

ROUTE TO MARKET STRATEGY FOR RECOMMENDATIONS ON THE RIGHT SERVICE MODEL TO SERVE THE PUPS FOR THE E-COMMERCE BUSINESS

For a largest FMCG companies in the world



ABOUT THE CLIENT

Client is one of the largest FMCG companies in the world with products including food and beverages, cleaning agents, beauty products and personal care products

CHALLENGE

Client currently uses distributors to replenish PUPs for e-com sales. The inventory is owned by the client and invoiced after customer sale. Inventory holding and distribution costs are borne by the client to distributors and PUPs. There is a need to ensure high availability at PUPs by avoiding Out of Stocks at PUPs. Also, there is a need to reduce the cost of servicing the PUPs by evaluating 3PL vs Distributors. The main objective is to identify the right service model to help improve customer service level by increasing product availability while optimizing cost to serve. Also, develop a repeatable framework (combination of process, framework and tool) to select the best service model

APPROACH

To address this, the team at Tredence developed analytically robust data models with the following specifications:

- Process study through stakeholder interviews, discussions with Warehouse, Distributor and 3PL operators

- Identifying several service models and evaluating them on cost to serve, service level availability, scalability, complexity etc.
 - Concessionaire stocking and delivery
 - Concessionaire stocking, 3PL delivery
 - Direct to PUP 3PL service
 - 3PL delivery from 3PL stock point
- Growth modelling to understand different scenarios when the markets mature and expand
- Cost to serve scenario simulations with respect to different levers – order volume, additional PUPs, distance from supply locations, routes per week etc.

KEY BENEFITS

- ✓ *Data backed repeatable decision framework for evaluating different service models across entire Europe*

RESULTS

- Tool to evaluate different scenarios and costs to identify the right service model