

# [Logistics warehousing essay](https://assignbuster.com/logistics-warehousing-essay/)

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## Introduction

Distribution is the business process of making a commodity available and ready for consumption by user through use of either direct or indirect means viaintermediaries. Five major channels of distribution are officially launched in the business world. They include the following: First, whereby the producer uses his own retail location like festival kiosks to distribute his goods to his customers. It is the fastest and most effective channel since the producer personally gets in touch with his customers thus collecting information that might help in improving the quality of his products (Bloomberg 2002).
The second channel involves the manufacturer using an expanded consumer reaching service to initiate distribution to retailers who finally bridge the goods to final customers. Thirdly, the maker of the commodity transfers the goods to the wholesaler who transfers the goods to retailer for them to deliver them to final consumers.
The forth channel involves an agent receiving goods from the manufacturer and surpasses the goods to the retailer who finally bridges the commodity or service to the final buyer or market stage.
The last channel is the longest one that involves every single party in the business distribution circle. The process starts with the producer who has already based an expanded location for his business. He delivers his goods to a potential agent who distributes the commodities to the established wholesalers who on the other hand hands in to the retailers that are closely linked to the customers. E-commerce is the use of online distribution that allows clients from all over the world access the available goods and services (Lam 2003).

## Challenges faced by distribution channels

Channel conflicts. It is the challenge that arises mostly when one of the involved intermediaries’ actions hinders others from gaining or achieving their organisation, objectives and goals. These conflicts mostly arise from situations whereby any of the intermediaries fails to achieve its originally assigned objective or task. For example, if the producer of a given manufactured product delays in completion of a certain product creation, it puts all its presiding branches in distribution at risk of untimely delay.
On the other hand, a producer might conflict the others intermediaries by providing highly priced goods to them. This can be caused under the influence of need for supernormal prices that gives the wholesalers and retailers no other choice but to either buy less or completely diversify from dealing with the goods (Inmon 2002).
Wholesalers also have their own different ways of diversifying from the normal or agreed terms and conditions under the distribution channels that mostly leave the other intermediaries in a stranded situation of huge lost or much degraded goodwill. Some of these are, delayed pickups which might sometime lead to fragile goods spoiling by expiring. This leads to suffering of both the producer and the retailers who also lose the opportunity of raising revenue from the goods.
Finally, the consumers are the final destination in the distribution as they are the main of all the whole process of distribution. If consumers quitted on using a given product, then the producers, agents, wholesalers and retailers suffer the costs of transportation, warehousing and this highly turns down the production morale of manufacturers (Lam 2003).

## The above challenges are caused by:

- Producer greed for supernormal profits is one of the causes for the above challenges’. Some manufacturers have the habit of pricing their goods to their benefits only due to monopolies in the market environment.
- Conflicting is also caused by those involved not adhering to set rules and regulation of products distributions. This is mostly experienced from large scale retailers or wholesalers who have a huge grip of the market share.

## Just-in-time method of stocking

It is a stocking method whereby the retailer uses highly comprehensive method of sales estimation. The retailer does so to store only the products that the company might actually need at a given specific time. This means that it is very probable for the company to be stuck with no goods on their shelves. These will make them face the problems attached since they might be lacking a faster way of getting the products.

## These challenges are mostly caused by the following organisational situation that involves the following;

Lack of sufficient storing spaceas one of the challenges experienced by small and medium enterprises that do not have spacious warehousing facilities to store sufficient products to keep them running.
Insufficient funds is another stressing factor since small scale retailers rarely have enough funds to purchase extra goods to cover the bonus times time that might generate more funds by providing goods when other suppliers run short of the same.
Poor methods of retailing due to inadequate education and training of the retailers which is brought up by the fact that most individuals involved in this type of business rarely have a clear knowledge of dealing with the timely storage and distribution of goods and services. They are at times involved in huge loses or losing of highly profitable opportunities (Inmon 2002).
Poor storage methods in spite of having spacious storage warehouses, some distributers do not have the specified best storage tools like refrigerators and freezers or air conditioners to keep their goods and services in proper conditions to ensure their longer lasting and thus leading to the goods expiring or getting damaged.
Unsuitable infrastructure is the other major factor that affects the just in time method in way that the transportation routes are poor and rough causing slow transportation. Many roads especially in rural areas are not fit for all whether usage thus limiting the periods of transportation which adversely affect the efficiency of distribution of goods and services.

## Solutions to the above listed challenges facing distribution channels

Government intervention in standardising fair pricing laws should be initiated. Rules and regulations limiting exploitation of consumers under influences of monopoly in market by monopoly firms should be made and be enforced with great fines and penalties to those who practise the same.
Larger firms should provide credit services to the small and medium enterprising businesses since they increase their chances of selling more and on the other hand boost the smaller firm with additional materials to last longer in the market and satisfy the consumers in a better way (McDonald).
Again, the government has to come in and improve on the transportation sector. As the say goes, “ A good transportation network is the key to a growing economy” by improving the roads conditions through tarmac roads building, the government encourages more investors and distributors to venture into the business since the cost are minimal.
Educating and training the retailors highly helps them in improving their knowledge in the market and gives them the ability estimate and knows on which seasons to indulge on distribution of what goods and under what bases should they exceed or undertake the goods into their warehouses for future use (Gray 2002).
Installation of proper storage materials and storage tools in the warehouses assures the retailors of proper storage and arrangement of goods in a warehouse ensuring ample picking, entrance and even movement in the facility. This highly saves the organisation a lot through prevention of damages from either breaking or even expiring since the storage allows the first in first out system of clearing thus the efficient flow of the goods.
The distributers should take safety precaution measures of insuring of the goods. By the distributers taking a step to insure the goods, on transit, and in the warehouses, they stand less chances of getting frustrated by calamities like fire, theft, or damages. This highly encourages the m in taking parts in very risky but hugely profitable transactions (Geisler 2005).
Finally but not least, the distributors of these commodities should have a high skill of scalability. By this, it means than they should not get involved in transactions they cannot manage or get involved in those distributions that under exhaust their performing capability.

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