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| **TEXAS CTE LESSON PLAN**[www.txcte.org](http://www.txcte.org) |
| **Lesson Identification and TEKS Addressed** |
| **Career Cluster** | Business Management and Administration |
| **Course Name** | Principles of Business, Marketing and Finance |
| **Lesson/Unit Title** | Wholesalers in a Private Enterprise System |
| **TEKS Student Expectations** | **130.132 (c) Knowledge and Skills**(7) The student classifies types of businesses that market goods and services:(E) The student is expected to identify examples of wholesalers; and(F) The student is expected to describe the role of wholesalers in a private enterprise system. |
| **Basic Direct Teach Lesson**(Includes Special Education Modifications/Accommodations and one English Language Proficiency Standards (ELPS) Strategy) |
| **Instructional Objectives** | **Performance Objective**Upon completion of this lesson, the student will explain the role of wholesalers in a private enterprise system.**Specific Objectives*** Describe the benefits that wholesalers provide to other members of a channel of distribution and to final consumers.
* Explain how the role of wholesalers is changing in an economy where many of their traditional retail customers prefer to deal directly with manufacturers.
* Explain the role of rack jobbers.
* Explain the role of drop shippers.
* Explain how mass merchandisers use specialized wholesalers to manage certain product lines they carry like health and beauty aids.
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| **Rationale** | A private enterprise system is characterized by competition, open markets, private ownership, and private initiative. The wholesalers in this type of system are the middle man and sell things in bulk to retailers. This lesson will explain the wholesalers’ important role in the private enterprise system, as well as the types of wholesalers available to retailers. |
| **Duration of Lesson** | 4 days |
| **Word Wall/Key Vocabulary***(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* | **Terms*** **Wholesaler** – distributor that moves goods from one business to another business
* **Wholesale member clubs** – businesses that offer a variety of consumer products to members through a warehouse outlet
* **Channel members** – the businesses that take part in a channel of distribution
* **Rack jobbers** -- wholesalers that manage inventory and merchandising for retailers by counting stock, filling it in when needed and maintaining store displays
* **Drop shippers** -- own the goods they sell but do not physically handle the actual products (drop shippers sell the goods to other businesses and have the producer ship the merchandise directly to the buyer
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| **Materials/Specialized Equipment Needed** | **Instructional Aids:*** Wholesale Franchise/Cooperative Research Assignment #1
* Wholesale Franchise/Cooperative Research Assignment #1 Rubric
* Develop a Sales Presentation Assignment #2
* Develop a Sales Presentation Assignment #2 Rubric
* Design a Display for a Wholesaler Assignment #3
* Design a Display for a Wholesaler Assignment #3 Rubric
* FUN FACTS DISPLAYED Assignment
* FUN FACTS Assignment Rubric
* Internet

**Materials Needed:*** Construction paper
* Scissors and glue
* Poster board
* Newspapers

**Equipment Needed*** Computers for students to complete projects
* Projector for PPT
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| **Anticipatory Set**(May include pre-assessment for prior knowledge) | 1. Ask students to write their definition for “wholesaler.” Then show a picture of three people in a row with the middle person highlighted. Explain how a wholesaler is a middleman.
2. Ask students to recall the last time that they visited a supermarket. Describe a display for soda, potato chips, etc. Explain how the display was set up by a wholesaler and how large supermarkets and other stores count on wholesalers for promotional details.
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| **Direct Instruction \*** | 1. The Need for Wholesaling
2. To Manage the Middle
	* 1. Numerous retailers
		2. Producers use wholesalers to reach all of the consumers in its target market
		3. Easier for a retailer to work with a wholesaler than numerous producers
	1. Benefits of Wholesaling
		1. Wholesalers provide important marketing services for the channels in which they participate
		2. Wholesalers may provide one or more of the needed marketing activities better or at a lower cost
		3. The wholesaler combines the orders of several small retailers and purchases in efficient quantities
		4. Manufacturers may not have adequate facilities to store the products until they can be sold to retailers
		5. Wholesalers specialize in storage and inventory management
	2. Wholesaling Activities
		1. Buying
		2. Selling
		3. Transporting
		4. Storing
		5. Financing
		6. Accumulating products of many manufacturers, developing appropriate assortments for their customers, and distributing the products to their customers
		7. Assisting manufacturers in determining needs of retailers and final consumers and providing market information to retailers
		8. Collecting and analyzing information on sales, costs, changes in demand, and inventory levels
		9. Purchasing products from producers and manufacturers and selling them to their customers
		10. Assuming risk by investing money in products that may be damaged or destroyed
	3. Types of Wholesalers
		1. Full-service wholesalers
			1. Take title to the products they sell
			2. Provide a full range of distribution activities
			3. Provide or arrange transportation services
			4. Offer credit
			5. Provide promotion assistance, product research, information, product installation and repair
		2. Limited-service wholesalers
			1. Many not provide services such as research, credit or promotional support
			2. Concentrate on one or two important functions such as warehousing and storage, product delivery, or accumulating products for sale in a convenient location
		3. Agents and brokers
			1. Independent businesses
			2. Provide specialized exchange functions such as locating suppliers, selling, financing, or arranging shipments
			3. Do not take title to products
			4. Work as an extension of the workforce of the manufacture or retailer
	4. Other Wholesaling Businesses
		1. Wholesale franchises and cooperatives—groups of small businesses that affiliate because of the benefit gained from cooperation in completing marketing and distribution activities
			1. IGA, FTD, Ace Hardware – examples
			2. Members gain benefits from purchasing larger quantities
		2. Wholesale member clubs—businesses that offer a variety of consumer products to members through a warehouse outlet
			1. Open to final consumers and businesses
			2. Sam’s Club and Costco
			3. Products displayed in large warehouses
			4. Limited product assortments are available in large quantities
			5. Customers must transport their purchased products
	5. Changing Role of Wholesalers
		1. Larger retailer may prefer working directly with producers
		2. More small- and medium-sized retailers and manufacturers than there are large businesses
		3. Access to markets
			1. Product awareness
			2. Export and import organization—important in building international business
			3. Better communications and information, improved technology, broader customer service
			4. Work to identify their customers and understand their needs
			5. Learn of the problems the customers are having with products and marketing activities and help them to solve those problems
	6. Specialized Services
		1. Marketing research and marketing information services
		2. Provide customers with important data
		3. Computer technology to process orders quickly
		4. New methods for storing and handling products to reduce product damage, the cost of distribution, and the time needed to get products from the manufacturer to the customers
		5. Adding customer services—marketing and promotional planning, 24-hour ordering and emergency deliveries, specialized storage facilities, and individualized branding and packaging services
 | Wholesalers provide merchandise to retailers in an efficient manner. Since wholesalers deal with larger quantities, prices for merchandise are reduced.Some wholesalers provide displays, promotions, and other conveniences to retailersWholesalers are aware of the latest merchandising trends and help retailers stay on top of the most popular items for consumers.Many wholesalers extend credit to retailers. They also have insurance to cover any possible damages to merchandise.Limited-service wholesalers may act as a storage facility until the retailer needs the merchandise. A convenient location may allow the wholesaler to make efficient delivers when merchandise is needed by the retailer.Some independent agents are hired by retailers to locate merchandise and provide smaller quantities when needed by retailers. Agents and brokers may work as representatives for manufacturers.When businesses form together as cooperatives, they have the advantages of buying power, promotion, distribution, and advertising.Sam’s Club and Costco are examples of clubs (organizations) that provide members with the benefit of lower prices.Some large businesses prefer to work directly with manufacturers. Cutting out the middle man saves companies money.Wholesalers are increasing the services they offer to retailers. One of the biggest benefits offered by wholesalers is reach and marketing information services.Emergency ordering and delivery are important benefits provided by today’s wholesalers. |
| *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*This lesson may be modified to accommodate your students with learning differences by referring to the files found on the Career & Technical Special Populations page of this website (http://cte.unt.edu/). |
| **Guided Practice \*** | Give students a list that contains the categories ofretail stores in sections C, D, and E. Then give students five minutes to write the name of a store for each category. This activity is a good ice breaker for the lesson about retailers. |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | 1. **Wholesale Franchise/Cooperative Research Assignment:** Ask students toidentify and conduct research on one wholesale franchise or cooperative. Then students must prepare a report that identifies when and how the franchise/cooperative was started, the reasons it was formed, how it has expanded and changed over the years, and future plans for the organization. A picture of the company’s logo should be included in the report.
2. **Develop a Sales Presentation Assignment:** Tell students that they are salesrepresentatives for a full-service merchant wholesaler. They are contacting a new restaurant owner who does not currently use a wholesaler. The owner purchases fresh foods from local growers and buys most other products and supplies from a local wholesale member club or online from other businesses. Prepare a three-minute sales presentation on the benefits to the owner when using your wholesale business for all purchases rather than the current practice.
3. **Design a Display for a Wholesaler Assignment:** Ask students to play the role of a wholesaler and design an in-store display for a soft drink, potato chips, or other type of snack food for the Super Bowl. Students will show their display in a class presentation. Students may also use a PowerPoint to describe the display provided by the wholesaler.
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| **Lesson Closure** | 1. What is a rack jobber?
2. A rack jobber maintains the inventory for a store.
3. Do wholesalers work with final consumers in any significant way?
4. They do not work with final consumers in any significant way; their role is to provide needed marketing functions between producers and businesses.
5. How is a full-service wholesaler different from a limited service wholesaler?
6. The full-service wholesaler takes title to the products they sell and provide a full range of distribution activities. The limited-service (specialized) wholesalers may not provide services such as research, credit, or promotional support; they concentrateon one or two important functions such as warehousing and storage, product delivery, or accumulating products for sale in a convenient location such as a produce or fresh fish market for supermarkets.
7. What are wholesale member clubs?
8. Wholesale member clubs are businesses that offer a variety of consumer productsto members through a warehouse outlet.
9. What types of benefits does a wholesaler provide to other members of a distribution channel?
10. Wholesalers are companies that assist with distribution activities between businesses. They provide marketing services and typical wholesaling activitiesinclude buying, selling, transporting, storing, and financing. They accumulate the products of many manufacturers, develop appropriate assortments for their customers, and distribute the products to them.

**Q**: What happens to the costs of distribution activities when a wholesaler is used tocomplete them?1. The costs of the activities are lower when a wholesaler is used.
2. Why have the number of wholesalers not decreased due to consolidation of businesses?
3. Wholesalers are still highly demanded by small- and medium-sized businesses. There are more small- and medium-sized businesses and manufacturers than large operations.

**FUN FACTS DISPLAYED**According to the 2002 U.S. Economic Census report, 435,521 U.S. wholesalers generated sales of more than $4.6 trillion dollars. At the same time, 1.1 million retail businesses reported total U.S. sales of just under $3.1 trillion. Wholesalers generated one-fifth of their total sales in foreign markets. Ask students to display this information in a visual format that is easy to comprehend. |
| **Summative / End of Lesson Assessment \*** | Assigned Rubrics will be used to assess assignments 1, 2, and 3 for Independent Practice, |
| **References/Resources/****Teacher Preparation** | **References:*** Intro to Business, Dlabay Burrow Klendl, South-Western Cengage Learning
* Introduction to Business, Brown Clow, Glencoe McGraw-Hill
* Marketing, Burrow, South-Western Cengage Learning
* Online Resources: globaledge.msu.edu, worldnetdaily.com/news/article
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| **Additional Required Components** |
| **English Language Proficiency Standards (ELPS) Strategies** | **English Knowledge and Skills****110.42(b)(6)(A) – Vocabulary Development**. . . expand vocabulary through wide reading, listening, and discussing**110.42(b)(6)(B) – Vocabulary Development**. . . rely on context to determine meanings of words and phrases such as figurative language, idioms, multiple meaning words, and technical vocabulary**110.42(b)(7)(F) – Reading/comprehension**. . . identify main ideas and their supporting details**110.42(b)(7)(G) – Reading/comprehension**. . . summarize texts**110.42(b)(7)(J) – Reading/comprehension**. . . read silently with comprehension for a sustained period of time |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** |
| **Reading Strategies** |  |
| **Quotes** |  |
| **Multimedia/Visual Strategy****Presentation Slides + One Additional Technology Connection** |  |
| **Graphic Organizers/Handout** |  |
| **Writing Strategies****Journal Entries + 1 Additional Writing Strategy** |  |
| **Communication****90 Second Speech Topics** |  |
| **Other Essential Lesson Components** |
| **Enrichment Activity**(e.g., homework assignment) | 1. Ask students to conduct research to determine a major wholesaler for a store where you frequently shop. Then design a one-page advertisement that tells producers what services are offered by the wholesaler.
2. Ask students to visit Costco or Sam’s Club or research the companies online. Then ask students to outline the mission of the store, merchandise selection, prices, and procedure for consumer membership.
3. Farmers frequently form wholesale cooperatives to jointly brand and market their products. Conduct research to learn more about farm cooperatives such as Sunkist and Land-O-Lakes. Write a one-page paper about the cooperative, its membership, and its functions.
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| **Family/Community Connection** |  |
| **CTSO connection(s)** | Business Professionals of AmericaFuture Business Leaders of America |
| **Service Learning Projects** |  |
| **Lesson Notes** |  |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)