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Channel Intermediaries

For Internal Circulation and Academic
Purpose Only

Programme Educational Objectives

- *Our program will create graduates who:*
 - *1. Will be recognized as a creative and an enterprising team leader.*
 - *2. Will be a flexible, adaptable and an ethical individual.*
 - *3. Will have a holistic approach to problem solving in the dynamic business environment.*

Sales and Distribution Management Course Outcomes

- CO1- Given a situation of Festival, student manager will be able to identify appropriate Sales Forecasting method to be adopted by a company.
- CO2- Given a situation of opening a new outlet, student manager will be able to draft a sales plan.
- CO3- Given a situation of Selling products / services, student manager should be able to explain Personal Selling Process.

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- CO4-Given a criteria of newly launched company, student manager should be able to design an effective Sales Compensation Plan for Sales Executive.
 - CO5-Given a criteria of distribution channel of a company, student manager should be able to outline different levels of Marketing channel used by the company.
 - CO6-Given a situation, student manager should be able to explain the process of Reverse Logistics.

Channel Intermediaries

- A distribution **channel** is a chain of businesses or **intermediaries** through which a good or service passes until it reaches the end consumer. It can include wholesalers, retailers, distributors and even the internet itself.
- The purpose of a channel intermediary is to move products to consumers, whether business or consumer. Some intermediaries take title, or ownership, of the product from the producer. This means that they can set the price and control the final method of sale.

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- Distribution of goods takes place by means of channels, and the intermediaries are the independent groups or organizations within the channel that make the product available for consumption.
 - There are four main types of intermediary: agents, wholesalers, distributors, and retailers.

Agents/Brokers

- The agent as a marketing intermediary is **an independent individual or company whose main function is to act as the primary selling arm of the producer and represent the producer to users.**

- **Agents take possession of products but do not actually own them.** Agents usually make profits from commissions or fees paid for the services they provide to the producer and users.

Wholesalers

Unlike agents, **wholesalers take title to the goods and services that they are intermediaries for.** They are independently owned, and they own the products that they sell. Wholesalers do not work with small numbers of product: they buy in bulk, and store the products in their own warehouses and storage places until it is time to resell them.

- **Wholesalers rarely sell to the final user;** rather, they sell the products to other intermediaries such as retailers, for a higher price than they paid. **Thus, they do not operate on a commission system, as agents do.**

Distributors

Distributors are similar to wholesalers, but with one key difference. **Wholesalers will carry a variety of competing products, for instance Pepsi and Coke products, whereas distributors only carry complementary product lines, either Pepsi or Coke products.** Distributors usually maintain close relationships with their suppliers and customers. Distributors will take title to products and store them until they are sold.

Retailers

- A retailer takes title to, or purchases, products from other market intermediaries. Retailers can be independently owned and operated, like small “mom and pop” stores, or they can be part of a large chain, like Walmart. The retailer will sell the products it has purchased directly to the end user for a profit.