

## Place

### Place

**Definition:** In the context of the marketing mix, this is where the product is available for the consumer to purchase. Place could include shops, markets, telephone sales, the internet and so on.



### Warehouse

**Definition:** A place where resources or finished products are stored before they are sold.



### Place – Factors to Consider Where to Locate a Store

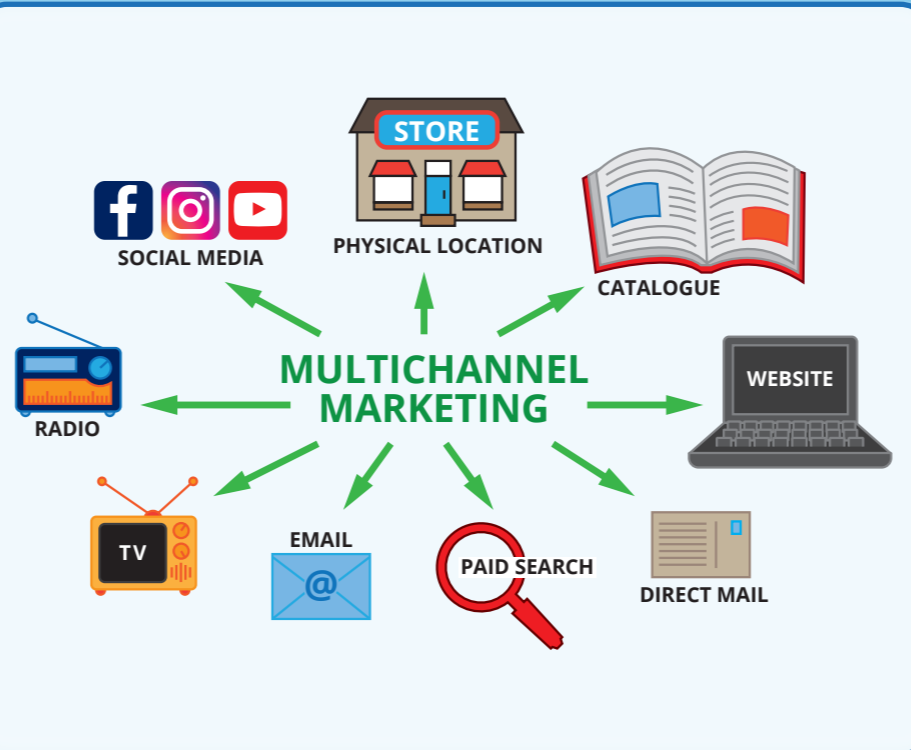
- Closeness of shop to market → plenty of customers
- Availability of shop → town centre or out of town
- Suitability of shop → size, facilities
- Cost of shop → to buy or rent
- Ease of access → for customers and for deliveries
- Business area/passing trade → plenty of customers
- Nearness of similar shops → as competition, as attraction
- Planning permission → can the area be developed?

## Distribution Channels

**Definition:** Involves the routes which goods follow between the manufacturer and the consumer. The route may be direct between the two but the interaction of middlemen is more likely.

## Distribution

**Definition:** Involves materials being transported or moved to the producer or the final product being moved to the consumer.



## Multi-Channel Distribution

**Definition:** Involves a business using more than one channel to distribute its goods perhaps through traditional shops and catalogues and online.

## Direct Marketing

**Definition:** Occurs when there is a direct link from the producer to the customer with no intermediaries.

## Manufacturer

**Definition:** The maker of products.

## Wholesaler

**Definition:** Buys goods from the manufacturer and sells these goods in smaller quantities to retailers.

## Retailers

**Definition:** Sells goods to consumers. Small retailers buy their stock from wholesalers but large-scale retailers buy directly from manufacturers.

### Functions of a Retailer:

- Display goods
- Promote goods
- Sell to consumers / sell goods and services
- Give customers advice / provide customer service
- Deal with faulty goods / complaints
- Distribute goods / deliver goods
- Buy from wholesalers / manufacturers / suppliers
- Break bulk / buy in large quantities and sell in small quantities
- Closer to consumer / local
- Can offer credit

### SELLING DIRECTLY TO CONSUMERS



### SELLING THROUGH RETAILERS



### SELLING THROUGH WHOLESALERS



## E-Commerce

**Definition:** (or electronic commerce) involves the buying and selling of goods and services via the internet.



## Should Customers Buy on the Internet?

### Advantages:

- ✓ Can see images of products so can compare many products
- ✓ Prices → many sellers can be compared on one computer
- ✓ No need to travel so costs saved
- ✓ Can pay online saving bank charges
- ✓ Cheaper because seller costs lower
- ✓ Wider choice from many sellers
- ✓ Order 24/7



### Disadvantages:

- ✗ Goods not inspected to see if goods meet the need
- ✗ Images may be misleading so quality difficult to judge
- ✗ Delays in receiving goods
- ✗ If goods need to be returned there could be additional costs incurred
- ✗ Possibility of fraud if goods not sent when paying
- ✗ Technical issues e.g. reliability, speed

## Should Retailers Sell on the Internet?

### Advantages:

- ✓ Wider market → so the business will be able to attract more customers → 24/7 → geographical benefits → more sales
- ✓ Expansion/growth possible → without having to locate/fund new sites
- ✓ Internet advertising → might encourage customers to the shops
- ✓ Possible lower costs → of labour → fitting/running shops
- ✓ Keep up with competitors
- ✓ Convenience → for customers who cannot travel to the shop → shop outside business hours

### Disadvantages:

- ✗ Effects on current business → with time → efforts spent with website
- ✗ Reputation may be diminished → website crashes / problems with delivery
- ✗ Costs of setting up website → particularly if professional designer employed
- ✗ More storage space may be needed → so higher warehouse costs
- ✗ Some higher costs → maintenance / special packaging / delivery / returns
- ✗ Possible fraud → related to payments
- ✗ Customer resistance → from people who would want to see the goods before buying (social aspect)
- ✗ Competition



## M-Commerce

**Definition:** (or mobile commerce) involves buying goods and services through hand-held mobile devices such as smartphones.



## Using the Marketing Mix (The 4Ps) to Encourage Customers to use their Business

### PRODUCT

- ✓ Introduce new goods.
- ✗ Might be difficult to sell, find supplier, expense etc.

### PLACE

- ✓ Move to bigger shop, in busier location, sell on internet to reach more customers.
- ✗ Might cost more to rent/buy, problems of informing customers, problems of selling on internet, poor site design or usability may lead to reduced sales.

### PRICE

- ✓ An example of a pricing strategy is economy pricing to attract budget conscious shoppers.
- ✗ Some pricing strategies also have their disadvantages. Market penetration pricing which is set low will lose a business money if kept in place for too long.

### PROMOTION

- ✓ Sales promotion where customers are offered incentives to buy from them. Tesco clubcard.
- ✗ Advertising may be expensive and is only a one way communication.