Marketing Mix

PLACE
Learning Objectives

• Understand the importance of where a business sells its product/service

• Understand the different methods of distribution
Key Terms

- **Producer** – A firm that supplies goods or services
- **Retailer** – Shops that sell goods/services to the final consumer
- **Consumer** – Person who buys finished product
Members of the Channel of Distribution

- Manufacturer
- Consumer
- Wholesaler
- Agent
- Retailer

Match the terms on the next slide with the above members of the channel of distribution.
<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
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<tbody>
<tr>
<td>Buys in large quantities (bulk) from the manufacturer and resells the goods in smaller quantities to retailers</td>
<td>Is the final person in the channel of distribution.</td>
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<tr>
<td>Breaks the quantities of goods into units and then sells them on to consumers.</td>
<td>Is the person who makes the product or service.</td>
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<tr>
<td>Provide a link between sellers and buyers. They are not employed by the company but sell the products or services for a commission. The best examples are found in the travel and housing industries.</td>
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Place

Place is about how products are distributed from producers to consumers. It involves ensuring that goods/services are available to customers where and when they want them.
Place is all about.....

• Where a product is sold

• Method of distributing the product
Channels of distribution

The path a product takes from producer or manufacturer to the final user
Let's take a look at an example

• How does the Kit Kat get from the factory into your hands?
• What are the different steps?
Step 1: Factory (Producer)
Now where does it go?
Hold on a minute

• Let’s work backwards now instead.
• Where do you (the consumer) go to buy the Kit Kat (the product)?
Types of Retailers

- Chain stores
- Department stores
- Hypermarket
- Supermarket
- Catalogue
- Online
• So the **consumer** (you) buys the **product** (the Kit Kat) from the **retailer** (mini supermarket, family mart, independent shop).

• Where does the **retailer** buy the Kit Kat’s from?
  – Let’s think about mini supermarket first.
  – How about an independent retailer?
Wholesaler
Wholesalers ‘middle man’

- Cash and Carry – like a large supermarket “Makro”
- Voluntary – set up by retailers e.g. Spar

Why? (advantages)
- Break up bulk
- Storage
- Offer advice
Channels of distribution

• Which channel is used by mini supermarket?
• Which channel is used by an independent retailer?
• How is this advantageous to mini supermarket?
What do you think the third channel is?

1. Producer → Wholesaler → Retailer → Consumer

2. Producer → Retailer → Consumer

3. Producer → Consumer
How could mini supermarket use the third channel of distribution?

• What is one of the advantages of this method of distribution?
• Can you think of any disadvantages?
• Can you think of any other examples for these methods of distribution?
• For each of the three methods, outline an example which we haven’t talked about.
• What is the product and who produces it?
• Where is the product wholesaled and where does it retail?
• Which products don’t use a retailer or wholesaler?
Which channel??????

Type of product

Cost

Speed

Security

Distance
Best method for distributing:

1. Laptop
2. Fizzy drink
3. Quality Jeans
4. Farmer selling milk
5. Selling holidays

Give your reasons!
Paired activity

*Compare and contrast* the internet and a traditional bookstore as channels of distribution for books. (Demonstrate *application skills* by using real examples).

- **Compare** means to tell how 2 or more things are alike.
- **Contrast** means to tell how 2 or more things are different.
Where?

• Linked to location of a business
• Town, industrial estate, out of town shopping centre?
• It depends on the nature of the business
  – Car manufacturing would locate ...........?
  – Fashion clothing store
Other Channels of distribution:

• **Telesales - Selling to the customer over the telephone**
  – Selling over the telephone
    • E.g. Double glazing
    • Insurance
    • Kitchen companies
    • Solar Panels
    • Insurance
  – Useful if the business cannot afford a large sales team or expensive retail space
Mail order

• Mail order – direct marketing through mail shots leading to sales e.g. catalogues
• Letters, leaflets, catalogues etc. sent through the mail
  – Direct Mail (junk mail)
  – House and Car insurance
  – Clothing catalogues
• You can target specific customers e.g. Sending a mail shot containing a toy catalogue to families with young children
Internet Selling (E-Commerce)

- E-Commerce – Selling items online and delivering them to the consumer
  - Growing rapidly

www.igcsebusiness.co.uk
Agents

- Travel agents
- Estate agents
- Football agents

Why?
- Negotiate sales on behalf of seller
- Usually take commission
- Useful if you are unfamiliar with a particular market
For each product think of the different ways they can be bought:

1. Books

2. Mobile phones

3. Shoes

4. Bananas
Exporting

- Exchange rates
- Language barriers
- Different cultures
- Trade barriers

Why should a business consider the above things when exporting?
Methods of Transport

- Road
- Rail
- Air
- Sea

In groups produce a mindmap containing the above methods of transport, and one advantage and one disadvantage of each.
In groups you shall be given a mini case study, you must advise the company on the best method of transport to use for their business. Justify your recommendations.

You shall be expected to present your answer to the rest of the group.
Which method of transport???

- The Scottish Coal Company produces over 4 million tonnes of coal a year. 2 million tonnes are sold to smaller coal companies all around the South of England. What’s the best way to transport this coal?
Clean and Cleaner Services Ltd. is a linen company based in Northampton. They deliver towels, tablecloths, sheets etc to many hotels in Northamptonshire and Leicestershire. What is the best way for them to deliver their goods?
Computers Today Ltd. has a manufacturing plant in Ireland, which produces computer parts. These computer parts are then transported to a Computers Today plant in England, where they are used to make computers. What is the best way to transport these goods?
• El Coche Cars is a car manufacturing plant based in Spain. Each year they sell 20% of their stock in the UK. What is the best way for them to transport their cars from Spain to the UK?