customer experience as a retailer however you choose to sell:**

- Listen to your customers needs and comments and action them
- Offer customer loyalty schemes
- Offer mail order
- Ensure you have reliable and reputable suppliers
- Work with suppliers to develop new products to meet your customers needs
- Negotiate exclusivity deals with suppliers
- Ensure staff are knowledgable
- Ensure staff levels meet demand- everyone hates waiting to be served or to speak to someone
- Offer out of hours shopping

## **Business to Business Distribution Channels**

### **Producer**

As a producer you could sell to

- agents
- distributors
- end consumer

#### **How you can differentiate yourself and offer the best customer experience when selling to agents**

- Offer training which agents can pass on to their customers
- Offer commissions directly on sales, however this may cause agents to just focus on sales instead of customer experience
- Advertise directly to the end business consumer to increase demand for the agent

#### **How you can differentiate yourself and offer the best customer experience when selling to distributors**

- Offer bulk buy options
- Offer loyalty promotions and discounts
- Offer training to help distributors get more sales, consequently increase sales
- Offer good customer service out of hours or when needed
- Follow up after purchase to get feedback
- Ensure stock is of the right quality, and available for quick delivery
- Advertise to the end user to increase demand for the distributor
- Listen to comments from the distributors to improve service or products

#### **How you can differentiate yourself and offer the best customer experience when selling to end user**

- Offer helplines or after sales service
- Offer technical support
- Offer lower prices
- Offer smaller quantities
- Listen to any feedback and act on feedback where appropriate

### **Agents**

Agents act as intermediaries between producers and either distributors or end consumers. You may be an agent for multiple products or companies

### **How you can differentiate yourself and offer the best customer experience when selling to distributors when selling to distributors**

- Offer bulk buy discounts
- Offer training to help sell the product
- Create promotional materials to help distributors attract customers
- Offer area exclusivity
- Put on events for customers

### **How you can differentiate yourself and offer the best customer experience when selling to end consumers**

- Offer smaller quantities
- Offer lower prices
- Offer training to help support any employees in their job
- Source alternative products to meet the business needs
- Understand your products and offer out of hours support
- Ensure supply is reliable
- Liaise between end user and producer when there are any problems

### **Distributors**

Distributors offer business customers a wide selection of products which they can test and compare. As a distributor you may distribute your products in a shop, over the internet or through mail order.

### **How you can differentiate yourself as a distributor:**

- Offer out of hours support
- Listen to customer needs and taking action on them
- Offer after sales support
- Offer customer loyalty schemes
- Offer ancillary products to meet customers needs
- Offer mail order
- Keep items in stock for quick delivery
- Develop new products to meet your customers needs

### **Service Distribution Channels**

The third type of distribution channel is the service distribution channel. Typically services will go directly to the end consumer or via an agent.

**How you can differentiate yourself and offer the best customer experience when selling to end consumers as an agent or producer**

- Offer training
- Offer support and advice
- Offer discounts for bulk orders or customer referrals
- Offer exclusivity

**How you can differentiate yourself and offer the best customer experience when selling to agents as a producer**

- Offer ongoing support
- Offer commission on sales or new accounts
- Offer bulk discounts
- Offer training to assist the sales process
- Offer support for selling

**Based on your position within the distribution channel identify how you can differentiate yourself from your competitors and offer the best customer experience.**

## **Summary**

You now have an understanding of ways you can stand out from your competitors and offer the best customer experience based on the distribution of your products and services.

I have not included every single way in which you can offer the best customer experience, however this will give you a starting point, which you can build on.

Next week we will look further into how you can stand out from competitors and offer an amazing customer experience.

I would love to hear how you are getting on with the course so please share your comments on the facebook group, just use #week7. I am always on hand as well for any questions that you may have.

## **Notes**