

# NIOS lesson adaptation project

by  **Embrace** Volunteers  
The power within you!

(A community initiative of Harchan Foundation Trust)

## CHAPTER -13

### CHANNELS OF DISTRIBUTION

This project is aimed at supporting children with different needs. Information provided is adapted to the best of knowledge by the volunteers. For complete information please refer to the NIOS resources in <https://www.nios.ac.in/online-course-material/secondary-courses.aspx>.

## KWL Chart

K- What does the child KNOW	W-What does the child WANT to know	L-What has the child LEARNT
	Channels of Distribution	
	Types of channels	
	Wholesalers and Retailers	
	Characteristics , functions & differences	

# Meanings

**Capital:** Money required to start and run business

**Distribution:** Selling and delivery of product

**Credit:** Agreement to repay at a later date generally with interest

**Finance:** Providing funds to business

**Perishable:** Things that can decay easily

# **Channels of Distribution**

**Direct Channel**

**Producer-consumer**

**Indirect Channel**

**Producer-wholesaler-  
retailer-consumer**

**Wholesaler & Retailer  
Characteristics,  
Functions,  
Differences**

# Channels of Distribution

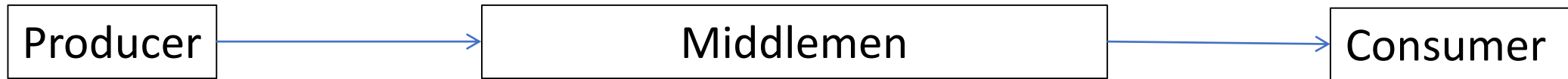
The **path** taken by goods as they move **from producer to consumer**

# Types of Channels of Distribution

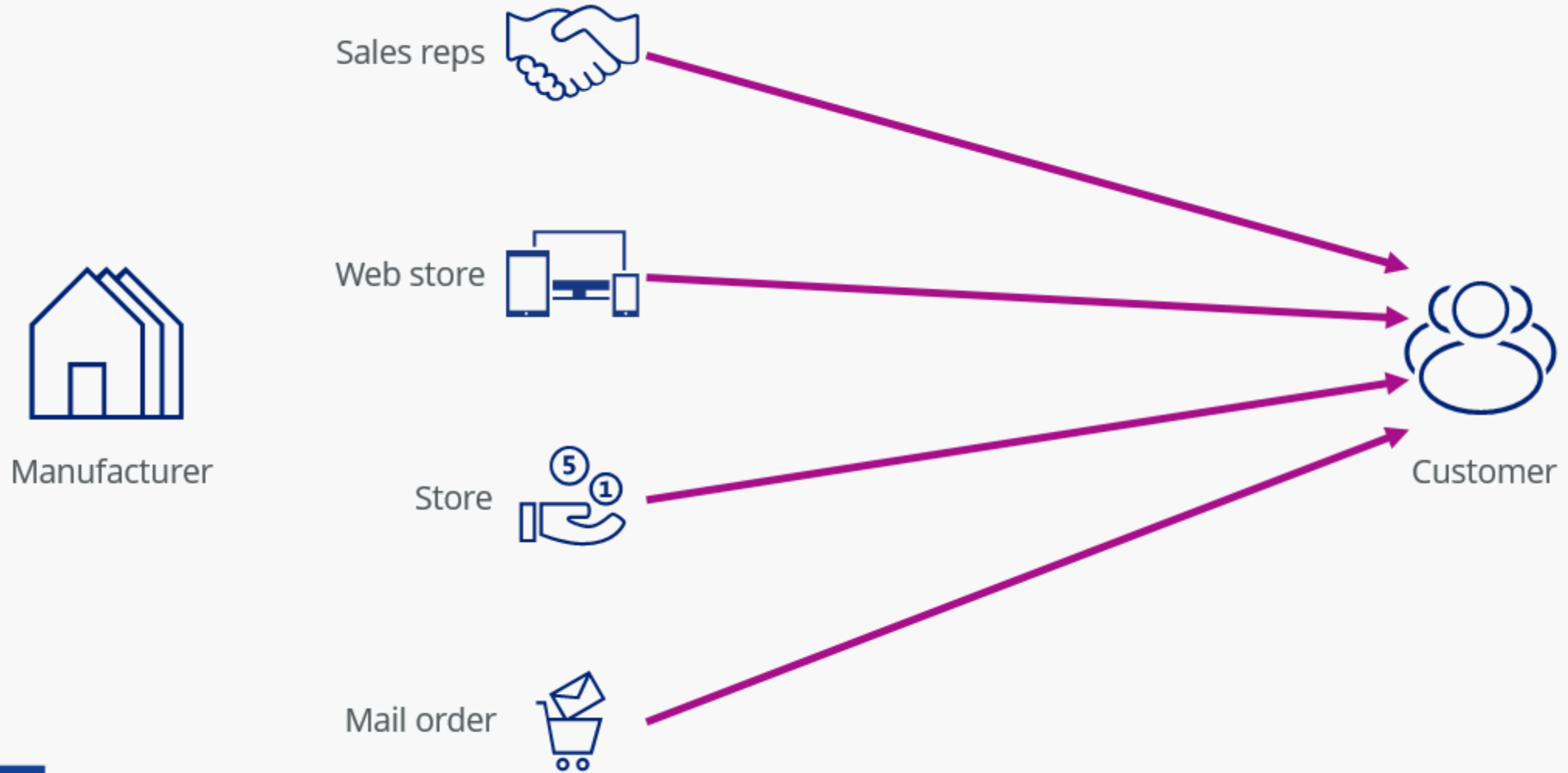
## Direct Channel



## Indirect Channel



# Direct Sales



**1&1 IONOS**

# Direct Channel

- ❑ Directly to consumers
- ❑ Sells through door to door salesman, own stores, online
- ❑ Ex - Bata India, Liberty Shoes, Hindustan Petroleum Ltd,  
  
Banks, transport services, telephonic companies





# Indirect Channels

- ❑ Includes middlemen for distribution of goods
- ❑ Middlemen includes wholesalers and retailers



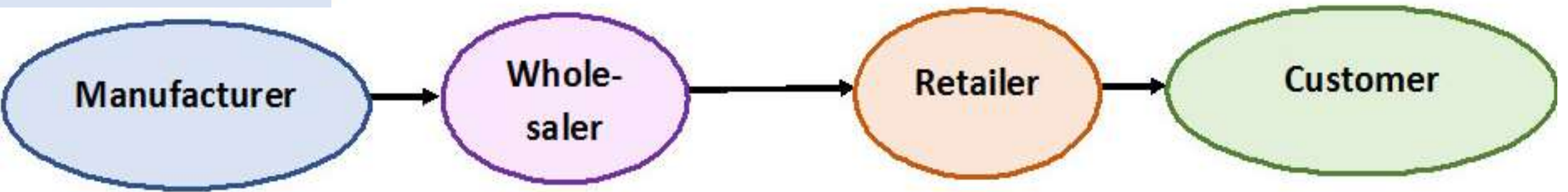
## One Level

## Indirect Channels



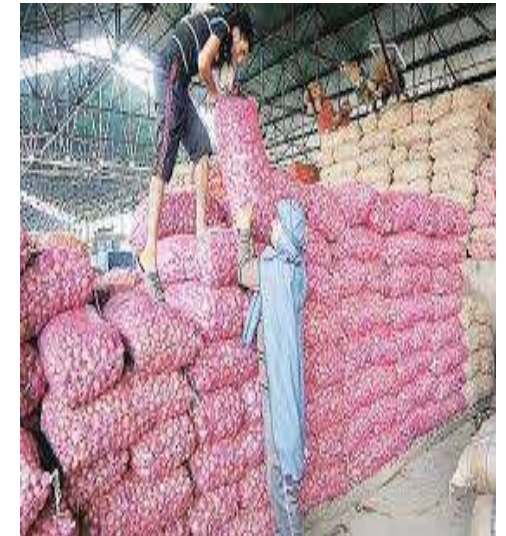
Eg Breads, biscuits sold in Department stores & super bazars

## Two Levels

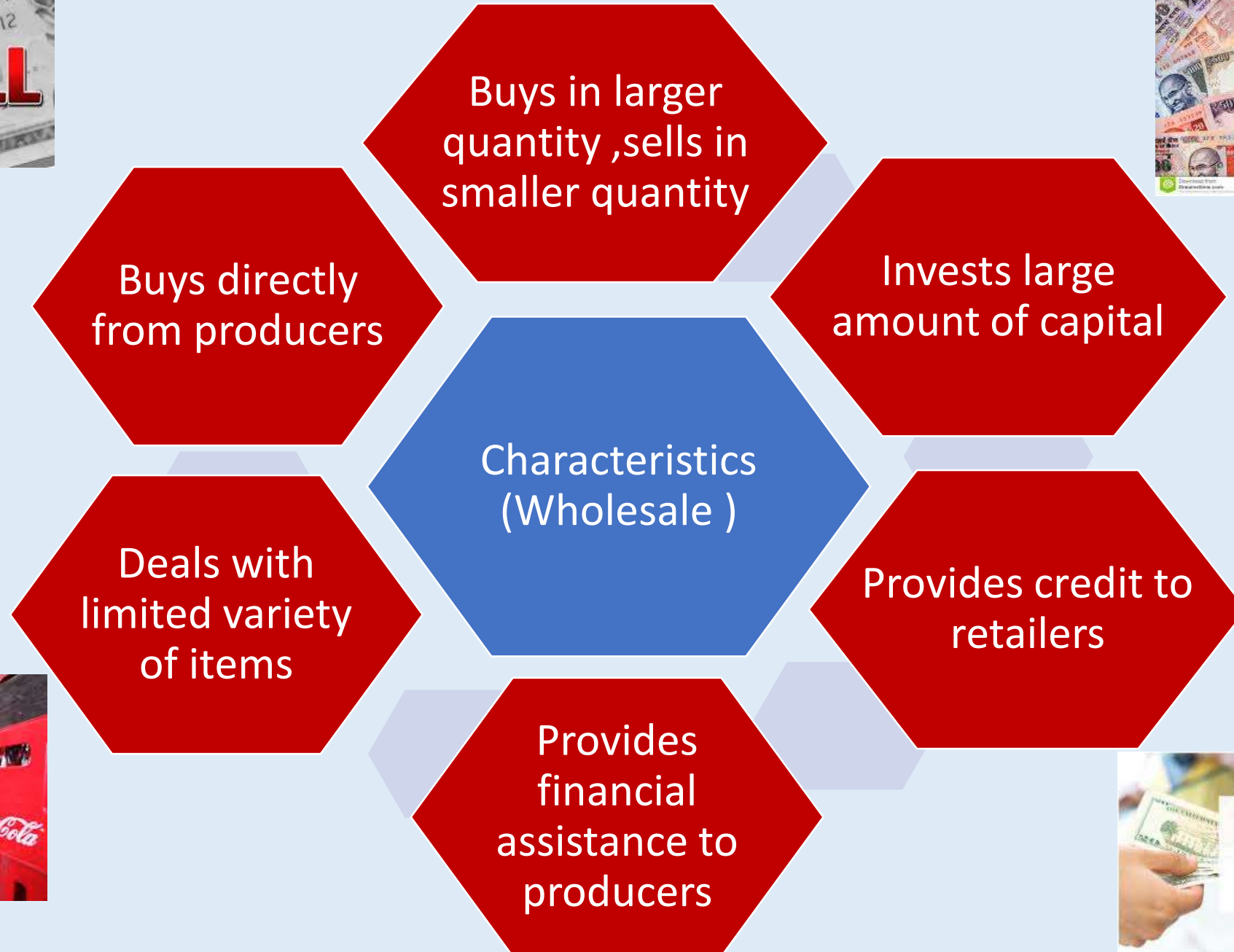


Eg Foodgrains,spices,utensils,iron & steel,textiles,paper

# Wholesalers







# Characteristics of Wholesalers

- ☐ Buys directly from producers.
- ☐ Buys in large quantities and sells in small quantities
- ☐ Invests large capital in business
- ☐ Provides credit facility to retailers
- ☐ Provides financial assistance to producers
- ☐ Generally located in one particular area of the market in the city

Risk Taking



Storage of Goods



Grading



Collection of goods

Functions of Wholesalers



Financing



Pricing



Distribution

# Functions of Wholesalers

- ❑ Collects goods from producers in large quantity
- ❑ Stores goods in storehouses, perishable goods in cold storage
- ❑ Distributes to different retailers
- ❑ Takes risk for rise in prices, change in demand, spoilage or destruction of goods
- ❑ Provides financial support by giving advance to producers and credits to retailers
- ❑ Grades goods based on quality, size and weight
- ❑ Sets final price for goods

## Fun Time 😊😊

Cat	Collects goods
Sees	Stores goods
Dog	Distributes goods
Runs in	Risk taking
Fear	Financial support
Praying	Price fixing
God	Grades goods



# Retailers





## Characteristics (Retailers )

Buys and sells  
in smaller  
quantity

Requires less  
capital

Sells goods for  
cash

Special  
decoration  
and display of  
goods

Deals with  
different  
varieties of  
goods

Direct contact  
with  
customers

## Characteristics of Retailers

- ☐ Direct contact with customers
- ☐ Buys and sells in small quantities
- ☐ Requires less capital for business
- ☐ Deals with different varieties of goods
- ☐ Sells goods for cash
- ☐ Special attention for decoration and display of goods

# Functions of Retailers

Buying & Assembling of goods

Storage of Goods

Personal services

Risk Taking

Display of goods

Supply of information

# Functions of Retailer

- ☐ Buys goods from different wholesalers and assemble
- ☐ Storage is done for ready supply of goods
- ☐ Provides expert advices and home deliveries to customers
- ☐ Takes risks such as theft, fire and demand of goods
- ☐ Displays goods in attractive manner
- ☐ Supplies information about customer tastes, demands to wholesalers

Wholesalers	Retailers
Buys goods in large quantities	Buys goods in small quantities
Buys from producers	Buys from wholesalers
Deals in limited variety of goods	Deals in wide range of goods
No direct with customers	Direct contact with customers
Sells goods for resale	Sells goods for consumption
No decoration in shop	Special decoration in shops
More capital to start and run the business	Less Capital to start and run the business



# List of Volunteers

## Embrace-NIOS lesson adaptation project

(A community initiative of Harchan Foundation Trust)

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