



## Handle with care

THESE DAYS MANY marketers are not even in charge of distribution channels, but if you have a small business, you are bound to be involved in the processes by which your product reaches your customers.

Call them channels or supply chains, they can be a source of competitive advantage and deserve careful consideration, whatever your business.

For example, Dell Computer has built a whole business on the strategy of online ordering and direct supply, allowing customers to easily tailor their machines and reducing costs in inventory and warehousing as well as obviating the need for retail outlets.

Also, there are numbers of companies selling products whose key feature is personal delivery. A good example here would be people who sell items such as a single rose delivered to your door.

Actually delivering products via the internet can add convenience and ease of shopping for customers, while slashing distribution costs. Think of buying software, where there is direct supply, no need for a disk or a package and no middleman between the manufacturer and the end-user. Or airline tickets, where you can now even have the convenience of internet seat allocation, meaning added convenience for the passenger and lower handling costs for the airline.

Sometimes, changing your distribution can be a defensive response, which provides convenience for the customer but adds costs for the marketer. Home delivery of pizzas is an example here, where competition has forced all the major companies to introduce this channel, though admittedly they do add a small premium to the home delivery price.

In any event, to turn your distribution into competitive advantage there are two basic

questions to ask. First, and perhaps most important, "can I add benefit to my product offering through innovations in the supply channel?". Second, "can I lower the cost of getting my product to customers, and reap a benefit in better profit margins?".

Depending on the type of business, convenience and ease of access may be a critical factor in maintaining customers. A small hardware store, for example, may not be able to match the prices of a hardware 'barn' but it can retain customers who live close by and find it easier to shop locally.

On the other hand, if you have a specialty product that is not easily obtainable or has some unique qualities, you may not even have to worry about a distribution network, as customers will come to you from far as well as near.

Sometimes, the delivery of the product can be an event in itself, to add perceived value. One of the differentiating features of Southwest Airlines in the United States is its cabin staff, who are hired for their personalities as much as anything else and who can make the journey a more fun experience than an airline flight.

Finally, more efficient distribution channels can be an important contributor to your profit. Can you sell direct rather than to wholesale? Can you improve ordering and delivery systems so that your inventory can be lower?

Whatever your business, part of your marketing analysis should entail thinking about how you get your product to your customers, to add value as much as to shave costs. •

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