Consumer Products Case Study

PROJECT OVERVIEW

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Enabling a DSD Strategy to Support Growth

A national premium brand that produces packaged coffee and tea for grocery stores, mass merchandisers, home delivery, food service, and its own retail outlets had a distinct advantage in its category by using a network of sales representatives and a Direct Store Delivery (DSD) model for sales and distribution. This DSD approach allowed the company to maintain direct control over product freshness and merchandising, driving significant growth by fostering strong relationships with retailers.

However, the client recognized that its DSD model, while effective for early growth, was not scalable for their long-term goals, particularly as they expanded into new markets and introduced more products. The complexity of managing an expanding sales force and delivery fleet presented logistical challenges and increased costs, limiting the scalability of their current system. As they sought to support their growth strategy in grocery and mass merchandiser channels, they realized the need to reconsider their go-to-market approach.

To address this, the company engaged Clarkston Consulting to help redefine their distribution strategy. Clarkston was tasked with analyzing the existing DSD framework and identifying opportunities to optimize it while exploring more scalable alternatives. The consulting team developed a hybrid approach, combining the strengths of DSD with the efficiency of traditional warehouse distribution models. This new go-to-market strategy provided the flexibility to scale operations while maintaining the brand's premium positioning and close retailer relationships.

Ultimately, the redefined strategy enabled the company to pursue its growth objectives while improving efficiency and expanding its reach in key retail channels.

Case Study

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INDUSTRY:

Consumer Products

PRODUCTS AND SERVICES :

Coffee and Tea Products

PRIMARY OBJECTIVES:

Partnering with the client, the primary goals of this project included:

- Recommendations for transforming the existing DSD strategy
- Reduction in the cost of sales in the DSD model to drive profitability

RESOLUTION:

In order to achieve these objectives, Clarkston:

- Assessed and proposed changes to the sales and distribution strategy that would reduce the costs of sales and draw on best practices to improve efficiency and position the Client to grow the brand nationally,
- Identified and implemented industry best practices to reduce time to serve customers and drive meaningful interactions with customers,
- Actively engaged with the Route Sales Reps during ride-alongs to identify DSD best practices that could be incorporated in any future recommendations,
- Reviewed and documented current people, processes, and supporting technologies supporting the existing DSD strategy, and
- Developed the future DSD visioning strategy with a supporting implementation plan.

KEY BENEFITS:

As a result of this engagement, the client was able to:

- Realize a segmentation approach based on category strength, market share, growth potential, and promotional lift;
- Utilize differentiated methodologies for sales and distribution within each of these market segments utilizing DSD but focusing specifically on the activities which would drive profitable growth;
- Optimize sales rep time and effort to value creation activities in high growth markets, improve efficiencies in established markets, and be selective in maintenance markets, all while meeting brand growth objectives;
- Implement scan-based trading for competitive advantage, including invoicing with POS data, route settlement, on site inventory tracking, and shelf insights.

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KPIs

As a result of the implemented changes, the client stood to realize:

- 28% Reduction in full-service stop time
- 58% Reduction in "speed stop" time
- Increased time spent on selling and merchandising with each vendor

CONTACT US

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