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Centrek Distribution Services



Retail Distribution Case Study

Designing a Fresh Approach

For an International Paint Company

August-September 2005

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Point of Purchase Display Distribution, 2005

Introduction

The Cleveland, OH-based client is the second largest manufacturer of coatings in the world, and the largest in the United States, producing paints, finishes, coatings, applicators, and varnishes sold under a variety of recognized brand names. Although it has enjoyed continuous growth over the past 26 years, both through organic strength and by acquisition, it is also faced with significantly rising material costs pressuring its margins. In 2004, the client added 295 new stores to its North American holdings, bringing it to a total of 2,983 stores in the U.S.

The company continues a long-time focus on its consumer segment by building market share, expanding distribution, and growing category demand through product innovation and capitalizing on its brand strength. A roll-out of two new point of purchase displays to hundreds of its stores in 2005 was a strategic part of its ongoing marketing efforts, and the client engaged Centrek Distribution Services to manage the job.

Previously, the client had employed regional LTL general goods carriers to manage these critical and timely distributions. The challenge of coordinating drop shipment pick-ups, operating under time sensitive ship windows, and the needs driven by specialized delivery requirements became too complex and resulted in inconsistent transit time and significant product damage or loss.

The client demanded a new distribution model that would more effectively manage its new kiosk retail roll-out.

Scope

The distribution took place in the August 2005. The client needed 94 displays picked up in two days, and drop shipped to 28 states in six days on air ride trucks. Two different display types complicated the distribution, as did the variety of service levels demanded by local needs. Some displays required inside delivery with set up and others were dock deliveries. Additionally 306 displays required pick up at the manufacturers and secure warehousing for later distribution.

Because of the intense pressure on its margins, the client demanded minimal disruption in its store sales throughout the distribution and inside set up. The distribution encompassed 94 palletized shipments, 57,152 lbs. total weight in four truckloads. This part of the project took place on Aug. 29-30, 2005. The second wave fulfillment kiosks were picked up Sept. 6 – 14 at the manufacturer's site in Chicago, and totaled 13 truckloads with 312 kiosks weighing 244,296 lbs total. Orders were fulfilled at 15 per week.

Process

Centrek's project team was led by an account manager to ensure that all the requirements of a pre-defined Statement of Work were fulfilled. Critical members of the team included customer service representatives, operations and IT personnel, and the client's sales representative. Working jointly with the client, this team designed a customized distribution program that included pre-delivery scheduling calls to store managers to ensure that floor space was available at the right time. These calls were made 48 hours prior to a 4-hour delivery window set by the store and confirmed by Centrek, and further helped preempt any obstacles to efficient and safe delivery. Calls were made while the freight was in-transit to maximize timeliness of delivery.

Centrek's web-based application Clarity™ gave the client's project team immediate access to warehoused inventories, a wide variety of reporting levels, in-transit visibility, and delivery documentation. Centrek's IT team member created e-mail workgroups to expedite communications directly to project managers. The client enjoyed the flexibility of being able to place shipment orders electronically either directly from the manufacturer or from Centrek's warehouse.

Damage that occurred with the client's previous LTL carrier has been virtually eliminated. (Two displays received minor damage during the Centrek distribution or a damage rate of .011%). Displays were set and packing materials were removed immediately and discretely.

Outcome

The roll-out is complete and the inventory was fulfilled at the rate of 15 shipments per week. Centrek successfully delivered to stores 99.83 percent on time and within agreed-upon requirements. The remaining anomalies were attributed to:

1. Product loaded erroneously by line-haul carrier
2. Routing error

The successful roll-out of the new point of purchase displays eliminated the confusion and damage of earlier distributions, and minimized disruption to store customer traffic through careful planning, staying within the client's strict budget requirements. Faster transit time has enabled the client to continue to meet delivery time commitments to their customers even though production schedules have run behind at the manufacturer.