

DISTRIBUTIVE TRADE OR CHAIN OF DISTRIBUTION

The term distributive trade or chain of distribution simply refers to the various stages which finished products pass before reaching the final consumers.

Chain of Production and Distribution

Manufacturer



Wholesaler/Agent



Retailer



Final Consumer

PROCESS OF DISTRIBUTION

This involves the distribution of goods by human and physical means which aid the smooth transfer of goods from the manufacturer to the final consumer. The process of distribution involves the following:

1. **Middlemen:** the middle men or agents are the human element involved in the distribution of goods from the manufacturer to the final consumer. The middle men are the wholesalers and the retailers.
2. **Transportation:** this is the medium through which the finished goods are moved by air, land or by water from the manufacturer to the final consumers. The means or medium of transportation are by airplane, ship, cars, Lorries and train.
3. **Advertisement:** advertising is the process of creating awareness in the mind of the public about the existence of a product. Advertising may be used to stimulate demand so as to increase sales. Goods can be advertised by radio, television, newspaper and magazine.
4. **Warehousing:** this is a process which ensures that goods produced are stored until they are needed. Warehousing is an important aspect of trade aimed at seeing that there is a regular and steady supply of goods to consumers.

12.1 Who Is A Retailer? A retailer may be defined as that trader who buys goods in small quantity from the wholesaler or directly from the manufacturer and sells in units to the public or final consumers.

TYPES OR METHODS OF RETAIL TRADE

1. **Hawking:** in this form of retail trade, goods are carried from one place to another either on the head or in canoes or cart. Hawking is the cheapest and most popular means of retailing goods in West Africa.
2. **Department Stores:** In this form of retail Business, many different stores that sell different goods are housed in a large Building under the same roof.
3. **Mobile Shop Retailing:** mobile shops are those in which goods are moved from one place to another to reach the final consumer.
4. street or road side retailing

12.3 FUNCTIONS OF THE RETAILER

1. **He Stocks Variety of Goods:** The retailer buys and stocks variety of goods in order to satisfy the different tastes of the consumers.
2. **He Advises the Consumers:** He is in a Position to advise the consumers on how to Use certain goods especially those that require technical knowledge.

WHOLESALE

Who is A Wholesaler? A wholesaler may be defined as that trader who buys goods in large quantity from the manufacturer/producer and sells in small quantity to the retailers. The wholesaler like the retailers is an essential and desirable element in the channel of distribution and production. The wholesaler is also called the middleman because he is in-between the manufacturer and the retailer.

FUNCTIONS THE WHOLESALE PERFORMS TO THE MANUFACTURERS

1. **Bulk Breaking:** the wholesaler purchases goods in bulk of large quantity from the manufacturer and sell in small quantities to the retailers.
2. **Financing:** they finance production by ensuring prompt payment to the manufacturer and this will facilitate production processes.
3. **Information dissemination:** These provide the necessary information to the manufacturer regarding the retailers` and consumers ` views about the product. the views may concern changes in taste, fashion and defects.

4. **Warehousing:** the wholesaler provide warehousing facilities to get rid of stock piling at the production point. Goods are stored here until they are bought; hence it spurs the manufacturer to keep on producing.
5. **Advertising:** the wholesaler help in carrying out product advertising and sales production and by so doing create awareness for the product.
6. **Price stability:** they help to prevent price fluctuation by stocking the goods until they are demanded.
7. **Provision of transport:** The wholesaler often provides transport needed in distribution. They send their vehicles to collect the goods from the manufacturer.
8. **Credit facilities:** the wholesalers can give credit facilities to the manufacturer, sometimes by paying upfront for the products.
9. **Risk Bearing:** the wholesaler's takes charge of the goods, thereby accepting responsibility for losses suffered in the course of distribution.
10. **Branding and packaging of goods:** the wholesaler's brand and package goods received from the producers before selling to the retailers.
11. **Giving advice to the manufacturer:** they can advise the manufacturers on the market situation, e.g. on the brand of goods needed by consumer.
12. **Market research:** the wholesaler carries out market research to provide a two-way flow of information relating to market situation between the manufacturer and potential buyers. This assist in the marketing of current products and development of new ones.

FUNCTIONS THE WHOLESALER PERFORMS TO THE RETAILERS

1. **He Advises the Retailers:** As an expert in Business, the wholesaler performs this function to the retailers.
2. **He Stabilizes Prices of Goods:** He does this For the retailers by storing the goods in his Warehouse and releasing them according to the Retailers' demand.

REASONS WHY WHOLESALER PRICES ARE LOWER THAN RETAIL PRICES

1. Majority of the wholesalers are in the urban Areas where the manufacturing activities take Place. Therefore, they spend little or nothing on transportation, while majority of the Retailers are in the rural areas and spend more on transportation.

ADAVANTAGES OF A GOODTRANSPORTATION TO THE DISTRIBUTION OF GOODS AND SERVICES

1. It facilitates quick and efficient distribution of goods in a country.
2. It encourages the development of the rural areas.

WHY RETAIL TRADE INCLUDES LARGE AND VERY SMALL ORGANISATIONS

1. Retail business especially hawking provides employment to those who could not get white collar jobs
2. Majority of the people in west Africa fall into the low-income group earners and therefore, cannot afford to buy goods in bulk but in unit
3. Both the large and small retail business organization can be carried out under one-man management which makes them easy to management.