



Maintaining convenience and cost-effectiveness in the forecourt market through Key Distributors

Daily commute times are intense in South Africa. The Global Traffic Scorecard from INRIX¹ indicated that commuters in Cape Town had spent an average of 49 hours stuck in traffic in 2017. Those in Johannesburg spent an average of 46 hours in highly congested traffic during the year while Durban and Pretoria also ranked high in the worst cities in the world for traffic congestion.

Two years later and commute time has spiralled in intensity in South Africa. While this reality constitutes long days for most people in cities it also implies a growing and an increasingly demanding forecourt market.

With a total turnover estimated at R35 billion per annum, distribution has become a key enabler for successful trade in these high-traffic zones. For forecourt retailers it's all about offering convenience at the right price points. Getting the convenience factor right, knowledge about product preferences, accuracy in forecasting and supply chain planning as well as reliability and delivery efficiency are critically important.

Convenience store dynamics

Forecourt trade is evolving from a retail environment into a destination shop that also includes premium coffees and teas, baked goods and hot meals. These spaces have become much more than a run-in shop while filling up with fuel. Forecourts retail stores have grown into being centres of convenience - a retail home of premium brands, private labels and a diverse range of FMCG (Fast Moving Consumer Goods), food and beverage products.

Not only do consumers demand convenience, they have specific buying preferences that market players are looking to satisfy.

This requires the right strategy that involves among others the right products to be available at the right time.

The key to success for market players in this sector, is attributed to having a distribution partner with experience that knows this market and understands consumer behaviour. Such a partner will also have the right suppliers in place and a comprehensive understanding of how to keep up with market changes.

¹ INRIX is a global SaaS and DaaS company that specialises in connected car services and transportation analytics. It analysed 500 terabytes of data from 300

million different sources covering over 5 million miles of road in 1,360 cities around the world to compile the 2017 Global Traffic Scorecard.

Retailers and suppliers in this market need to plan for impulse buying by consumers, both from supply chain management and in-store merchandising points of view. There has been an exponential growth curve in what some call “c-shops” or “convenience-shops”.

Cost-effective distribution

Fixed cost elements of servicing this market are similar to that for the formal retail market however volumes per delivery point are lower and thus the cost to serve each of those points is higher.

In addition to having the right products on shelves, the right strategy is also about having the right distribution model for cost-effective logistics solutions. A distribution partner with comprehensive infrastructure and capacity that allows the development of cost-effective logistics solutions such as breakbulk options is the answer.

Key Distributors, established in 2001, offers the full spectrum of services to forecourt retailers. The flexibility of its business model makes it the ideal match for this market.

Owned by Value Logistics but operating as an independent entity within the Group, Key Distributors is a wholesaler on wheels. It buys goods from relevant suppliers, warehouses the goods and then, through a team of sales representatives and merchandisers, obtains and fulfils orders through direct delivery.

With 19 years’ experience Key Distributors know this market inside-out and provide an end-to-end logistics service that includes important nodes of value, such as warehousing. Having access to national infrastructure including fleet and warehousing, Key Distributors is able to offer on-time delivery with short lead times.

With a drive to meet and exceed customers’ expectations, Key Distributors focus on developing smart, cost-effective solutions to keep convenience a constant in this market. The result is that Key enable forecourt retailers to support always on-the-move consumers.