

Comparision of supply chain of hul and pandg



Hindustan Unilever Limited (' HUL'), formerly Hindustan Lever Limited (it was renamed in late Jun2007 as HUL), is India's largest Fast Moving Consumer Goods company, touching the lives of two out of three Indians with over 20 distinct categories in Home & Personal Care Products and Foods & Beverages. These products endow the company with a scale of combined volumes of about 4 million tonnes and sales of nearly Rs. 13718 crores. HUL is also one of the country's largest exporters; it has been recognised as a Golden Super Star Trading House by the Government of India.

The mission that inspires HUL's over 15, 000 employees, including over 1, 300 managers, is to " add vitality to life. " HUL meets everyday needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life. It is a mission HUL shares with its parent company, Unilever, which holds 52. 10% of the equity. The rest of the shareholding is distributed among 360, 675 individual shareholders and financial institutions.

HUL's brands like Lifebuoy, Lux, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Sunsilk, Clinic, Pepsodent, Closeup, Lakme, Brooke Bond, Kissan, Knorr- Annapurna, Kwality Wall's - are household names across the country and span many categories - soaps, detergents, personal products, tea, coffee, branded staples, ice cream and culinary products. These products are manufactured over 40 factories across India. The operations involve over 2, 000 suppliers and associates.

HUL's distribution network comprises about 4, 000 redistribution stockists, covering 6. 3 million retail outlets reaching the entire urban population, and

about 250 million rural consumers. Distribution Network of HUL Network Evolution The HUL's distribution network has evolved with time. The first phase of the HUL distribution network had wholesalers placing bulk orders directly with the company. Large retailers also placed direct orders, which comprised almost 30 per cent of the total orders collected. The company salesman grouped all these orders and placed an indent with the Head Office.

Goods were sent to these markets, with the company salesman as the consignee. The salesman then collected and distributed the products to the respective wholesalers, against cash payment, and the money was remitted to the company. The focus of the second phase, was one wholesaler in each market as a "Registered Wholesaler," a stock point for the company's products in that market. The company salesman still covered the market, canvassing for orders from the rest of the trade. He then distributed stocks from the Registered Wholesaler through distribution units maintained by the company.

The Registered Wholesaler system, therefore, increased the distribution reach of the company to a larger number of customers. The highlight of the third phase was the concept of "Redistribution Stockist" (RS) who replaced the RWs. The RS was required to provide the distribution units to the company salesman. The second characteristic of this period was the establishment of the "Company Depots" system. This system helped in transshipment, bulk breaking, and as a stockpoint to minimise stock outs at the RS level.

In the recent past, a significant change has been the replacement of the Company Depot by a system of third party Carrying and Forwarding Agents (C&FAs). The C&FAs act as buffer stock? points to ensure that stock? outs did not take place. The C&FA system has also resulted in cost savings in terms of direct transportation and reduced time lag in delivery. The most important benefit has been improved customer service to the RS. Detail Overview The distribution network of HUL is one of the key strengths that help it to supply most products to almost any place in the country from Srinagar to Kanyakumari.

This includes, maintaining favorable trade relations, providing innovative incentives to retailers and organizing demand generation activities among a host of other things. Each business of HUL portfolio has customized the network to meet its objectives. The most obvious function of providing the logistics support is to get the company's product to the end customer.

Distribution System of HUL HUL's products, are distributed through a network of 4, 000 redistribution stockists, covering 6. 3 million retail outlets reaching the entire urban population, and about 250 million rural consumers.

There are 35 C&FAs in the country who feed these redistribution stockists regularly. The general trade comprises grocery stores, chemists, wholesale, kiosks and general stores. Hindustan Unilever provides tailor made services to each of its channel partners. It has developed customer management and supply chain capabilities for partnering emerging self? service stores and supermarkets. Around 2, 000 suppliers and associates serve HUL's 40 manufacturing plants which are decentralized across 2 million square miles of territory.

Distribution at the Villages: The company has brought all markets with populations of below 50, 000 under one rural sales organisation. The team comprises an exclusive sales force and exclusive redistribution stockists. The team focuses on building superior availability of products. In rural India, the network directly covers about 50, 000 villages, reaching 250 million consumers, through 6000 sub? stockists. HUL approached the rural market with two criteria ? the accessibility and viability.

To service this segment, HUL appointed a Redistribution stockist who was responsible for all outlets and all business within his particular town. In the 25% of the accessible markets with low business potential, HUL assigned a sub stockist who was responsible to access all the villages at least once in a fortnight and send stocks to those markets. The most common form of trading remains the grassroots buy? and? sell mode. This enables HUL to influence the retailers stocks and quantities sold through credit extension and trade discounts.

HUL launched this Indirect Coverage (IDC) in 1960s. Under the Indirect Coverage (IDC) method, company vans were replaced by vans belonging to Redistribution Stockists, which serviced a select group of neighbouring markets. Distribution at the Urban Centres: Distribution of goods from the manufacturing site to C & F agents take place through either the trucks or rail roads depending on the time factor for delivery and cost of transportation. Generally the manufacturing site is located such that it covers a bigger geographical segment of India.

From the C & F agents, the goods are transported to RS's by means of trucks and the products finally make the 'last mile' based on the local popular and cheap mode of transport. Project Shakti This model creates a symbiotic partnership between HUL and its consumers. Started in the late 2000, Project Shakti had enabled Hindustan Lever to access 80, 000 of India's 638, 000 villages . HUL's partnership with Self Help Groups (SHGs) of rural women, is becoming an extended arm of the company's operation in rural hinterlands. Project Shakti has already been extended to about 12 states ?

Andhra Pradesh, Karnataka, Gujarat, Madhya Pradesh, Tamil Nadu, Chattisgarh, Uttar Pradesh, Orissa, Punjab, Rajasthan, Maharashtra and West Bengal. The respective state governments and several NGOs are actively involved in the initiative. The SHGs have chosen to partner with HUL as a business venture, armed with training from HUL and support from government agencies concerned and NGOs. Armed with micro? credit, women from SHGs become direct? to? home distributors in rural markets. The model consists of groups of (15? 20) villagers below the poverty line (Rs. 50 per month) taking micro? credit from banks, and using that to buy our products, which they will then directly sell to consumers.

In general, a member from a SHG selected as a Shakti entrepreneur, commonly referred as ' Shakti Amma' receives stocks from the HUL rural distributor. After being trained by the company, the Shakti entrepreneur then sells those goods directly to consumers and retailers in the village. Each Shakti entrepreneur usually service 6? 10 villages in the population strata of 1, 000? 2, 000. The Shakti entrepreneurs are given HUL products on a `cash and carry basis. Project " Shakti" Model Project Streamline To cater to the

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needs of the inaccessible market with high business potential HUL initiated a Streamline initiative in 1997.

Project Streamline is an innovative and effective distribution network for rural areas that focuses on extending distribution to villages with less than 2000 people with the help of rural sub? stockists/Star Sellers who are based in these very villages. As a result, the distribution network directly covers as of now about 40 per cent of the rural population.

Under Project Streamline, the goods are distributed from C & F Agents to Rural Distributors (RD), who has 15? 20 rural sub? stockists attached to him. Each of these sub? stockists / star sellers is located in a rural market. The sub? stockists then perform the role of driving distribution in neighboring villages using unconventional means of transport such as tractor and bullock carts.

Project Streamline being a cross functional initiative, the Star Seller sells everything from detergents to personal products. Higher quality servicing, in terms of frequency, credit and full? ine availability, is to be provided to rural trade as part of the new distribution strategy. Hindustan Lever Network (HLN) It is the company's arm in the Direct Selling channel, one of the fastest growing in India today. It already has about several lakh consultants all independent entrepreneurs, trained and guided by HLN's expert managers. HLN has already spread to over 1500 towns and cities, covering 80% of the urban population, backed by 42 offices and 240 service centres across the country. It presents a range of customised offerings in Home & Personal Care and Foods.