***SS1 LESSON:***

***SUBJECT: COMMERCE:***

***TOPIC: HOME TRADE:***

***SUBTOPIC: CHANNELS OF DISTRIBUTION.***

***INTRODUCTION:***

The channel is a pathway through which goods move from the producer to the consumers. It is the path through which the ownership of products is transferred as it moves from the producer to customers.

***Middlemen:*** The middlemen are the wholesalers and retailers who specialize in performing activities relating to the purchase and sale of goods in the process of their flow from producer to final buyers.

***Survival of middlemen:***

The middlemen have continued to wax stronger in spite of all the strong arguments for their elimination. The middlemen should not be eliminated because the functions they perform to both the producers and ultimately to customers cannot be performed by any of them, i.e., the manufacturer or customers.

Having gone through the various contributions of the middlemen to distribution, there is no iota of doubt that they should be allowed to continue ***to flourish.***

***Types or classification of wholesalers:***

Wholesalers can be classified into two broad categories, namely: Merchant wholesalers and Agents middlemen.

***Merchant Wholesaler:*** The merchant wholesaler buys and re-sells goods on their own account taking title to the products they handle and convey the title directly to those they deal with. They derive profit from the marginal difference between the purchase and selling price.

***Types of merchant wholesalers:***

(1). Specialist Wholesalers. (2). Rack Jobbers. (3). Cash and Carry Wholesalers. (4). Truck Wholesalers. (5). Drop shipment. (6). General Wholesalers. (7). Wholesale co-operative societies.

***Agent Middlemen:*** Agent middlemen are mostly engaged in Wholesaling rather than in retailing. They assist in negotiating sales and purchases or both on behalf of their principals. They do not take title to the goods but they receive commission. Agent middlemen are brokers, Manufacturer's agents, auctioneers, commission merchants, selling agents, etc.

***ASSIGNMENT:***

(1). Discuss the disadvantages of the middlemen in the distribution of goods.

(2). Explain five factors to be considered before choosing a particular channel of distribution.

(3). Explain the various types of merchant Wholesalers.

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