



2440 Enterprise Drive
Mendota Heights, MN 55120
800-807-1747
www.centrekds.com

Centrek Distribution Services



Retail Distribution Case Study

Sweetening the Life
Of a Premium Confectionary Company

August 2005

By Clif Krause
National Sales Manager

Retail Distribution Case Study

Point of Purchase Display Distribution, 2005

Introduction

The client in this study is a well-known premium chocolatier headquartered in New York City. It markets product in some 400 boutique stores in the U.S. and by means of point of purchase displays placed in more than 1,000 department and specialty stores throughout the United States, and through catalog and online sales as well.

The client updates its displays with its biggest domestic retail partners annually, and distributes new displays in a narrow time frame. The client works with its contracted manufacturing company to produce displays.

Originally a Belgian confectionary company now owned by a worldwide soup company, the client has expanded its product line here and throughout the world to include candy, coffee, cookies, ice cream, and liqueurs in its outlets.

Scope

The distribution took place in the late summer of 2005. The client needed to replace its displays in some 715 retail stores throughout the U.S. A similar move was performed in 2004 with disappointing results. The displays were delivered at random times, without warning and were often damaged. The store managers and customer were then required to manage the returns of damaged product and the client scrambled to manage replacement inventories. When they were delivered intact the store managers were required to move the display from the stock room and complete its assembly.

This client's needs presented several challenges:

- 1.) To coordinate the pick-up with the manufacturer so deliveries could be consolidated based on market penetration;
- 2.) To distribute POP displays to 715 locations;
- 3.) To ensure the stores were ready to accept the display and to assemble it in the designated store area.
- 4.) The distribution was further complicated by the client's need for Centrek to pick up existing displays and to deliver them to the client's second-tier wholesale customers. Many of the delivery locations were hindered by a lack of receiving docks.

The distribution consisted of 233,800 lbs. of freight on 700 pallets. During the three-week distribution period, 18 truckloads were staged, 700 orders were delivered on an average of 235 per week representing 78,490 lbs. each.

Process

Centrek's project team, led by a dedicated account manager, included IT support personnel, customer service representatives, operations personnel, and the client's sales representative. This team immediately began working with the client's merchandising teams and its display manufacturer to ensure that freight was tendered by market to build consolidations. While the freight was in transit, Centrek's operations team members completed pre-delivery scheduling calls three days prior to anticipated delivery to ensure that floor space was available in each retail location, and to provide each with a 4-hour delivery window. During these calls, Centrek's personnel were able to identify and preempt any barriers to successful delivery.

Centrek's account manager and customer service representatives assumed responsibility for tracking and tracing the product throughout the transportation period and to successful completion of delivery to stores. Centrek's web-integrated and proprietary application Clarity™ performed flawlessly throughout the distribution period, and provided supply chain visibility as well as access to custody documentation, and a variety of customizable reports.

With delivery times established, Centrek executed the delivery schedules, set up displays on the store floor, and removed packing debris. Existing displays were removed from the store and taken directly to the new store location the same day. The distribution started Aug. 3, 2005 when full truckloads of displays were picked up daily at the manufacturer's site in Sheboygan, WI. The last trailer load was picked up on Aug. 23, 2005

Trucks arrived in the retail destination markets within 72 hours of pick-up with final delivery and set at the retail store within 48 hours of arrival in the market.

Outcome

Centrek successfully delivered to stores 99.78 percent on time and within agreed-upon requirements. The remaining anomalies were attributed to:

1. Status of remodel at store and inability to take possession
2. Improper loading
3. Routing error

The client's budget requirements were met and the freight was delivered with speed, accuracy and attention to detail within six days of pick-up. The client had complete supply chain visibility throughout the distribution and achieved its dual goals of deployment of new displays and the redeployment of existing displays with virtually no disruption to its revenue streams.