

Subject : Business studies

Topic : Distribution

Class : JSS2 A & B

Week : Week 3

Learning Objectives

1. Explain the meaning of distribution;
2. List the agents involved in distribution
3. explain the functions of each agent in the channels of distribution

Meaning of Distribution

Distribution is the action or process of supplying goods to stores and other businesses that sell to consumers.

Distribution is the process of moving a product that has been produced from the producer to the final consumer. The process of distribution is then called channel of distribution.

The Channels of Distribution

The channels of distribution are as follows:

1. The producer/ manufacturer
2. The wholesalers
3. The retailers
4. The consumers

The Producer/ Manufacturer: A person, company, or country that makes, grows, or supplies goods or commodities for sale. A producer is someone or company that makes goods available for sale.

The Wholesaler: The wholesaler is the trader who buys goods in large quantity, he / she buys in bulk from the producer and sell in small quantities to the retailers. The wholesaler is the middleman between the producer and the consumer. The wholesaler can be a company or an individual. They can be referred to as merchants, distributors or dealers. The wholesalers distribute raw materials for the production of consumer goods. The producers' deals directly with the wholesalers and the wholesalers deal directly with the retailer

Types of wholesaler

1. **Large wholesaler** : this is the type of wholesaler with very large amounts of capital that supplies every kind of product. They sells to other small wholesaler and retailers.

2. **Small wholesaler** : this is the wholesaler that deals in one kind of trade at a time because of insufficient capital.

The Retailer: The retailer is a trader who buys goods from the wholesalers in small quantity and sells to the consumers. The retailer is the last link in the channel of distribution. The retailer stands between the wholesalers and the consumers.

Retailer can be classified into two groups:

Small retailers and the large retailers.

Small retailers are as following

1. **Hawkers** : this are traders who move their goods from place to place. Such individuals do not have fixed place they stay for business.

2. **Kiosk owners** : they are small enclosure found by street sides and compounds in the cities. The ones located in urban or developed areas sell costly than the ones in the rural areas.

3. **Stall holders** : they occupy space more than the kiosk. A stall is usually rented by the local government, a property owner or a contractor who controls the market stalls. The stall holders sell food items or non consumables like house hold appliances. The can buy from wholesalers directly and sell to kiosk owners.

The large Retailers are as following :

1. **Department Stores** : these are stores that provides variety of goods under one roof but the goods are arranged according to departments. Each departmental goods has a manager, sales personal, cashiers and attendants. All the departments are under one general manager.

2. **Retail Cooperatives** : this is a unique form of retail business that aims not to make profit for itself but for members. This exist when individuals come together to form either a union or society

The Consumer: The consumer refers to an individual who buys products or services for personal use and not for manufacture or resale as a Consumer. A Consumer is a person who engages in acquiring and using goods and services to satisfy his needs and wants. The consumer is the one who pays to consume the goods and services produced. As such, consumers play a vital role in the economic system of a nation. In the absence of their effective demand, the producers would lack a key motivation to produce.

Functions of the wholesalers to the Manufacturer

1. The wholesalers markets and advertises the products for the manufacturers

2. The wholesalers moves finished goods from the manufacturer to the warehouse , thereby creating space for the manufacturer to put new finished goods

3. The wholesalers sometimes prepare a product for sale by replacing them.

4. They finance the manufacturer by paying for goods in advance
5. They help to give advice to the manufacturers
6. They give information to the manufacturers about the goods produced.

Functions of the wholesalers to the Retailer

1. The wholesalers sell in small quantity to the retailer
2. They help the retailers to transport their goods to their destination
3. They also help to finance the retailers by selling to them on credit
4. They also help them in the acquisition of their duties
5. They help in grading and packaging of goods
6. They bear the loss or risk of any bad products
7. They make goods available in small quantities

Functions of Retailer to the Wholesalers

1. The retailers help the wholesalers in advertising their products to the final consumer
2. The retailer moves the goods from the wholesaler's warehouse thereby creating space for the wholesalers to stock more goods.
3. They finance the wholesalers by buying from them in cash and paying in advance.

Functions of the Retailer to the Consumer

1. The retailers make buying of goods easy to the consumer and brings goods nearer to the consumer
2. They are everywhere , making the consumer to buy whatever they want to buy anywhere.
3. The retailer opens his shop for business from morning till night and every day.
4. They sell on credit to the customer
5. They also assist the consumer in making a good choice
6. The retailer discovered the needs of the people in their environment.

Functions of the Consumer to the Retailer

1. They relate with the retailer as friends
2. They give information to the retailer about the product sold to them
3. The consumer finance the retailer by paying for products and paying in advance

ASSIGNMENT

1. What is the difference between a kiosk owner and a stall holder?
2. Mention the name of ten (10) supermarkets you know in Port Harcourt.