

Wholesale & Retail – Distribution Channels

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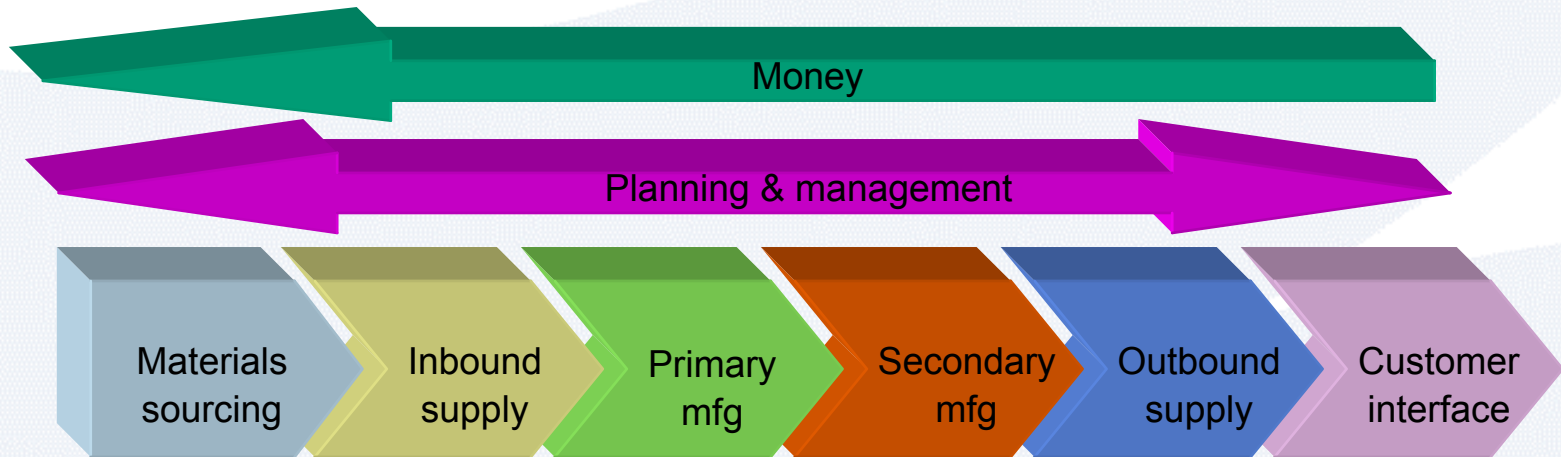


Today we will cover the following...

- What is the Supply Chain?
- What we mean by Distribution Channels and how they are related
- Threats and opportunities faced by Wholesalers & Retailers
- What it means for the future



What is the Supply Chain...



- A series of related process flows
 - From initial purchase through to consumption by the consumer.
 - Also known as the 'Purchase to Pay' cycle
- Impacts upon the entire business
- More than just the physical movement and storage of goods

So what are 'Distribution Channels'?

- Distribution channels are the way a product moves physically between suppliers and customers
- Each has it's own unique characteristics dependant upon
 - Characteristics/type of product
 - Ambient
 - Chilled
 - Frozen
 - Weight
 - Dimensions
 - Size of order
 - Range of products ordered
 - Delivery lead time expected
 - Frequency of delivery



Eg major manufacturers usually have three supply chains/distribution channels to market...

- Grocery Multiples
 - Large bulk deliveries to retailers own distribution network, or in some cases direct to store
- Wholesale
 - Large bulk deliveries direct to Wholesalers
- Impulse
 - Requires smaller more frequent deliveries direct to point of sale, usually small stores or kiosks
 - Usually undertaken on behalf of the manufacturers by an intermediary, eg a Wholesaler



Supply chain challenges depend upon your perspective...

- Customer
 - Range
 - Product availability
 - Cost
- Supplier
 - Range availability
 - Stock/inventory levels
 - Order complexity
 - Range complexity
 - Delivery
 - Cost



In both cases your competitive landscape is changing...

- Wholesalers...
 - Delivered vs Cash & Carry
 - Drop shipment eg Booker
 - Major multiples eg Tesco, Sainsbury, Co-op
 - Internet only wholesalers eg Blueheath
 - Buying groups eg NISA Today's, Landmark
- Retailers...
 - Buying/Symbol Groups
 - Major multiples eg Tesco, Sainsbury, Co-op
 - Growth of Forecourt retailers eg BP Connect
 - Home delivery eg Somerfield
 - Internet shopping eg Tesco, Amazon



If you are a Wholesaler this means...

- How to handle expansion of your product range or how to succeed as a niche specialist
- How to compete in the 'e space'
- How to handle the increased requirement for delivery
- How to handle 'drop shipment'
- The pros and cons of being in a 'Buying Group'



...or if you are a Retailer...

- Stock and range availability
- The pros and cons of 'Symbol Groups'
- Should you (home) deliver
- How to compete in the 'e space'



But don't forget the other supply chain flows...

- Information (Planning & Management)
 - Can we capture customer demand
 - Can we forecast customer demand
 - Gaining benefit through sharing this information up/down the supply chain (eg ECR = Efficient Consumer response)
 - Can we process information differently
- Financial
 - Can we work with our suppliers to lower our costs (eg FGP = Factory Gate Pricing)
 - How do we obtain better terms (eg Strategic Sourcing)
 - Impacts upon cash flow



Thank you – any questions?

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