

# What Are Distribution Channels?

## Worksheet

Distribution channels are the networks and methods through which a company moves products to customers. Main types: direct (manufacturer/customer), indirect (via retailers/wholesalers), and multi-channel (combination) strategies.

## Questions

1. Which channel gives the manufacturer the most control and highest profit per unit?
  - A) Indirect
  - B) Direct
  - C) Wholesaler
  - D) Broker
2. A coffee brand sells through Starbucks, grocery stores, and its own caf. This is
  - A) Indirect
  - B) Direct
  - C) Multi-channel
  - D) Exclusive
3. What is the main benefit of indirect distribution?
  - A) Higher profit
  - B) Direct customer feedback
  - C) Wider reach & quick scale
  - D) Brand control
4. Why might a manufacturer choose NOT to go direct despite higher profit?
  - A) It's slower
  - B) Requires huge investment in stores/logistics
  - C) No customer data
  - D) Competition
5. A software company sells subscriptions directly on its website. Name the channel type.
6. Nike makes shoes and sells them via Foot Locker stores and its own website. Channel type?
7. A bakery produces bread and supplies it to supermarkets, which then sell to consumers. Channel?
8. Define: What is a distribution channel?
9. Define: Give an example of direct distribution.
10. Define: What is indirect distribution?

## Answer Key

1. B) Direct - Direct channels eliminate intermediaries, so no markup is lost and the brand controls the customer experience.
2. C) Multi-channel - Multi-channel: the product reaches customers via multiple different routes.
3. C) Wider reach & quick scale - Indirect channels rapidly expand market reach via existing retailer networks.
4. B) Requires huge investment in stores/logistics - Direct requires capital for warehouses, staff, shipping, and stores-often too costly for small firms.
5. The company sells directly to customers online. No intermediary (retailer, store) is involved. This is DIRECT distribution.
6. Nike sells through both retailers (Foot Locker) AND direct (website). This is a MULTI-CHANNEL or OMNICHANNEL strategy.
7. Bakery Supermarket (retailer) Consumer The supermarket is an intermediary. This is INDIRECT distribution.
8. The path a product travels from manufacturer to end consumer, including all intermediaries.
9. Dell selling computers directly from its website to customers without retailers.
10. Using intermediaries like wholesalers and retailers to reach consumers (e.g. Coca-Cola via grocery stores).

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