



Management of distribution channels strategy and its contribution in follow-up and understanding consumer behavior

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Abstract:

The markets, whether global or local, face many different changes in terms of "technical, economic, cultural, social, financial, etc.", which pose difficult challenges that different companies seek to face with minimal losses. To try to make profits that allow it to stay in the market and face sharp competition, by influencing consumer behavior in a way that allows companies to increase market share using many methods including distribution strategy.

Key words:- Distribution strategy; - Consumer behavior; - Competition.

Jel classification: M10.

Introduction:

We saw in the previously that producers were faced with the problem choice in the distribution of their offer. This is a marketing problem that is found detailed and explicit in the company's distribution policy.

Therefore this distribution policy must comply with the broad principles of coherence that characterize marketing strategy of the firm (adequacy of the distribution channels to the positioning, branding, etc.).

Among the range of possible choices the producer can for example decide to own his own outlets just as it can completely delegate the distribution of its

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products in the hands of the various intermediaries, between these two extremes, there are sure an infinite number of potential solutions.

But whatever the choice made in terms of distribution, this one must always be done in agreement with the marketing strategy and the objectives of the company, but it will also be necessary distribution policy is consistent with the policies of the other marketing mix variables (product, price, communication).

In our time, distribution has become a fundamental function of commerce; male mastered by a producer, it generates a shortage of its product on the market; and the presence of competitors may endanger the loyalty of its consumers.

So choosing a distribution policy is vital for a company because it's not about only to design a good product, but to distribute it as it should, In our work, we will approach the distribution in the perspective that aims to pose the stakes related to the distribution of consumer products from the point of view of the producer, the organization Distribution channels and product tracking in the point of sale.

The selection of distribution channels is, for the producer, one of the most important commercial decisions, more important than he has to take. The profit, growth and even survival of a company is effect of this choice which affects the conditions of price, quantity, quality, assortment ..; in which products are made available to the final consumer.

Even though Strategy means integration with the rest of the organization's overall system Their close association with production processes and financing within the internal environment Organization and its interaction with the market and its various variables within the organization's environment foreign Affairs.

As such, the distribution policy is characterized by its own dimension, namely that of the coordination of the operations which allow the routing of the products end users, this central interrogation will allow us to answer the following question:

How can distribution strategy influence on the consumer's behavior?

To answer the previous question, we ask the following questions:

- What distribution strategy?
- What are the basic concepts of consumer behavior?
- Strategic relationship of the distribution of consumer behavior?

- Importance of the study:

The importance of the study is to address the possibility of distribution strategy to be influenced by the behavior of consumers, and to guide their purchasing decisions.

- Objectives of the study:

The objectives of the study are as follows:

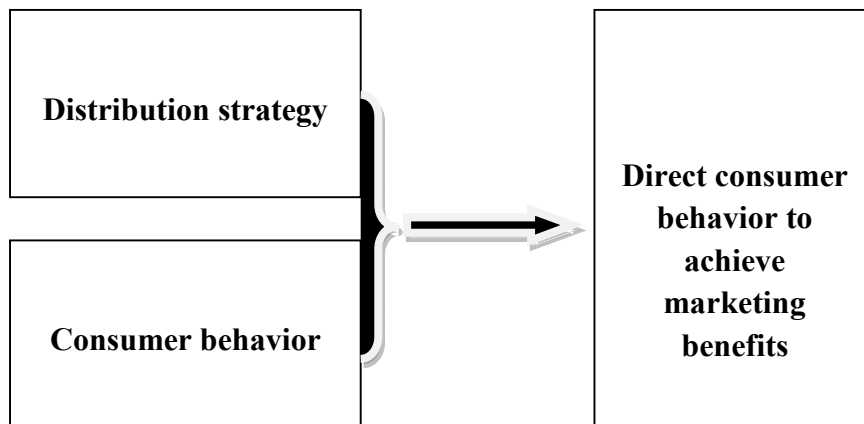
- Introducing concepts of distribution strategy;
- Clarifying basic concepts of consumer behavior;
- Studying the relationship between distribution strategy and consumer behavior.

- Study model:

The study model is illustrated in the following figure:



(01)- Study model-

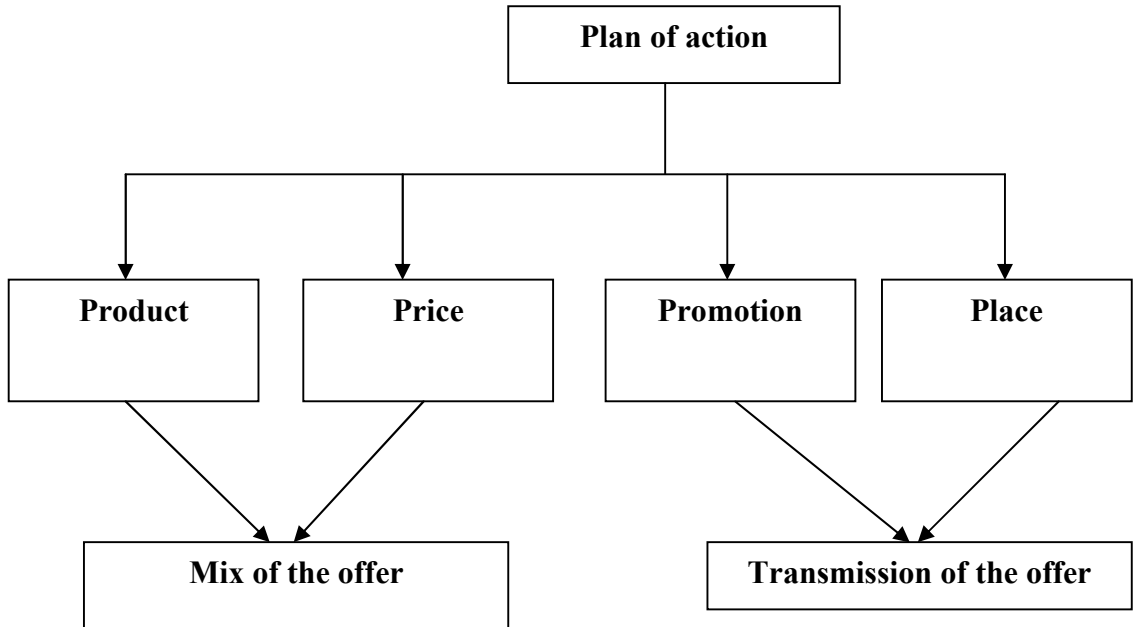


- **Source:** the researcher.

1- The mix marketing:

The marketing mix brings together the different variables that describe the marketing strategy action plans that aim to meet the needs and desires of customers. However keep in mind that the 4 variables that make up the mix remain interdependent. A strategy based on a very good product, but sold in unsuitable outlets, would necessarily doom to failure, even if the two other variables of the mix are correctly defined. Therefore the variables composing the mix must combine harmoniously to build an effective marketing strategy. In addition, each element of the mix is itself formed of sub-elements forming their own mix; we thus find a mix "product", a mix "price" a mix "distribution" and a mix "communication". So the variable distribution should not be considered separately from each other but as an integral part a larger whole; the marketing mix. His role then becomes eminently transversal.ⁱ

(02): - Mix marketing -



- **Source:** GRONHOLM. T, *marketing concepts in practice*, Lahti University of applied sciences, Degree program in International Business Bachelor's thesis, 2012, p 04.

Inside the marketing mix we find a particular couple of variables responsible for the "Transmission of the offer". This is the communication variable and the distribution variable. They are often grouped together because the company rarely has complete control over these two elements. Distribution has a very important impact on demand and sales for the following reasons:

A social (or relational) effect: It acts as a means of interaction between the client and The Company. A psychological effect: It directly influences shoppers' buying behavior through the presentations made in point of sale (merchandising) and nature selected outlets. -An irreversible effect: When manufacturers sell their products to distributors, they lose control over the downstream of the distribution (pricing, product presentation, selection of points of sale, etc.).



2- The distribution and marketing variable:

Due to this particularity, distribution is an important source of production information for the company because it allows knowing the results of marketing actions (Sales, units sold, types of buyers, etc.). It is thus possible to measure the effectiveness of the marketing action, which then allows for the consideration of the elements which exercise a decisive influence on the act of purchasing or proposing corrective measures when objectives are not achieved. Marketing remains the function of the company best placed to realize the synthesis between internal and corporate environment to set and change the selling prices of products, and the distribution is exactly at the boundary that delimited the internal of the outer of the firm.

3- The distribution policy:

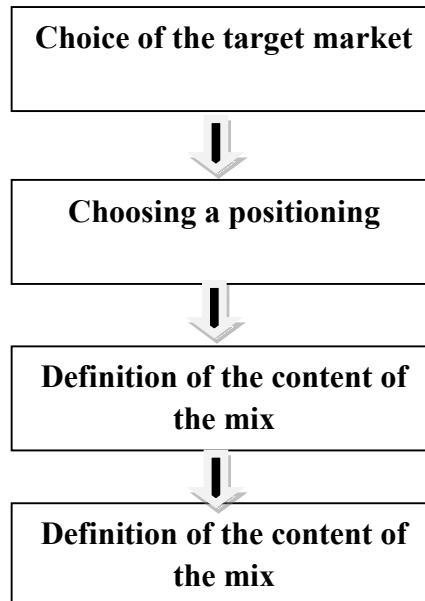
The marketing policy refers to all the decisions and rules of conduct that have purpose of achieving the tactical and strategic objectives that have been previously determined.

The distribution policy designates exactly the same thing but this time at the level of the distribution variable. It contains:

- The precise definition of the distribution strategy;
- The composition and extent of the distribution network;
- The resources allocated to the sales force and distributors;
- The role attributed to the various processes (logistics, merchandising, promotion, etc.)ⁱⁱ

4 - The determination of the distribution strategy:

(03): - Distribution determinants –



- **Source:** PEATTIE.K, *The Marketing Mix in the Third Age of Computing*, Marketing Intelligence & Planning, 1997, p 142.

The process of choosing the distribution strategy is generally top-down, in accordance with the general strategy of the company, in agreement with the characteristics of the target market and consistent with the chosen positioning. By this strategy will have to be defined in coherence with the content of the marketing mix and the distribution policy adopted by the company.

5 -The role of distribution on positioning:

For Al Ries and Jack Trout, "Positioning is not what you do to a product; it is what you do to the future customer's mind, the prospect. You position the product in the spirit of the prospect." So positioning is what a company,



brand, or produced in the minds of consumers. This representation is based on objective criteria (results and notoriety of the company, quality (s) of the product, price, services offered ...) and of subjective criteria (image of the company and / or product, consumer interests, symbolism, comparison with competitors.(... Distribution has a major impact on the positioning of products and brands for the following reasons:

- The products and brands are presented under specific conditions in the points

Of sale (theatrical, ambiance, merchandising;)

- The points of sale project an image (price, style, atmosphere) which strongly impacts the representation that shoppers make of the products and brands sold there (selective perfumery, specialists, etc.)ⁱⁱⁱ.

6 -The distribution strategies of the producer:

The first choice facing the producer is whether to select whether the distribution, will be direct or indirect. Direct distribution refers to the fact that there is no intermediary between the producer and the consumer. Indirect distribution refers to the fact that there are one or more intermediaries between producer and the consumer.

In the case of indirect distribution, the chosen strategic option will be the result of the study characteristics of the targeted clientele, the characteristics of the product and those of the intermediate. Generally there are three main types of distribution strategies.

7 -Intensive (or open) distribution:

It consists of distributing the product in the largest possible number of sales outlets to survey the territory (consumer goods, low prices and frequent purchases,PGC). This strategy is expensive and can only be envisaged for large companies the markets are very extensive.

8 -Selective distribution:

Luxury so loves scarcity that it organizes it. The big names in perfume or fashion do not are marketed only in selective distribution. The principle of selective distribution relies on a set of services that manufacturers and distributors contractually to provide to the consumer, i.e. the services on which the prestige of the brand. The frame must be appropriate, clean, and modern, of good taste and in adequacy with the standing of the articles sold. The competent staff delivers both a wanted home and the required technical knowledge. The retailer must own the range complete brand products. The manufacturer must make available to retailers samples and products to try. He also undertakes to take back the products faded. The choice of selective diffusion can meet the need to maintain in France prestigious brands able to conquer foreign markets. The cover of market is limited.^{iv}

9 -The exclusive distribution:

The manufacturer entrusts the exclusivity of the sale of its products to a small number of distributors)Cartier jewels, Dupont lighters, Biotherm products, Nespresso, Solens sweets in pharmacy(... who have exclusive rights to distribute their products in a given geographical area. This strategy helps to create, develop and strengthen a brand image.

She is often reserved for high-end products, even luxury products. The franchise isan exclusive form of distribution. For example the company Tartine et Chocolat (More than 50% of the turnover achieved in International) has opted in France for an exclusive strategy by marketing its high-end clothing for babies and juniors in 40 franchised stores.

10 -Cooperation, competition and conflict in the canal:

Distribution channels involve actors as different as producers (or suppliers) and distributors (or intermediaries). The relationships that unite them are qualified as protean because of the need to cooperate while remaining competitive, which sometimes creates conflicts.



Cooperation in the distribution channel corresponds to the pursuit of the common interest of the different parties (producers and distributors), who seek to agree on become more efficient, either by minimizing some of their costs or by extracting more valuable to the end user. Cooperation then leads to partnerships punctual or sustainable between producers and distributors (trade marketing, category management, ECR(Horizontal competition refers to firms that struggle at the same level (for example distributors among themselves) to conquer the same target market. Vertical competition refers to the opposition between companies struggling at different levels in the distribution. Their goal is to capture more value than the actor located immediately above or immediately below in the channel.

Vertical conflicts most often relate to situations where power struggles actors (producers or distributors) are upset because of disagreements or changes in the environment. Horizontal conflicts are between actors at the same level of a distribution channel.

11 -Partnerships:

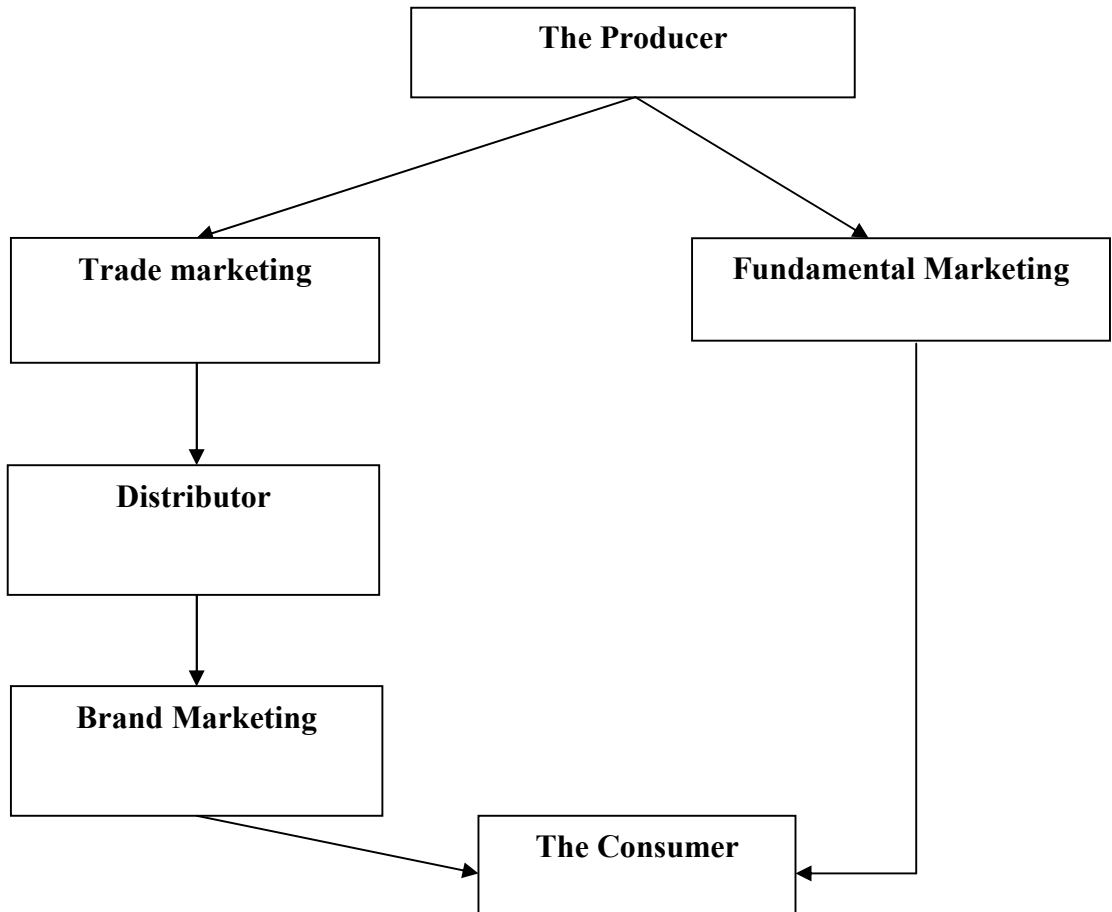
Several partnership approaches can be distinguished within the distribution channels. If the horizontal partnerships remain subject to the rules of competition, vertical partnerships different logics, based on the complementarities between actors located in different levels of the channel.^v

12- The trade marketing:

"Trade marketing is a multilateral approach, involving two or more actors of a channel of distribution, based on the search for proximity of commercial objectives, purpose of optimizing the approach of the end customer "(Lignieres, 1997.(According to Jean Noël Kapferer, "Trade marketing proposes to substitute the negotiation conflictual an area of partnership; whatever the width of the meaning we give to the concept, the latter results in a marketing to the distributor, teaches by brand« According to Claude Chinardet, "The trade marketing was born from the idea that to satisfy the consumer, the manufacturer must use the distribution channels to sell his brand and his product and that manufacturers in turn need manufacturers to satisfy their customers" .

Therefore, it turns out that the trade marketing is first of all marketing, that is to say a set of techniques to influence the behavior and attitude of a target, or, according to the perspective adopted, a set of techniques designed to meet the needs of the same target, the target in question being constituted by distributors, resellers, traders, etc.^{vi}

(04): - Trade marketing -



- Source: PHILLIP. M, “*Customer–Supplier Partnerships: Perceptions of a Successful Key Account Management Program*”, Industrial Marketing Management, 2002, P 31.

Efficient Consumer Response (ECR), called in French Efficient Consumer Response, has been born in the USA in 1992 under the leadership of the Marketing Food Institute. This is a project that seeks to streamline the



distribution chain to increase value delivered to customers while minimizing related costs. Two overriding objectives characterize the RCT approach:

-A goal of reducing costs: It is a question of identifying the malfunctions The interface of the distributor and the producer, which must make it possible to trace the origin unjustified costs, and therefore to consider common ways of saving money. The implementation of methodological standards, common languages and systems shared information are the answers commonly provided by the different stakeholders.

-A goal of commercial dynamism: It is about going beyond the logic of costs to engage in a logic of gains (demand side), both for suppliers only for distributors. However, firms must go beyond simple logistical cooperation when working in this light.

The demand side of the ECR is referred to as "category management." He's regrouping:

- Merchandising;
- The promotions;
- The prices;
- The product assortment.

Category management (or catman) is defined as the "process by which distributors and suppliers manage product categories as strategic business units, and improve results by focusing on delivering value to the consumer" .

Its implementation has profoundly changed the construction and renewal of the offer in the points of sale because it has contributed to the passage of a management by products and brands to management by categories.

The consulting firm A.C Nielsen gives the following definition:

"Category management is the process of managing product categories such as activity centers, to establish a standard content per store, in order to meet the needs of the consumer" .

According to Christina Lopes:

Category management is a permanent process between an industrialist and a distributor.

The purpose of this process is to manage a category as a strategic unit and as a goalmain objective is to bring more satisfaction to the shopper, to better meet his expectations, to market developments and to expect a better growth in return. "

This new practice has upset the usual hegemony of distributors in the set up of the assortments, forcing the industrialist and the distributor to work hand in hand for a common purpose; customer loyalty, which can take both forms following:

- This is the shopper from the point of view of the distributor;
- This is the consumer from the point of view of the producer.

The shopper is the person who buys the product while the consumer is the one who used.

The shopper and the consumer are frequently one and the same person, but not always.

Example: A person who buys his own shampoo will be both shopper and consumer, but when she buys the biscuits for the snack of her children she will not be the shopper, and her kids the consumers.

Just a few years ago, marketing was only about the consumer and his intention to buy, underestimate the shopper, that is to say the consumer in situation to buy, still called the barge.

The category management approach being centered on the needs of the shopper, the producers had to complete their marketing studies "consumer" by studies "shopper".^{vii}



13- Distribution and customer's behavior:

Personal influence is best described as the effect of change in a person's attitudes or behavior as a result of communication with others. It can occur in a number of ways. The following distinctions can be made to indicate the multidimensional nature of this communication phenomenon: 1. Communication leading to influence may be source-initiated (by the influencer) or recipient-initiate (by the influence). 2. Communication may result in one-way or two-way influence. That is, the individual may influence while being influenced.

Communication resulting in influence may be verbal or visual Personal Influence is frequently used synonymously with the term "word-of-mouth" advertising or communication. Since word-of-mouth is oral communication, it is actually subset of personal influence. Promotional activities conducted by the marketer are not the only or necessarily the most important influences on purchasing behavior. There is evidence that favorable word-of-mouth communication can actually have more influence than the huge sums spent on advertising. Consequently, many companies advertise little and depend instead, on word-of-mouth promotion. Whether for durable goods or nondurable, products or services, word-of-mouth advertising has a big impact.

The marketer frequently tries to create a "synthetic" or simulated word-of-mouth program by using celebrities in advertising campaigns. These spokes people enter our home via the media and speak to us as if it were a one-to one conversation. This simulated personal influence may nevertheless be very effective. It is clear that personal influence- whether actual or synthetic-can be quite convincing. The marketer is vitally interested in this process because a product's success appears dependent on it. It is very important, therefore, that mostly favorable, not unfavorable, communications take place. As one study of the spread of usage in a new food product in a married student's housing complex showed, exposure to favorable word-of-mouth communication increased the probability of purchase, while exposure to unfavorable comments decreased the probability.

Therefore, it is very important to marketers to manage the personal influence and word-of-mouth communications process effectively. Why is the word-of-mouth communication so strong? There seem to be three main reasons for its dominant position in relation to impersonal media: 1. Consumers view word-of-mouth as reliable and trustworthy information which can help people to make better buying decisions. 2. In contrast to the mass media, personal contacts can provide social support and give a stamp of approval to a purchase. 3. The information provided is often backed up by social-group pressure to force compliance with recommendations.

Opinion leaders: Opinion leader is a person who informs or persuades others in a purchase situation. He exerts personal influence on others. Those people who are able, in a given situation, to exert personal influence are opinion leaders. They are the ones to whom others look for advice and information. The term “opinion leader” is perhaps unfortunate because it tends to connote people of high status who make major decisions for the rest of us. In the marketing context, such a designation is unfortunate because it erroneously suggest an absolute leader whom others seek to follow. In effect, opinion leadership is a relative concept, and the opinion leader may not be much more influential than his followers.

Nevertheless, opinion leader can informally and subtly affect the behavior of others toward products, either positively or negatively. If they like a product or service, they can help to assure its success; if they do not like it, they can contribute to its failure. It all depends on the verbal and or visual communication that flows between them and others whom they influence. For communication of marketing information through two or multistep flow models, opinion leadership is important and is found at all levels in society. That is, consumers tend to be influenced by those who are members of the same groups, people very much like themselves. Thus, every status level and every group will have opinion leaders, with the flow of influence being generally horizontal within them. However, the fact that opinion leaders are found in all strata of society does not necessarily mean that they are equally effective or important to the marketer at each social level. In fact, personal influence appears to be more operative and to have greater importance and effectiveness at higher-income and status levels.^{viii}



Recommendations:

- Institutions must support the marketing function, making it a key function;
- The need to use modern technology, such as marketing;
- Support distribution channels, and make them under the disposal of customers more and more;
- Think of distribution policy as a stand-alone strategy;
- Work to study customer behavior periodically, not only at times;
- Financial, human and material support for the distribution function;
- Conducting research studying the relationship of distribution to customer behavior;
- Strengthening the relationship between the functions of the institution and the marketing function, especially the distributional aspect;
- Reduce the cost of distribution by discovering less expensive methods.

Conclusion:

The success of the institutions in the current time has been and is the result of the use of many different ways and means by investors, in order to achieve profitability and ensure stability and growth, and one of the most important functions to contribute to this is marketing, which can provide many of the features like the elements of the marketing mix, which Among them is the distribution that makes it easier for the organization to positively influence the behavior of its customers to achieve their satisfaction and long-term loyalty.

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