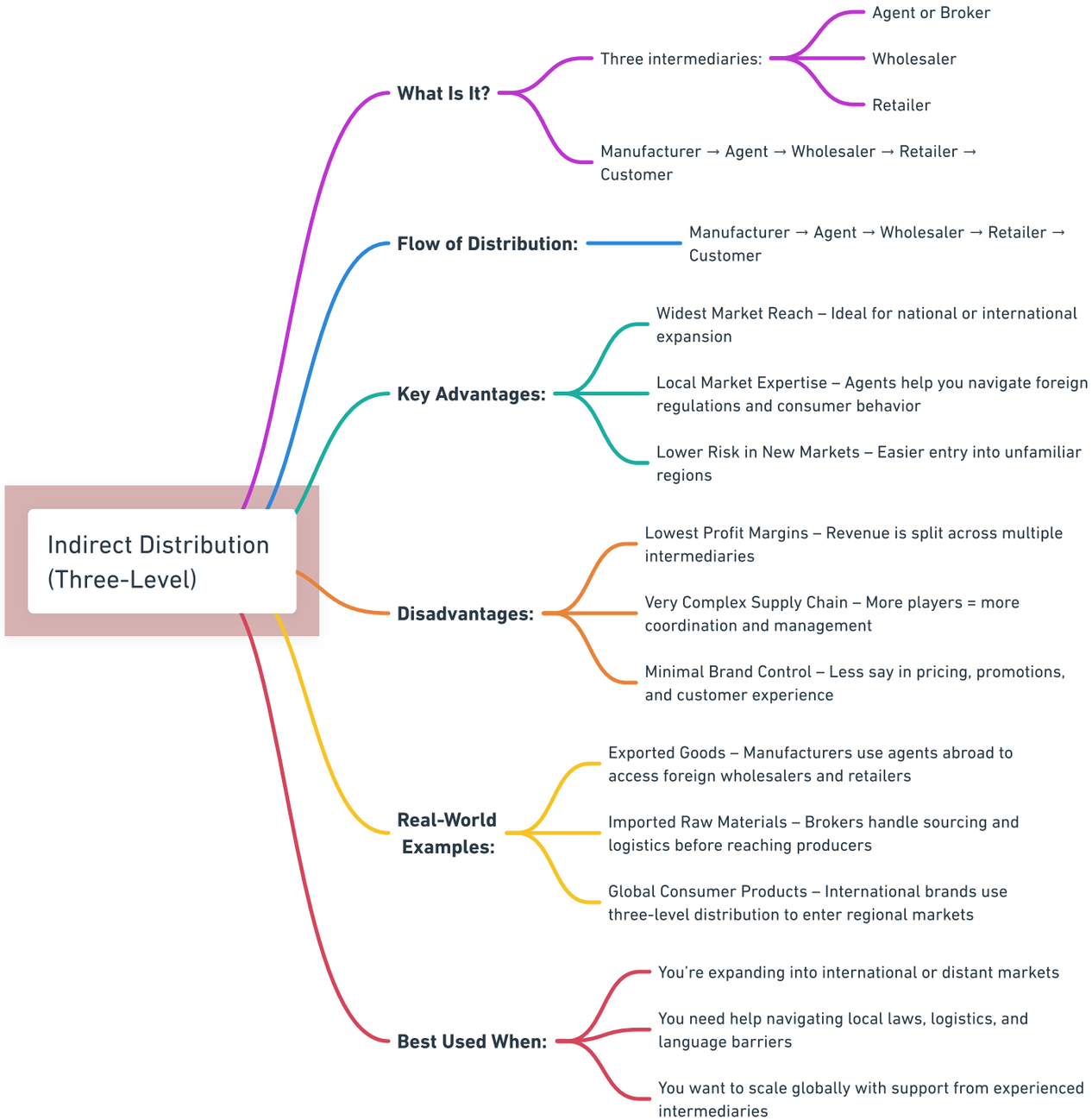
Indirect Distribution (Three-Level)
What Is It?
Three intermediaries:
Agent or Broker
Wholesaler
Retailer
Manufacturer → Agent → Wholesaler → Retailer → Customer
Flow of Distribution:
Manufacturer → Agent → Wholesaler → Retailer → Customer
Key Advantages:
Widest Market Reach – Ideal for national or international expansion
Local Market Expertise – Agents help you navigate foreign regulations and consumer behavior
Lower Risk in New Markets – Easier entry into unfamiliar regions
Disadvantages:
Lowest Profit Margins – Revenue is split across multiple intermediaries
Very Complex Supply Chain – More players = more coordination and management
Minimal Brand Control – Less say in pricing, promotions, and customer experience
Real-World Examples:
Exported Goods – Manufacturers use agents abroad to access foreign wholesalers and retailers
Imported Raw Materials – Brokers handle sourcing and logistics before reaching producers
Global Consumer Products – International brands use three-level distribution to enter regional markets
Best Used When:
You're expanding into international or distant markets
You need help navigating local laws, logistics, and language barriers
You want to scale globally with support from experienced intermediaries