

MBA- I semester, Paper- Marketing Management, MB 105, TOPIC- Types of Distribution Channel

Types of Distribution Channel

Channels can be long or short, single or multiple (hybrid), and can achieve intensive, selective or exclusive distribution. The length of channel could have any number of intermediaries or be direct to customers.

Some of the types of distribution channels are: -

A. Direct Channel –

1. Selling at Manufacturer's Plant 2. Door-to-Door Sales 3. Sales by Mail Order Method 4. Sales by Opening Own Shops

B. Indirect Marketing Channel –

1. One-Level Channel 2. Two-Level Channel 3. Three-Level Channel 4. Four-Level Channel C. Hybrid Distribution Channel or Multi-Channel Distribution System.

Type # 1. Direct Channels:

The producer can sell directly to his customers without the help of middlemen, such as wholesalers or retailers:

- (i) By opening retail shop;
- (ii) Through travelling salesmen;
- (iii) Through mail order business.

These channels take the shortest route to the consumer. Certain goods, like the industrial machinery, are directly sold to the consumers. Costly goods like computers and luxury automobiles, are also directly sold. Some manufacturers open their own retail shops in many localities and sell goods directly to consumers. The best example is that of the Bata Shoe Company Shops. The manufacturers also try to sell through their own mail order departments.

All these indicate that producers are now taking steps to approach the consumers directly. Though this is possible for some types of goods, the fact remains that the services of intermediaries, such as wholesalers and retailers, are often essential in the distribution of goods to consumers

Type # 2. Indirect Channels:

The indirect channels of distribution are:

- (i) Producer-Consumer (industrial goods with high technical content)
- (ii) Producer-Retailer-Consumer (via large department 'stores)
- (iii) Producer—Wholesaler—Consumer (most industrial products)
- (iv) Producer-Wholesaler-Retailer-Consumer (most consumer goods)
- (v) Producer-Sole Agent -Wholesaler-Retailer-Consumer (usually for a prescribed geographical area).