

4. Sea: This is a slow but economical method of transportation. However, delays may occur while waiting for suitable sailing conditions and consideration needs to be given to the time needed to load and unload goods.

Considerations when choosing which method to use

Businesses rely on transportation to receive goods from their suppliers as well as deliver orders to their customers. The type of transport your business uses will depend on a number of factors:

- The products you sell (eg perishables or non-perishables). For example, milk will have to be distributed to the consumer significantly quicker than clothing. This is due to its low shelf life.
- Supplier production lead times
- Product availability
- Customer lead times
- Source of supply (eg UK or abroad). If someone in the UK purchases clothing online which is due to come from China, it is likely that this clothing will be distributed by sea or air rather than road or rail. The source of supply is very important when considering the most appropriate method of distribution.
- Customs and Excise rules (eg duty or quarantine)
- Volume. This is the number of products being sold which may influence the method of distribution. If a product is bought in bulk, it will have to be distributed in a different way than a product being bought singly. For example, products bought in bulk typically are stored in large boxes or crates.

You can use one method for all your transportation needs or a combination. For example, a product could be delivered by road, followed by sea and finally delivered by road again.

Part 2 of Task 2

- b) Your report should now go on to compare the distribution channels used for 2 contrasting products (a locally-sourced food product and clothing made in a Far Eastern country). (M2)

This section of your report must also address:

- i. Product requirements
- ii. Lead times
- iii. Responsiveness of the distribution chain to consumer demand
- iv. Currency (being up to date/having fresh food)

Clothing; There are regulations in place to ensure the people who manufacture the clothing are being paid a fair wage. The clothing should be labelled with information such as washing temperatures and the materials in which the jeans are made from. The clothing will be made to particular sizes depending on what the demand is. The colour and type of clothing also has to be considered. The consumer – no matter where they may be in the world – should know everything about the clothing they purchase.

Lead Times

There is a supply chain from when the customer order received to the moment the order is delivered. This is divided into five lead times.

1. **Order Lead Time**; Time from customer order received to customer order delivered. For the milk this will could be within 24 hours. For the clothing however, it could take up to 2 weeks.
2. **Order Handling Time**; Time from customer order received to sales order created. For the milk this will be almost instantly and for the clothing in China it could take a few hours for the order to be created. ICT has helped speed up this process significantly.
3. **Manufacturing Lead Time**; Time from sales order created to product finished (ready for delivery). For the milk this lead time could take a day to get the milk in a carton and ready for delivery. However, for the clothing it could take at least a week before they are manufactured.
4. **Production Lead Time**; Time from start of physical production of first submodule/part to production finished (ready for delivery). For the milk it has to be sent through a machine, cleaned and bottled which could take a couple hours to get the milk ready for delivery. The clothing could take a couple days to be manufactured.
5. **Delivery Lead Time**; Time from production finished to customer order delivered. This could be instantly if the consumer decides to pick up the milk from the farm or if they want it delivered it could take a couple hours. The clothes could take around a week to be delivered from China, especially if the customer is on the other side of the world.

Responsiveness of the distribution chain to consumer demand

- Number of employees; a company such should have a number of staff which help the business run efficiently and effectively. However, too many staff can be detrimental to any business. Regular check ups on the number of staff in an organisation should be carried out to ensure the business doesn't have extra expenses which it doesn't need.

- Storage; when a product is being distributed, it should be stored safely and securely. The storage should be suitable with sufficient space. Businesses could add cameras on their products which are being distributed which adds to extra security. Storage at the warehouse should also be fit for purpose. There should be space for lorries to come in and collect the products: sufficient accessibility and loading bays should be available.



- Currency; products can cross between different products as they are being distributed. This involves different currencies. For example, milk can be manufactured in Northern Ireland with a consumer in the South of Ireland. The milk then has to travel across the border, changing currencies. The exchange rate can change which has an affect on both the supplier and consumer. Suppliers in the North could be getting better prices for their milk if the exchange rate works in their favour. However, if it works against them, the exchange rate could mean that profits could actually decrease.

Structure of the retail industry

The retail sector in the UK involves spending by consumers both in shop and online. The retail sector is made up of the wholesale sector which supplies the shops consumers go to for goods and services. In March 2015, UK consumers spent around £34 billion. The most was spent in the retail sector, online and in shops. The remainder was spent in food stores, on things like fuel and in market stores. The retail sector in the UK has come under significant pressure in recent years in many ways including small shops being shut down with the growth of supermarkets, online retailing and the most recent recession which started to have its first effects in 2008.

Retailing is more complex than just the word itself. There are so many different types of retail. Some are basic, others are extremely sophisticated. Some of the different types of ownership in retail include independent retailing, multiple retailing, voluntary retailing and franchises. Retail has changed significantly over the years, from the very first supermarket