

Ans 6

Distribution of goods and services plays an important role in the sales system. Distribution system varies from company to company and region to region. The distribution system give strength to the company by helping to increase the reach of the product to various parts of the region, country, or even in foreign markets. An effective distribution system helps in making available goods in the right quantity at the right time when they are required and giving a reasonable earning to those who are associated with the distribution system like wholesalers, retailers, departmental stores, etc.

Andersen Consulting Distribution Strategy Pyramid.

1. Given the value proposition, who are the end customers and therefore, what are the

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distribution objectives.

2.) What channel structure will achieve these distribution objectives at the lowest cost to serve

3.) How do we manage our physical (or) network to achieve objective at lowest costs? What processes and organization sustain the distribution network performance.

Setting Distribution objectives.

What are distribution objectives? For a product market, they are defined in terms of availability of the product. Most companies do not explicitly set distribution objectives. Of those that do, distribution objectives often fail to ask question like "How many and what kind of outlets do I need to be available to a given target audience and their buyer behaviour"

Logistic Needs :-

All the activities related to distribution of goods may be said to be logistic needs or logistic management.

The modern industrial organizations have need of :-

- (1) Land :- sufficient land so that industrial or business operation may be conducted smoothly.
- (2) Water :- distribution
- (3) Energy :- sufficient electric power or alternative resources of power so that operation may go unhindered
- (4) Storage for equipments, construction goods
- (5) Machinery and spares
- (6) Telephone, fax and other communication equipments
- (7) Adequate supply of manpower