

## WHO ARE THE MIDDLEMEN? WHY PRODUCERS NEED TO RELATE WITH MIDDLEMEN?

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Middlemen are business-people who channel goods and services from producers to consumers. The number type of middlemen involved in selling different products varies. Basically, there are two main types: wholesalers and retailers. Wholesalers sell primarily to retailers, other wholesalers, and industrial users such as governments, institutions, and commercial operations. Retailers sell to individuals who buy products for ultimate consumption.

Wholesalers consist of:

1. Merchant wholesalers. A wholesale merchant operates in the chain between producer and retail merchant. Some wholesale merchants only organize the movement of goods rather than move the goods themselves.

2. Agents and brokers. The big difference between merchant wholesalers and agents is that agents never actually own the merchandise they sell. The producer retains title to the product and pays the agent a percentage of the money received (a commission) for any transaction that he or she handles. One of the most common types of agent is the sales representative. Brokers are special types of agents who concentrate on selling a particular commodity, such as soybean oil or coffee. Commodity brokers arrange sales for clients who grow the commodity and are paid a commission by them for this service.

3. Producer owned-wholesalers. Two types of wholesale business are owned by the producer instead of an independent businessperson. The first is the branch office, an establishment that carries inventory and performs a full range of marketing and business activities on behalf of the producer. The second type is the sales office, a business that carries no inventory but merely conducts selling activities on behalf of the producer.

Middlemen are instrumental in creating three forms of utility: place utility, time utility, and possession utility. By transferring products from the producer to the consumer, middlemen ensure that goods and services are available at a convenient time and place. They also simplify the exchange process.

In addition, middlemen perform a number of specific functions that make life easier for both producers and consumers:

1. Providing a sales force. Many producers find it expensive and inefficient to employ their own salespeople to visit the many customers for their products. Instead, they rely on middlemen to perform this function.

2. Providing market information. Middlemen often sell dozens of competing or complementary lines to hundred of buyers. Thus they are in an ideal position to tell producers which products are currently popular and to relate others useful marketing information.

3. Providing promotional support. Middlemen often help a producer by advertising certain product lines to boost their own sales. Middlemen also design and distribute eye-catching store displays and other promotional devices for some products.

4. Sorting, standardizing, and dividing. Middlemen break large shipments from producers into more convenient units, sorting bulk quantities into smaller packages and grading products for quality and uniformity.

5. Carrying stock. Most middlemen maintain an inventory merchandise, which they buy from a manufacturer would have to provide storage space until goods were ordered and would have to wait until then for payment.

6. Delivering the product. By shortening the distance between producer and buyer, the middleman may speed up delivery. Some middlemen assume complete responsibility for transporting the producer's goods to widely scattered buyers.

Thus, producers need to relate with middlemen, but first of all they should learn all types of middlemen and choose the most effective.

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