Form of International Distribution

Distribution is one of the most important processes in the supply chain, since they are all the activities that are carried out from the moment the product has been produced by a manufacturer until it has been purchased by the final consumer.

It is a set of operations that have as purpose place the products in the different point of sale of the market available to the consumer.

One of the main objectives of distribution is to make the product available to the consumer in the desired place and quantity.

What is the difference between logistics and international distribution?

Achieving maximum efficiency in the supply chain is the goal of good logistics management.

International logistics is all movement and storage that facilitates the flow of products and information from manufacturing to its acquisition by the buyer. That is, exports and imports, the two key activities of foreign trade.

By comparison, **international distribution** is the result of this logistics process that places the product on the international market in compliance with the terms negotiated between the seller and the buyer.

That is, one of the branches of logistics is international distribution.

With good logistics and international distribution, times and prices will be reduced and risks in the transport of goods will be avoided, while customers will be more satisfied.

Form of International Distribution

Types of international distribution strategies

We must, then, decide, first, the international distribution strategy that will be based on the coverage that we want to give to the distribution of the products. There are 3 types of distribution strategies:

- **Intensive distribution strategy.** The company must seek the largest possible number of sales to ensure that its product gets the maximum possible distribution coverage and thus achieve the highest possible number of sales. This strategy is perfect for necessities and raw materials.

- **Selective distribution strategy.** In this case, the products are located only in the selected points of sale. In this strategy, the product is distributed to a smaller number of intermediaries and is perfect for products where the buyer compares prices to get the best value for money.

- **Exclusive distribution strategy.** In this distribution strategy, the products are located exclusively in a single point of sale. In this case, the distributor has the exclusive right to sell the brand and undertakes not to sell products from other competitive brands in the same category. This is perfect for differentiating the product and establishing prestige and high quality for the brand.

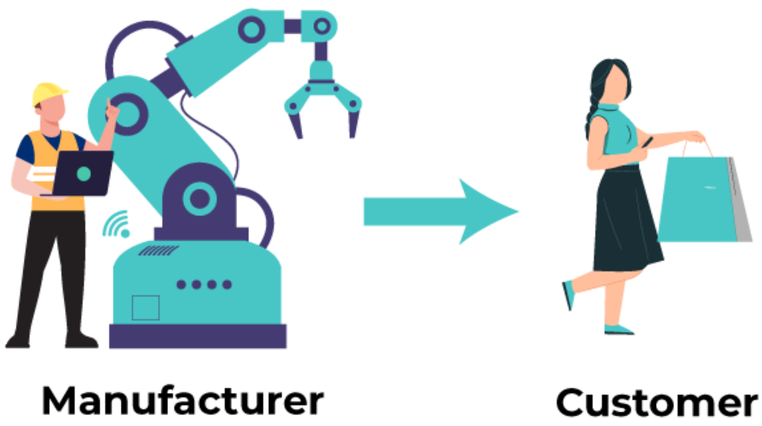
How to choose distribution channels for export

These channels are the intermediaries that make up the network through which a good or service is delivered to the final consumer. Distribution channels are not usually unitary, but each one of them is made up of different actors, where wholesalers and retailers can be found, for example.

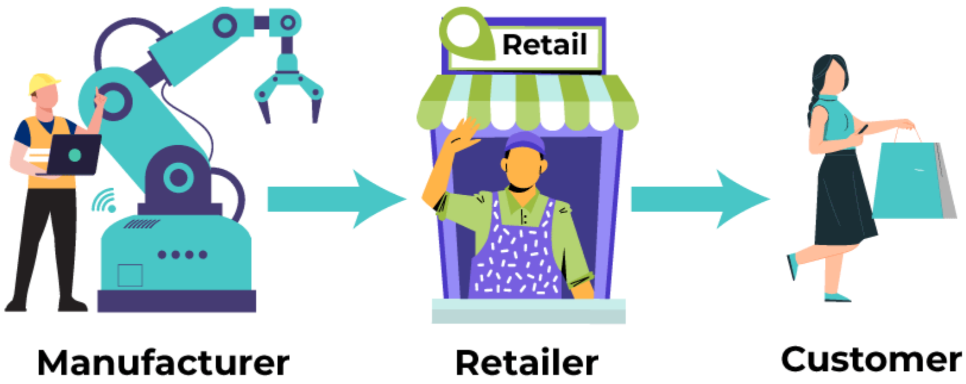
With the advent of e-commerce, the Internet has become an important distribution channel to consider in supply chain strategies.

Distribution channels can take very different approaches, depending on the type of sale they promote. Thus, we could talk about two types of distribution channels:

a) **Direct distribution channels:** they are those that allow the consumer to buy the good directly from the manufacturer, without intermediaries, streamlining management and reducing the cost.

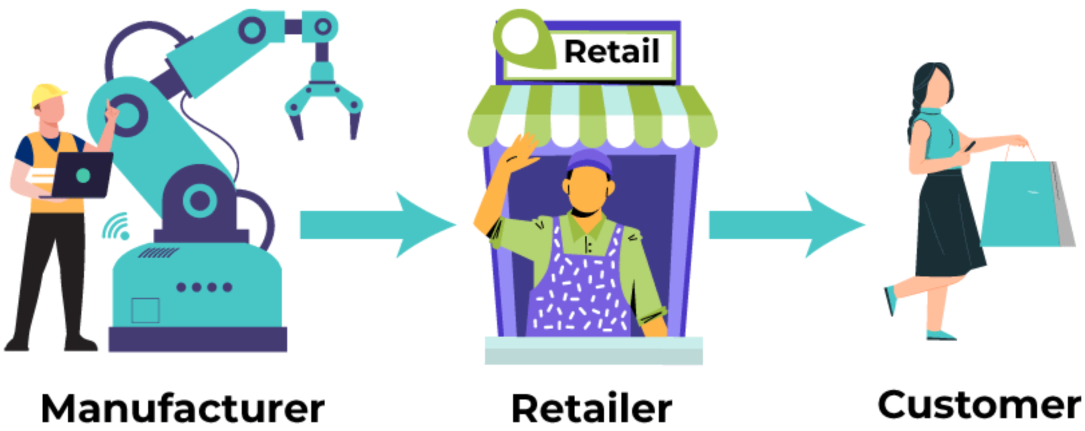


b) **Indirect distribution channels:** with those that make the good available to a wholesaler or retailer, through which the consumer can buy the good or service.



The indirect channels of distribution can be classified into three categories:

One-Level Channel



One level channel means that there is only one intermediary involved between the manufacturer and the customer to sell the goods. This intermediary is known as a **retailer.** In simple terms, under one level channel, the organizations supply their products to the retailers who sell them to the customers directly. For example, goods like clothes, shoes, accessories, etc., are sold by companies with the help of a retailer.

Form of International Distribution

Two-Level Channel

A most commonly used channel of distribution that involves two intermediaries for the sale of products is known as Two Level Channel. The intermediaries involved are **wholesalers** and **retailers.** The producer sells their products to wholesalers in bulk quantity, who sells them to small retailers, who ultimately supply the products to the customers. This channel is generally used to sell convenient goods like soaps, milk, milk products, soft drinks, etc.

Three-Level Channel

Form of International Distribution

Three level channel means that there are three intermediaries involved between the manufacturer and the customer for the sale of products. The three intermediaries involved are **Agent Distribution, Wholesalers,** and **Retailers.** It is usually used when the goods are distributed across the country and for that different distributors are appointed for different areas. **For example,** wholesalers purchase goods from different distributors, and then pass the goods to the retailers, who ultimately sell the goods to customers.

International Distribution Strategies

- **Exclusive:** it is your most selective alternative that seeks exclusivity and recognition, relying on the prestige and good name of the few establishments where the property will be put up for sale.

- **Selective:** choose the points of sale referring to differentiating criteria that are intended to distance yourself from the competition based on values related to the brand image and culture of the company.

- **Intensive:** when distribution channels are chosen based on this strategy, unification is prioritized, looking for distributors that work with products from similar categories.

- **Extensive:** it seeks to achieve a wide diffusion quickly, excluding the selection criteria of the distributor establishment and prioritizing the availability of the product for the final consumer.

Form of International Distribution

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