

## A quick primer on the wholesale – retail distribution model

Many newspaper publishers are unfamiliar with the wholesale-retail distribution model because they handle the sales and delivery of subscribed and single copy sales internally. When intermediary firms are established in digital news sales, they employ variants of the wholesale – retail distribution model and provide services to multiple news organizations and allowing specialization in distribution infrastructure and processes and spreading the costs of operating the system among the news providers

In a wholesaling environment, wholesalers purchase products from producers and resell them to retailers, who ultimately resell them to customers. In the process wholesalers typically provide a range of services including warehousing, sales marketing and management, order fulfillment, and shipping. Retailers display the products and sell it directly to consumers. The wholesale-retail distribution model is common in many industries, including the magazine industry.

Because digital news distribution does not involve physical products, warehousing would not be part of the model, but would be replaced by content on the servers of wholesalers and retailers and retail shops are replaced by digital shops. It is possible for the news producer to operate its own retail shop in this arrangement.

In such an arrangement the model might be constructed in the following manner:

