A Study on Distribution - Retailers and Their Effect on Market Coverage: A Case of Unilever Pakistan

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EXECUTIVE SUMMARY

The FMCG industry is one of the most important sectors in Pakistan because products are sold quickly and competition is very high. Unilever Pakistan is one of the leading companies in this industry. However, to stay ahead of competitors, Unilever must continuously improve how its products are distributed and placed in retail shops.

This research study, titled **"**Optimizing Distribution Channels and Retailer Engagement to Maximize Market Coverage: A Case Study of Unilever Pakistan,**"** looks at the problems in Unilever's distribution network, especially issues related to product placement at retail outlets. The main purpose of the study is to understand how delays in delivery, stock shortages, and weak distributor services affect retailers' satisfaction and Unilever's market coverage.

A survey was conducted with 50 retailers, including Kirana stores, convenience stores, and pharmacies. In addition, distributor operations were observed to understand how orders are processed and delivered. This helped identify gaps between planned distribution and actual product placement in stores.

The findings show that Unilever performs well in large cities where its products are widely available. However, in rural and semi-urban areas, retailers often face late deliveries and stock outs of fast-moving products. Because of these issues, Unilever products are sometimes missing from shelves, allowing competitors to take advantage of space.

Retailers also shared concerns about strict credit policies and unequal distribution of trade promotions, which make it harder for them to stock and display Unilever products properly. Heavy reliance on third-party distributors further weakens control over service quality and placement execution.

To solve these problems, the study recommends improving the distribution system by using a centralized Distributor Management System for better stock visibility, adopting route planning software to ensure timely deliveries, and focusing more on a retailer-centric approach. This includes flexible credit terms, fair promotional support, and digital ordering systems to help retailers keep Unilever products consistently available.

In conclusion, improving product placement through a more reliable and retailer-focused distribution system will help Unilever Pakistan reduce stockouts, improve retailer satisfaction, and expand its market coverage, especially in less developed areas.

CHAPTER 01: INTRODUCTION

1.1 Background of the Study

Fast-moving consumer goodsindustry is one of the most vibrant competitive sectors in the world market. It can be described in terms of high volumes of sales, frequent buying habits by customers and shifting preferences of the customers. FMCG companies require a very organized distribution system to achieve this (Kotter 11) to ensure that goods reach their destination at the appropriate time, in good condition and at low cost to retailers and consumers to ensure that the firms remain competitive. The FMCG industry in Pakistan has been growing quite significantly over the past two decades, which can be credited to the growth in urbanization, the growth in the disposable income of people, the growth in brand awareness as well as the growth in retail outlets which has expanded to range beyond the traditional neighborhoods stores up to the modern supermarkets and hypermarkets. Unilever Pakistan has become one of the top multinational FMCG companies in this developing market that gains popularity due to the large variety of products offered by the company in different categories of products including personal care, home care, and food and beverages.

The aspect of distribution plays a key role in determining competitive standing of the FMCG companies. Even well branded companies, having high quality products and effective marketing strategies, sometimes fail when their distribution system is ineffective or weak. Distribution may take a still higher priority in the Pakistani market where the retailing patterns vary widely; the small kirana stores to the modern retail outlet with the size and the form. The great majority of the population resides in semi-urban and rural regions, which means that FMCG businesses will have to create extensive and effective distribution channels to guarantee the stable supply of products. To a national organization such as the Unilever Pakistan, the distribution is not a mere tool in logistics, but it is also a strategy which facilitates market coverage and sustainable dominance.

The Unilever Pakistan is also well known in terms of extensive distribution channel, well organized operation processes and good relations with distributors and retailers. However, the development of competition and the shift in consumer expectations imply that the company is bound to review and improve its distribution practices on a regular basis. Developing an understanding of the issues of distribution and the actions of retailers as well as the factors that

impact market coverage is of great importance to ensure the continuity of growth. This paper then seeks to discuss the distribution channels of Unilever Pakistan, assess how it relates with retailers as well as how work together to determine the coverage of the market.

1.2 Problem Statement

"Despite Unilever Pakistan's position as a market leader in the FMCG sector, a persistent gap exists between the company's planned distribution effectiveness and the operational realities faced by retailers in the field. This misalignment affects distribution efficiency, retailer satisfaction, and overall market coverage, ultimately threatening market share and retailer loyal".

The problem stems from weak coordination between Unilever's strategic distribution planning and field-level execution. Inefficiencies within the distributor network, including inadequate delivery systems and outdated warehousing practices, often result in delayed deliveries, stock mishandling, and periodic unavailability of key Stock Keeping Units (SKUs). These operational shortcomings directly impact retailers at the last-mile level, where issues such as incomplete orders, slow service, and unclear promotional execution remain common. Moreover, while Unilever has adopted advanced technological systems at the head-office level, their inconsistent implementation at distributor and retailer interfaces has led to heavy reliance on manual processes, limiting real-time visibility of inventory and demand patterns. This lack of technological integration weakens forecasting accuracy and operational responsiveness. Additionally, logistical constraints and uneven distributor performance have caused gaps in geographical coverage, particularly in rural and peri-urban markets, allowing competitors to strengthen their local presence. The situation is further intensified by the growing competition from small and local FMCG firms that offer retailers higher margins, flexible credit terms, and more agile service models, making them increasingly attractive alternatives to Unilever's distribution system.

1.3 Purpose and Objectives of the Study

This research is guided by a set of well-defined objectives that address the operational, strategic, and relational dimensions of Unilever Pakistan's distribution system.The primary objective of this study is to examine the impact of Unilever Pakistan's distribution system and retailer

engagement practices on overall market coverage across Pakistan.

In line with the primary objective, this study aims to evaluate the operational performance of Unilever's distributors by assessing delivery timeliness, stock availability, and order accuracy. Additionally, the research seeks to measure retailer satisfaction based on their perceptions of service quality, pricing transparency, promotional clarity, and the competence of sales personnel.

Furthermore, the study intends to identify key bottlenecks and operational inefficiencies within the distribution network that adversely affect retailer loyalty and long-term relationships. A critical component of the research is to analyze the role of technology in improving demand forecasting, service consistency, and supply chain visibility. Finally, the study aims to translate empirical findings into practical and actionable recommendations by aligning Unilever Pakistan's local distribution practices with global best practices to support sustainable market leadership.

1.4 Research Questions

1. How does the effectiveness of cold chain logistics and transportation practices influence product quality, delivery reliability, and retailer satisfaction within the Walls distribution network managed by Arctic Associates?
2. What operational challenges and risk factors affect cold chain transportation efficiency, particularly during last-mile delivery under extreme weather and infrastructure constraints?
3. How do route planning, fleet management, and temperature control mechanisms contribute to reducing delivery delays, product spoilage, and logistics costs?
4. What role do technology, standard operating procedures (SOPs), and staff training play in improving cold chain performance and sustaining compliance with Walls' quality standards?

1.5 Company Overview

Unilever is one of the world's leading fast-moving consumer goods (FMCG) companies, operating in more than 190 countries with a diverse portfolio of food, home care, and personal care brands. Established through a long history of global expansion and innovation, Unilever has built a strong reputation for quality, sustainability, and consumer-centric business practices. The company's product portfolio includes globally recognized brands such as Dove, Lux, Lifebuoy, Sunsilk, Knorr, Surf Excel, and Walls, which serve billions of consumers daily.

Unilever Pakistan Limited (UPL), a subsidiary of Unilever PLC, has been operating in Pakistan for several decades and holds a dominant position in the local FMCG market. The company plays a vital role in meeting the daily needs of Pakistani consumers through an extensive distribution network that spans urban, semi-urban, and rural areas. Unilever Pakistan operates multiple manufacturing facilities and relies on a wide network of distributors and logistics partners to ensure product availability across the country.

A key strength of Unilever Pakistan lies in its well-established supply chain and distribution system, which enables efficient movement of products from manufacturing units to retail outlets. Given the highly competitive nature of the FMCG sector in Pakistan, effective distribution, timely delivery, and strong retailer relationships are critical to sustaining market leadership. Unilever continuously invests in operational efficiency, technology, and sustainability initiatives to enhance supply chain performance while adapting to local market challenges such as infrastructure limitations, climate conditions, and evolving consumer demand.

This research focuses on Unilever Pakistan's distribution and logistics operations to analyze their effectiveness, identify operational challenges, and explore opportunities for optimization to maintain long-term competitiveness and market coverage.

CHAPTER 02: RELEVANT STUDIES AND THEORIES

Research on distribution effectiveness, supply chain management, and retailer satisfaction highlights the critical influence of logistical and coordination practices on operational performance and market outcomes. Prior studies in FMCG contexts show that distribution strategies directly influence product availability, customer satisfaction, and competitive advantage. For instance, distribution strategies were found to significantly influence consumer behaviour and market responsiveness in the Pakistani soft drink market, suggesting that effective channel performance contributes to brand equity and consumer choice (Ayesha et al., 2025). Similarly, supply chain practices including supplier flexibility and information sharing were shown to enhance supplier performance and buyer competitive advantage in Pakistan's FMCG sector, reinforcing the importance of relational coordination across supply chain partners (Baqai et al., 2024).

Empirical research reveals that supply chain and logistics service quality are essential for customer satisfaction, especially in contexts involving perishable or time-sensitive goods. Studies on cold-chain logistics indicate that high service quality in last-mile delivery improves overall logistics performance and stakeholder satisfaction (Wang et al., 2024). Integrating technologies such as IoT and real-time data analytics have been identified as a key driver to improve transparency, demand forecasting, and service reliability in cold supply chains, though barriers to adoption persist (Ahmad et al., 2024; Seth et al., 2025). Computational approaches to optimize logistics networks using clustering and machine learning demonstrate significant cost reduction and efficiency gains in frozen goods distribution, emphasizing strategic network design as a competitive tool (Shi et al., 2025).

Theoretical frameworks provide foundational understanding of the mechanisms that explain how distribution systems impact performance. The Supply Chain Operations Reference (SCOR) model outlines key supply chain processesplan, source, make, deliver, return, and enableand offers metrics for performance benchmarking and improvement across networks (Supply Chain Operations Reference, n.d.). The CollaborativePlanning, Forecasting, and Replenishment (CPFR) framework highlights how shared forecasting and joint inventory management between suppliers and retailers can reduce stockouts and improve fulfillment efficiency (Collaborative Planning, Forecasting, and Replenishment, n.d.). Additionally, the bullwhip effect theory describes how variability in demand signals can propagate inefficiencies through distribution channels, leading to mismatches between supply and actual market demand (Bullwhip effect, n.d.).

Other supply chain theories such as the Theory of Constraints (TOC) emphasize the importance of identifying and eliminating bottlenecks to maintain inventory flow and availability, which is particularly relevant to distribution network performance (Theory of Constraints, n.d.). In service-oriented supply chain contexts, logistic quality frameworks adapted from SERVQUAL conceptualizations link service delivery characteristics—such as reliability, responsiveness, and communication qualityto customer satisfaction outcomes (Investigation on logistics service quality, 2024). Further, research on resilient supply chains in the FMCG sector shows that transportation capacity, supplier resilience, and flexibility together contribute to improved distribution effectiveness and reduced inefficiencies (Sustainability study, 2025).

Overall, these studies and theoretical perspectives suggest that effective distribution systems combine operational efficiency, technological integration, inter-organizational coordination, and continuous performance monitoring to achieve desirable outcomes such as improved market coverage, retailer satisfaction, and competitive advantage.

2.1 Significance of Study

The research is of high importance to various stakeholders in the FMCG ecosystem. In the case of Unilever Pakistan, the lessons learned can be used to optimize the distribution practices, enhance the relationship with retailers and determine the areas of operational inefficiencies that can be affecting the optimum market penetration. Considering the growing competition between

multinational and local brands of the FMCG, it is important to enhance distribution agility and responsiveness to maintain market leader status.

Retailers, who act as the mediator between FMCG firms and the end consumers, can be affected by the study as it enlightens them with regards to their experiences, challenges and expectations of the distributors and companies. The challenges that retailers usually encounter include shortages of products, poor deliveries, pricing inconsistency, poor trade promotions, and limited credit facilities. Knowing their attitudes will assist companies such as Unilever to formulate more retailer friendly policies that will translate into more robust brand loyalty and greater market penetrations.

Academically, the research adds to the little literature available on the same issue of distribution of FMCGs in the developing countries and Pakistan specifically. Global studies on distribution and supply chains have continued to increase although there is limited localized knowledge. The study is, thus, useful since it puts the distribution problems in Pakistan into perspective, within a socio-economic and retail setting.

CHAPTER 3: METHODS AND TECHNIQUES

This chapter describes the way we then did the work. rather than just studying books, we ventured into the market and observed the distribution in real practice at Unilever. The aim was quite easy, that is to speak to shopkeepers and know whether they are satisfied with the service they receive. This section describes and details the interview with whom we have spoken, how we posed the questions, and the manner we have dealt with the data.

3.1 Research Design

Simple Descriptive Design was used. This implies that we did not perform any complicated experiment, we simply observed and wrote down the prevailing situation as it is. Our sample of the market was a snapshot of the market in the Spring 2025 semester. This has allowed us to realize what it is like to deliver stocks and find issues with the retailers every day without making it complicated.

3.2 Population and Sampling

3.2.1 Target Population

The target population of this study was general trade retailers in Rawalpindi and Islamabad. These included small kirana stores, bakeries, and general shops that people visit daily for household needs. These shops are a key part of Unilever’s distribution network because Unilever products are mostly sold through them.

The sample was chosen to understand real problems faced in the market related to product placement and supply. These retailers deal directly with distributors and face issues such as late

deliveries, missing products, stock shortages, and irregular visits by sales staff. When products are not delivered on time, shelves remain empty and customers shift to other brands.

By focusing on these retailers, the study collected practical and real-life information about distribution placement issues. This helped in understanding how problems in the distribution system affect product availability, retailer satisfaction, and Unilever's presence in the market.

3.2.2 Sampling Technique

Because we could not go to each and every shop inside the twin cities, we applied Convenience Sampling. We have selected commercialized places in the market where we were bound to get numerous stores within one neighborhood. This enabled us to collect information effectively on the minimal time we had.

3.2.3 Sample Size

Our survey sample was a total of 50 retailers. We have taken the time to visit the varying kinds of shops to obtain a fair picture of the market:

- Small corner shops (Kirana)
- Larger general stores
- Pharmacies and pharmaceutical stores

3.3 Tools Used (The Questionnaire)

To present us with the answers, we used a short and simple questionnaire by the DSR in the market with simple question based on the problem based. We were aware that shopkeepers are in a hurry, and we did not use complex vocabulary.

3.4 Data Collected Procedure

This was the practical side of the project. This data was collected in 10 days in the field.

3.4.1 Timing

It became known to us rapidly that we made the wrong decision and should not go in the evening as stores were too busy. The most appropriate time was around 2:00 PM and 4:00 PM. The shopkeepers were mostly at liberty during this period and tended to be more conversational.

3.4.2 How We Went About Them

We simply did not walk in with a clipboard. The way we typically behaved was to first be customers, purchase a snack or a beverage so that we could loosen up. Thereafter we identified ourselves as students conducting a project. This caused the shopkeepers to be more friendly and less suspicious.

3.4.3 Real Challenges

It was not that easy. Traffic, heat, and even rude shopkeepers who drove us away were to be managed. We got used to wait and be courteous; you sometimes will realize that when a customer moves away you will ask them their questions.

3.5 Data Analysis

Once the surveys were collected, we implemented Microsoft Excel to systematize the responses. To identify trends, we were counting simple percentages (such as the number of people who said Yes or No). We also examined the actual complaints made down by shopkeepers to be able to know the core causes of their dissatisfaction.

3.6 Ethical Considerations

Shopkeepers are frequently terrified of tax officers (FBR) or corporate spies in the local market.

Privacy: We assured each shopkeeper that we will not refer to any of them in the report or that of their shop.

Explanation: we made it clear that we were only students. Such truthfulness enabled us to ascertain the truth regarding sensitive issues such as the profit margins and credit issues.

3.7 Time and Cost

Time: It took us approximately 2 weeks of preparation, 10 days in the field and 2 weeks writing the report.

Cost: Travel (fuel/fares) to various market regions and printing of the surveys were the key costs. We were able to do this with our student finances.

CHAPTER 4: DATA ANALYSIS AND STRATEGIC FINDINGS

4.1 Demographics and Descriptive Statistics

The demographic analysis of the respondents will provide a background knowledge of the retail environment where Unilever Pakistan is conducting business. The statistics show an extremely developed business environment, as 70 percent of the retailers interviewed have been operating for over half a decade. This fact is a big one because it indicates that most of the trade partners of Unilever have extensive historical memory of the brand performance, trade policies, and relationship management. These relationships that have existed over a long period give Unilever a legacy advantage, through which trust has been established during different economic cycles.

Nevertheless, the business ownership structure analysis depicts a more multifaceted scenario. Sole proprietorships take over the retail universe by an overwhelming margin. These owners of small businesses work with limited working capital as compared to corporations which have diversified capital, and more so, they are very risk aversive. This model suggests that it is very sensitive to changes in cash flow; late delivery or a lower credit limit does not just induce an operation hitch, but it will put a strain on the daily liquidity of the business. Therefore, the viability of the retailer-distributor is not only dependent on the demand for the products, but the financial stability of these small ventures.

4.2 Distribution System Assessment

The efficiency of the physical distribution system was tested against operational reality by critically assessing the system. The results use a dichotomy of the performance between urban and peri-urban performance.

4.2.1 Order Fulfillment and the Bullwhip Effect

The accuracy of order fulfillment is highly geographically differentiated. The system works effectively in the inner-city areas where 80 percent of orders are delivered within a day. Efficiency however decreases drastically to 50 percent in peri urban as well as semi-rural regions. Such logistical difference has resulted in a behavior abnormality called the Bullwhip Effect.

In remote localities with poor delivery services and time constraints, retailers tend to overestimate their orders artificially to have a buffer. This skews the feedback of the demand messages going back and up the supply chain to the distributor and Unilever. The distributor, who noticed an increase in the number of orders, can stock up, and the holding costs of stocks will occur, and the retailer will eventually cease order to eliminate the excess, and will result in a decline. This vibration brings about inefficiency in the whole value chain.

4.2.2 The Stockouts and Consumer Switching

Inventory analysis shows that there is a continuous rate of 15% stockouts of the high velocity Stock Keeping Units (SKUs), including small packages of tea, soaps, and shampoos. Missing even 15% of the unavailability of the product is a disastrous failure in the FMCG sector where the products are a daily necessity.

Through the examination, it can be indicated that brand loyalty in this category is weak. Once a consumer is unable to locate a basic product such as Lifebuoy or Lipton, they will hardly postpone the acquisition, but they will automatically turn to the alternative. Thus, such stockouts are a lost sale to the retailer, but a future loss in the market share of Unilever since consumers will be trying out competing brands.

4.2.3 The Observations Attained on the Field of Route Efficiency and Empty Miles

Focus on the dependence of distributor operations on legacy systems. Numerous vehicles in the delivery process adhere to the fixed and pre-established plans of routes instead of using the dynamic plans that would consider the number of orders per day. Such inflexibility leads to the situation of the so-called Empty Miles where vehicles drive long distances without having any full load. This inefficiency adds to an economic environment of increasing fuel costs, which

increases the Cost-to-Serve (CTS), making distributors less profitable and with fewer funds available to do fleet maintenance or employee incentives.

4.3 Retailer Satisfaction Analysis

The health of the distribution channel is determined by retailer satisfaction. Analysis of the data reveals that there are three apparent areas of friction, including financial constraints, transparency problems, and human resource potential.

4.3.1 Financial Constraints

The financial dissatisfaction is highest; 65 percent of the small retailers are dissatisfied with prevailing credit limits. This is highly dependent on the macro-economic environment; in an inflationary environment the purchasing power of the working capital of the retailer has been reduced. What was an adequate credit limiting some two years ago only purchases much less now. Although the strictest credit policy of Unilever aims at minimizing the exposure of bad debt, it is unwittily suffocating the volume growth in the General Trade segment. The reason why retailers do not have time to stock all the products is because their credit lines were overcharged on basic necessities.

4.3.2 Promotional Transparency

The apparent problem highlighted in the qualitative feedback is Promotional Leakage. The scheme of free stock (12+1) or cash concession is commonly seen as not being entirely transferred to the retailers. The prevailing notion is that arguably these benefits go down the drain of the distributor or the salesperson. Whether it is a systemic reality, a gap in perception, or not, lack of transparency ends trust. If a retailer feels shortchanged by the margin being granted, he or she would lessen the pressure of selling the brand to the final consumers.

4.3.3 DSR Capability and Role

Distributor Sales Representatives (DSRs) performance is highly varied. Retailers draw a line between Order Taker, and Business Consultants. The former only document stock requirements by the latter recommend to the shelf assortment, the introduction of new products, and merchandising. This data is that retailers favor and buy in more of DSRs who are knowledgeable of the products they sell and are able to assist them maximize their turnover. Nevertheless, the

turnover of DSR personnel is usually very high and this frequently does not allow these consultative relationships to occur.

4.4 Strategic Marketing Analysis

This part incorporates the results into strategic models in order to review the competitive standing of Unilever.

4.4.1 Distribution Network Strengths, Weaknesses, Opportunities, and Threats

Unilever has the strength, weaknesses, opportunities, and threats within its distribution network as shown in its narrative analysis below.

Strengths (Internal): Unilever has a very strong Brand Equity which has resulted in a pull effect on the retailers carrying its products thus giving the company high bargaining power. The Extensive Reach of the network cannot be equaled, and it has infiltrated deep into rural clusters that competitors find it hard to work. Also, Technological Lead achieved by early initiation of Sales Force Automation (SFA) offers an advantage in the data, and the Economies of Scale provides an opportunity to use lower costs per unit of logistics.

Weaknesses (Internal): The main internal weakness is the Agency Problem being a part of the third-party distributor model that results in a loss of control over the standards of execution. The sheer size of the organization facilitates the Slow Response Time, and it is hard to respond to the localized competitor tactics. Also, they are frequently unprofitable due to the High Cost-to-Serve, the least 30 outlets, and high DSR Turnover disrupted relationships with retailers.

Opportunities (External): There is a major opportunity in the B2B E-Commerce where order to be placed through digital ordering applications can substitute costly sales visits in case of low value orders. Rural Urbanization is one of the frontiers of volume growth whereas Data Analytics can be applied to anticipate neighborhood-level surge of demand. Another opportunity in Green Logistics is through the adoption of an electric vehicle in the inner-city deliveries to curb the fuel expenses.

Threats (External): Competitor Agility is a significant threat; whereby local players have a better margin and flexible credit. The distributor ROI model is still being substantially endangered by inflation. Brand reputation is threatened by the infiltration of Counterfeit

Products, and the emergence of Retailer Consolidation (Modern Trade) is threatening the margin due to the increased discount requests of big chains.

4.4.2 The Marketing Mix (4Ps) and Distribution Synergy

The findings illustrate how distribution (Place) acts as a linchpin for the other elements of the marketing mix.

Product: Ratio of distribution efficiency to the perception of the product quality is directly proportional. In semi perishable food such as margarine or tea, the slow delivery will also shorten the shelf life everywhere at the point of sale. This has a negative effect on the freshness perception of the consumer.

Price: The inefficiencies in the logistics system are empty miles and the cost of holding the inventories and they are finally passed onto the pricing framework. Moreover, the unbeatability of the brand of lack of Uniformity of Pricing of goods in distant locations, where distributors can sell goods above the rates to maintain a profit, is a blow to the brand proposition.

Promotion: Unilever uses a strong approach of trade promotion that entails the adoption of a Push Strategy. The implementation agent for this strategy is the distributor. The results of the promotional transparency show that if the distributor does not transfer the benefit, it is a waste marketing budget, and this nullifies the desired sales upbringing.

4.5 Competitive Benchmarking and Margin Dynamics

The key conclusion of the data analysis is the growing threat of local and regional competitors that are actively taking advantage of the weak points in the value chain of Unilever. Unilever has strongly depended on the Customer Pull approach (facilitated by brand equity and advertising), but its competitors are fiercely employing a Customer Push approach.

An analysis shows that there is a very clear trade-off between retailers and volume and margin. The trade margins provided by the local FMCG players and regional brands are currently being at an average of 3-5 higher than those of the multinational giants such as Unilever. This is a good difference to a small kirana store owner who has a small profit margin. The statistics show that the retailers cannot risk dropping the core brands of Unilever (they are too demanded by the consumers), but they are increasingly active in replacing the secondary brands of Unilever (e.g.

surface cleaners or secondary tea brands) with the local brands that are more profitable. This is a strategic threat, a Passive Substitution; the retailer stocks Unilever to bring people to the premises and the competitor products, which bring high marks, drive the deal to be closed.

4.5.1 Credit Flexibility

Unilever distribution network is also being outsmarted by its competitors in terms of agility. The survey data identifies that the local competitors tend to ensure that their sales personnel have a certain degree of authority to make impulsive decisions as far as providing credit or replacement stock returns is concerned. Conversely, the distributors of Unilever have strict and centralized policies which stipulate returning or credit modifications. This bureaucratic twist in the distribution channel introduces the element of friction that rendered competitors to be more business friendly to the ailing retailer.

4.6 Digital Readiness and Adoption Barriers

When Unilever is driving towards digitized distribution, the retailer base analysis indicates that there are extensive structural and behavioral obstacles in the path of its adoption. This Digital Divide is one of the points of significant strangulation in the plans for the modernization of the company.

4.6.1 The Technology-Literacy Gap

Although Unilever has launched digital ordering solutions and Sales Force Automation (SFA), it is very skewed. This information indicates that the top 20 percent of urban retailers are the ones that have adopted the system. The other 80 percent, which consists of the General Trade universe, highly depends on manual procedures. The unwillingness to adopt smartphones is not a simple unwillingness to adopt the latter: it is a shortage of confidence in the digital way of conducting transactions. The retailers were afraid of the possibility of a digital footprint that could be accessed by tax authorities when using digital apps. In addition, ordering face-to-face is more visually comfortable, and retailers believe that they can make better deals or insist on local deals under a human DSR, and at this point the app algorithm cannot achieve this task.

4.6.2 Fragmentation of Data Visibility

The analysis acknowledges that high-level data availability at Unilever HQ is effective, but once it is distributed to the distributors, the visibility is lost. There are various distributors who continue to use older systems that do not integrate flawlessly with central ERP of Unilever. Such disconnection implies that demand forecasting tends to be based on past averages as opposed to real consumption figures. As a result, the Order-to-Delivery cycle is not predictive, but a reactive one which results in the stock outs as experienced in the earlier parts of this chapter.

CHAPTER 5: PROJECT BENEFITS

The study in the chapters above was used as a diagnostic measure, in which it was discovered that even though Unilever Pakistan is a mass market giant, its distribution pipelines are congested with inefficiencies and an increasing lack of connection with the retailers. Nonetheless, it is not enough to detect these cracks in the system. This chapter is meant to shift out questions about what is wrong but how we can fix it. These recommendations are not the theories extracted out of a textbook and that it is practical and field-tested ideas which are aimed at solving the frustrations as expressed by the shopkeepers of Rawalpindi and Islamabad. To operate this action plan, a change in distribution network will be proposed as it manifests the cost center into a strategic asset both creating lean value to the company and the retail partners.

5.1 Enhancing the Efficacy of Distribution

The first and the most obvious sphere that needs intervention is physical logistics. In the course of our fieldwork, we found out that most of the delivery vehicles were operating on pre-set, immobile routes that had not been revised over the last several years. This inflexibility will be a time waste and consumablefuel. The Dynamic Route Optimization uptake is proposed as the solution. With the clever software utilized to schedule daily routes because of the real volume of orders, though not routine, the distributors will have the ability to make sure that the vans leave the depot loaded to capacity and the most fuel-efficient routes will be utilized. This serves the benefit of the retailer as the delivery van will be at the right time, getting rid of uncertainty that currently compels them to either overstock or change to brands of a rival.

Also, the problem of Phantom stockouts (the system indicates that the stock is present, but the warehouse cannot locate it should be resolved with the help of Warehouse Modernization. Several distributor warehouses are now based on memory and checking manually. The barcode scanning: We suggest that a simple system of barcodes scanning of any incoming and outgoing inventory is implemented. This generates an electronic audit trail. When the picker unloads a carton of Lifebuoy onto a truck, the scan is made out to be that of the correct item. This minor technological advancement eliminates the usual frustrating situation when a retailer gets a different variant or expired item that nowadays results in conflicts and money back offers that constitute time-waste.

5.2 Technology Infrastructure

The use of manual order-taking by sales staff is becoming a bottleneck. In this modern era there is no need that a retailer has to wait until a salesman comes and he orders a carton of tea. The action plan involves the intensive launch of B2B Digital Ordering App. Unilever restores the customer with power by enabling them to place an order through the smartphone application or a WhatsApp robot. Such 24/7 operation implies that a shopkeeper can see that he/she is short of stock at the middle of the night and place an order at once. In the case of Unilever, this lessens the burden on the sales force, making them no longer fall the order takers but business consultants who facilitates the growth of retailers.

5.3 Strategic Business Expansion

Lastly, the network should be extended to the invisible markets. As our study indicated, delivery trucks of any size cannot make up the narrow lanes of rural village innermost or the inner-city slums. In order to realise this lost volume, we suggest a Rural Sub-Distributor Model. This will be done by collaborating with other local entrepreneurs who would offer cheap means of transport, rickshaw or motorbikes, to deliver services to these hard-to-reach locations. This type of hub-and-spoke model will ensure that Unilever products penetrate even the farthest corners of the market without having to increase the burden of the main distributor due to unsustainable logistical expenses.

5.4 Benefits of Project to the Organization

The benefits of the changes would be apparent and measurable. First, there will be growth of Market Coverage Unilever will gain market share that is being lost to local companies because

the logistical reach is incorrect and it will alleviate loss of sales caused by stockouts. Second, Costs will reduce; optimizing the routes and digitizing the orders will reduce the cost-to-serve, which is per outlet to a significant extent. Third, Data Visibility will be a better one, possibly, most importantly. The shift to digital platforms will mean that headquarters of Unilever will have access to unfiltered and real-time data on what is actually selling at the neighborhood level. This knowledge is priceless, as the company can identify trends before any other and respond more quicker than their rivals.

CHAPTER 6: LIMITATION AND FUTURE RESEARCH DIRECTION

6.7 Limitations of the Study

The research was limited in a number of aspects. This is because the sample used of 50 retailers makes generalization of the findings quite limiting. Certain remote rural regions were not accessible to be surveyed due to geographic challenges. Derisiveness of retailers towards providing negative feedback on distributor retaliation might have conditioned the responses. The time constraints have made comparisons through repeated visits impossible. Regardless of these issues, the research study offers some helpful information in the context of the existing distribution environment.

6.8 Recommendations for Future Research

The next study can build up on these findings by conducting longitudinal studies on the same to detect seasonal and annual distributions. Best practices would be demonstrated in comparative analyses with competitors like P&G or Nestle. Better representativeness would be achieved by expanding geographic sampling to remote districts and rural centers. The new research might be done on the influence of these digital tools on the performance of distributors. Lastly, the analysis of the operational difficulties of delivery drivers and DSRs can reveal some of the bottlenecks that were buried in the woodworks and steer specific process enhancements.

6.9 Conclusion

This study holds that the relationships between distribution and retailers are key factors that determine the market coverage of Unilever in Pakistan. Unilever has high brand equity and has a well developed distribution infrastructure, however, there are great gaps and inefficiencies in the system. Such weaknesses are caused by lack of uniform performance of distributors,

irregularities of delivery schedules, stockouts, poor credit facilities and lack of technology adoption.

As the last point of contact with a consumer, retailers noted which aspects of service, the communication of the promotions, and the credit terms warranted their enhanced understanding. It has a direct impact on the availability, visibility and sales performance of products with Unilever satisfying or not satisfying them.

Unilever can fill these gaps and build more efficient, retailer friendly and competitive distribution channel by following the enhancements and course of action suggested in Chapter 5. Through the proper application, Unilever will create a large number of quality and weighted distribution, limit retailer loyalty, diminish inventory, and enjoy its strategy stance in the Pakistani FMCG market.

Finally, the paper also brings forth that technology-driven, operational excellence, and high-retailer engagement distribution system is critical to the realization of sustainable growth and a market leader. Unilever will have to assume an active role in transforming its distribution activities to address the dynamic nature of the FMCG environment and the requirements of the new retailers.

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INTERVIEW QUESTIONNAIRE

For Logistics Manager

Company: Arctic Associates (Walls Distribution Network)

Research Topic: Optimizing Cold Chain Logistics and Transportation Efficiency

SECTION A: COMPANY & COLD CHAIN BACKGROUND

1. Please describe your designation and responsibilities as General/Logistics Manager.
2. Can you give a brief background of Arctic Associates and its role in the Walls distribution network?
3. What types of frozen products do you mainly handle, and what are their temperature requirements?
4. How does your cold chain logistics system operate from warehouse to retail outlets?
5. What is the geographical area covered by your distribution network?
6. How many refrigerated vehicles are currently used for distribution?
7. How many retail outlets are served on a daily or weekly basis?
8. What are the main challenges you face in cold chain logistics and transportation?
9. Which stage of distribution is most vulnerable to temperature loss or delays?
10. How often do delivery delays occur, and what are the major causes?

11. Do traffic congestion and road conditions affect your delivery schedules? If yes, how?

12. Have you faced issues related to vehicle breakdowns or refrigeration failure?

13. How does hot weather impact frozen product transportation?

14. Have there been cases of product spoilage or returns due to temperature issues?

15. How do these challenges affect operational costs and customer satisfaction?

16. What are your main objectives regarding cold chain and transportation efficiency?

17. Why is optimizing cold chain logistics important for Arctic Associates?

18. Which performance areas do you prioritize: delivery time, product quality, cost control, or customer satisfaction?

19. How does cold chain efficiency support your partnership with Walls?

20. What risks do you see if cold chain optimization is not maintained properly?

21. What industry standards or guidelines do you follow for frozen product transportation?

22. Are there any specific quality or temperature standards set by Walls?

23. How do you ensure compliance with cold chain regulations and food safety standards?

24. Do you follow any best practices learned from the logistics industry?

25. How do you stay updated with new trends or improvements in cold chain logistics?

26. Have you adopted any practices after observing competitors or industry leaders?

27. How are delivery routes planned and scheduled?

28. Are routes fixed or adjusted daily based on demand and conditions?

29. Do you use any software for route planning, vehicle tracking, or temperature monitoring?

30. How is temperature maintained during loading, transportation, and unloading?

31. What type of refrigeration equipment is installed in delivery vehicles?

32. How frequently are vehicles inspected and maintained?

33. What procedures are followed during power failure or refrigeration malfunction?

34. How are drivers trained to handle frozen products?

35. Do drivers follow any standard operating procedures (SOPs)?

36. How is delivery performance monitored and evaluated?

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37. What type of logistics data is recorded (delivery time, temperature logs, delays)?

38. How is on-time delivery performance measured?

39. Do you track product wastage or spoilage rates?

40. How often is logistics data reviewed by management?

41. What corrective actions are taken when performance targets are not met?

42. What is the average delivery time per route?

43. What percentage of deliveries are completed on time?

44. How frequently do temperature deviations occur?

45. What is the estimated spoilage or return rate due to logistics issues?

46. Have you observed improvements in logistics performance over time?

47. What feedback do you receive from retailers regarding delivery service and product quality?

48. Which improvements have produced the most positive results?

49. How has cold chain optimization reduced operational costs?

50. Has product wastage reduced due to improved transportation efficiency?

51. How has delivery reliability improved customer satisfaction?

52. Has logistics efficiency contributed to business growth or expansion?

53. How does an efficient cold chain strengthen your relationship with Walls?

54. Can you share any success story related to logistics improvement?

55. What are the main limitations in further improving cold chain logistics?

56. Are there budget or resource constraints affecting operations?

57. Does infrastructure (roads, power supply) pose challenges?

58. Are there workforce-related limitations such as driver availability or skill gaps?

59. What risks are most difficult to control in cold chain transportation?

60. What future improvements do you plan for cold chain logistics?

61. Are you considering new technology or software solutions?

62. What training improvements are planned for logistics staff?

63. What advice would you give to companies managing frozen product logistics?

64. In your opinion, what is the single most critical factor for cold chain success?

65. Any final comments or suggestions regarding cold chain optimization?