

RETAIL PACKAGING COST ANALYSIS

EXERCISE



hothouse

Background

- A UK garment retailer with 100 shops was approached by a third party to procure and distribute their retail packaging
- Review the feasibility of outsourcing the procurement and distribution of range of retail packaging items comparing with existing costs

Requirements

- Create a new forecast for the next financial year
- Ensure all parties were quoting to exactly the same specifications
- Bring current suppliers into the process
- Review existing forecasting, management and distribution costs
- Present findings to the management team

Methodology

- Supply all parties with specifications and forecast quantities
- Discuss the process with existing suppliers
- Review the market and invite new companies to quote for comparison purposes
- Analysis of the costs submitted
- Agree final prices and set contract times
- Report cost analysis on outsourcing proposition

Solution

- Hothouse confirmed the packaging outsourcing proposition model was an unsuccessful for this retailer
- Supplies from alternative sources were more expensive and suppliers were slow to react
- Quality varied from existing supplies
- New costs were 23.7% higher than existing prices
- Hothouse was also able to reduce the current prices from existing suppliers saving the company 16% on the year packaging budget
- Hothouse designed and trained staff the process which allowed the retailer to manage their packaging need in house more effectively