

MBA- III semester, Specialisation- Marketing Management, Paper - Service Marketing, Paper code- MC 02, TOPIC- CONCEPT OF PLACE OR DISTRIBUTION

CONCEPT OF PLACE OR DISTRIBUTION

The most important decision element in the distribution strategy relates to the issue of location of the service so as to attract the maximum number of consumers. The inseparability characteristic of service such as those of doctors, teachers, consultants, mechanics etc. poses a distribution constraint since they are able to serve only a limited, localised market. The other characteristic of services which affects the distribution strategy is the fixed location of services such as universities, restaurants, and hospitals which necessitates the customer to go to the service location rather than vice-versa.

The first decision variable in planning the distribution strategy relates to the location of the service. In deciding where to locate your service, you should raise the following questions as they would help you arrive at the right decision.

- i) How important is the location of the service to the customers? Will an inconvenient location lead to purchase being postponed or being taken over by a competitor? The answer is 'yes' in case of services such as dry cleaning, fast food outlets where convenience is the most critical factor. The answer is no in case of services provided by doctors and beauty parlours, where the customer's involvement with the provider of the service is very high and the decision is made on the basis of reputation, competence and past experience.
- ii) Is the service, technology-based or people-based? How flexible is the service? Can the equipment and people be moved to another location without any loss in quality?
- iii) How important are complementary services to the location decision? Can the clientele be increased by locating services where complementary products or services already exist? Garages and mechanic shops located next to petrol stations are examples of complementary location decision. The second decision variable in the distribution strategy is whether to sell directly to the customers or through intermediaries. In case of services which are inseparable from the performer, direct sale is the only possible way of reaching the consumer. In case of other services such as hotels, airlines, property, life insurance, they may operate through middlemen.

The third decision variable in the distribution strategy is how to provide the service to a maximum number of customers in the most cost-effective manner (if the service is not of the kind that is inseparable). Some of the recent innovations in the area are rental or leasing, franchising and service integration.

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