



Scale Your Business With The Right Distribution Model

RETAIL CONSOLIDATION VS. DISTRIBUTOR

For CPG suppliers, there are several common distribution models to consider when it comes to getting your product onto retail shelves. The first, and most popular for smaller suppliers, is to select a distributor that purchases your product and sells directly to its retailer partners. Second is to invest in your own infrastructure and manage your supply chain through an internal logistics department. And the third model – Retail Consolidation – gives suppliers **ultimate control while putting the hassles of distribution in the hands of retail logistics experts.**

Finding the right way to reach customers is a pivotal decision for your business, especially in the early stages.

What you choose determines how your products are handled, the speed with which they are delivered, and how successful you are at getting your goods to store shelves and into consumers' carts. Ensure your product distribution strategy drives business growth, increases sales and accelerates supply chain optimization.

THE DISTRIBUTOR MODEL: A STARTING POINT FOR SMALLER SUPPLIERS

Through this traditional model, a distributor buys product from a supplier, which gives them exclusive rights to sell that product directly to retailers. This model – while expensive – is most suitable for early-phase suppliers looking to leverage a distributor's established retailer relationship until they are able to develop their own. Suppliers could consider it a sales and marketing expense since they are utilizing the distributor's services for precisely that.

Often, suppliers are apprehensive to move out of the distributor model because they don't have the internal logistics infrastructure needed to manage their own retail supply chain. **However, this model is not scalable. This is because suppliers compete for shelf space a distributor already has contracted with the retailer – not the entire shelf or category space.** Suppliers also don't have visibility into things like consumer behavior trends and product data because that information is owned by the distributor. **Once a supplier reaches a high enough volume and has achieved proof of concept, that is the tipping point for a supplier to explore a direct relationship with retailers and engage a retail logistics expert to handle product distribution.**

Limitations of a Distribution Model

No Ability
to Scale

Lose 20%-30% due to Fees
and Unsold Product

Lack of
Visibility

THE CONSOLIDATION MODEL: WHEN IT'S TIME TO SCALE YOUR BUSINESS

Anticipating the growth of your company is crucial for continued success. Partnering with an integrated retail logistics provider with a consolidation model allows you to implement efficient, flexible supply chain processes that ensure your bottom line is taken care of – leaving you to focus on your core business. This is fundamentally different from the distributor model, where control of your brand ends once you hand over the inventory to the distributor.



When making a determination regarding a 3PL, suppliers that leverage a retail logistics expert with a consolidation program reap the benefits of economies of scale by sharing truckloads with other suppliers – creating a single, full truckload to the same retailer distribution center. This program offers many benefits to suppliers looking to grow presence at retail by reducing redundancies, increasing scorecard performance and eliminating compliance issues. Partnering with a 3PL that specializes in retail logistics positions suppliers to eliminate compliance fines, avoid hidden fees, and focus on other core aspects of your business.

Why the Consolidation Model Works

INCREASE
Control

GROW
Profit Margins
and Sales

IMPROVE
In-Stock Levels

GAIN
Market Share

ACCELERATE
Efficiencies

Gain the control you need to create your most effective product distribution model today. Partner with a retail logistics expert that offers end-to-end retail logistics services to help get your products to store shelves faster and more efficiently.



Visit our website at rjwgroup.com or call (630) 424-2400.

For additional CPG retail logistics insights follow us on LinkedIn at [linkedin.com/company/rjw-logistics](https://www.linkedin.com/company/rjw-logistics).