



How the appliance of exceptional data science transformed the business strategy decision-making for a leader in UK wholesale distribution



UK's leading sales, marketing and distribution company of magazines, working with some of the world's largest media organisations.

OVERVIEW

55,000	Retailers
500+	Publishing brands
14	Wholesaler hubs
300m+	Lines of data analysed
3	Alternatives scoped

THE CHALLENGE

As print media sales have declined across the whole industry, financial pressure was felt on various links, including distributors like Marketforce. In order to tackle the status quo, the challenges lie in a firm grasp of the real logistical and operational costs, based on understanding of data and forces at play. The aim: to deliver detailed, robust review of the retail supply chain by analysing the real costs and cost drivers; then to scope alternative options, identify efficiency savings and develop a future-proof supplier management strategy.

THE SOLUTION

Baseline: completed a forensic analysis of 500 brands and 55K retailers, utilising 4 years worth of data. Mapped current state performance and established cost drivers for all services.

Wholesaler Review: assessed commercial performance for publishers, retailers and wholesalers, by territory, and identified profitability, supply and ranging issues. Cost models were developed for all services, identifying 'should cost' estimates.

Opportunity Assessment: alternative supply chain options from logistics and fulfilment operators, publisher collaborations and retailers were operationally assessed and costed.

Strategy Development: supply chain strategy was developed, which included risk management and wholesaler negotiation plans, outlining the engagement approach.

FULL SUPPLY CHAIN ANALYSIS

- Review the current supply chain to allow Marketforce to understand the true cost of magazine distribution
- Complete end-to-end review of the distribution supply chain
- Identify the key cost areas
- Review the cost areas to identify what and who is driving the cost
- Benchmark costs against market and alternatives models



It was clear from our initial conversations that Vendigital were able to deliver on this project in terms of understanding the business issues and having the data science capability to resolve them. It was critical that we extracted maximum insight from the vast amount of information we hold, so we needed a partner that could ask the right questions of the data and turn that into a figure that made sense to the business, informing our wholesaler discussions and our consideration of entirely different distribution options.

We needed to disrupt our thinking about the existing supply chain with the aim of building something new and potentially more cost-effective. Vendigital had the technology skills to enable that to happen and we now have a new filter through which we can analyse the financial basis of our current wholesale relationships and explore entirely new ones.

Adrian Hughes, Group Managing Director, Marketforce



Driving insights from big data to aid business decision-making is both challenging and rewarding. It takes no fewer than three core elements to succeed – technological expertise, market understanding, and close collaboration with client teams. The results gave the client a unique advantage among competitors, as well as additional bargaining power in a duopoly environment. Such benefits are not only applicable to magazine distribution businesses, of course. For any business looking for additional opportunities to explore, try making big data pay.

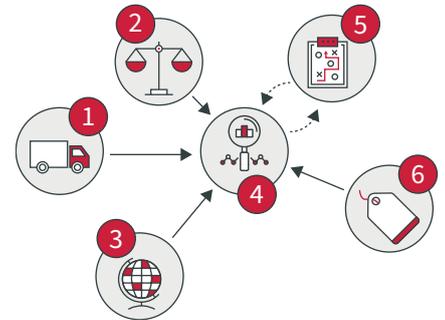
Simon Woodcock, Director, Vendigital

THE SOLUTION (CONTINUED)



SHOULD COST MODELLING

- 1. Driver/Vehicle Cost:** Market based hourly cost and cost per mile
- 2. Estimated Weights:** Estimate weights per retailer
- 3. Location Mapping:** Map all required locations for the route
- 4. Route Cost Modelling:** Algorithms used to create routes
- 5. Alternative Models:** Review alternative routes to market
- 6. Distribution Should Cost:** Output a cost per route for distribution and a combined cost illustrating the cost per wholesaler



THE RESULTS

- Process simplification, removing unprofitable activities and specifying core service requirements of future operating model
- Negotiation capability built through skills transfer, introduction of planning tools and providing a detailed understanding of the cost base
- Introduction of Supplier Relationship Management methodology and Data Visualisation Dashboards improve wholesaler performance and drive efficiency