


# INTRODUCTION TO CHANNEL DISTRIBUTION



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# MEANING

- A channel of distribution or trade channel is the route or path along which products flow from the point of production to the point of ultimate consumption or use.
  - It starts with the producer and ends with the consumer . In between there may be several intermediaries or middlemen who operate to facilitate the flow of the physical product or its ownership from the producer to the consumer.
  - In the words of STANTON "A distribution channel consists of the set of people and firms involved in the transfer of title to a product as the product moves from the producer to the ultimate consumer."
  - A channel of distribution shows three types of flows:
    - a) Products flow downwards from the producer to the consumers.
    - b) Cash flows upwards from customers to the producer as payment for products.
    - c) Marketing information flows in both directions.
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# IMPORTANCE

- ❖ Important element of marketing mix
- ❖ Influences sales volume and profits
- ❖ Determines where and when the product will be available to users
- ❖ Helps in reducing the effects of fluctuations in production





# TYPES

## **1) MANUFACTURER-CONSUMER (DIRECT SELLING):**

- Shortest and simplest channel
- No middleman between the producer and consumer
- Producers sell directly to customers through door-to-door salesmen , direct mail , own retail stores, e.g.. BATA India Ltd.
- Used generally for selling shoes , clothes , books, etc.
- Very fast and economical
- Expert services of middlemen are not available
- Large investment is required

## **2) MANUFACTURER-RETAILER-CONSUMER:**

- Manufacturer sells to one or more retailers who sell to consumers
  - This channel is popular when retailers are big and buy in large quantities ,e.g. departmental stores , super markets.
  - Generally used for distribution of consumer durables and products of high value like automobiles, home appliances,etc.
  - Relieves manufacturer of the burden of selling and provides control over distribution.
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