

5.0 DISTRIBUTION CHANNELS AND METHODS

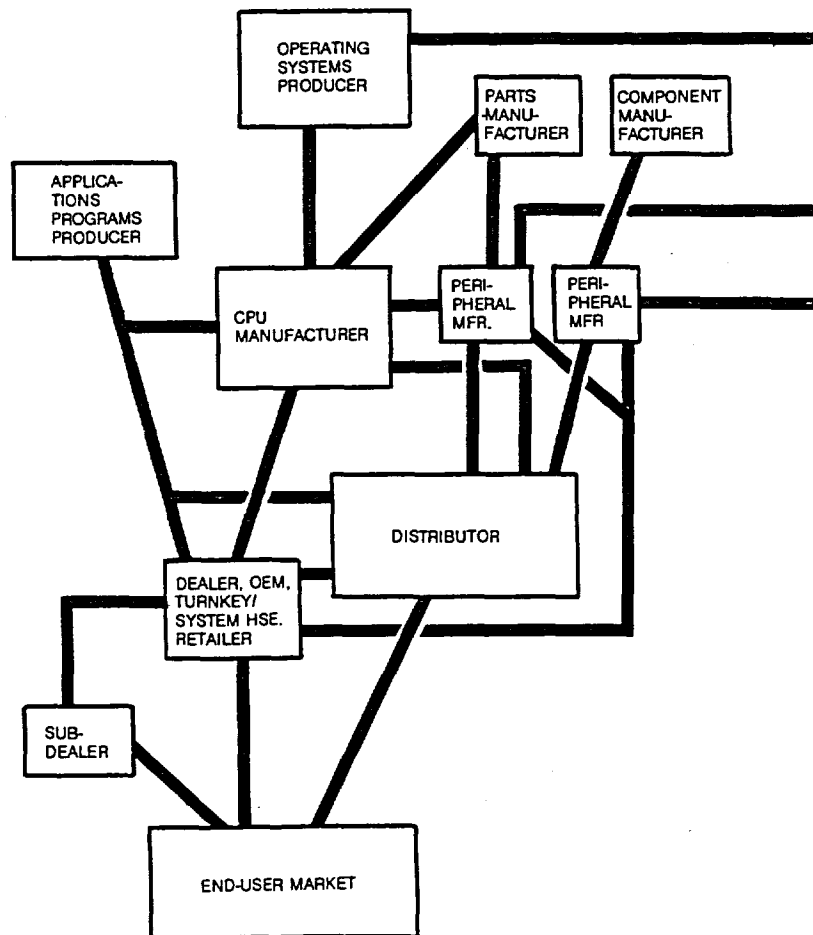
Accepted distribution channels and standard trade practices play an important role in the marketing of any product in a given area. A major objective of this study is to determine the distribution methods in use by the computer industry in the Southwestern U.S. An understanding of the way distribution works in the industry will benefit Canadian companies who wish to market their products in the Southwestern United States.

The computer industry is extremely fragmented. The fast rate of growth in the industry, overlapping technologies, the large number of companies which are involved in every aspect of the industry, and the vast number of products which are now available in most categories have all combined to create a situation

where virtually any company can be involved in any aspect of the industry. In the computer industry, not only do products and technology evolve at a rapid rate but also marketing and distribution methods can change frequently to suit the developing character of the market.

Computer systems manufacturers and software manufacturers, as well as distributors, sales representatives, stocking distributors, dealers, turnkey systems companies, retailers, and even the actual end-user can be involved directly in the distribution chain as can be seen from the chart which follows. In outlining the various distribution choices it has become apparent that it will be up to the individual Canadian manufacturer to select the distribution method which best suits his company and product mixture. There is no definite norm for the computer industry.

BASIC DISTRIBUTION RELATIONSHIPS COMPUTER HARDWARE AND SOFTWARE MANUFACTURING AND DISTRIBUTING



Note: Both computer manufacturers and peripheral manufacturers do sell directly to end-users in some instances

Source: Louch & Associates