

Chapter 21 Channels of Distribution

Section 21.2 Distribution Planning

Review Key Concepts

1. A producer uses multiple channels when its product fits the needs of both industrial and consumer markets.
2. A company would choose a direct sales force when they want complete control over the sales; when they want to establish sales quotas; and when they want to monitor each sales representative's performance.
3. E-marketplaces for B2B operations provide one-stop shopping and substantial savings for industrial buyers. Online catalogs of products supplied by different companies make it easier for corporate buyers to compare prices and get the best deal. E-marketplaces provide smaller businesses with the exposure that they could not get elsewhere.

Practice Academics

English Language Arts

4. Reasons might include the retailers cannot match the wholesalers' prices to the customer and the wholesaler is taking customers away from the retail florists. Accept all reasonable answers; letters should use proper grammar, spelling, and punctuation.

Mathematics

5. Manufacturer A had the lowest rate of sales expenses—6% as compared to 9.4% for Manufacturer B. (Manufacturer B = $\$400,500 \div \$4,250,000 = .094$)