

# Distribution Channel and their Effective Functioning with Special Emphasis on Coca Cola Strategy

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**Abstract:** *The trends and developments of the actors along the distribution channel are described and examined in this paper. Specifically, the study concentrates on manufacturers and resellers based on actual data from one specific case study. The study has three main objectives: (1) to examine the difficulties brought on by channel actor developments, the effects of these developments on the structure of the retailer supply chain, and their implications for manufacturers and suppliers; (2) to pinpoint justifications for manufacturers' vertical distribution integration and the resulting effects; and (3) to carry out a preliminary customer value analysis in relation to the distribution channel of COCA COLA.*

## 1. What is a Distribution Channel

A distribution channel is a group of companies or middlemen that a commodity or service travels through before reaching the final consumer or buyer. Wholesalers, merchants, distributors, and even the internet are examples of distribution channels.

### Key Takeaways

- A distribution channel is a series of establishments or middlemen where the final consumer makes their purchase of a product or service.
- Retailers, distributors, wholesalers, and the Internet are examples of distribution channels.
- The manufacturer sells to the customer directly through a direct distribution channel. Before the product reaches the consumer through an indirect channel, several intermediaries are involved.

### Understanding Distribution Channels

A distribution channel is the route that all products and services take to reach their target customers. The length of a distribution channel depends on how many middlemen are needed to distribute a good or service.

Increased consumer choice might boost sales, but it can also lead to a complex structure that occasionally makes distribution management challenging. Less profit for each intermediary along the route can also result from longer distribution channels.

### Components of a Distribution Channel

- **Creator:** To create goods and services for consumers, producers combine labor and capital.
- **Operator:** As a product or service moves through distribution, experts frequently act on behalf of the manufacturer to acknowledge payments and change the name.
- **Distributor:** a person or business that sells a lot of merchandise to retailers for little money.

- **Merchant:** a business or individual that sells goods to the public in small quantities for immediate use.
- **The End User:** a person who purchases a good or service.

### Types of Distribution Channels

#### Direct

The consumer can buy from the manufacturer through a direct channel. Because customers are purchasing directly from the manufacturer, this direct, also known as the short channel, may result in lower costs for them.

#### Indirect

The consumer can purchase the goods from a wholesaler or retailer through an indirect channel. For products that are sold in conventional brick - and - mortar stores, indirect channels are typical.

Direct and indirect channels are utilized in hybrid distribution channels.

A manufacturer of a product or service may distribute the product or service through a retailer or make direct sales to customers.

### Levels of Distribution Channels

#### Level 0

Level 0 is a direct - to - consumer model in which the manufacturer sells its product to the end user directly. An illustration of a direct model is Amazon, which sells Kindles to its customers through its platform. Because it eliminates both the wholesaler and the retailer, this is the shortest distribution channel that is available.

#### Level 1

A producers sell their products directly to retailers, who then sell them to consumers. There is only one intermediary at this level. Because of their size, HP or Dell can sell their computer products directly to well - known retailers like Best Buy.

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### Level 2

It consists of the producer, wholesaler, retailer, and consumer, making it one of the longest levels. It also includes two intermediaries. A winery cannot sell directly to retailers in the adult beverage and wine industries. The winery is required by law to first sell its product to a wholesaler, who then sells it to a retailer, operating in a multi-tiered system. The product is then sold to the end user by the retailer.

### Level 3

This level might add the merchant, this level adds the job of the person who might collect items from various makers, stores them, offers them to retailers, and goes about as a center individual for wholesalers and retailers.

### Distribution Channels in the Digital Age

The utilization of direct distribution channels by businesses, particularly small businesses, has been transformed by digital technology. Direct selling boosts business success because of rising consumer demand for online shopping and easy-to-use eCommerce tools.

Software and artificial intelligence (AI) sales technology enable businesses to manage sales and automatically achieve high customer relationship management (CRM) rather than having to rely on relationships with retailers to sell their products.

Social media networks are becoming increasingly regarded as the industry standard and altering marketing strategies, and online advertising through search engines and social networks targets particular regions or demographics.

In the event that an organization keeps on utilizing backhanded channels of dissemination, computerized innovation likewise permits them to oversee associations with discount and retail accomplices all the more effectively.

Companies must select the appropriate distribution channel because not all distribution channels are suitable for all products. The company's overall mission and strategic vision, including its sales objectives, should be reflected in the channel.

The distribution method ought to add value to the customer. Are clients interested in speaking with a salesperson? Will they need to deal with the item before they make a buy? Or do they prefer to purchase it without any hassles online? Addressing these inquiries can assist organizations with figuring out which channel they pick.

Second, the business should think about how quickly it wants to get its products to the customer. Some goods, like meat and produce, are best served by direct channels, while others may benefit from indirect ones.

When a business decides to use multiple distribution channels, such as selling products online and through a retailer, the channels should not conflict. Companies should plan to avoid having one channel dominate the other.

The Coca-Cola Company's distribution strategy



**Coca-Cola is sold for an incredible 1.9 billion dollars every day, according to official statistics.**

The Coca-Cola Company is a global corporation with local operations in every community in which it conducts business. The term is recognized in nearly every community and culture on the planet because it ranks second in popularity after "ok." Due to the strength of its system, which includes the Coca-Cola Company and their more than 250 bottling partners worldwide, the company is able to create a global reach with a local focus.

The framework has various legitimate and administrative divisions and sections, all free of one another, and it doesn't claim or control every last bit of it packaging accomplices around the world.

Despite the widespread perception that Coca-Cola conducts all of its operations globally, this procedure is carried out through a variety of local channels. Concentrates, beverage bases, and syrups are manufactured and sold by the company to bottling operators. However, it retains ownership of the brand and is in charge of the consumer brand marketing initiative. The packaging accomplices assembling, bundle and disseminate the last marked refreshments to clients and distributing accomplices, who then offer items to buyers.

To implement localized strategies developed in partnership with Coca-Cola, all bottling partners collaborate closely with suppliers, including grocery stores, restaurants, and convenience stores, among others. To be more specific, despite the fact that Coca-Cola is a global company, its products never have to travel far to reach the final consumer. This means that the product is more local than you might think because it is made locally for the market in which it is sold.

Products typically aren't shipped more than a few hundred miles because their business is local; In every market, it's all about being responsive to the needs and preferences of the customers. The Coca-Cola Company sells its products to distributors, fountain wholesalers, bottling and canning facilities, and some fountain retailers. They then distribute them to restaurants, gas stations, corner stores, and other businesses.

Coca - Cola products can roughly be divided into the following sales channels:

- Wholesalers/distributors
- Retail/corner stores/general stores
- Cafés/bistros/night clubs
- Gas stations
- Robotized teller machines (AMTs)



When compared to all other drinks in the same category, the company's distribution system is one of the best planned and carried out. Even wholesalers and distributors need the product for their business's success because it has such an impact on customers and is so successful. Because of its prominence in consumers' minds, Coca - Cola is crucial to wholesale and retail businesses. Coca - Cola's vending machines are another way the brand stays true to its identity of #sharinghappiness. They have achieved their goal due to this high visibility and the availability of their products all over the world. There are many innovations in this channel, but we've chosen one that we think you'll like: the hugging machine!

## References

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