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Marketing

Place (Distribution) Strategy

Place (or distribution) refers to how the product or service gets to the customer.

What is it?

It's the method you use to get your product or service through various distribution channels to the ultimate purchaser or end-user – in other words, how and where the consumer buys your product or service.

It is a vitally important activity that focuses on how to reach your target market and the:

- location of your business
- location of your target market
- how to reach your target market
- warehousing of your stock
- transportation of your stock

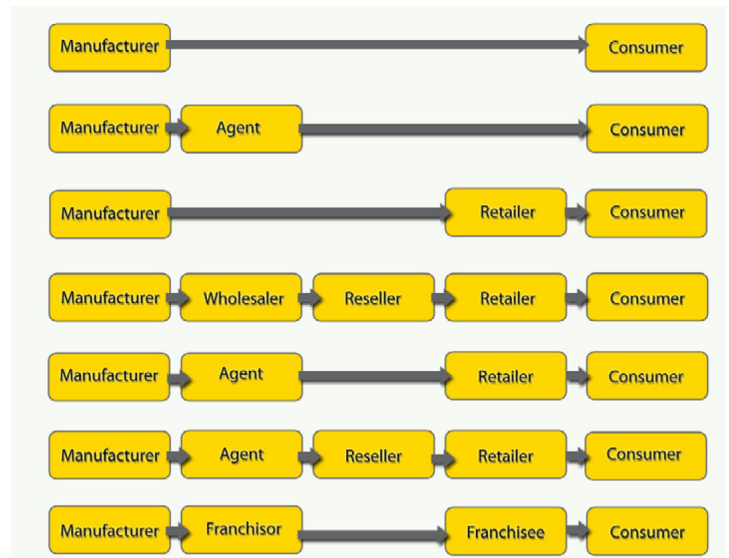
Locating your business

The location of your business depends on a number of factors as outlined below:

- **are you retailing direct to the public or working through an intermediary?**
- **is it convenient for customers to visit you?**
- **where is your target market located?**
- **how important is exposure to your business?**
- **where are your major competitors located?**
- **what is the occupancy cost?**

Channels of distribution

Distribution options include:



In some instances, multiple channels may be used. For example, a manufacturer may:

- sell to a wholesaler
- have a website or shop selling "factory direct" to the public
- have representatives selling "party plan" to the public
- have agents or distributors selling in other territories

In determining the best structure (or structures) for your business you'll need to consider the following questions:

- **what is the most convenient means for customers to obtain the products or services they want?**
- **what is the specific level of customer service standard required?**



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- **what is the most cost-efficient way of providing accessibility and service?**
- **how many customers are there, where are they located, what is their average transaction value?**
- **what structures do your competitors use and how efficient are they?**

Logistics

Logistics is how you plan, implement and control the physical flow of raw materials, final products or services and related information from your business, or source of supply, to the final end-user (or consumer).

You will need to consider:

- how you will plan and schedule production
- how you will order and receive raw materials or finished products from your suppliers
- how much of each finished product you should carry in stock and what are the re-order points
- how you will store the products to ensure they are ready for delivery to your customers in good condition
- how you will deliver the products to your customers
- what stock control, invoicing and transportation administration systems you will require

Conclusion

Place (or distribution) is a critical element of marketing – after all, marketing is about getting the right product, in the right quantity, to the right place, at the right time.

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