**Module Overview**

In the Module 3 SLP, you will start to develop marketing plans for the charge you chose for the session long project. In this module, we discuss distribution systems, viewed as consisting of two related issues: channels and logistics.

**Distribution Channels**

Many of the attributes that buyers value are provided in the channel of marketing: convenience, service, selection, and information. Accordingly, providing those values effectively and efficiently is an important concern for the marketers of branded products. Retail outlets bring their own set of attributes to the marketing mix for a product. That set also includes image and reputation.

Distribution is an important part of marketing. There is a reason you buy Wrigley's chewing gum at the supermarket checkout line and not at a counter at Neiman Marcus. More realistically, there is a reason some companies will not allow products to be sold in certain stores. You think about a product differently when you see it at Saks Fifth Avenue compared with seeing it at Walmart.

Now the importance of consistency comes into play. Is it surprising that you cannot buy a Rolex watch at Target? Or why is your local jewelry store unlikely to sell Timex watches? Is an online retailer or limited-service discounter the place you want to buy a product that is likely to need installation or regular servicing? Why are you willing to pay $5 for a hot dog at a sporting event but shop for price at a grocery? The point is that successful marketers have everything lined up, so to speak, with the customers' “attribute shopping list” at the time of purchase.

Services also can be distributed. For example, a veterinarian can offer care:

* At a private clinic.
* At a storefront in a mall.
* Via a mobile service, where the vet goes to your home.
* In a big animal hospital, such as Angell Animal Medical Center in Boston.
* At a university vet clinic.
* At a non-profit clinic with deeply discounted rates.
* That can be adjusted to income levels.

Each of the above choices is tailored to a specific segment. If you have a pet you care about, why do you think each of the above venues makes the people who patronize them more comfortable?

**Logistics**

Marketing is properly viewed as bridging gaps between producers and users, and bridging gaps in time, space, quantities, and assortments. Globalization, for example, allows people living in the northern hemisphere to enjoy fruits, vegetables, and flowers grown in the southern hemisphere, giving consumers year-round access to these products. Obviously, transportation is the primary issue in that regard; that is, bridging the space between growing roses in Colombia and enjoying them on Valentine's Day in Chicago.

But as important as transportation is, other aspects of logistics are also important. We can eat apples (harvested months before) in the spring, thanks to the technology of cold storage. Then there is the matter of assembly, breaking bulk, and assortments. Products produced in small quantities are assembled to facilitate efficient transportation and large-scale purchases. Case lots are broken down so that consumers can buy just one or two. And foods and non-food items from literally thousands of vendors are brought together in supermarkets and department stores so that we can do our shopping in one place—and not have to spend, for example, all day Saturday visiting butchers, bakers, and greengrocers in order to get the food needed for the following week.

All of these producer/consumer gaps place a significant burden on the distribution channel in terms of inventorying quantities and assortments responsive to supplies available and expected demands—when, where, and how much—with varying cost and customer service implications. Should a retailer take advantage of discounts and purchase several months’ worth of inventory or save cash and buy on a 14-day cycle—with the possibility of a stock-out and resulting lost sales? Supply chain science is not simple, but how these problems get solved affects both profitability and customer