



UPS Supply Chain SolutionsSM

case study

Premium Beer Promoter Taps Process Improvements

A U.S. importer of a premium beer promotes the brand through a range of marketing and incentive products. The importer asked UPS Supply Chain Solutions' consulting services team to analyze the production and delivery cycle of the products and recommend ways to boost efficiencies.

Client Challenge

The importer produces and distributes promotional products to beer distributors throughout the United States to support sales and marketing of the premium beer brand. The products include small giveaways; materials for retail displays; high-end sports and electronics items; and seasonally themed merchandise.

Distributors were requesting shorter lead times and better price points on many of these products, in line with those for mass-produced domestic beers. A key challenge for the company was to satisfy the distributors while keeping the quality of the promotional products high to reflect the premium brand of the imported brew. The company called on the experts at UPS Supply Chain Solutions to find ways to streamline operations and deliver savings without sacrificing quality.

Our Solution

UPS Supply Chain Solutions reviewed the company's design, production and distribution cycle and found that the process was highly decentralized. The company contracted a creative agency to design the promotional products. The agency then handed off the designs to suppliers for order fulfillment. Purchase orders were handled manually by the agency along with follow-up phone calls to the suppliers. A third-party warehouse and distribution facility received the products from the suppliers. The disconnection between the agency, the warehouse and the company made complications difficult to resolve, leading to unnecessary delays and expenses.

Our team helped the company select a new third-party warehouse facility able to take on the procurement responsibilities in addition to the distribution. The warehouse facility is better equipped than the agency to execute purchase orders. The consolidation makes it easier to monitor orders and quickly troubleshoot any problems that arise.

Premium Beer Importer & Distributor

GEOGRAPHIC AREA SERVED

United States

CHALLENGE

Improve efficiencies in the production and delivery of promotional products for a premium beer label while maintaining their standards for high quality.

SOLUTION

Centralize and simplify the planning and ordering process for the products and outsource high-end items to suppliers who can ship directly to customers.

RESULTS

- Raised accuracy and on-time delivery rates of shipments to 99.9 percent
- Lowered distribution costs nearly 15 percent
- Improved product price points by 4 to 20 percent
- Reduced waste and redundancies throughout the system

We also conducted focus group interviews with retail beer distributors and learned that simplicity and effectiveness were the most important factors to them when it came to point-of-purchase promotional materials. While the company strove to produce 20 new and highly creative displays each year, the distributors related that they preferred displays with proven results that were easy to transport and install.

We recommended that the company create just five new displays each year and make the others variations of previous displays that brought good results. This strategy satisfied the distributors while also shortening the production cycles.

High-ticket items used for sales incentives, such as golf clubs, golf bags and electronics, presented another challenge to the company. In the previous system, the company ordered these items a few times a year in bulk and then briefly stored them in the warehouse facility before fulfilling orders from distributors made several months previously.

UPS Supply Chain Solutions helped the company find suppliers that could ship many of these high-ticket items directly to distributors on an ad-hoc basis. Now when a distributor orders a high-ticket item from the company web site, the company forwards the order to the supplier. The supplier brands the item with the premium beer name and ships it to the distributor. The items arrive within two to three weeks instead of months.

UPS Supply Chain Solutions helped the company tighten up the ordering and production cycles, lowering distribution costs by about 15 percent, while raising the accuracy and on-time delivery rates of shipments to 99.9 percent. The company both reduced costs and improved service to distributors, who are pleased with the more timely delivery of promotional products at prices 4 to 20 percent lower than previous rates.

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For more information please contact us
1.800.742.5727 U.S.
1.678.746.4365 International
Visit us at ups-scs.com

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