**1.3.4 Distribution**

1. Jasmine buys a 6 pack of a diet cola drink from her local convenience shop, HK Stores. The store likes to add a 15% mark-up on all products (round up to 2 decimal places). The wholesaler, Bulk4U from whom HK Stores purchased 100 packs adds a mark-up of 20%. Bulk4U purchase 10 000 packs from the manufacturer for £28 000. How much did Jasmine pay for her 6 pack of diet cola?

Bulk4U £28 000 / 10 000 = £2.80 per pack

£2.80 x 1.20 = £3.36

HK Stores £3.36 x 1.15 = £3.864

Jasmine paid £3.87

1. Use the words in the table below to complete the paragraph.

|  |  |  |  |
| --- | --- | --- | --- |
| consumer | manufacturer | higher | increase |
| direct | mark-up | online | intermediaries |
| retailers | channels | price | bulk |

Distribution **channels** are the number of **intermediaries** a product passes through from **manufacturer** to **consumer**. A wholesaler may buy in **bulk** and break this down to sell to **retailers**. Each stage will add a **mark-up** hence the more **channels** the **higher** the selling price. **Online** distribution has led to an **increase** in consumers buying **direct** from manufacturers.

1. A farmer makes his own sausages which he sells through his farm shop as well as at local delicatessens. Which of the following terms could be applied to the farmer?
   1. **Manufacturer**
   2. **Retailer**
   3. ~~Wholesaler~~
   4. ~~Online retailer~~
   5. **B2B** **supplier**
   6. **B2C** **retailer**
   7. ~~Consumer~~
   8. ~~Agent~~