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POTENTIAL FOR CONSOLIDATED DELIVERY OF VENDOR ITEMS TO RETAIL STORES

by

John C. Bouma
Agricultural Marketing Service
Beltsville, Maryland

Methodology

Intensive one week study in each of two supermarkets to measure all activities involved in direct store deliveries including those performed by the vendor and store personnel, including product handling and paperwork. Costs were also developed from eight vendors including labor, vehicle operating costs, methods and costs for billing customers, and handling methods and equipment. Based on information obtained in the study and simulations from standard data, a cost model for the consolidated warehouse distribution of direct store delivery items was developed.

Major Findings

The cost for direct store delivery averaged \$1.135 per case, while projected cost for the consolidated system total \$0.688 per case with five deliveries per week and \$0.726 with six deliveries. With five deliveries per week, this potential 39 percent savings, \$0.447 per case, amounted to an average savings of \$623.56 per week for each of the two stores studied that received an average of 1,395 cases per week by direct store delivery. With six deliveries the potential 36 percent saving, \$0.409 per case, would total \$570.55 per week per store. Projected savings for a 50-store group would total more than \$1.6 million annually for five deliveries and nearly \$1.5 million annually with six deliveries.

THE ECONOMIC VIABILITY OF INDEPENDENT SUPERMARKETS

by

Gerald Grinnell
United States Department of Agriculture
Washington, D.C.

Independent food retailers have been losing sales to food store chains (firms with 11 or more stores) since the 1920's. Their share of industry sales fell 0.6 percent each year between 1930 and 1977, and several factors could limit their ability to compete with chains in the future.

Independents' prospects are critically dependent upon four factors. They will continue to have difficulty in head-to-head competition with chains because it is very difficult for them to match chains' prices. Variable-price merchandising, product selection, and customer services are very