

DISTRIBUTOR vs WHOLESALER

Distributor:

- Exclusive agreement – becomes the only vendor to provide your book to the book trade
- Acts as the official vendor on behalf of the publisher
- Works on the publisher level
- Bills customers, ships orders so that publisher doesn't have to
- Has sales force; can actively find sales opportunities for books

Wholesaler:

- Nonexclusive agreement – can sell to other wholesalers and retailers directly
- Acts as a consolidator on behalf of the customer
- Works on the customer level
- Bills customers, ships orders so that publisher doesn't have to
- No sales efforts; primarily lists and stores books

Supply Chain Examples:

PUBLISHER → DISTRIBUTOR → WHOLESALER → RETAILER

This model is ideal for when a publisher wants to sell to all wholesalers and retailers without having to set up direct relationships with all of them. In this model typically the publisher *has* to go through the distributor in order to reach wholesale and retail markets.

PUBLISHER → WHOLESALER → RETAILER

This model is ideal for when a publisher wants to manage which wholesalers it works with, wants to reach the industry without having to pay for distribution, or wants to keep particular sales channels in house without giving them up to a distributor.

PUBLISHER → RETAILER

This model is not economical to most retailers whose margins would be reduced by the cost of doing direct business with each and every small publisher, including the cost of title setup, shipping, etc. This is often why a retailer will refer publishers to a list of wholesalers and distributors.