

MBA- I semester, Paper- Marketing Management, MB 105, TOPIC- **Meaning & Definitions of Distribution channel.**

Marketing Channel/Distribution Channel:

Meaning of Distribution channel-A distribution channel consists of a set of people and firms involved in the transfer of title to a product as the product moves from producer to consumer. Thus, a distribution channel is primarily concerned with the movement of goods from the point of production to the point of consumption, which involves a variety of functions. The main participants in the distribution system are

- (1) the manufacturers,
- (2) the intermediaries,
- (3) the facilitating agencies, and
- (4) the consumers. *Manufacturers* produce the goods. This is the starting point in the distribution system. The second category of participants i.e., *intermediaries*, are involved in direct negotiation between buyers and sellers whether or not they take title to goods.

In other words, Placing goods and services where they are needed and when they are wanted is the subject of distribution planning. Distribution planning is the systematic decision making regarding the physical movement of goods and services from producer/manufacturer to consumer as well as the related transfer of ownership thereof. So, distribution planning involves (the distribution network for a firm) two closely related but distinct tasks the development and management of marketing channels or channels of distribution and physical distribution.

The path between producers/manufacturers and users that goods and services follow is called a marketing channel, trade channel or distribution channel. For marketing of services, the channel is direct because of their intangibility. A marketing channel therefore requires minimum a seller and a buyer. The buyer may be an ultimate consumer or an industrial consumer. Typically, a marketing channel includes, besides buyers and sellers, various middlemen. Middlemen may be wholesalers, dealers, distributors or retailers. A middleman is an independent business concern that operates as a link between producers/manufacturers and ultimate consumers or industrial users.

Definitions of channel of Distribution

A channel of distribution or marketing channel is the structure of intra company organisation units and extra company agents and dealers, wholesalers and retailers through which a commodity product or service is marketed."

-- American Marketing Association

"A distribution channel is a set of independent organisations involved in the process of making a product or service available for use or consumption by the customer or industrial user.

- Kotler & Armstrong