**Essay**

**MKT 101 – IB 1403**

**Time: 40mn**

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**Question:**

What advantages do multichannel distribution systems offer in today’s markets in Vietnam?

Before analyzing the advantages of multichannel distribution systems, some concepts need to be clarified.

**Answer :**

Multi-channel distribution involves a business using more than one type of distribution channel. Participants in this distribution channel (except the manufacturer) play both distributor and consumer. The advantage of this type of distribution channel is the cost savings of promoting the product, but they have to pay a large commission for intermediate components.

Multichannel distribution system seems to gain more and more popularity in Vietnam these days with the boom of internet and ecommerce platforms and social media. A manufacturer might use indirect channels such as retailers and distributors as well as selling directly to customers using e-commerce.

Most businesses in Vietnam now have an online storefront, either a website, a Facebook page or an intermediate distributor. Big corporations like FPT, Vingroup take advantage of all channels possible to promote and distribute their products.

Consumers expect products to be available in more than one place, making investing in a multichannel strategy worthwhile. Merchants can experience various benefits.

First and foremost, customer perception can be greatly improved. Brands that create a seamless buying experience can gain significant customer loyalty. They’re perceived as attentive to consumers’ needs, purchasing habits and digital-savviness. With multichannel distribution, brands can also differentiate themselves not by lower price but through convenience.

Secondly, customer base will surely be increased when brands place their merchandise in the path of customers who need them, whether in-store or online, sales, exposure, and customer reach will increase.

Third, it can protect merchants from relying on a single sales channel. In the event of a supply chain breakdown or suspension of a major account, merchants who diversify their channels can avoid such a hit against your revenue.

Fourth, brands stand a good chance of growing into uptapped markets. Doing multichannel also allows merchants to expose their products to new customers and first-time buyers, leading to more product sales. How? By selling on online marketplaces, opening a new online or physical store, trying a pop-up experience, or expanding to different geographies.

Last but not least, companies have greater control over your brand’s future: Wouldn’t it be nice not to fear Facebook’s changing algorithm or pay-out structure? With a multichannel strategy, you’re not reliant on a single platform. You’re free to optimize your supply chain on your terms, get creative with your marketing, and have complete access to your customer base. How to build a good pre-order strategy.

All in all, multichannel distribution system is the trend of the future and the better businesses embrace new channels and systemize and synchronize their online systems, the more values they bring to the customers and the more profits they gains.

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