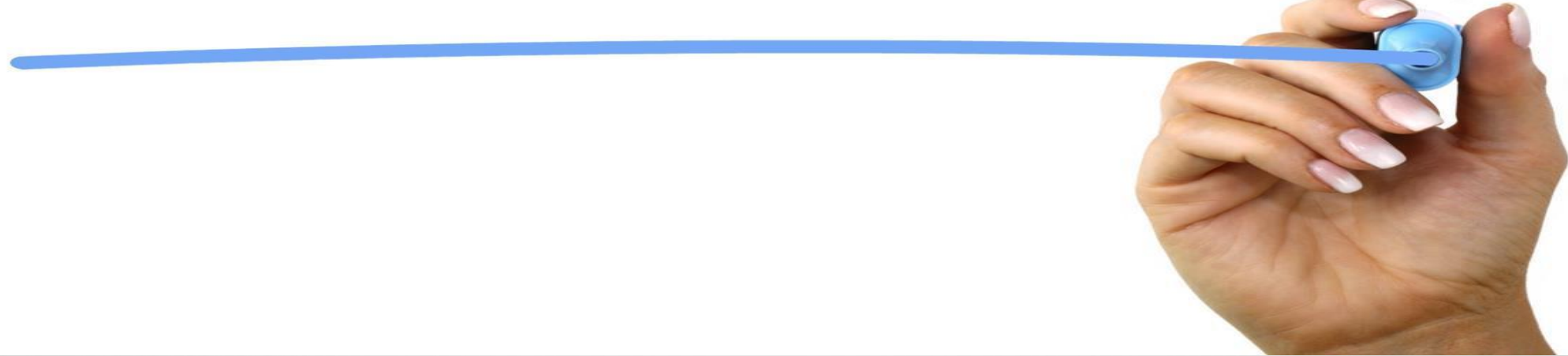
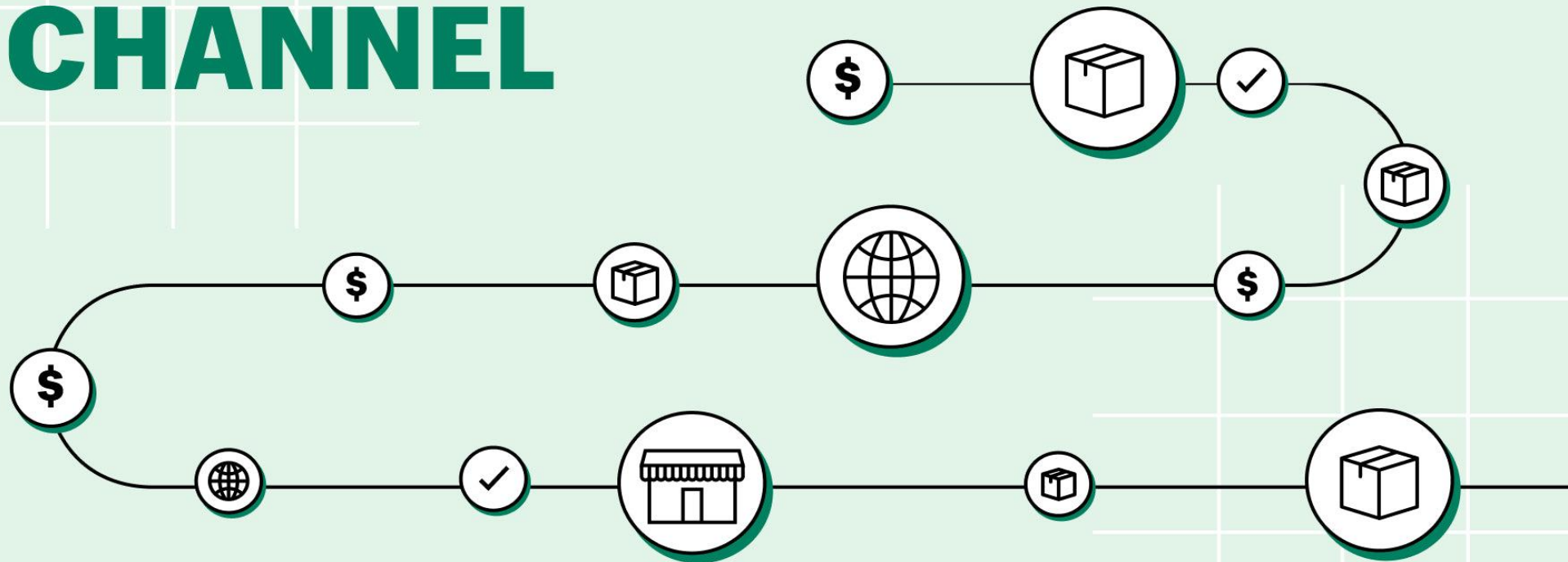


# MARKETING



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# DISTRIBUTION CHANNEL



# Distribution channel or Channels of distribution



Marketing channel may be defined as “ a pathway composed of intermediaries, also called middlemen who perform such functions as needed to ensure smooth flow of goods and services from the manufacturing ends to the consuming ends in order to achieve marketing of the produce of a company.”

## IMPORTANCE OF CHANNELS

- ✓ Decisions about the marketing channels are among the critical management decisions.
- ✓ They just not serve markets, they make market.
- ✓ Channels chosen affects all other marketing decisions.
- ✓ Firm's sale depends upon training and motivation of dealers.

# TYPES OF CHANNELS / CHANNEL LEVELS

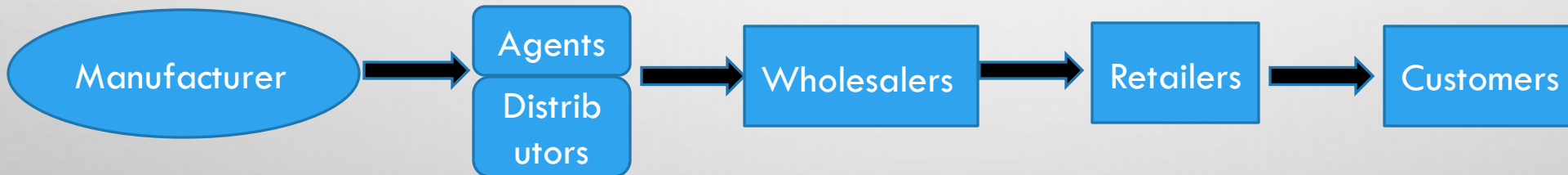
## ❖ One Level Channel



## ❖ Two Levels Channel



## ❖ Three Level Channel



Channels are broken into two different forms – direct and indirect. A direct channel allows the consumer to make purchases from the manufacturer while an indirect channel allows the consumer to buy the good from a wholesaler or retailer.



# INTERMEDIARIES

- ❑ Intermediaries are the middlemen and signify those individuals in the channels that either take title to take goods and sell at profit.
- ❑ Individual or firm (such as an agent, distributor, wholesaler, retailer) that links producers to other intermediaries or the ultimate buyers.

## Types of Intermediaries

### ➤ Merchant middlemen:

- i. Wholesalers
- ii. Retailers

### ➤ Agents:

- i. Brokers
- ii. Commission agents
- iii. Selling agents
- iv. Factors
- v. Clearing agents
- vi. Auctioneer

# Wholesalers

Person or firm that buys large quantity of goods from various producers or vendors, warehouse them and resells to..

## Functions of wholesalers:

- Assembling and buying
- Warehousing
- Transporting
- Financing
- Risk bearing
- Grading, packing and packaging
- Dispersing and selling
- Providing market information

# SERVICES OF WHOLESALERS

## ➤ Service to manufacturers

- Economies scale
- Saving in time and trouble
- Better use of capital
- Price stabilization

## ➤ Services to retailers

- Saving in cost and time
- Economy in transport an packing
- Better use of limited factors
- Expert knowledge



## Retailers

Retailers are responsible for **creating and improving the demand for various products by taking care of the display and merchandising activities**. Retailers act as a major source of funding for the wholesale trade by placing the orders and making payments in advance to the wholesalers for those goods.

## SERVICES OF WHOLESALERS

➤ To manufacturer and wholesaler

- Offer opportunity
- A big relief
- Provision of information
- Reduce the risk of loss

➤ To the consumers

- Largest choice
- Relief from storage
- Extra service
- Supply of information

## AGENT MIDDLEMEN

Unlike merchant wholesalers, agent middlemen do not take legal ownership of the goods they sell; nor do they generally take physical possession of them. The three principal types of agent middlemen are manufacturers' agents, selling agents, and purchasing agents.



**THANK YOU!**