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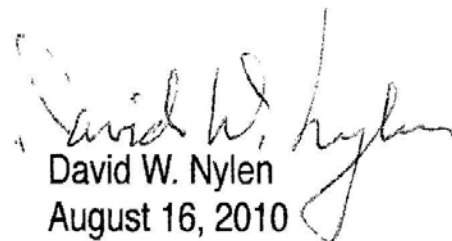
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David W. Nylen  
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## C.12 *Distribution Intensity*

### CHARACTERISTICS OF THE DISTRIBUTION INTENSITY DECISION

Like other decisions in designing the channel of distribution, deciding on the intensity of distribution has long-term implications. Once the decision is made, it may take many

years to evolve to the desired level of distribution. Likewise, decisions to change distribution intensity take long periods of time to implement.

*Levels of Distribution Intensity.* The **distribution intensity** decision determines the



many outlets. This favors a **promotional mix** weighted toward advertising. Only when distribution is concentrated through few outlets is promotional coverage through personal selling economically feasible (see GLOSSARY entry C.29).

- *Push versus Pull.* A **push** strategy seeks to gain the cooperation of channel members by demonstrating how contributing to a brand's marketing program will serve their own needs. This persuasion must usually be provided by personal selling and is most feasible economically if distribution is selective or exclusive. A **pull** strategy, by contrast, utilizes consumer pressure generated by mass media advertising and is more consistent with intensive distribution (see GLOSSARY entry C.30).

**Distribution Intensity and Other Distribution Decisions.** Distribution intensity is one of a number of channel design decisions that the marketer must make in setting a distribution strategy. Other channel design decisions include the **direct versus indirect** decision, the **wholesaler selection** and **retailer selection** decisions, decisions on **channel control**, and selection of the **type of channel system**. Each of these decisions is guided and coordinated by the product's positioning and objectives. However, each of these decisions interacts with the other channel design decisions and should be made with knowledge of how they influence each other.

Knowing the relationship of the number of middlemen to other channel design decisions will help the marketer make the distribution intensity decision.

- *Direct versus Indirect Distribution.* Intensive distribution is not usually consistent with distributing direct. If a product is sold in a large number of retail outlets, selling and servicing those outlets without use of wholesalers or agents may require prohibitive allocation of resources to customer service, personal selling, and logistical support (see GLOSSARY entry C.10).
- *Wholesaler Selection.* The distribution intensity decision made for a product can create a conflict with the **wholesaler selection decision**. Deciding to offer a product on a nonexclusive basis to wholesalers creates a conflict for those that carry only noncompeting products and expect an exclusive in return. On the other hand, some wholesalers have an exclusive dealing agreement with a competitive product that means that they cannot take on a competitive product, even if offered on a nonexclusive basis. The wholesaler's needs must be taken into account in making the distribution intensity decision (see GLOSSARY entry C.42).
- *Retailer Selection.* The potential conflict between the distribution intensity decision and wholesaler selection applies as well to the **selection of retailers**. It is intensified, however, by the increased power that retailers, particularly large chains, are able to apply in their relations with manufacturers. Because these chains are indispensable to the success of some products, they are able to dictate the intensity of distribution to the manufacturer. If important retail chains insist on the selective exclusion of some classes of retail outlets, the demand is difficult to refuse (see GLOSSARY entry C.33).
- *Channel Cooperation.* **Channel cooperation** refers to mechanisms used to allocate responsibility for carrying out various marketing tasks within the channel and to assure coordination of those tasks. The distribution intensity decision influences the willingness of channel members to cooperate with the manufacturer. Granting selective or exclusive distribution to a channel member is usually considered a benefit by the channel member since it reduces competition on that item. In return, they are usually willing to cooperate by shouldering more of the burden of carrying out the marketing program for the product (see GLOSSARY entry C.6).
- *Channel Organization.* **Channel organization** refers to the legal relationship between members of the channel. Channel members may be independent of one another, they may have a contractual relationship such as a franchise agreement, or they may be integrated or owned by the marketer. The more intensive the distribution, the more likely that the channel will have to be made up of independent members. Owning the channel members is not economically feasible unless the number of outlets is restricted. Similarly, retailers will not usually agree to a contractual or franchising arrangement unless granted a geographically selective or exclusive distribution area (see GLOSSARY entry C.7).

## CRITERIA FOR MAKING THE DISTRIBUTION INTENSITY DECISION

In deciding on a level of distribution intensity, the marketer should look first to the product's positioning and marketing objectives, as developed in the marketing plan, for decision guidance. The distribution intensity decision should be made simultaneously with other channel design decisions so that interactions can be considered.

In addition, a number of criteria apply specifically to the distribution intensity decision. Making this decision involves a trade-off between (1) consumer needs, (2) the marketer's requirements, and (3) the availability of resellers willing to cooperate. The suggested decision criteria are grouped under these three classifications.

### *Consumer Needs and Distribution Intensity.*

In keeping with the **marketing concept**, the number of outlets through which a product is distributed should be responsive to the shopping behavior and shopping needs of target market consumers.

- *What Are the Consumer Demographics?* The number and dispersion of consumers influences distribution intensity. If the target market contains a large number of consumers and if they are widely dispersed, then more intensive distribution will be needed than if there are few consumers and they are geographically concentrated.
  - *What Are Consumer Shopping Needs?* The shopping behavior of consumers will influence the number of outlets needed. This is perhaps best evaluated using the **goods classification systems**. For consumer products classified as convenience goods, distribution must be intensive because consumers expect to find them in the first outlet tried. By contrast, consumers expect to shop and compare shopping goods in several outlets so more selective distribution is appropriate for them. Among industrial goods, industrial supplies must have intensive distribution since buyers are unlikely to consider alternative sources. More expensive accessories and installations, by contrast, can use more selective distribution (see GLOSSARY entries A.3 and A.7).
  - *What Is the Frequency of Purchase?* If purchase of a product is frequent, then distribution will need to be more intensive. This suits the convenience of the consumer and is economically feasible both for the reseller and the manufacturer.
- Marketer Requirements and Distribution Intensity.** In addition to meeting consumer needs, distribution intensity must be consistent with the product and must complement other elements of the marketing mix for that product.
- *What Channel Cooperation Is Needed?* The distribution intensity decision is strongly influenced by the degree of cooperation needed from channel members in implementing the marketing mix. If the marketer needs channel members to be active in selling and advertising the product, needs cooperation in pricing, and needs channel members to stock and display the item, then the marketer, in return, may need to offer selective or exclusive distribution. Consumer products sold through department and specialty stores tend to require extensive reseller support and, as a result, are usually selectively distributed. The same is true of high-priced industrial accessories. By contrast, high-volume goods sold through mass merchandising and self-service outlets need little reseller attention and are likely to be offered on a more intensive basis (see GLOSSARY entry C.6).
  - *What Are the Characteristics of the Product?* As the value and the bulk of products increase, the likelihood of more selective distribution also increases. High-value items require greater retailer investment and bulky items require expensive storage space. Resellers may require the benefits of selective or exclusive distribution if they are to handle such items.
  - *What Are the Marketer's Resources?* Intensive distribution requires greater application of marketer resources, especially to sales force development, than does selective distribution. However, if a product fits the firm's established intensive reseller network and sales force, adding another product to the system will require little in additional resources.
  - *Is Distribution Direct or Indirect?* The greater the intensity of distribution, the greater the need for middlemen to share the distribution burden. If a firm is already committed to market-

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ing a product direct to retailers or industrial buyers, the distribution investment required will be far greater if distribution is intensive (see GLOSSARY entry C.10).

- *Is Strategy Push or Pull?* If a push strategy has been designed for the product, selective distribution is called for. A pull strategy is consistent with intensive distribution (see GLOSSARY entry C.30).
- *What Is Competitive Distribution Intensity?* As the **product life cycle** proceeds and product adoption becomes more widespread, there will be competitive pressure to increase the intensity of distribution (see GLOSSARY entry A.15). To remain competitive, marketers often attempt to match the level of exposure of leading brands. However, some products seek to differentiate themselves by adopting distribution intensity that is unlike competition.

**Reseller Availability and Distribution Intensity.** In making the distribution intensity decision, the marketer must balance what is desired with what resellers are willing to provide. The decision must consider the availability of resellers and their willingness to cooperate with the marketer's program.

- *What Is the Level of Reseller Power?* The distribution intensity decision must take into account the power of the wholesalers or retailers in the channel. Powerful retail chains and dominant wholesalers may dictate selectivity or exclusivity that must be followed if they are to handle the product.
- *What Are the Resellers' Needs?* In most cases, resellers prefer selectivity or exclusivity because it limits their competition. One of the ways that reseller cooperation is gained is by offering them selective or exclusive distribution.

- *What Resellers Are Available?* The distribution intensity decision is sometimes constrained by the availability of resellers. Many wholesalers and agents are unwilling to carry competing products. In some territories, a marketer may be unable to find a wholesaler willing to carry the product. The intensity of retail distribution may be similarly limited. New products are likely to find intensive distribution plans thwarted because many retailers will not take on the product until it has a track record of **success**.

- *What Type of Reseller Has Been Selected?* If the type of reseller to be used has already been decided, the distribution intensity decision will be affected. As noted above, many wholesalers and agents require exclusivity if they are to handle the product. Retailers vary in their attitudes toward distribution intensity. Supermarkets and mass merchandisers, for example, are accustomed to selling intensively distributed goods and, competitively, need to offer the popular and widely distributed brands. Department and specialty stores, by contrast, are more interested in the benefits of selective or exclusive distribution.

## SUGGESTIONS FOR FURTHER READING

- BUCKLIN, LOUIS P. "Retail Strategy and the Classification of Consumer Goods." *Journal of Marketing* 27 (January 1963), pp. 50-55.
- SIMS, J. TAYLOR, HERBERT E. BROWN, and ARCH G. WOODSIDE. "An Integrative Model of the Channel Decision Process." In *Foundations of Marketing Channels*, ed. Arch G. Woodside et al. Austin, Texas: Lone Star Publishers, 1978, pp. 47-65.