

Higher National Unit Specification

General information for centres

Unit title: Physical Distribution

Unit code: DL2Y 34

Unit purpose: This Unit is designed to give the candidate an understanding of the current trends in physical distribution and an understanding of the components that make up physical distribution.

The Unit is relevant to all candidates undertaking the Retail Management course or any individual working within the sector.

On completion of the Unit the candidate should be able to:

1. Evaluate the structure and operation of distribution channels.
2. Explain the concept of a total systems approach with regard to the physical distribution function.
3. Explain the role of third party logistics and customer service in determining the physical distribution function.

Credit points and level: 1 HN Credit at SCQF level 7: (8 SCQF credit points at SCQF level 7*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

Recommended prior knowledge and skills: Access to this Unit is at the discretion of the centre, but it would be beneficial if the candidate had a basic understanding of the Retail sector in the UK and/or work experience within the sector.

Core skills: There may be opportunities to gather evidence towards core skills in this Unit, although there is no automatic certification of core skills or core skills components.

Context for delivery: If this Unit is delivered as part of a group award, it is recommended that it should be taught and assessed within the subject area of the group award to which it contributes. This Unit included in the framework for the HNC/D Retail Management award.

Assessment: It is suggested that each outcome should be assessed separately. The assessment could take the form of three pieces of coursework that could be done out with the classroom, the length of each piece coursework should be 1,000 words.

Higher National Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, knowledge and/or skills, and evidence requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Evaluate the structure and operation of distribution channels

Knowledge and/or skills

- ◆ Classification of distribution channels
- ◆ Channel strategy
- ◆ Managing channel members
- ◆ Managing channel conflict
- ◆ In-house versus external control / costs

Evidence requirements

Evidence must be produced for all the knowledge/skills section. Evidence should be current, clear and concise, and should include the following areas:

- ◆ Organisational objectives
- ◆ Distribution channels
- ◆ Organisational constraints
- ◆ Consideration of the products to be distributed
- ◆ Channel management
- ◆ Managing channel member expectations
- ◆ Advantages and disadvantages of in-house versus external

Each candidate must be able to show that s/he understands the different distribution channels available to the retail sector and the roles and responsibilities of all parties involved in physical distribution.

There must be evidence of research undertaken that is retailer and industry specific. This should include at least 2 examples from 2 different industry sectors and 2 different retailers.

Higher National Unit specification: statement of standards (cont)

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Assessment guidelines

Candidates should produce a 1000 word report

The candidate should use either a report format or essay format to provide advice to the company in the scenario, this should include the areas described in the Evidence Requirements section.

Candidates must meet the word count stipulation and assessment format. There must be evidence of research into distribution channels and how channels are managed in the Retail Sector.

Outcome 2

Explain the concept of a total systems approach with regard to the physical distribution function

Knowledge and/or skills

- ◆ Logistics
- ◆ Transportation
- ◆ Materials handling
- ◆ Warehousing
- ◆ Inventory management
- ◆ Physical flow of materials
- ◆ Information flows – Electronic data interchange
- ◆ Costs – identification, allocation

Evidence requirements

Evidence must be produced for the knowledge/skills section relevant to the scenario or retailer that is being researched. Evidence should be current, clear and concise, and include the following areas.

- ◆ overview and definition of total systems
- ◆ advantages of taking a total systems approach to physical distribution
- ◆ transportation
- ◆ warehousing
- ◆ inventory management
- ◆ logistics – physical flow of materials, information flows, EDI
- ◆ costs – savings, identification, allocation, accountability

Higher National Unit specification: statement of standards (cont)

Unit title: Physical Distribution

Each candidate must be able to explain the total systems approach to physical distribution indicating the components that make up the system.

There must be evidence of research, retailer and industry specific.

Assessment guidelines

Candidates are required to produce a 1000 word report.

This should include the areas described in the Evidence Requirements section.

Candidates must meet the word count stipulation and assessment format. There must be substantial evidence of research into both the Retailer and the Retail Sector in terms on Security.

Outcome 3

Explain the role of third party logistics and customer service in determining the physical distribution function

Knowledge and/or skills

- ◆ Trends in third party logistics
- ◆ Specialist contractors e.g. transport, warehouse operation, materials handling
- ◆ Cost versus control of the distribution function
- ◆ Industry good practice
- ◆ Benefits of third party logistics
- ◆ Customer orientation
- ◆ Customer service in relation to physical distribution
- ◆ Relationship marketing
- ◆ Legal implications

Evidence requirements

Evidence must be produced for the knowledge/skills section relevant to the logistics organisation / Retailer that is being researched. Evidence should be current, clear and concise, and should include the following areas:

- ◆ third party logistics – definition and role in physical distribution
- ◆ example/examples of logistics services provided
- ◆ benefits of contracting out services
- ◆ relationship marketing
- ◆ identifying and meeting customer requirements
- ◆ approaches to customer care

Higher National Unit specification: statement of standards (cont)

Unit title: Physical Distribution

- ◆ customer expectations
- ◆ service measurement and improvement
- ◆ importance of adding value to the exchange between logistics service provider and the retailer

Each candidate must be able to explain the purpose and benefits of third party logistics. Each candidate must also be able explain the role of customer service and how service can be evaluated in relation to physical distributions.

Assessment guidelines

Candidates are asked to undertake research on an organisation that provides distribution services to high street retailers and comment on why the retailer might choose their services. The organisation chosen for the assessment may be one where they currently work or one, which they have chosen to research.

They should provide a comprehensive 1000 word report that identifies the organisation by name and provide background information on its history and the services it provides. The report should comment on the relationship between the organisation and the retailers and indicate how customer service is managed.

There must be evidence of research, retailer and industry specific.

Candidates must meet the word count stipulation and assessment format. There must be evidence of research into both the Retailer and the Retail Sector.

Administrative Information

Unit code:	DL2Y 34
Unit title:	Physical Distribution
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Higher National Unit specification: support notes

Unit title: Physical Distribution

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

This unit is intended to give the candidate an overview of the Physical Distribution function and its importance for Retail managers.

The unit should not be viewed in isolation and other subject areas taught within the HNC/HND Retail Management framework will be of relevance eg, Stock Management, Customer Care, Fundamentals of Marketing, Work Experience and Communication.

Where possible current examples should be used throughout to illustrate all three outcomes. Candidates should be encouraged to carry out additional reading though an up to date reading list: Books, Journals, and the Internet.

Outcome 1 sets the scene for candidates, and candidates need to be made aware of the importance of distribution channels. Teaching here should incorporate the use of case studies and/or videos. Links can be made with the subjects covered in the candidates marketing class, especially the concepts based around the marketing mix element known as *Place*. The types of channels available to the manufacturer and the relationship between retailers and manufacturers / suppliers should be explored in depth. The reasons for a manufacturer or retailer adopting particular channels to access customers are also an important area to be covered in this outcome.

Outcome 2 Teaching here should incorporate the use of case studies and/or videos. The knowledge and/or skills for this outcome cover the elements that make up the total systems approach to physical distribution.

Transport should cover fleet management, role of the fleet manager, vehicle scheduling, vehicle security, alternative forms of transport and their pros and cons.

Warehousing should cover warehouse layout and types of layout, as well as movement of goods in warehouse environments.

An explanation of the materials handling should include types of reach trucks, pallets, cages, pallet trucks/barrows, conveyors. Links can be made to the use of automated guided vehicles for pallet movement in warehouses, also use of bar code technology for moving, storing and tracking goods.

Higher National Unit specification: support notes (cont)

Unit title: Physical Distribution

The explanation of inventory management might make links to the Stock Management unit and should also draw out the use of forecasting techniques, stock systems, paper and electronic approaches to managing inventory.

The costs section of this outcome should cover the costs associated with providing a physical distribution function and should stress the trade-offs associated with customer service and cost. The issues concerning cost should consider cost in relation to every element that makes up the total system so that it is clear that it can be difficult to allocate costs as well as make savings unless you are aware of the elements that make up the system

Outcome 3 Teaching here should indicate the trends in third party logistics and the increasing specialist services provided. A good source of information would come from web-based searches on logistics, logistical services, third party logistics. Good examples of organizations involved in providing services to retailers would be Salvesen, Tibbet and Britten. Key to this outcome is identifying the role of customer service and relationship marketing in formation of partnerships between retailers and service providers. It should be made clear that the services provided by third party organisations are continuously updated and that these organization look to add new services and add value to the partnership.

Again the use of case study and /or videos/site visits would enhance teaching here.

The customer service section should make links to units in Customer Care and Communication. The service factors that are relevant to retailers should be put into context and link to physical distribution, such as: timing of delivery, flexibility, accurate paper work, service quality, accurate loads. The section might also include policies on customer service, service design, service measurement.

Guidance on the delivery and assessment of this Unit

The Unit is an optional unit within the HNC/D Retail Management. It should be delivered later in the award to enable candidates to apply the skills, knowledge and understanding gained here in other Units for example Work Experience.

Open learning

If this unit is delivered by open or distance learning methods, additional resources will be required for candidate support, assessment and quality assurance. For further information and advice please refer to the SQA guide: Assessment and Quality Assurance for Open and Distance Learning (SQA, February 2001 Publication code A1030).

Higher National Unit specification: support notes (cont)

Unit title: Physical Distribution

Candidates with additional support needs

This Unit specification is intended to ensure that there are no artificial barriers to learning or assessment. The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the SQA document *Guidance on Special Assessment Arrangements for Candidates with Additional Support Needs* (BA 2399, SQA, due 2004).

General information for candidates

Unit title: Physical Distribution

This unit is designed to enable the candidate to identify the role of physical distribution within a business and more specifically a retail environment.

The unit provides an underpinning knowledge that will benefit you in a number of other units, in particular the Stock Management, Work Experience, Customer Care, Marketing, Communication and if you enter employment within the Retail Sector.

Many of the issues discussed in this unit also apply out with the Retail Sector to other business sectors.

The unit gives you an overview of the trends in physical distribution and their impact on the UK Retail Sector. The unit also indicates the decisions and strategies that need to be made by retail organisations if they are to be cost effective. The unit provides a holistic view of physical distribution and indicates the components that make up the distribution system. The unit will give you an understanding of *how* Retailers form partnerships with other organisations that enable them to provide a better service to the consumer.

Your understanding of this unit will be increased through an awareness of the Retail and Logistics Sectors in the UK. It is recommended that you visit some Retail/Logistics sites to view physical distribution at work.

In order to complete this unit successfully you will be required to achieve a satisfactory level of performance on three pieces of assessed work.