

Customer Success Story

British American Tobacco

Leverages Descartes to Introduce New Distribution Strategy

British American Tobacco is the world's most international tobacco group, doing business in 180 countries, with a global market share of 15.1 percent. Over 300 brands make up BAT Hungary's portfolio of tobacco products, which hold strong market positions in each of its operating regions and have leadership in more than 65 markets. Its companies, including associated companies, employ over 80,000 people worldwide.

Celebrating 100 years of multinational operations, British American Tobacco (BAT) is the world's second largest producer of tobacco products. When BAT Hungary eliminated its distribution channel and launched a direct store delivery operation targeting more than 30,000 retail outlets, it turned to Descartes to design and implement optimised routes for 300 distribution representatives within a tight, 60-day timeframe.

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Carlos Coutinho,
Trade Marketing Distribution Director, British American Tobacco Hungary

Challenge

Implement a New Distribution Strategy

In 2001, British American Tobacco Hungary (BAT Hungary) began implementing a new direct store delivery strategy designed to improve the trade management of retail customer accounts and to ensure fewer stock-outs. This plan required significant change in the company's sales and logistics operations, including the elimination of its indirect distribution channel and the recruitment of over 300 BAT Hungary sales and replenishment representatives.

The deadline was tight: BAT Hungary required an implemented routing solution within 60 days to launch its new distribution strategy. Plus, moving distribution inhouse presented several operational challenges, including the need to develop new sales territories and schedule 3,000 routes. Striving to balance costs with customer service levels, BAT Hungary searched for an automated solution to enable sales and territory planning, and route management.

Solution

Optimised Sales and Territory Planning

Based on the demonstrated success of the Descartes Sales & Territory Planner™ solution in two Latin American BAT subsidiaries, BAT Hungary selected Descartes.

"Descartes' expertise and experience in the area of routing and scheduling were important to us," said Carlos Coutinho, Trade Marketing Distribution Director, BAT Hungary. "We needed a trusted, committed partner with a stable, proven offering who could meet our tight deadlines. Descartes met this challenge every step of the way and truly contributed to the success of our new distribution operation."

Within 60 days of Descartes' engagement by BAT Hungary, the tobacco company was able to generate 3,000 routes for its sales representatives, that within a month were transferred to live routes.

BAT Hungary continues to use Descartes for ongoing optimisation of its routes. Moreover, data modeling enables BAT Hungary to calculate the potential sales value of individual customers, prospects and geographies – including territory travel times – to "spread the wealth" of opportunity equally across the distribution representatives.

Results

Profitable Operations, More Effective Communication

"Since implementing Descartes, we have been able to improve the efficiency of our distribution operation in Hungary," adds Coutinho. "By generating flexible, optimised routes for our direct store delivery operation, we are better able to respond to market changes and save on distribution costs."

Today, BAT Hungary can service more retail outlets with fewer vehicles through continuous routing enhancements.

Further, BAT Hungary can fine-tune its trade marketing and distribution operations by analyzing sales and delivery data derived from Descartes.

Coutinho concludes, "Descartes was instrumental in our strategy to take our distribution operations in-house. Their ongoing commitment to our success has made them a valued and trusted partner for BAT Hungary."