

CHAIN OF DISTRIBUTION

MARKING SCHEME

1. 1995 P1

- Enjoys credit facilities
- Provide variety of goods
- Goods are brought closer to customers
- They store goods for the consumers.
- Consumers can make special order for goods.
- Enjoy personal attention from them
- Stabilization of prices.

2. 1996 P1

- Consumer is likely to get after sales services
- Consumer is likely to get technical advice of how to use the goods
- Consumer is likely to get the goods at relatively low prices
- Manufactures may arrange the fiancé of the consumers.
- Consumer is assured that what he is buying is genuine.

3. 1996 P2

- Where goods are expensive for middlemen (cannot afford to stock them)
- Where goods are of technical nature and the producer may want to have direct contact with the customer.
- Where goods are perishable (and producer wants to deliver them fast to have direct contact with the customer.
- Where goods are perishable (and producer wants to deliver them fast to the consumer)
- where goods are perishable (and producer has his own retail outlets
- Where the market is localized in terms of geographical location / where the producer is close to customers.
- where the goods are produced according to consumers specifications/ special goods
- where the producer requires immediate feedback

4. 1997 P1

- Manufacturer – consumers
- Manufacturer – retailers – consumers
- Manufacture – agent – retailers – consumers.

5. 1997 P2

- AZango will provide with information regarding the market for their goods
- The wholesalers will break on behalf of the manufacturers.
- Zango will sell his stock faster as wholesalers buy in bulk
- The manufacturer's supply of goods will be stabilized as wholesalers regulates the supply
- Zango will be relieved of various risks relating to goods to fall in price, demand, non- profitable but essential services.

- 6. 1997 P2**
- Delayed payments
 - Unexplained deductions which lower their prices
 - Delayed collection of produce which leads to deterioration of the quality of Produce
 - Long and cumbersome procedures to follow when delivering produce and getting payments
 - Lack of distinction between quality of produce from different areas may disadvantage those farmers who produce high quality products
- 7. 1998 P1**
- Nature of the produce
 - Availability of middlemen
 - Government policy on the distribution.
 - Cost of the produce
 - Distance between the producer and the consumer
- 8. 1999 P2**
- The nature of goods where perishable a direct channel to consumers is more preferred.
 - Size of the market where the market is large, if the consumers are concentrated in one area.
 - Costs where the cost of marketing and distribution are high manufacturers will dispose goods through intermediaries.
 - Lack of facilities / skills where the produces lacks facilities he will call upon intermediaries.
 - Government policy. If the government policy prohibits /required use of a certain channel then it has to be followed.
 - Nature of market depending on consumer's preferences / taste it may require a personal attention of the producer.
 - Competition: Where competition is high manufacture may have to be closer to the consumer.
 - Bulkiness: If the quantity if large along channel is used and vice versa.
 - Technical goods need to be sold direct to consumer in order to provide necessary information.
 - Profitability where producer wants to maximize profit.
- 9. 2000 P1**
- Increased price
 - Like hood of delay
 - Changes of damage to goods due to handling
 - Feedback to the manufacturer
 - Perishable goods may go bad
- 10. 2000 P2**
- From manufacture through own retail outlets to consumers'
 - Manufacturers sell direct to consumers
 - From manufacturer though wholesalers through independent retailers to consumers.
 - From manufacturers through wholesalers through independent retailers to consumers.
 - From manufacturers through wholesalers to consumers.

- 11. 2001 P1**
- They may be bought at lower prices
 - They may be provided with transport
 - They may receive cash
 - They may be given goods on credit
 - They have a chance to select quality goods
 - They are likely to get goods to ones specifications.
- 12. 2001 P2**
- Where market is spread out for the producer to reach the consumer
 - Where the producer does not have adequate capital to set up own distribution points.
 - Management problems: Where it becomes difficult to manage producers distribution outlets.
 - Poor infrastructure: making it difficult to distribute goods.
 - Government policy: This may separate the functions which can be by the wholesaler.
 - Where the producer lacks transport facilities which can be provided to advertise
 - Where the producer wants to get information about the market he will use the wholesaler.
- 13. 2001 P2**
- Foreign producer local consumer.
 - Foreign producer foreign agent / exporter local consumer
 - Foreign producer local agents / importers local consumer
 - Foreign producer's foreign agent local agent / import merchant local wholesaler.
 - Local retailer local consumer
 - Foreign producer local retailers local consumers
 - Foreign producer local retailers local consumers
 - Foreign producer's foreign agent local agent / local wholesaler
 - Local consumer.
- 14. 2002 P1**
- Linkage – wholesalers act as a link between the producers and the retailers.
 - Storage – offers storage facilities to the producers.
 - Breaking bulk – buys in large quantities from producers and sells them into smaller quantities to retailers.
 - Transportation – wholesalers helps in transporting goods from producers to retailers.
- 15. 2003 P1**
- When goods are perishable
 - When the manufacturers is financially strong to open up retail outside
 - When the manufacturers wishes to take charge of he marketing of the produce.
 - When the manufacturer wishes to have direct contact with the consumer.
 - When the market for the product is limited
 - When there is inefficient infrastructure.
- 17. 2004 P2**

- Kabu manufacturing will be provided with information regarding the market for their goods.
- The wholesalers will break bulk on behalf of the manufacturers Kabu manufacturers will sell his stock faster as wholesalers buy in bulk.
- Kabu will be relieved of transport of goods
- The manufacturer's supply of goods will be stabilized as wholesalers regulate the supply.
- Kabu will be provided with storage facilities
- Kabu will be relieved of various risks relating to goods to fall in price.

18. 2006 Q4a P2

- i. It may that the goods are produced according to customer specifications
- ii. The firm may be having their own retail outlet/distribution facilities.
- iii. The market may be localized/near (in terms of geographical location).
- iv. The goods may be expensive and middlemen cannot be able to stock them.
- v. The goods may be of a technical nature/require after sales services.
- vi. The goods may be perishable (and the firm may want to deliver them fast to the consumer).
- vii. The firm may want to have direct contact with customers/get immediate feedback/create good impression.
- viii. Where customers order for goods direct from the trader/firm
- ix. If there are no middlemen
- x. Where government policy requires goods to be sold directly to consumers.
- xi. Where the goods imported are in small quantities.
- xii. Where the size of the market is small.
- xiii. Where the firm would maximize profits by selling directly to consumers.
- xiv. When there is stiff competition.
- xv. Where the rest of distributors time in middlemen make the price of products high/expensive

19. 2008 Q4a P2

(a)

- Where the producer lacks adequate storage. The wholesaler may relieve the producer of the storage costs.
- Where goods require bulk breaking. The wholesaler may re-package the goods in smaller quantities as required by customers.
- Where there is need to prepare goods for final sale. The wholesaler may pack, brand, blend, grade sort and weigh goods to the relief of the producer.
- Where the market is wide and the goods have to be distributed far. The wholesaler will reach the consumer more easily.
- Where the producer would want feedback on the market status. The wholesaler may reach consumers through the retailers and get feedback regarding the product more easily.
- Where the producer would want to engage wholesaler to assist with advertising so as to save on costs.
- Where the producer wants to sell in bulk since the wholesalers can afford to buy in large quantities.
- Where the producer lacks transport, the wholesaler would relieve him of the cost.
- Where it is the government policy to distribute through wholesalers then the producer would have no choice.

- Where the marketing risks are high since the wholesalers can bear some of the risks.
- Where the producer wants to concentrate/specialize in production, then the distribution can be handled by wholesalers.
- Where the producer needs to maintain fewer records by dealing with wholesalers who are few. *(Any 5x2=10 marks)*

20. 2010 Q17 P1

Services that a wholesaler may offer to a manufacturer include:

- i) Links the manufacturer with the retailers
- ii) Breaks bulk on behalf of manufacturer/preparing for sale
- iii) Provides storage on behalf of a manufacturer
- iv) Provides working capital when they pay for goods
- v) Assists in distribution of goods/offering transport
- vi) Promoted the products on behalf of the manufacturer
- vii) Relieves the manufacture off some risks e.g price of fluctuations, expiry of goods
- viii) Offers valuable information about goods