

# CHANNELS OF DISTRIBUTION



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# IMPORTANCE OF CHANNELS OF DISTRIBUTION

## 1. Timely Delivery Of Products:-

This is one of the important function of distribution channels. Distribution channel helps in the delivery of products to customers on the right time. If products are not available at the right time to customers, it may disappoint him. Distribution channels have made it possible for businesses to serve customers even at far distant places.



## 2. Maintain Stock Of Products:-

Distribution channel has an efficient role in maintaining sufficient stocks of goods. It helps in maintaining the supply of goods as per the demands in the economy. Distribution channels performs functions of storing the products in warehouses & supplying them according to demand in the market. It avoids all cases of shortage of supply of goods in market.

### 3. Provides Market Information:-

Distribution channel is served as the medium through which business acquire all required information from the market. It takes all information like demand, price & nature of competition in the market from its different intermediaries involved in its distribution channel.

## 4. Promotion Of Goods:-

Distribution channels helps in marketing of products. There are several middlemen's who are involved in the distribution system of businesses. These intermediaries inform the customers about the product. They introduce them with new products & explain them to its specifications. Customers are induced & motivated to buy these products by intermediaries.



## 5. Provide Finance:-

Business gets financial assistance from the distribution channel. Intermediaries involved in distribution channel buys goods in bulk from producers. These intermediaries give payment to producers while purchasing. Producers get timely payment & are saved from blocking of their funds through credit selling.

## 6. Generates Employment:-

Distribution channel generates employment in the economy. There are huge number of peoples who are involved in the distribution system of businesses. These people are wholesaler, retailers & different agents. All these people earn their livelihood through working in these distribution channels.

## 7. Distribution Of Risk:-

Risk is something which is associated with each and every business. Distribution channels save the producers from the risk of delivering products to customers safely & timely. It becomes the duty of intermediaries that are involved in the channel to deliver it to customers timely. Producers focus only on their production activities & don't need to consider issues about delivering products.