

Development for Logistical Systems in Wholesale Business: Case Study in Northeast Thailand

Veeraphat Kritthanathip²

Sakchai Rakkarn¹ Piraporn Konkhum¹ Udom Chuentongakan²

¹Faculty of Engineering, Kasem Bundit University,
Bangkok 10250 Thailand

E-mail: sakchai_rakkarn@hotmail.com, neckbu@gmail.com

²Thai Access Consulting co.,Ltd.,
Bangkok 12130 Thailand

E-mail: tri.yok@gmail.com, clickpong@yahoo.com

Abstract

This article derives from studying surveying and gathering processes of logistics management in retail – wholesale businesses and linkages among manufacturers, wholesalers and retailers. The selected pilot company for southern part of the Northeast of Thailand, Taweekit Department Store, has applied the logistics management theory comprising wholesale store management, organization, human resource and logistics development planning for raising efficiency. The Self Assessment Form for Business Processes covering the whole supply chain of the wholesale business and the relations of in-out bound logistics activities and site survey are applied for assessing situation and effect of the target group in studying area. The result of data analysis pinpoints the weaknesses of the organization to be improved and developed to high efficiency wholesale-retail business management in area of both cost management and customer satisfaction. The results of the development program records 35% decrease in stock value or about 40 million baht of which interest expense referent to short term loan interest rate counts for 0.4 million baht a month, 15% increase in sales or about 15 million baht and 0.2 million baht saving from returned goods and stock relocation. In addition, 80 thousand baht a month returns to staffs in term of wage and salary. The benefit from Internal Logistics Development Program contributes to the pilot company about 50.73 million baht monthly or around 608.76 million baht per annum at least.

Keywords: Logistics, Supply Chain, Wholesale-Retail Business, Self Assessment

1. Introduction

In general acceptance, business competition comprises two key success factors. The first one is competitiveness in price and the other is competitiveness in quality. For price competitiveness, companies attempt to lessen their cost of selling to be able to offer best price to customers. In manufacture, loss control and continual improvement help lessen cost of products. However, cost of logistics in actual

plays vital role to achieve price competitiveness.

Logistics is science of planning, designing and supporting the activities of procurement, inventory management, goods distribution and transportation, customer supporting, financing and human resource and information management.

In developed countries, cost of logistics is 8%, 11%, and 14% of GDP in USA, Japan and Singapore consecutively. In Thailand, it counts for 17-20% of GDP which is considerable cost of the country. Decrease 1% of logistics cost would help increase several billion baht of Thai export. Therefore, cost reduction in logistics affects directly to Thailand competitiveness. While goods are delivered to middlemen or wholesalers, occurring cost during the business transactions affects directly to price offered to retail shops. Nowadays several foreign companies conducting wholesale business have lower cost in total than that of domestic wholesalers due to owning massive capital and advanced management technologies. If the domestic companies do not improve logistics efficiency, competitiveness will decline. Finally they have to go out of business or must be taken over.

The article values improvement of logistics in wholesale business, thus launching the logistics improvement project for consumer product wholesalers.

The article applies logistics knowledge to manufacturer, which help decrease in manufacturing cost. As a result, Thai goods would gain competitiveness. Meanwhile the decrease in logistics cost of sale and marketing contributes low price products to end user.

2. Theory and Literature

This article bases on and applies some related logistics theories and literatures to develop processes for logistics of wholesale business: thus, contributing to analysis of problem solving and assessment of business both quantitative and qualitative aspects.

In general for the organization, customer services and cost reduction is the main key to gain