

# Middlemen – college essay



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Marketing can be described as a business activity that satisfies customer wants and needs by developing, pricing, distributing, and promoting products focused at achieving organizational goals to buy their products (Rig 2011 , 7). It is distributed from two different main channels, namely the direct and indirect channel. Direct channel is business to consumer while indirect channel is business to business (Rig 2011, 395).

In indirect channel, most businesses use intermediaries or middlemen to ship to the wholesalers and retailers before the merchandise is displayed to the nonusers (Rig 2011, 396). This essay examines the benefits of eliminating middlemen by dealing directly to the end users. Intermediaries can be described as an acting party that offers a service by charging a commission for the work they provide for aiding the producer to sell. Necessity of intermediaries can differentiate in various situations, leaning on the scope of its transaction, the product and the location (Reed 2007, 198).

Intermediaries consist of agents, wholesalers and retailers.

First of all, agent is an initial salesperson that represents the producer on contractual axis to inform and discuss with customers face to face about certain products whether it is a new product or old. Secondly, you build up a close relationship with the agent in order to get satisfactory result. Their role is to get orders from the users and pass it on to the producers and if a sale is made the agents will receive a commission. Agents do not stock the products. Agents are needed for those companies who just started or don't have the source or ability to sell to different regions.

Agents help these companies to extend their market overseas (Biomass 010, 196). Retailer is an organization or individual that sells the merchandise or product or item directly to the end customers. Unlike wholesalers or suppliers, who usually sell the goods or products to another business or firm. In fact, retailers also sell to the customers in a small amount of merchandise along with the demand of the customers. In addition, retailers provide extra services, such as home delivery and sale services. Furthermore, retailers also provide information and education to the consumers about either the new products or old products.

They also provide news and report to wholesalers and manufactures (Sings 2012). Wholesaler is an individual or business that buys in a large amount of merchandise or product from different companies or dealer and keeps them in a warehouse. Moreover, wholesalers usually import the different products from worldwide. Therefore, there is usually a large time interval between the production and consumption of the products. Also, the producers favor the wholesalers on the basis that it is easier for them to make large sales to fewer buyers.

Wholesalers distribute goods in large undulant, so ten retailers actually prefer to deal Walt teem Decease tenet nave various choices (Reed 2007, 188). As mentioned above, there are two distribution channels. Firstly, in recent years, manufacturers prefer dealing with customers directly. This type of selling is called a direct distribution. Many buyers, customers starting to realize that it is convenient to buy straight from the manufacturer, because by buying the product it gives the customer an advantage of changing some details to your own satisfaction.

For instance, if he is buying an Apple product straight from the manufacturer, he can upgrade the capacity and put an engraving on it. In fact, many of the multinational corporations like McDonald's, KFC, and Pizza Hut made the transaction a lot easier for the customers by allowing them to make an online order. Furthermore, timing is essential in business transactions, for direct channel the deal can be done in a days, weeks or months maximum whereas in indirect distribution it can take a lot longer maybe even year (Elliot, Roundel-Thiele, and Waller 2012, 349).

Increased usage of internet makes the transaction easier for manufacturers to sell directly to customers. Also, it helps to extend their market by selling online overseas, no matter the location of the customer, online transaction can be made throughout the world (Biomass 2010, 190). In indirect channel of distribution, it usually consists of one or more intermediaries between the producers and consumers. This means, there is no direct interaction among the manufacturers and the consumers. There are three different types of indirect channels. Firstly, manufacturers sell the merchandise to the end users over the retailers.

Secondly, in this channel it consists of two different types of intermediaries, those are called the wholesaler and the retailer. Most of the time consumers use daily goods such as cleansers, makeup, and laundry detergent are usually sold through this channel. Lastly, this is one of the longest channel of the distribution. Since, the producer sells its entire merchandise to a one and only selling agent who in turn assigns to the wholesalers. Then the wholesalers sell it to the retailers who in turn sell it to the end users. This

channel is more common to happen in the distribution of garments, foods, lubricants, and gadgets.

Intermediaries in indirect channel exist is to lighten up the manufacturer from the complication of its product distribution, so the producers can focus fully on the production of its goods. However, indirect distribution creates a distance between the manufacturers and to the end users. Therefore, the distribution of the products becomes so slow due to the middlemen between the manufactures and the consumers (Sings 2012). There are four benefits of eliminating middlemen that can reduce the cost. Those are cost savings, efficiency, environmental impact, and better value.

First of all, the main point of eliminating middlemen and sell directly to the end customer is basically to save up money. This is because of the improvement of the internet; many producers can sell their products directly to the end customers. So, instead of hiring sales agents to increase the sales of the products to the retailers, businesses can now increase the sales of the products on their own web-pages, take orders, and send the products directly to the end customers. Secondly, eliminating the intermediaries can usually be profitable to both the producers and customers one way or another.

Each process in the traditional distribution includes a trade buyer adding a gross profit to his. This disloyally makes the customer pay more, since he is paying more than the original costs, and as well as the profit that is given by the retailer. So, by eliminating the intermediaries' gross profit, the business can provide the customers with lower price while the company is

yielding a profit (Compeller 2007). Thirdly, deleting some phases in the distribution channels can also reduce the amount of logistics and shipping needed in the distribution of merchandise from the reducers to the consumers.

Therefore, the efficiency is significantly increased. Producers, in short, can eliminate wholesalers and faster replace the retailers with stock. In addition, businesses can provide merchandises and web-pages and quickly send it to the consumers following with the purchase. Feedback time on customized orders is also becoming more operational over period of time as long as businesses have removed phases in the distribution process. This also leads to customer satisfactions and the selling price. Last but not least, is the environmental impact.

Environmental impact is an indirect advantage in getting rid of intermediaries. By reducing the amount of trucks and travel time shipping goods from one phase to the next phase, eventually reducing the amount of pollutants in the air. Therefore, many local farmers have taken the chances to sell the market fresh products to the consumers to improve the market fresh goods and reducing the amount of leftover due to postponements in shipping the unpreserved foods (Compeller 2007). Selling products through intermediaries can be long and expensive . T is simply because, the manufacturer uses middleman to sell its products. The manufacturers' then hires an agent to act on its behalf, in order for the agent to advertise the product to wholesalers who buys and stocks the product in a warehouse until the retailers buy. It is a step by step process, which is why; by the time the product reaches the customers the price is different and it is more

expensive. Since, the prices of the products have included the cost of each representative during the manufacturing process (Quitter Marketing Efficiency n. D).

In conclusion, it is generally believed that, eliminating all the middlemen or intermediaries will help consumers to experience costs savings.