

# The Power of Distribution in a World of Rapidity

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ERS - NETONE



# Layout

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Distribution Defined

Key functions of distribution

Distribution in rapidity

Four Key Considerations

Parting Shots

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Distribution defined



# Distribution defined

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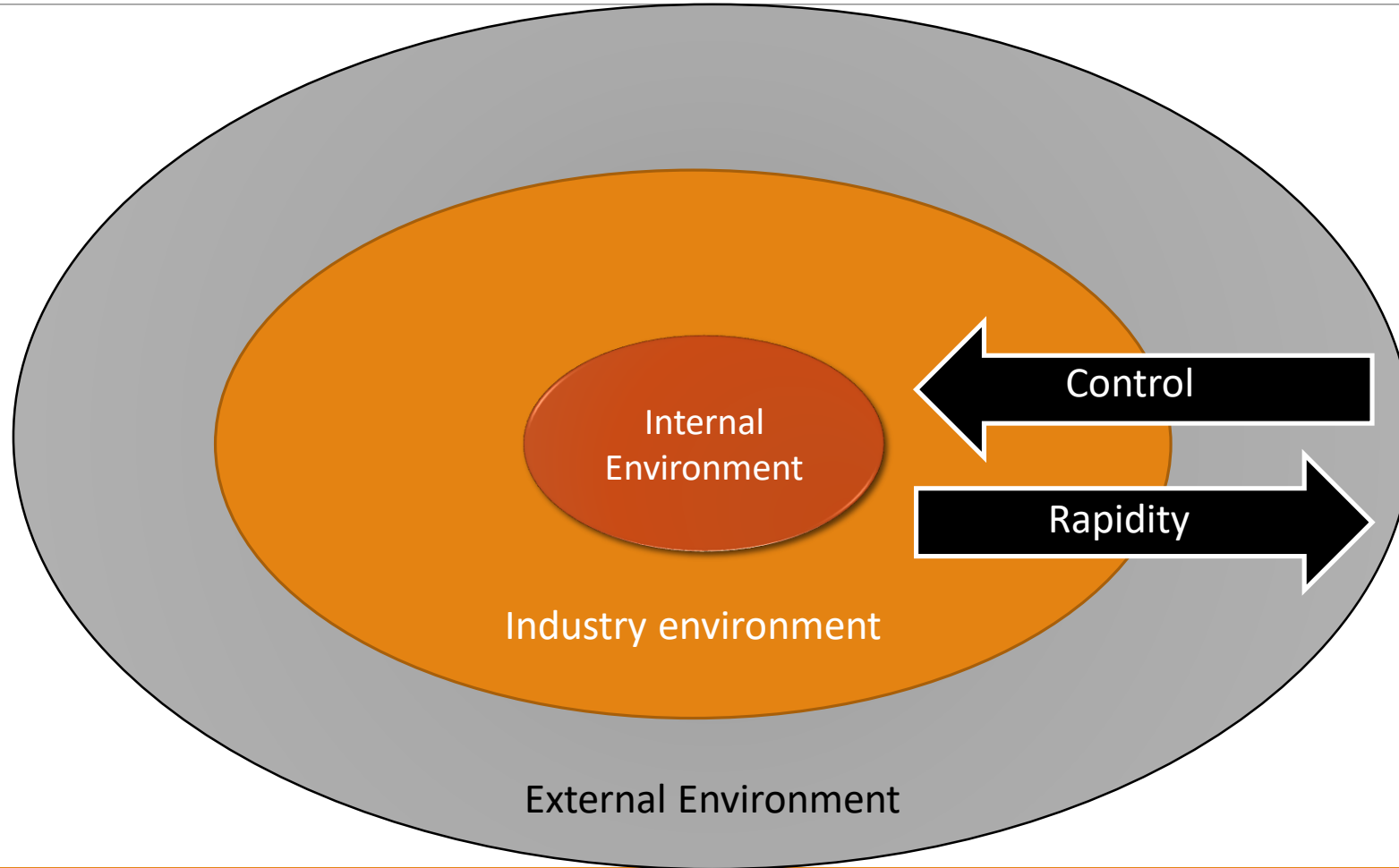
The movement of goods and services from the source through a distribution channel, right up to the final customer, consumer, or user, and the movement of payment in the opposite direction, right up to the original producer or supplier.

In services, distribution is more about access → Accessibility, Availability & Reach.

Rapidity – rapid changes in the business environment

# Rapidity Vs Control

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# Approaches to Distribution

Approach	Definition
Intensive distribution	The producer's products are stocked in the majority of outlets. This strategy is common for mass produced products such as basic supplies, snack foods, magazines and soft drink beverages.
Selective distribution	The producer relies on a few intermediaries to carry their product. This strategy is commonly observed for more specialised goods that are carried through specialist dealers, for example, brands of craft tools, or large appliances.
Exclusive distribution	The producer selects only very few intermediaries. Exclusive distribution occurs where the seller agrees to allow a single retailer the right to sell the manufacturer's products. This strategy is typical of luxury goods retailers such as Gucci.



Coca-cola

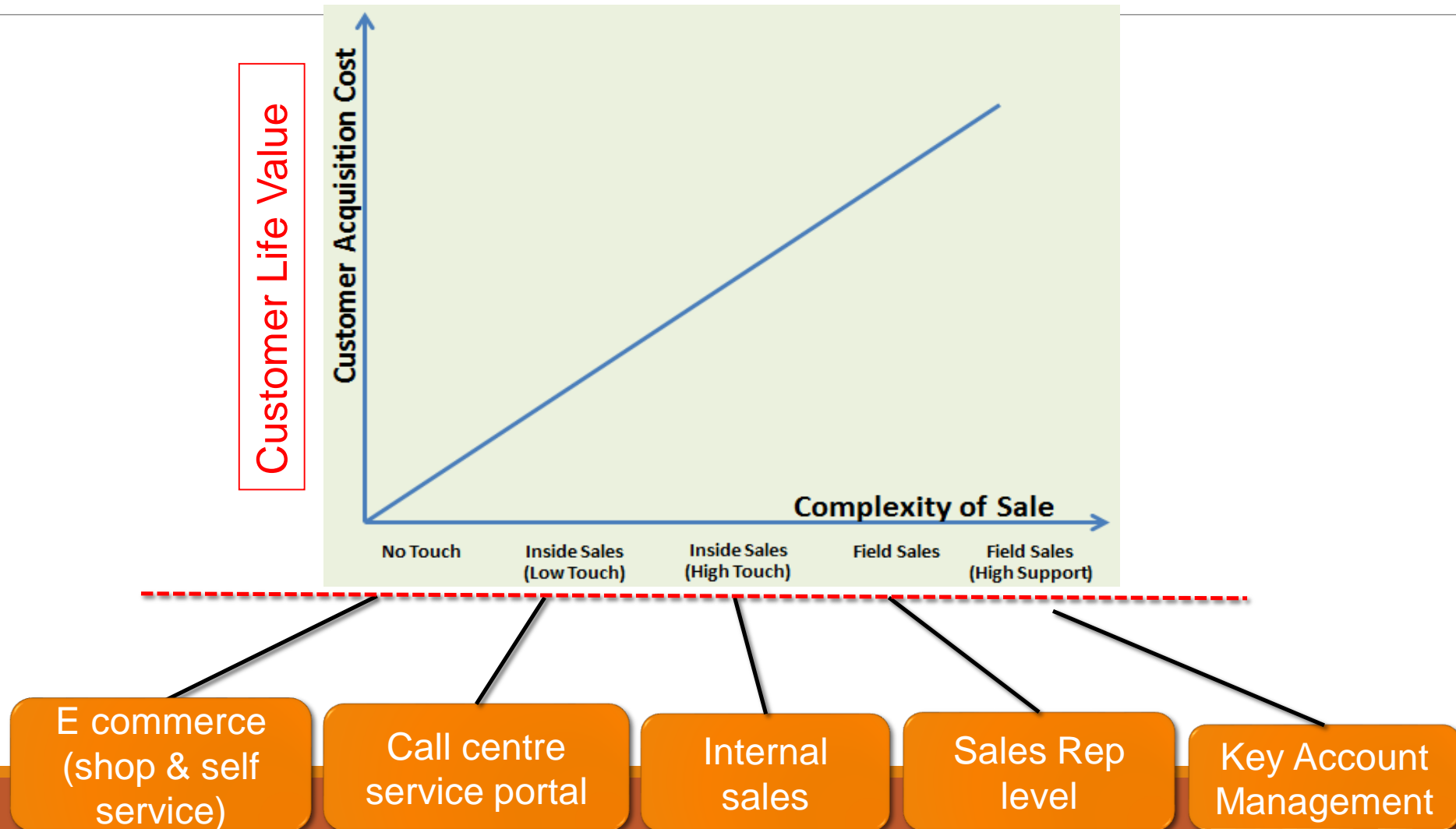


Samsung



Apple

# Distribution Channel Design (NBC Example)



# Distribution Channel Design (NBC Example)





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# Key Functions of Distribution

# The power of distribution (the Constants)

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- Right PLACE
- Right TIME
- To the Right AUDIENCE

## Place UTILITY

- Location – having the product where customers can buy it

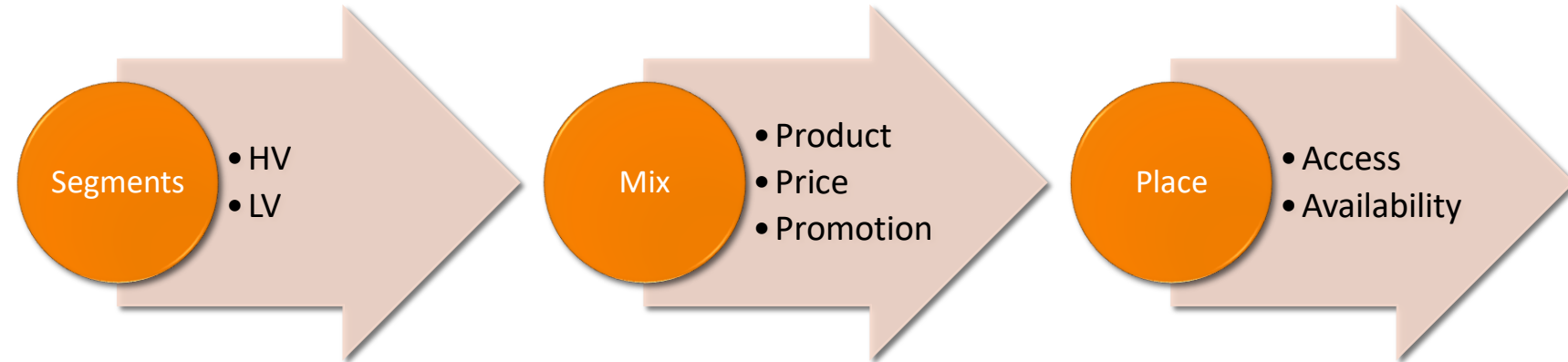
## Time UTILITY

- Having the product available when the customer wants/needs it

# Distribution does not work in isolation

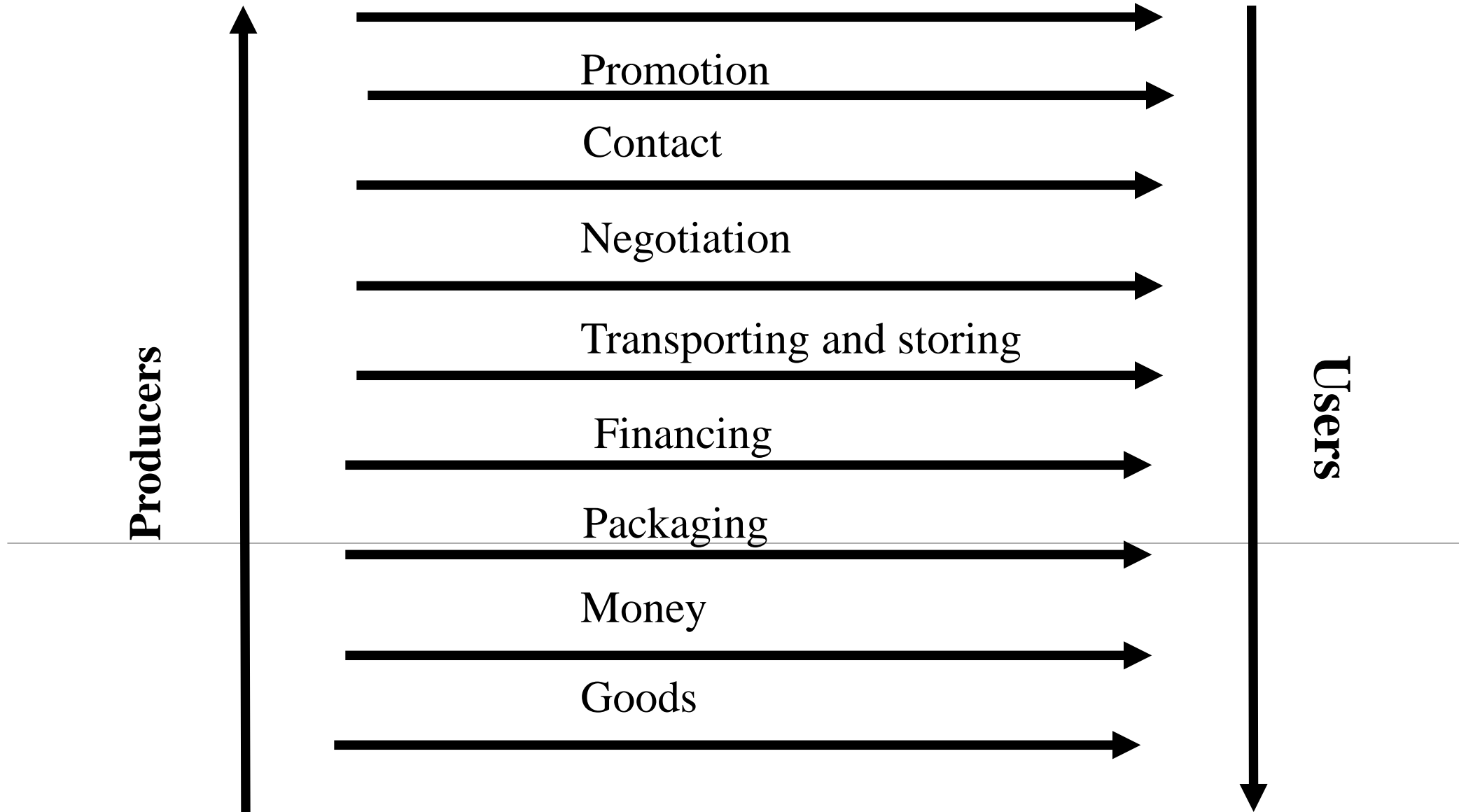
In relation to other Ps

- Product
- Price
- Promotion
- Place



Japanese vehicles - sold mostly on price  
Hyundai – sold mostly on ?  
Apple – sold mostly on product

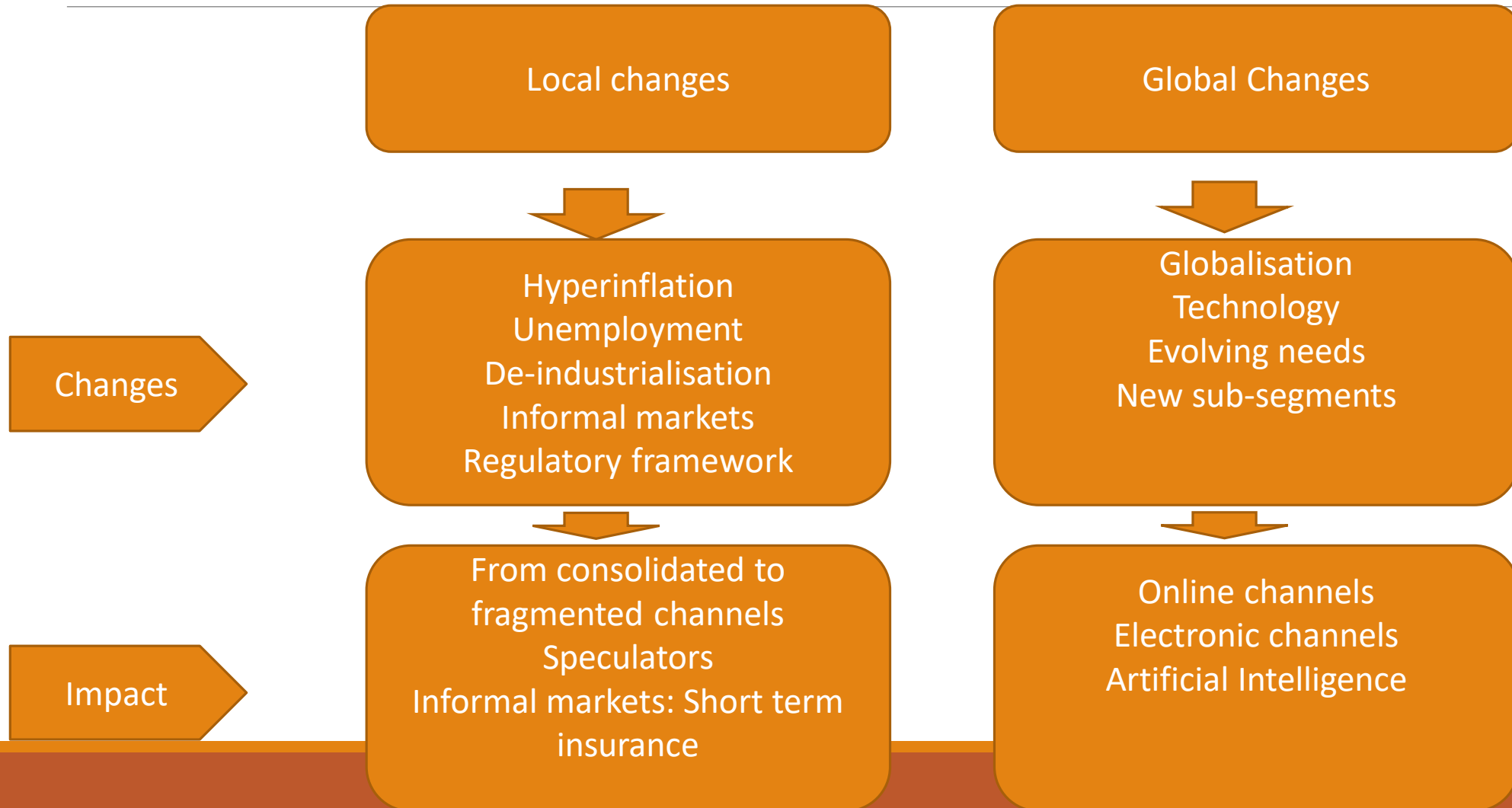
# Expanded Functions/Power of Distribution



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# Distribution In Rapidity

# Rapid changes on 2 fronts



# Rethinking Distribution In Rapidity

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**The Virtual Insurance Advisor:** Life insurers opting for this model can use big data and real-time analytics to offer customers more customized services. They can help customers make insurance-related choices by leveraging data-driven personalized advice and insights.

**The Everyday Risk Coach:** Through this approach, life insurers can help customers improve their personal and financial wellness and reduce the risk of loss or injury. About 80 percent respondents in Accenture's consumer study said they were interested in being notified of the nearest hospital in the event of an emergency. Life insurers can differentiate themselves with real-time interactions to help customers manage and reduce their risks.

**The Plug and Play Insurer:** These insurers embed their products and offerings into the experiences of strategic partners, ranging from car manufacturers and/or dealers to home service providers to retailers to internet giants.

**The Ecosystem Orchestrator:** A growing number of insurance customers are willing to consider alternative distribution models. Insurers can explore new distribution partnerships with online platforms. They can overhaul their ecosystem with greater degrees of digital capability, automation and intelligent solutions.

**The P2P Network Operator:** Insurers adopting this model may distribute to pools of customers linked by affinities, reducing distribution and claims costs while tapping into a new base of potential customers.

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# Four Key Considerations





# Distribution Decisions – Four Key Considerations...

- Multiple channels
- Control vs. costs
- Intensity of distribution desired
- Involvement in e-commerce

# 1. Multiple Channels

Some products meet the needs of both industrial and consumer markets.

Pepsi can sell its drinks and crisps using multiple channels to:

- Supermarkets
- Movie Theaters
- Stadiums
- Schools
- Hospitals

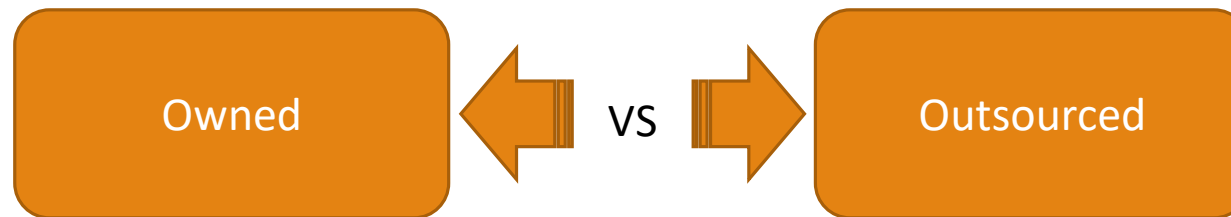
Motor vehicle insurance is now being sold in:

- Supermarkets
- Post office
- Banking Halls
- Retail stores
- Churches
  
- Can the same not be done for Life, Pension, Funeral & Short term??

## 2. Control vs. Costs

All manufacturers and producers must weigh the control they want to keep over the distribution of their products against the costs and profitability.

- **Direct sales force** – company employees are expensive with payroll, benefits, expenses; may set sales quotas and easily monitor performance
- **Agents** – work independently, running their own businesses; less expensive = less control; agents sell product lines that make them more money



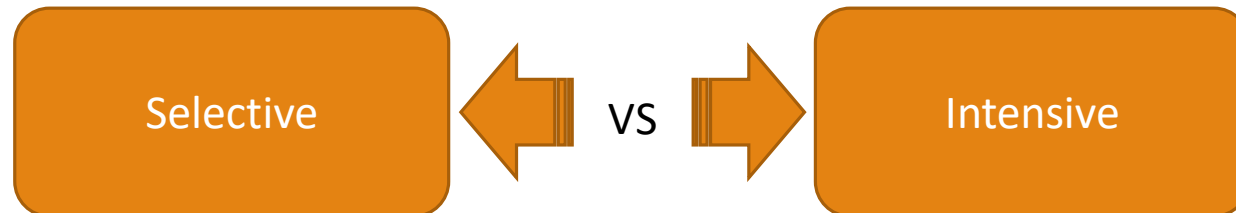
With high level of rapidity in the environment, control is ok but a healthy blend with outsourcing more recommended

# 3. Distribution Intensity

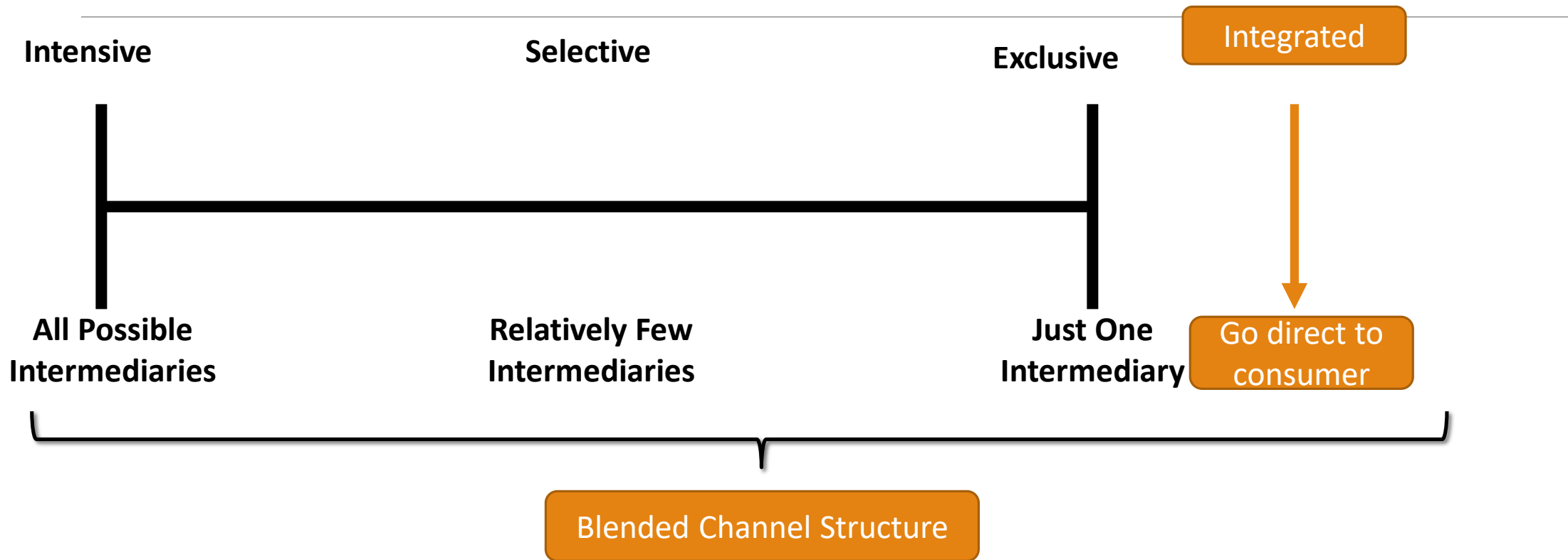
How widely a product will be distributed; marketers want to achieve the ideal market exposure; determining distribution patterns.

Achieve **ideal market exposure** (make their product available without over exposing and losing money)

To achieve market exposure, marketers must determine **distribution intensity**



# Intensity of Channel Structure



Despite rapidity, the final decision depends on the nature of the product and the target market. Integrated and blended structures are facilitated by rapid changes in technology which give the firm direct access to the consumer (B2B or B2C)

# Blended distribution

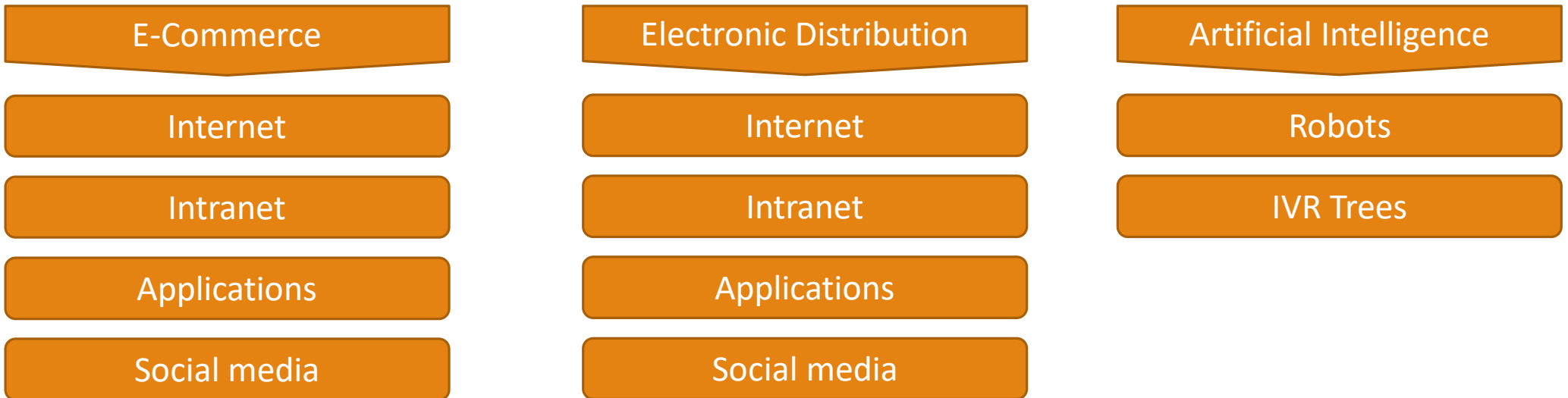
A manufacturer may sell its products through multiple outlets at the same time:

- Toll-free phone system
- Call center
- Company website
- Multiple brokers

# 4. E-Commerce & Electronic Distribution

**E-commerce** involves buying and selling processes supported by electronic means, primarily the Internet.

**Electronic Distribution** utilizes other electronic platforms such as short codes, sms



# E-Commerce Domains

B2C (business to consumer)

- Branded websites

B2B (business to business)

- Applications & Intranet

C2B (consumer to business)

- User groups designing products that suit them

C2C (consumer to consumer)

- Blogs, influencers, affiliate marketing, closed user group pricing



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# Parting Shots

# Rapidity Unleashed

## **From Channels to Ecosystem**

Get into the consumer's touch points of life and create a sale. Discovery has created gym for its clients to not only lower its cost but attract more customers. Motor insurers give fuel rebates for good driving behavior

- **From Customers to Communities**

Consumers are clustered in sub sets of life or communities. These include churches and social clubs. These provide glorious opportunities to tailor make both product and the way it is distributed.

- **From minors to decision makers**

With information now accessible to demographic groups such as teenagers, they will soon become a huge market of decision makers regarding the products they consume. Distribution channel design need not ignore this dynamic.

*‘Nothing is permanent but  
change!!!’*

End – Thank You

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