

Pros and Cons of Procuring Directly from Manufacturer vs Distributor

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If you compare today's market trends and ten years before, there are many new technologies and innovations that have taken place. The middle persons or in-betweens in the process of moving a product from point A to point B have been reduced and the internet has a major role in this case.

Furthermore, purchasing products or goods from manufacturers is called direct purchasing while buying products or goods from distributors is called indirect purchasing. Now, let's get into the advantages and disadvantages of buying products from manufacturers and distributors.

Gone all those days when manufacturers were dealing only with retailers and wholesalers to move their products to the consumer end. All thanks to the Internet, it has made things simpler and now, people can access product manufacturers more easily.

First of all, the most important fact is the manufacturer of a particular product is an expert. Furthermore, manufacturers go through every stage of design and production and thus, they know every detail and feature of a particular product. They provide the best advice for any customer who wants to make a purchase for their requirement. So, when you go to the manufacturer to buy a product, you seek specialized advice from them and a number of options from a large range of products.

Purchasing a product directly from the manufacturer means, you are eliminating the middle person i.e. retailer or wholesaler who buys products at a low price and adds extra margin while selling. Thus, you are avoiding those extra expenses by purchasing directly from the manufacturer.

Buying directly with the manufacturer, especially with Tier1 PV makers, needs significant spend levels in order to qualify as a customer. Typically BNEF Tier 1 PV manufacturers' minimum quantity order are around 250-500 KW (one 40Ft container), while "Tier2 manufacturers" might require much less.

Currently China dominate the lists of biggest global solar panel brands. In fact, more than 71% of the world's solar panels are made in China by 2019 according to Statista 's numbers. Therefore, "buying from manufacturers" essentially means getting shipments from China. A lot of so called "Non-Chinese brands" are mainly made in China as well, such as AE Solar (a German brand), Canadian Solar(a Canadian brand), Leapton Solar (a Japanese brand).

If the manufacturers go for distributor-based selling, then there are multiple sales channels that include wholesalers, retail stores, international dealers to reach a wider audience, and online shopping portals.

In addition, if the manufacturer wants other parties to sell products for them, then they go through the

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distribution-based selling by connecting with the dealers. Furthermore, most of the manufacturers have a close partnership with authorized dealers who can distribute their products in a wider market. However, the manufacturer and the distributor follow strict agreements on the conditions around pricing, targets, territory, stock holding/levels, etc.

Depending on the business and type of products, most of the manufacturers won't sell products in small quantities. So, it won't be possible for an individual consumer to buy directly from the manufacturer. In that case, you should go to the distributor (who purchases products in bulk) to buy the product you need. Here, you may get products at an affordable price but higher as compared to the price from the manufacturer. Although, some of the advantages of distributor-based purchasing are the same as that of direct purchasing, let's look into some of them.

Most of the manufacturers sell their products to the suppliers in large batches and if you are planning to buy a particular battery or solar products for your home application needs or small offices, then purchasing from manufacturers is not the right thing. In such cases, it is a clear advantage to buy solar products or batteries from the best distributors or suppliers in the market.

cialists in storing, building, marketing, selling, and delivering products to the customers. So, most of the manufacturers go in partnership with distributors and carefully manage their relationship.

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