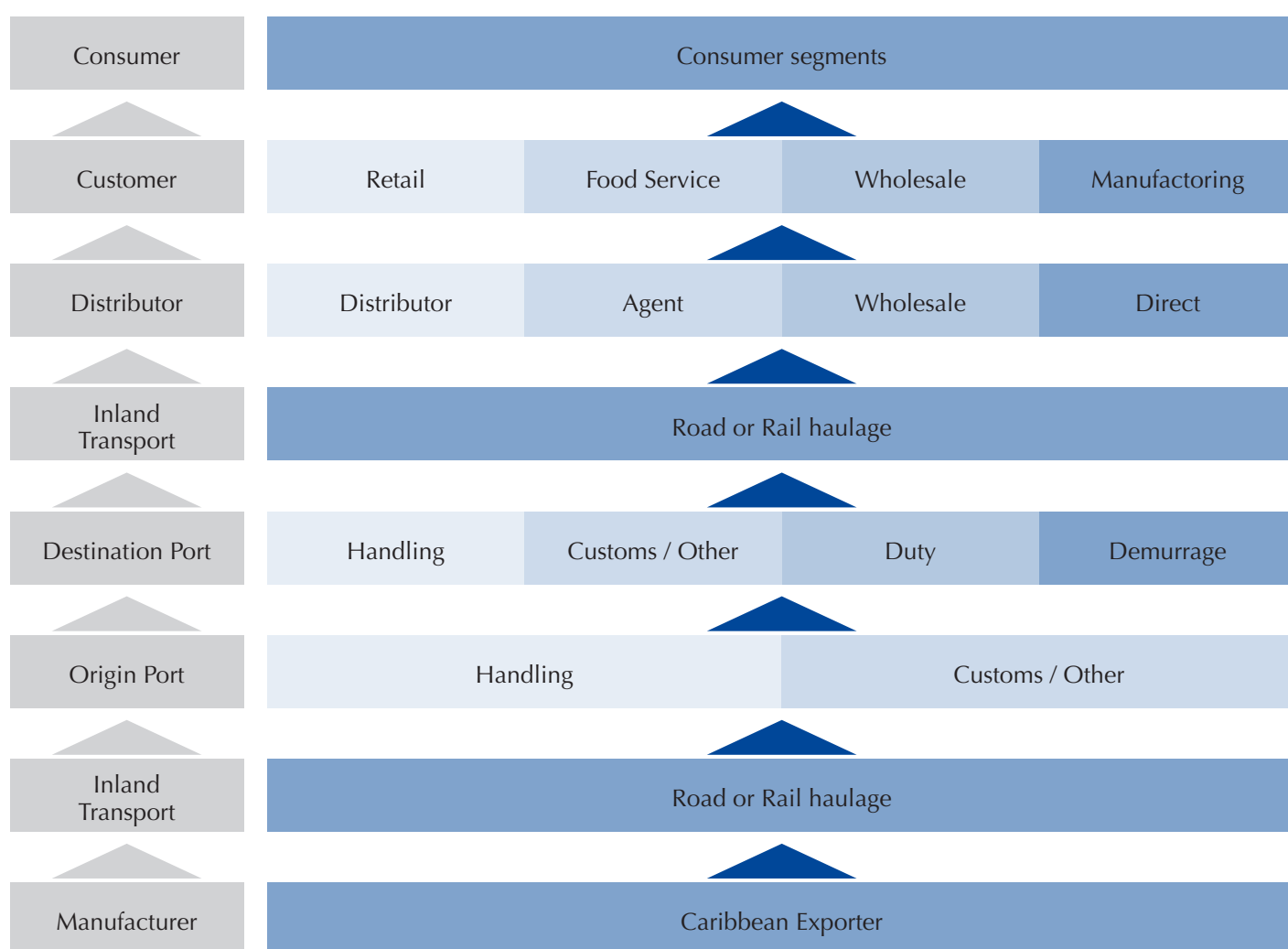


SUPPLY CHAIN MODEL

This is a map of a generic in-principle supply chain that applies to all of the major products, markets, origins and companies that have been surveyed as part of this report.

This outlines the basic steps that any product will go through from Caribbean Manufacturer to end Consumer in the EU. This is a generic framework that works for almost all Caribbean products and exporters and that forms the basis for the price build-ups, distributor mapping as well as the distributor guidance manual:



SUPPLY CHAIN MODEL

Distributors, customers & consumers

In order to ensure that this document is simple and actionable the last three stages of the supply chain model illustrated above (Distributors, Customers and Consumers) have each been divided into four basic types. These are illustrated and defined below. In reality market structures, supply chains, customers and consumer segmentation are extremely complex areas. However the approach we have taken covers the main categories and will assist those that have not exported previously to structure their approach effectively in a high complex market environment:

Consumer	Mass market	Mid market	High end	Niche
	<ul style="list-style-type: none"> • Low social-demographic • Price sensitive 	<ul style="list-style-type: none"> • Large scale demographic • Value driven 	<ul style="list-style-type: none"> • Premium demographic • Quality driven 	<ul style="list-style-type: none"> • Diaspora and interest groups • Specific needs
Customer	Retail	Food Service	Wholesale	Manufacturing
	Range of stores selling direct to consumers including Online, <ul style="list-style-type: none"> • Convenience • Multiples • Department • Discounters 	Range of outlets selling direct to consumers including: <ul style="list-style-type: none"> • Hotels • Restaurants • Airlines • Events 	Range of outlets selling to intermediaries including: <ul style="list-style-type: none"> • Cash & Carry • Trade outlets • Resellers • Traders 	Processors who buy raw materials for sale to business & consumers: <ul style="list-style-type: none"> • Packers • Processors • Brand owners • Own label
Distributor	Distributor	Agent	Wholesale	Direct
	<ul style="list-style-type: none"> • Takes title to goods • Has own warehousing • Sells direct to end customer • Low riskLow control 	<ul style="list-style-type: none"> • Does not take title to goods • Does not have warehousing • Sells on behalf of manufacturer • Medium risk Medium control 	<ul style="list-style-type: none"> • Takes title to goods. • Has own warehousing & outlets • An intermediary • Medium riskLow control 	<ul style="list-style-type: none"> • No title • Direct sales to end customer • Requires in market logistics & sales • High riskHigh control

Distributors

Whilst there are multiple distribution options, these have been divided into four of the most common. This includes using a traditional distributor who takes title to goods and sells product for a margin, an agent who does not take title but takes a fee for selling a product, a wholesaler who purchases a product as part of its normal procurement activities, typically for sale to business customers and direct sales where an exporter establishes a direct relationship with end customers. The last is very high risk despite the control that it gives due to the on-the-ground logistics, sales and marketing expertise needed to execute effectively. Direct online sales are growing fast but represent less than 5% of total retail sales in EU markets and is typically a niche strategy.

Customers

The four types of customer illustrated here simply outline the main channels to market that are served by distributors. Typically retail and food service represent the highest value markets for Caribbean producers but within each there is significant range from discounters where price is critical but volumes very high to department stores where prices are very high but volumes correspondingly low.

Consumers

Consumer segmentation is highly complex and, as such, this has been left at a demographic (rather than behavioural or attitudinal) level ranging from price sensitive mass-market consumers through to high-end segments with low price sensitivity but high quality expectations

SUPPLY CHAIN MODEL

Applying the model

Jamaica hot sauce exports; UK supply chain model

The below shows how this framework can be used to structure an in-principle supply chain selling Jamaica Jerk sauce packaged for retail at origin into mid-market retail in the United Kingdom through Waitrose, the largest national upscale supermarket and Wholefoods – a high-end chain with 7 stores mainly in London. This is for purposes of illustration only and assumes the use of CMA-CGM shipping for Full Container Load (FCL) shipments into the UK and direct sales with outsourced physical distribution (but not sales) through boughey – a major national logistics provider:

