

Discussion on the Problems in Distribution Management of Tehuier Supermarket and the Countermeasures

Shijun Yuan

Hunan Modern Logistics College
Changsha, China

Abstract—Based on the status quo of Tehuier Supermarket, this paper points out the problems in distribution management of the supermarket, analyzes the causes, and proposes countermeasures for enhancing solving the problems and eventually gets conclusions. Logistics distribution is the key to realizing scale benefit of chain operation. How to improve the operation efficiency of chain enterprise and reducing the cost on logistics distribution of chain enterprise are important issues in urgent need of being solved in the development of chain enterprises in China.

Keywords—supermarket; distribution management; problem; countermeasures

I. INTRODUCTION

Established in May 2000, Liuyang Tehuier Supermarket Co., Ltd. is a food and beverage enterprise as approved by and registered to relevant departments of China, engaging in foods, fresh foods, home appliances, knitted and cotton goods, small articles of daily use, and so on, and having 6 direct-sale stores with a total area of about 16,000 square meters, 76 franchise stores in many villages and towns, and one distribution center with an area of more than 2,000 square meters. Over recent ten years of hard work and constant growth and development, the supermarket has already had nearly 1,000 employees and 100 million fixed assets. It can be called a leading enterprise among supermarkets in Liuyang City.

II. DISTRIBUTION MODE OF TEHUIER SUPERMARKET

The logistics distribution mode of Liuyang Tehuier Supermarket (hereinafter referred to as the supermarket) is mainly based on self-operation mode. Due to the underdeveloped regional logistics, it is difficult to realize third-party distribution; hence, a distribution mode focusing on self-operation mode emerges. The only self-built distribution center facilitates its self-operation logistics distribution. The supermarket's distribution center mainly provides distribution service for stores of the supermarket itself. The distribution work flow can be roughly summarized as follows: first, the store inputs relevant sales and inventory information into computer and issues the order for replenishment to the distribution center for processing the

order; then, the distribution center picks, ships, and delivers goods to the store in accordance with the processed order; next, if the existing inventory in the distribution center is insufficient or the current inventory quantity may affect the safe inventory, the distribution center will notify the supplier for replenishment. The distributed goods mainly include foods, fresh goods, home appliances, knitted and cotton goods, small articles of daily use, and so on. The distribution frequency of fresh foods is relatively high. Compared with fresh foods, small articles of daily use have not very large demand for replenishment and thus generally only a small amount of inventory is reserved.

III. STATUS QUO OF THE DISTRIBUTION MANAGEMENT OF THE SUPERMARKET AND THE PROBLEMS EXISTING IN IT

A. Status Quo of Logistics Distribution of the Supermarket

1) *Organizational framework of distribution center of the supermarket*: The distribution organizational framework of the supermarket is mainly based on a pyramid organization mode, namely a straight line functional system. It is divided into levels according to the basic functions of distribution. Under this mode, the lower level is responsible to the superior level, and the superior level directly supervises the lower level. All activities in the distribution center under the charge of the manager of the distribution center, such as ordering, inventory, storage, transportation, distribution and customer service.

2) *Distribution work flow of the supermarket*: The distribution work flow of the supermarket mainly involves three operating points: store, distribution center, and supplier. Firstly, the store needs to send out-of-stock information to the distribution center; then the distribution center will process the order according to the information, then sort out and load goods on vehicle, and deliver to the store. In daily work, the distribution center mainly needs to do works such as purchase, storage, inventory, simple circulation of the special supermarket distribution center mainly includes purchase, storage, inventory, simple distribution processing and procurement work.

3) *Distribution method and volume selection of the supermarket*: The distribution method of the supermarket is mainly based on the self-operation, supplemented by outsourcing. In daily procurement, goods are mainly delivered directly by the supplier to the distribution center for further distribution to each store as required.

Basically, the distribution volume of the supermarket mainly depends on sales volume of its stores. A large amount of distribution volume will be needed if the sales volume of the supermarket is large; in the same way, for its brand store with a little poor sales performance, the distribution volume will be relatively less. But basically, there is not that large difference in the distribution volumes.

B. Problems Existing in Logistics Distribution of the Supermarket and the Causes

1) *Organizational framework of the supermarket is not complete enough*: On the organization framework of the supermarket, there are four departments such as ordering, inventory, transportation and distribution. Obviously, there is lack of a professional information processing department. The reason may be that each department has its simple information processing system, so information processing department is not specially set on the organizational framework. In fact, a professional information processing department is very important for a company. It not only collects a variety of information on procurement, distribution, inventory, and other information of the company, but also plays a very important role for the company in making prediction and decision. Many distribution centers in the field have established their own database systems, and even are provided with database officers to make analysis on various data. As the distribution center of the Tehuier supermarket, it is also necessary to establish its own professional information system and make professional data analysis, to facilitate establishing safe inventory for the distribution center.

In addition, logistics information of the supermarket is lack of dynamics. The distribution center may not timely change the inventory data when the inventory is changed, so that the supermarket only reports the virtual inventory when purchasing, while the actual inventory has already been insufficient. There is lack of information processing procedure in aspect of order processing.

Computer application in the supermarket is only limited to the distribution center's business and transaction management. The distribution route planning for transport vehicles, the control of optimal inventory, and the logistics cost control of the distribution center have not yet been incorporated into the management by computer. The application of computer is merely in the initial stage so that the center is less modernized.

2) *There is lack of return information processing in the supermarket's distribution work flow*: The value of reverse logistics to the enterprise is neglected in the distribution work flow of the supermarket. In the process of distribution,

it will inevitably cause damage difference to goods either in outer packaging or the good itself. From the point of the supermarket, the goods that are damaged on outer packaging in the distribution process but do not have any quality problem may be sold through sales promotion in the supermarket. However, for the goods having quality problems, the supermarket may not timely send the return information to the distribution center, so that the economic benefit of reverse logistics to the enterprise is greatly reduced.

In the supermarket, some goods are overstocked, which is caused either for reason that those goods haven't been sold out or for reason that consumers returned them unconditionally. But, wherever these goods are placed, they will cause great loss and waste, and even cause social problems! In order to help supervising the supermarket to solve practical problems, the supermarket has the obligation to transport those goods back to the distribution center for re-inspection, or the distribution center may inform the supplier of the information on the concerned goods for recycling and disposing the goods.

The supermarket should enhance the attention to reverse logistics in making business decision. When making business decision and setting objectives, the supermarket should not only care about how to sell the goods out, but also pay equal attention to possible reverse logistics. The first purpose is to be responsible for consumers; timely recovering unqualified, defective or problematic goods can relieve the burden of consumers, reduce social problems, and improve the credit standing of the supermarket. The second purpose is to recycle usable resources; getting idle or discarded raw materials recycled can reduce the cost of the supermarket and increase the benefit of the supermarket.

3) *The unified distribution of the supermarket is not efficient*: The supermarket has not that large distribution volume, and the distribution frequency is once a week. Obviously, this volume of distribution is less than that distributed once a month. The supermarket's distribution is very frequent, almost once a week. Especially for fresh goods, some of them are distributed nearly once a day, causing low distribution efficiency and increased cost. Moreover, the regional logistics is underdeveloped, resulting in imperfect third-party distribution. Tehuier supermarket is located in Liuyang City where the development planning for logistics park is lagged behind. Up to now, Liuyang has not yet had a complete logistics park. The logistics enterprises are separated and scattered, and centered on themselves respectively. Therefore, the solution of distribution by means of third-party logistics can just be on paper. The only path is to enhance its own logistics distribution management. If necessary, it is possible to establish a cooperative relationship with private distribution vehicle operators to provide reasonable distribution service. However, distribution by private vehicles has too high risk to be taken into consideration in general.

IV. COUNTERMEASURES FOR ENHANCING THE SUPERMARKET'S LOGISTICS MANAGEMENT

A. *Optimizing the Organizational Framework of the Supermarket*

Information processing department can be added into the original organizational framework of the supermarket to perfect the framework. Meanwhile, at the initial stage of the setting of information processing department, the department should strengthen the organizational management on personnel, and introduce as many professional and technical talents as possible. In order to optimize the organizational framework, the top management level's support is essential. The company's chairman of the board and general manager must attach great importance to project implementation and performance evaluation. There are several advantages in doing this: first, it helps to coordinate and integrate various resources of the company; secondly, it helps to find and correct problems in time. Moreover, with the participation of higher management level, the executive power is often high; in the end, it helps to enhance employees' sense of responsibility and urgency. At the beginning of the construction of the new department in the distribution center, a sound and effective management system for the department can urge the department set up a good working order, ensure the implementation of each decision, maintain the information safety, promote the rationality and normative nature of each activity, enhance organizational concept, and put to an end unhealthy trends, with orientation to the established goals.

B. *Optimizing the Distribution Work Flow of the Supermarket*

The logistics return process can be added in the supermarket's distribution work flow chart to form the following work flow of return: the store reports the information of damaged goods to the distribution center for re-inspection; if qualified, the distribution center should put the goods into inventory, re-sort and distribute goods of the like; if disqualified, the distribution center should report the information to the supplier for disposing the goods. The distribution work flow can be roughly summarized as follows: first, the store inputs relevant sales and inventory information into computer and issues the order for replenishment to the distribution center for processing the order; then, the distribution center picks, ships, and delivers goods to the store in accordance with the processed order; next, if the existing inventory in the distribution center is insufficient or the current inventory quantity may affect the safe inventory, the distribution center should notify the supplier for replenishment; further, while placing the order, the store should bring the defective products and return information to the distribution center for storing and re-testing the defective products; if qualified, the products should be warehoused; if disqualified, the distribution center should report to the supplier for return.

C. *Improving the Distribution Efficiency of the Supermarket, Reducing the Operation Parts in the Distribution, Improving the Loading Rate of Vehicle, Optimizing the Logistics Distribution Mode, and Designing a Reasonable Distribution Network*

The supermarket can introduce a small number of private vehicles on the basis of the original self-operation vehicles to reduce the idling rate of vehicles in the distribution. In particular, the two stores in Xintian County and Jiangyong County are scattered, and thus can be distributed by private vehicles. Goods having many varieties and single category can be distributed by an entire vehicle regularly or distributed according to the sales volume. The distribution center needs to pose reasonable control of the vehicle loading rate to maximize the transportation efficiency, reduce transportation cost and improve the economic efficiency of terminal logistics.

In addition, the distribution center should formulate major schedule and on this basis set up daily transportation schedule as per the requirement of each store, the main schedule according to the needs of each store, carry out daily transportation arrangements according to the main schedule, verify the actual distribution volume of each route, and then re-schedule the distribution route to formulate the off-season and peak season distribution routes and emergency distribution plan. Taking Liuyang River as the boundary, among the six direct-sale stores of the supermarket, three of them are located in the west of the River, two of them in the east of the River, and the remained one is Xintian store a little far away from the River. The three stores in the west of the River lie in prosperous downtown of Liuyang City; especially the main store near Xiaoxiang Pedestrian Street and Huangnijing Vegetable Market is crowded, with large daily sale volume; therefore, its distribution is also relatively large in volume and thus should be given the priority of distribution. The sales of the two stores in the east of the River are similar, so the priority of distribution should be given to the store nearby the distribution center. As for Xintian store, it can be distributed separately and regularly and the distribution frequency may not be once a week, but be determined over a statistic forecasting and analysis on the sales volume.

V. CONCLUSION

In order to strengthen the core competitiveness of chain enterprise, the enterprise should carry out professional management on chain logistics, and establish a distribution center to conduct unified management on the procurement, storage, transportation, distribution and information. This approach is of very important function for the enterprise to reduce cost, improve efficiency and better meet customer's demands.

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