

12. Home Trade — The Wholesaler

Objectives

At the end of this chapter, students should be able to mention the functions of the wholesaler, list and explain different types of wholesalers in commerce. In connection with this, they should explain the role of warehouses in commerce, and list and evaluate different channels of distribution.

12.1 Introduction

A wholesaler is the middleman in business between the manufacturers and the retailers and the final consumers. He buys in bulk from the producers and sells either in bulk or small units to the retailers and consumers. He provides the economic utilities of time, place and possession by ensuring that adequate stocks are available at the right time in the right place or convenient location at the right price.

12.2 Types of Wholesalers

There is no rigid classification of wholesalers. One wholesaler may belong to more than one type of classification. However, a general classification is as follows:

- (i) **Merchant wholesalers:** Most wholesalers fall into this group. They take title to the goods, that is, they own the goods. In other words they buy and sell goods and then derive profit from the difference between their cost price and their selling price. These wholesalers may or may not take possession of the goods they sell but they must take title to them and then live on their profit.
- (ii) **Cash and Carry wholesalers:** Wholesalers who belong to this category offer minimum service to their customers. They offer neither credit nor delivery services and are often called limited function or service wholesalers. As a result of this they operate on lower profit margins.
- (iii) **General merchant wholesalers:** These wholesalers buy and stock in bulk various types of goods or merchandize till they are needed and they sell in small quantities to retailers. Many of them deal in a broad variety of perishable or manufactured goods and need not be skilled in any aspect of the goods they handle. The same wholesaler, for example, can buy and stock cement, electronics, beer, salt, detergents, etc.
- (iv) **Specialist wholesalers:** This group of wholesalers restrict their activities or dealings to a particular area of trade. They may be skilled in one area or the other of the goods or product they handle. Besides stocking they make them ready for sale. As mentioned above, they stock a narrow range of products and may specialize in fields requiring considerable technical knowledge or service, e.g plastics or electronics.
- (v) **Single-line wholesalers:** A single-line wholesaler restricts himself to a narrow line or to a specific line of goods or product, e.g. dry goods or products, groceries, etc.
- (vi) **Co-operative wholesale societies:** This is where local retail co-operatives come together to form a central wholesale co-operative society. The main aim is not to make maximum profit derivable but to serve their customers. The capital of the wholesale societies is contributed by the retail co-operative societies. Profits are ploughed back into the societies or distributed among the customers as dividend payments. The management committee of the wholesale co-operative is elected by members of the society just similar to that of retail co-operatives. The management committee

members are full-time salaried officials. The co-operatives buy their goods at competitive prices, and own farms, dairies, bakeries, biscuits, etc and work closely with co-operative banks.

12.3 The Criticisms of the Wholesalers

- (i) **Creating shortages:** The wholesalers are alleged of engaging in hoarding which may lead to artificial scarcity.
- (ii) **Commercial parasites:** Wholesalers have been labelled mere hangers-on since they do not produce goods, but merely engage in their distribution.
- (iii) **Many layers of wholesalers:** It is equally alleged that there are many of them, thus forming a long chain between producers and the final consumers. Such critics point to the distribution of rice, beer, soft drinks and building materials in present day Nigeria. In fact, Nigeria has been dubbed 'a nation of middle businessmen.'
- (iv) **Profiteering:** They have been equally criticized for making too much profit, even though they produce no products but services.
- (v) **Cause of inflation:** The result of artificial goods shortages, too many layers of middlemen, profiteering and unproductive activities by wholesalers, are the cause of inflation in most countries. For instance, the producers' price for rice may be about ₦3,000 a bag, but the final consumers may have to pay more than ₦4,500 a bag. The same thing can be said of beer, soft drinks and building materials.

12.4 Functions of Wholesalers

In spite of the criticisms levelled against wholesalers as stated above, they perform tremendous functions in the economy. These can be put into three categories.

- (a) To the producers (or manufacturers)
- (b) To the retailers and consumers
- (c) To themselves

(a) *Functions of Wholesalers to the Producers*

- (i) **Bulk purchases:** By buying in bulk, wholesalers relieve producers of selling in smaller quantities to numerous retailers.
- (ii) **Warehousing:** By buying in bulk, they save producers storage costs and facilities.
- (iii) **Advance orders:** Sometimes wholesalers make their orders in advance, thereby enabling manufacturers to plan ahead for their production, including ordering of their priorities.
- (iv) **Financial through prompt cash payment:** The wholesalers do not only pay promptly for their purchases, but sometimes pay for advance orders. Consequently, manufacturers' possible cash problem is minimized.
- (v) **Ready-made markets or outlets:** The wholesalers have proved be ready-made markets for manufacturers' products and ecially so in cases of new product lines.
- (vi) **Market situation report:** The wholesalers are capable of canvassing and passing on to producers, invaluable information about market reactions and opinions about producers' goods. Such market information is significant in production techniques and forward-planning.

(b) *Function of Wholesalers to Retailers and Consumers*

- (i) **A link:** The wholesalers constitute a link between retailers and producers.

- (ii) **Offer of variety of choice:** Since the wholesalers keep large stocks of goods, retailers are offered a wide range of goods from the former's warehouses which are often visited by retailers and their representatives for inspection. For a variety of goods, retailers need make only one order.
- (iii) **Breaking the bulk:** The wholesalers break the bulk they receive from the manufacturer into suitable units in the interest of retailers and the final consumers.
- (iv) **The retailers' assured source of supply:** Since wholesalers have large warehouses, retailers are assured regular sources of supply for the satisfaction of customers. Risks of stock-out are thereby reduced and the retailer of storage problem.
- (v) **Granting of credit:** While wholesalers pay in advance, they (the wholesalers) extend a lot of credit facility to retailers or notable individual consumers.
- (vi) **Wholesalers' aid to retailers:** The retailers could benefit of the market research conducted by wholesalers. For instance, the lines of stocks to keep are given to them in form of business advice.
- (vii) **Retailers' guarantors:** Wholesalers often act as guarantors for the retailers, and the latter receive financial dividends from such guarantees.
- (viii) **Large discounts:** Parts of the large discounts on wholesalers' bulk purchases are sometimes passed on to retailers and consumers in form of lower price.

12.5 Factors Contributing to the Possible Elimination of Wholesalers/Middlemen

- (a) Certain factors inherent in the commercial life of any nation are detrimental to the existence of the wholesalers. Such factors are as follows:
 - (i) **The growth of large retail organizations:** Departmental stores, multiple shops, supermarkets, hypermarkets and the like, have emerged in some cases with the capacity to order goods in larger quantities than the wholesalers, and wield as much influence in the commercial activities of the nation.
 - (ii) **Creation of manufacturers' own retail shops:** Where the market is largely guaranteed by steady demand, some producers have installed their own retail shops. Bread bakers and tobacco companies also manage to sell directly to the consumers.
 - (iii) **Technical products:** Where certain products need some special technical installations, instructions, demonstrations, and after-sale services, the producers have sometimes chosen to have direct dealings with the final consumers. Examples of these are the producers of machine equipment, e.g. producers of printing machines and farming equipment, ships and aeroplanes.
 - (iv) **Development of branded and pre-packed goods:** Since such goods are already well known in the market, the producers can afford to channel them directly to the customers, bypassing the wholesalers, e.g. Avon products.
 - (v) **Expensive goods:** Goods like jewellery are better handled by direct dealings between the manufacturers and the final consumers.

- (vi) **Maintenance of resale price:** Where the selling prices to the consumers have been rigidly fixed by the producers there may be no economic reason for the wholesaler to come in since he cannot effect a cut in prices in order to gain an extension of his market. This explains why the Wholesalers' Association in Great Britain welcomed the repeal (in 1964) of the resale price maintenance, law which had been in existence since 1890.
 - (vii) **Need for personal monitoring and gathering of market research:** At certain stages in the process of production, it may become very important for the producer to mastermind the market research of certain goods. For this reason, producers find it necessary to undertake direct selling of such products.
 - (viii) **The growth of large consumer institutions or organisations:** Some institutions or organisations are so large in their use of certain items or products that it makes economic sense to buy or purchase directly from the producers or manufacturers, e.g. hotels, hospitals, universities and construction firms.
 - (ix) **Perishable products:** Where the products are perishable, the producer may like to deal directly with the consumers, e.g. vegetable and dairy products.
 - (vi) **Existence of producer's own retail shops or outlets:** Producers who establish their own outlets or shops can sell directly to the consumers, e.g. shoe producers or manufacturers.
 - (vii) **Product pushing:** Some producers may want to push their products by selling directly to retailers or by engaging in national advert to create demand for the products, e.g. bottling companies.
 - (viii) Fragile goods that need special handling are delivered direct by the producer to the consumer.
- (b) *Factors that favour the continued existence of wholesalers***
- (i) The wholesaler cannot be eliminated where there is need to maintain price stability in goods produced or demanded seasonally, e.g. rain wears.
 - (ii) Where there is need to warehouse the goods until they are needed, wholesalers cannot be eliminated.
 - (iii) Wholesalers always exist where there is need for flow of information between the producers and the retailers and consumers.
 - (iv) Wholesalers cannot be eliminated in any circumstance where both the producer and retailer need financial assistance from the wholesaler.
 - (v) Where both retailers and consumers cannot buy in bulk, the wholesaler always exists.
 - (vi) In cases where producers or manufacturers do not package, brand or grade their goods or products, wholesalers must exist.
 - (vii) The wholesaler cannot be eliminated where the risk of keeping the goods in anticipation of future demand is borne by the wholesaler.
 - (viii) In a situation where the wholesaler advertises the products he cannot be eliminated.
 - (ix) Where the wholesaler provides transportation he cannot be eliminated.
 - (x) In a channel of distribution where nobody provides the services of the wholesaler, the middleman or the wholesaler must exist.

12.6 Warehousing: Types and Functions

12.6.1 Meaning

A warehouse is a large building for storing things or goods meant to be sold.

12.6.2 Types

There are usually three types of warehouse:

- (i) **Ordinary or goods warehouses:** These are warehouses used by producers or wholesalers for storage of goods. They could be built by the producers or wholesalers, or alternatively rented from those who build them for hire.
- (ii) **Bonded warehouses:** These are warehouses that hold goods on which duties must be paid. The term 'bonded' becomes applicable because the owners of such warehouses have reached an agreement never to release such 'dutiabale' goods until the right amount of duties has been paid on the goods held therein. It is not correct to say that such warehouses are built only by the government; they can be owned by wholesalers as well.
- (iii) **The government or state warehouse:** This type of warehouse is used for the storage of contraband goods that have been seized by preventive officers of the Customs and Excise. These are goods which have been brought into the country against the laws of the land, that is, illegally imported goods. When such goods are seized, they are kept in the government or state warehouse until such a time that they are destroyed, usually by burning.

12.6.3 Functions

- (i) **Provision of storage facilities:** Warehouses could store up all the output of a producer and thereby relieve the problem of what to do with excessive production.
- (ii) **As a relief to both producers and retailers:** The wholesaler's warehouses save producers and retailers huge investment experiences inherent in large-scale business.
- (iii) **Stabilizes the roles of producers and retailers:** Wholesalers' warehouses enable both producers and retailers to concentrate their scarce resources in their lines of specialization in production of goods and retailing of such goods respectively.
- (iv) **Provision of special storage conditions for seasonal goods:** Some food items need special storage conditions if they are to remain good all the year round, e.g. grain crops (corn) and (yam). A good warehouse provides such conditions that are ideal for their preservation.
- (v) **Regulating supply of seasonal goods:** Once some seasonal goods are properly stored the year round, it would be easy to effect their regular supply throughout the year. The scarcity of most essential food items at certain periods of the year is due to lack of proper storage facilities for such products.
- (vi) **Opportunity for long-term production planning:** Once warehousing facilities are secured, producers could embark on long-term production planning; take opportunities of seasonal variation in the cost of production such as cheap materials, low interest rates and low wages in the slack periods; and produce to store up in anticipation of a brighter economic period.
- (vii) **As a moderating influence on price:** Price fluctuations could be contained and prices made fairly stable with regular supply of goods (including the seasonal ones) from warehouses, to match demand and supply.
- (viii) **An aid to the effectiveness of retailers' advertisements:** Warehousing assures the retailers that in the event of successful advertisement leading to huge customers' order, they would be able to satisfy their customers' demand.
- (ix) **As an aid to government revenue:** For instance, the 'bonded' warehouses ensure that owners of dutiable goods do not escape payment of duties. The seizure of contraband goods also helps to minimize evasion of duties on goods.
- (x) **As a check against smuggling:** the 'Government' or 'State' warehouses see to the confiscation of contraband goods and thereby assist in reducing smugglers' activities that pose a threat to national economy.
- (xi) **Promoting job opportunities and economic growth:** Warehousing offers a lot of job opportunities – store managers, store assistants, store clerks, stocktakers, delivery men, loaders, the

purchasing staff and in fact the army of building personnel that erect the warehouse edifice. Consequently, it promotes economic growth since, in addition, there are some professional investors like building companies and wealthy landlords who engage actively in the building of warehouses as a trade, for rental purpose only.

- (xii) **Finishing operations:** The facilities of warehousing enable wholesalers to complete some finishing production process like blending, branding, sorting and packaging.

12.6.4 Location of Warehouses

It is important that warehouses should be accessible to the sources of their supplies, or to the points of unloading from ships or aeroplanes, and should also be within easy reach of retailers and/or consumers. Where the goods are produced within the country, accessibility to both the point of supply and the retailers would be the deciding factor of location.

If there is an easy means of transport between the point of production and the wholesaler, to reach the retailer is fairly difficult. It may be commercially wise to situate the warehouse nearer to the retailers who would be many in number and would be expected to make regular visits to the warehouses.

Where goods are imported, warehouses are usually located close to the seaports or airports; and since such ports are in sizeable commercial towns or cities, most warehouses are found in big towns or cities. Such locations combine the dual advantages of accessibility to the source of supply with accessibility to retailers. This explains the reason why most warehouses are at Apapa Wharf in Lagos; at Port Harcourt, Warri and at other commercial centres close to the sea or airports.

12.7 Problems of Warehousing

There may be some problems preventing warehouses from the effective performance of their duties. Such problems are due to the following factors:

- (i) **Unreliable supply source:** It happens at times that the supply of goods to a warehouse becomes irregular and uncertain. This is usually due to circumstances beyond the control of the producers such as unavailability of production materials, staff strikes, port congestion, and production machine breakdown.
- (ii) **Problems of overstocking/stock-out:** Since part of the effectiveness of warehouses is their ability to make accurate forecast of both the present and the future demand of their customers, it is common for warehouses to be over- or understocked. Overstocking is bad for undue tying down of capital, while understocking (known as stock-out) leads to loss of goodwill arising from failure to meet customers' demand accordingly. It makes operation expensive as the cost of warehouse is constant while revenue decline as a result of stock-out.
- (iii) **Problems of obsolescence, deterioration and pilfering:** Over-stocking could lead to another problem of the goods getting out of fashion (obsolescence), spoilage (deterioration) and stealing (pilfering) before the stocks are exhausted.
- (iv) **Problems of accurate stock valuation:** With very large stock, the valuation of actual stock and subsequent reconciliation with record figures is an uphill task that can only be effectively dealt with by the use of computers which are very expensive and uncommon and, therefore, cannot be used by average warehouses.
- (v) **Problem of adequately qualified manpower:** With averagely large warehouses, a case has been established for fairly qualified personnel in stock-keeping and management. This has not been easy to come by. Also important is the reliability of the stock-keeping and management. This has not been easy to come by as well. Equally important is the reliability of the stock-keepers, without whom there might be a lot of pilfering of stocks.
- (vi) **Regular supply of seasonal products:** A successful warehouse must be capable of ensuring that seasonal goods are available all the year round; and this calls for extra efforts on the part of

12.8 Channels of Distribution

12.8.1 *Explanation:* Production is said to be complete when the goods or products reach the final consumer. Between the producer and the final user are many people who engage in buying and selling called the middlemen (wholesalers and retailers) or marketing intermediaries. These people or institutions who help to move a product and its title from production to consumption constitute channels of distribution, trade channels or marketing channels.

As the producer or manufacturer and the ultimate consumer or user perform some functions in bringing the product and its title to the point of consumption, they are always included in every channel of distribution. A channel of distribution may be short or long depending on the number of intermediate levels.

The most common channels of distribution are as follows:

- (i) Direct channel is where a manufacturer or producer sells directly to the final consumer (M — C). Here there is no intermediary.
- (ii) There is a situation where the manufacturer sells to the consumer through one intermediary. Here the goods move from the manufacturer to the retailer and from the retailer to the final consumer (M — R — C). There is one intermediary.
- (iii) In some markets there are typically a wholesaler and a retailer through whom the goods must move to reach the final user or consumer, e.g. in the sale of consumer goods (M — W — R — C). Where industrial goods are sold, the goods pass through a sales agent and a wholesaler before reaching the ultimate or final user or consumer. In each case there are two intermediary levels.
- (iv) In certain markets the intermediaries in a channel may be three. This is common in meat packaging industry where a jobber usually comes between the wholesalers and the retailers. Here there are three intermediaries through whom the goods move: from the manufacturer through the wholesaler, jobber, retailer to the ultimate consumer (M — W — J — R — C).

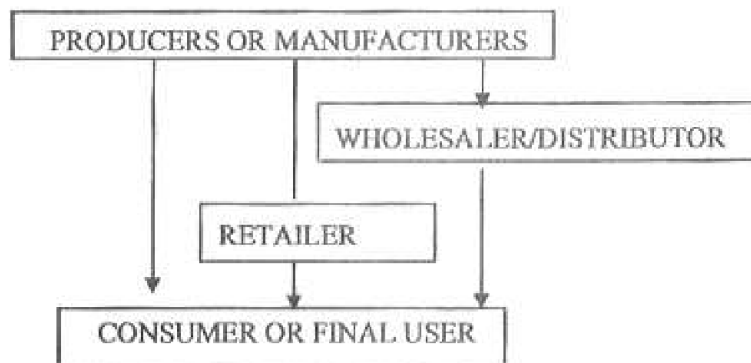


Fig. 12.1: *Typical Channels of Distribution*

12.8.2 Factors Affecting the Choice of Channels of Distribution

- (i) **Size of the target market:** If the target customers are sufficiently large and highly concentrated or located at a place or an area, it may be possible for a manufacturer or producer to sell directly to retailers and consumers. On the other hand if the target customers are dispersed or scattered, even if the demand is large, direct selling approach will not be possible or profitable.
- (ii) **Frequency or regularity in purchase or demand:** Goods that are frequently or regularly purchased may be handled directly by the producer or manufacturer, e.g. fresh milk, soft drinks, etc. Where the purchase is seldom or irregular, specialized agencies may be used, e.g. commission merchants, agents, brokers, and other specialized middlemen may be useful.

- (iii) **Highly technical goods:** Some goods by nature require direct distribution. Goods that are highly technical in nature are better sold directly to the final user or through a broker, e.g. industrial machines.
- (iv) **Perishable goods:** When perishable goods or products are produced on a small scale it is better handled directly, e.g. fresh vegetables, milk, sea food, etc. But if there are small producers within an area, specialists may develop to handle services such as storage, refrigeration and transportation, e.g. frozen fish.
- (v) **Bulky goods:** Goods that are bulky are expensive to move about and to store. Therefore it is difficult for middlemen to operate, e.g. sand and moulded blocks.
- (vi) **Fragile goods:** Goods that are fragile or delicate cannot stand the fatigue of handling and so are better sold directly to the final or ultimate user or consumer, e.g. sensitive hospital equipment produced to specification of the user.

12.9 Agents: Functions and Types

12.9.1 Meaning

Agents are wholesalers who never take title to the goods they sell. That means they are not the owners of the goods they sell. They are employed to represent their principals in the buying and selling of goods for which they are paid commission. They may or may not take possession of the goods they sell but only bring buyers and sellers together. In other words, agents do not act on their own authority but on the authority delegated to them by the people they represent called the principal.

12.9.2 General Functions of an Agent to the Principal

- (i) He has to carry out his duties with the skill, caution and care that is expected of him.
- (ii) He has to perform his duties personally and should not delegate them.
- (iii) He has to keep his principal informed of all matters affecting the agency.
- (iv) He should keep proper accounts and should be accountable to the principal for all other money and property he receives on his behalf.
- (v) He has to render an account when required or at stated periods.
- (vi) He must not allow his interest to conflict with his duties.
- (vii) He should not make profit beyond the commission paid to him.
- (viii) He has to execute his duties according to the terms of the agency agreement.

12.9.3 The Rights of an Agent

- (i) The agent should be paid the agreed commission or remuneration.
- (ii) The agent should be indemnified for liabilities suffered in the execution of his duties or exercise of his authority.
- (iii) The agent should be reimbursed for any expenses incurred on behalf Of his principal during the cause of his duties.

12.9.4 Types of Agents

Agents may be classified as follows:

- (i) *Commission agent:* This agent acts on behalf of the principal on commission basis. He earns commission for any contract entered into on behalf of his principal. The commission paid to the agent is usually a percentage of the value of the transaction contracted on behalf of his principal. This is called “agent’s commissions”.
- (ii) *Broker:* This is an agent who works on behalf of his principal and receives commission called “brokerage”. He is employed to buy or sell on behalf of the principal. He does not possess the

goods he sells. His main duty is to negotiate sales between sellers and buyers. A broker usually specializes in narrow ranges of products, e.g. sugar, tea, coffee, etc. in which he is expected to have deep knowledge of particular or markets and market conditions. He may be paid either on the basis of an average commission on value, or a commission on volume, or a pre-determined fee based on sales.

- (iii) *Factors*: These people neither buy goods nor take title, but they do take possession and provide warehousing and handling facilities. They are paid by fixed commission. Factors represent sellers only and are found mostly where there are many small producers and a few large central markets through which the products are resold, e.g. agricultural products.
- (iv) *Del credere' agent*: This is an agent employed to sell goods, and who gives guarantee to his principal for payments for all goods he sells on credit, i.e. he will be held responsible for any debts which may arise as a result of non-payment. He is paid extra commission called 'del credere' commission for taking this risk of credit loss.
- (v) *Selling agents or sales agents*: Selling agents relieve manufacturers of marketing responsibilities as they have complete responsibilities for all sales. They are mostly found where there are small manufacturers who want to devote their limited financial assets exclusively to production. They can sometimes offer advice on style and design to the producer or manufacturer. Some sales agents work for one principal but the majority of them carry a range of other manufacturer's products which are normally of complementary nature or kind. Selling agents have considerable discretion over selling prices and sometimes carry the risk of credit loss.
- (vi) *Manufacturer's agents*: Manufacturer's agents are found where small manufacturers are trying to tackle complex or widespread markets, e.g. industrial suppliers or overseas markets. The agents commonly have warehousing facilities from which local deliveries are made and where goods are held on consignment.

12.9.5 Manufacturer's Agent and Sales Agent Compared

A manufacture's agent is different from a selling agent in the following ways:

- (i) he handles products or goods in only limited geographical area;
- (ii) handles non-competitive lines from several manufacturers;
- (iii) has little or no right or freedom to negotiate terms of sale and price;
- (iv) usually has control of product styling or design;
- (v) is rarely involved in credit collection and risk;
- (vi) receives smaller commission because the functions performed and the risk involved are smaller than in the case of a sales agent.

Summary

- Wholesalers are the links between the producers and the final consumers, with the retailers sometimes being part of the chain or links between the two. There are different types of wholesalers such as merchant, cash and carry.
- While wholesalers serve as a ready source of supply to retailers and consumers alike, they can create artificial scarcity of some goods if they so desire. They also perform some information dissemination, financial and storage functions to the producers. Nevertheless, there are certain circumstances under which a wholesaler could be eliminated by the manufacturer or the big retailers.
- Warehousing provides the storage facilities in commercial activities. Therefore, it plays positive roles in commerce. On the other hand, there are some identifiable problems in the management of warehouse: shortage of qualified manpower, and the problem of pilfering in cases of large warehouses.

Revision Questions

A. Essay Questions

1. What types of wholesaler are there in present day commerce?
2. In spite of their positive roles in commerce there have been some severe criticisms of the wholesalers. State these criticisms.
3. State three types of warehouses and discuss the functions of each.
4. (a) State four channels open to a manufacturer for the distribution of his products.
(b) Explain six functions rendered to the manufacturer by the middlemen.
5. In spite of the direct dealing with retailers and consumers, the wholesale/trade continues to flourish and the middlemen continue to wax strong. Give FIVE reasons, why the middleman/wholesaler can not be eliminated in the business society.

(NECO 2001)

B. Objective Questions

1. The last link in the chain of distribution is the
 - A. buyer
 - B. consumer
 - C. manufacturer
 - D. retailer
 - E. wholesaler

(NECO 2002)

2. In selling a Xerox machine, which of the following channels of distribution is most appropriate?
 - A. Manufacturer – Consumer
 - B. Manufacturer – Retailer – Consumer
 - C. Manufacturer – Wholesaler – Retailer – Consumer
 - D. Manufacturer – Agent – Wholesaler – Consumer
 - E. Manufacturer – Agent – Wholesaler – Retailer – Consumer

(NECO 2002)

3. A merchant wholesaler is referred to as
 - A. a broker
 - B. a factor
 - C. del-credere agent
 - D. rack jobber

(UME JAMB)

4. A wholesaler who possesses the title to the goods he sells is known as
 - A. a multiple wholesaler
 - B. a merchant wholesaler
 - C. a general wholesaler
 - D. an agent wholesaler.

(UME JAMB)

5. Traders who buy goods on their own account from manufacturers and sell to foreign buyers are known as
 - A. brokers
 - B. export merchants

- C. forwarding agents
- D. factors

(WAEC 2002)

6. Which comes first in the channel of distribution?
- A. Consignor
 - B. Consumer
 - C. Manufacturer
 - D. Retailers
 - E. wholesaler

(NECO 2002)

7. Which of the following is not a function of the wholesaler?
- A. branding
 - B. manufacturing
 - C. packaging
 - D. financing
8. Which of the following is a service not rendered by the wholesaler to the manufacturer?
- A. Warehousing
 - B. Financing
 - C. Branding
 - D. Group insurance
9. Which of the following is not a service rendered to the retailer by the wholesaler?
- A. credit facilities
 - B. steady supply of goods
 - C. transportation facilities
 - D. guarantee of profit
10. The production of goods in anticipation of demand is made possible by the existence of
- A. middlemen
 - B. advertising
 - C. warehousing
 - D. packaging

Project

1. Write briefly about two methods of product storage or preservation used by farmers or businesses in your locality.
2. Make a sketch of the local farmers' barn of yams (a method of yam storage).