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# Chapter 21 Channels of Distribution

## Section 21.1 Distribution

### Section Outline with Content and Academic Vocabulary

#### Section Outline

Distribution: How It Works

Channel Members

Wholesalers

Retailers

Agents

Independent Manufacturers' Representatives

Brokers

Direct and Indirect Channels

Examples of Channels of Distribution

Distribution Channels for Consumer Products and Services

Manufacturer/Producer Directly to Consumer (Channel A)

Manufacturer/Producer Directly to Retailer to Consumer  
(Channel B)

Manufacturer/Producer Directly to Wholesaler to Retailer to  
Consumer (Channel C)

Manufacturer/Producer to Agents to Wholesaler to Retailer to  
Consumer (Channel D)

Manufacturer/Producer to Agents to Retailer to Consumer  
(Channel E)

Distribution Channels for Industrial Products and Services

Manufacturer/Producer Directly to Industrial Users (Channel A)

Manufacturer/Producer Directly to Industrial Distributors to  
Industrial Users (Channel B)

Manufacturer/Producer to Agents to Industrial Distributors to  
Industrial Users (Channel C)

Manufacturer/Producer Agents to Industrial Users (Channel D)

# Chapter 21 Channels of Distribution

## Section 21.1 Distribution

### Section Outline with Content and Academic Vocabulary *continued*

#### Content Vocabulary

**channel of distribution** The path a product takes from its producer or manufacturer to the final user. (p. 493)

**intermediary** Middleman business involved in sales transactions that move products from the manufacturer to the final user. (p. 493)

**wholesaler** A business that obtains goods from manufacturers and resells them to organizational users, other wholesalers, and retailers, also called distributors. (pp. 126, 493)

**rack jobber** One who manages inventory and merchandising for retailers by counting stock, filling the shelves when needed, and maintaining store displays. (p. 493)

**drop shipper** One who owns the goods he or she sells, but does not physically handle the actual products. (p. 494)

**retailer** A businesses that buys goods from wholesalers or directly from manufacturers and resells them to consumers. (p. 494)

**brick-and-mortar retailer** A traditional retailer who sells goods to customers from a physical store. (p. 494)

**e-tailing** Online retailing that involves retailers selling products over the Internet to customers. (p. 494)

**agent** One who acts as an intermediary by bringing buyers and sellers together. (p. 495)

**direct distribution** A channel of distribution that occurs when the producer sells goods or services directly to the customer with no intermediaries. (p. 495)

**indirect distribution** A channel of distribution that involves one or more intermediaries. (p. 495)

#### Academic Vocabulary

**commission** A fee for services rendered based on a percentage of an amount received or collected or agreed to be paid (as distinguished from a salary). (p. 493)

**automatic** Acting or operating in a manner essentially independent of external influence or control. (p. 494)