Indirect Distribution (Two-Level)
What Is It?
Two intermediaries:
Wholesaler
Retailer
Manufacturer → Wholesaler → Retailer → Customer
Flow of Distribution:
Manufacturer → Wholesaler → Retailer → Customer
Key Benefits:
Greater Market Reach – Access more stores and customer segments
Efficient Distribution – Wholesalers handle bulk logistics and storage
Lower Manufacturer Burden – Less need for complex inventory management
Potential Drawbacks:
Lower Profit Margins – Two parties take a share of your revenue
Reduced Control – Limited influence on product pricing and customer service
Complex Supply Chain – More layers mean more coordination
Examples in Action:
Snack & Beverage Brands – Distributed through wholesalers to local retailers
Farm Produce – Wholesaled to grocery chains and restaurants
Cosmetic Products – Sold via wholesalers to pharmacies and beauty stores
When to Use It:
When you want to expand quickly across regions or cities
When your products are mass-market and widely distributed
When you prefer to delegate storage, transportation, and delivery