



Case Study

Benefits of an Inclusive Distribution Network

Insights from IFC and Ceylon Biscuits Limited on Women-Led Distributors and Retailers

IN PARTNERSHIP WITH



ACKNOWLEDGEMENTS

This publication was developed by Kanchana Abeywickrama of IFC's Manufacturing, Agribusiness & Services Department and Kathy Mignano of IFC's Gender and Economic Inclusion Group, under the guidance of Ernest Bethe and Heather Kipnis. The authors are grateful for the support from colleagues Beatrice Zimmerman, Sarah Twigg, and Savani Jayasooriya. The authors extend their sincere thanks to the team at CBL for their collaboration and valuable inputs, especially Nalin B Karunaratne, Srilal Wijesekera, Thilina Alagoda and Ishara Wickramasinghe.

ABOUT IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2022, IFC committed a record \$32.8 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of the COVID-19 pandemic. For more information, visit www.ifc.org.

© International Finance Corporation 2023. All rights reserved.
2121 Pennsylvania Avenue, NW
Washington, DC 20433 U.S.A.

The material in this work is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. IFC encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly, and when the reproduction is for educational and non-commercial purposes, without a fee, subject to such attributions and notices as we may reasonably require.

IFC does not guarantee the accuracy, reliability, or completeness of the content included in this work, or for the conclusions or judgments described herein, and accepts no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of the World Bank Group concerning the legal status of any territory or the endorsement or acceptance of such boundaries. The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of the World Bank Group or the governments they represent.

The contents of this work are intended for general informational purposes only and are not intended to constitute legal, securities, or investment advice, an opinion regarding the appropriateness of any investment, or a solicitation of any type. IFC or its affiliates may have an investment in, provide other advice or services to, or otherwise have a financial interest in, certain of the companies and parties (including named herein).

All other queries on rights and licenses, including subsidiary rights, should be addressed to IFC Communications, 2121 Pennsylvania Avenue, N.W., Washington, DC 20433.

The International Finance Corporation is an international organization established by Articles of Agreement among its member countries, and a member of the World Bank Group. All names, logos and trademarks are the property of IFC and you may not use any of such materials for any purpose without the express written consent of IFC. Additionally, "International Finance Corporation" and "IFC" are registered trademarks of IFC and are protected under international law.

March 2023

Benefits of an Inclusive Distribution Network

This case study expands the evidence base for advancing gender equality in the distribution and retail segments of corporate supply chains. It shares findings from surveys conducted with distributors and retailers in the network of Ceylon Biscuits Limited, and identifies the benefits and opportunities for engaging with women-led distributors and retailers of fast-moving consumer goods (FMCG) in Sri Lanka. The surveys were conducted from 2021-22 by the International Finance Corporation (IFC) as part of the Women in Work program, a partnership with the government of Australia.

Inclusive distribution in Sri Lanka

Traditionally, the distribution and retail industry in Sri Lanka has been dominated by men. However, fast-moving consumer goods (FMCG) companies like Ceylon Biscuits Limited (CBL) have recognized that developing and advancing a distribution network that includes both men and women can lead to business benefits.

CBL is one of Sri Lanka's largest locally-owned FMCG companies, manufacturing, marketing and distributing biscuits under the Munchee brand. The company is a fully owned subsidiary of the CBL Group—a leading diversified food conglomerate in Sri Lanka that manufactures biscuits, chocolates, cake, cereals, textured soy products, coconut products, spices and organic value-added products.

CBL has been a market leader in the biscuits category for over two decades, holding over 60% of Sri Lanka's market share. To get its products into the hands of consumers, CBL works with about 360 distributors—many of which exclusively distribute CBL products, while others work with a variety of FMCG brands. These distributors deliver CBL products to more than 150,000 multi-brand retailers across the country, most of which are micro, small, and medium-sized enterprises (MSMEs).



“ Women entrepreneurs are contributing fresh perspectives, skills, and ideas that can help drive growth and competitiveness in Sri Lanka's FMCG industry in the long term. The business case is clear: the impacts of empowering women in entrepreneurship are positive social and economic outcomes for everyone. ”

Shea Wickramasingha
Group Managing Director
CBL Group

Developing a distribution network that is inclusive of men and women can increase sales volumes, expand market share, and attract investment capital. FMCG companies can take steps towards a more inclusive distribution network by mapping the existing representation of women across the network, developing strategies to overcome any gaps, and identifying business benefits of inclusion for the company

Building an inclusive distribution network is important for CBL—it views all distributors and retailers, both men-led and women-led, as critical business partners that play a key role in the company's success. To take action towards a more inclusive distribution network, CBL and IFC collaborated to map the participation and barriers facing women-led distributors and women-led retailers in CBL's distribution network and gather insights on the business advantages. The surveys uncovered benefits and opportunities for CBL, as well the distinct barriers facing women-led distributors and retailers.

(See Box 1 for more information on how CBL is supporting the distributors and retailers in its network.)

Box 1. Building an Inclusive Network

CBL's "Senehasin Jayamagata" or "Route to Success" program is a capacity building program for the distributors and retailers in CBL's network. The program, as part of the IFC and Australia Department of Foreign Affairs and Trade (DFAT) Women in Work program, aims to i) build the business skills of the distributors and retailers in the network of CBL, ii) increase and enhance women's participation in the distribution network, and iii) introduce and promote the use of digital payment methods across the network.

Findings from two surveys provide important insights for other FMCG companies in Sri Lanka that are considering developing a more inclusive distribution network:

- 1 **Women are represented in leadership and strategic positions.** Women were represented in leadership roles, although at varying degrees depending on their role as either a distributor or retailer. Women were also employed in other key strategic positions. FMCG companies should ensure that their sales teams have the policies and practices in place to effectively engage with both men and women leaders and key contributors across their distribution network.
- 2 **Women entrepreneurs are key for the long-term continuity and resilience of the distribution network.** The surveys revealed women-led businesses to be loyal business partners and that women will play a critical role as future owners of distribution and retail businesses when ownership responsibilities are passed on.
- 3 **Women-led distributors face different barriers than women-led retailers.** Understanding the distinct barriers for distributors versus retailers is important for FMCG companies that want to develop an inclusive distribution strategy as it can inform how their efforts can be focused to most effectively foster inclusion.

The following sections provide more detail behind these findings, including sex-disaggregated distributor and retailer data relating to the participation of women-led distributors and women-led retailers and the barriers confronting each of these groups.

Distributor Insights

The survey of men and women distributors explored issues such as access to finance, technology, and networks, business and people management skills, and social norms (see Box 1). Key conclusions are outlined below.



Women are skilled and experienced leaders. All of the women surveyed had completed a secondary-level education at a minimum, compared to 91 percent of men who had completed the same level of education. Although women typically obtained business leadership roles at a later age than men, they nonetheless had an average of nine years of experience running their businesses. Forty-one percent of women had 11-20 years of business management experience.

Few gaps were identified in the business management practices of men versus women or their support to retailers. For example, similar to men-led distributors, women visited their retailers frequently (69 percent visited their retailers four times per month) and were a key source of working capital (83 percent of women-led distributors gave retailers between 14-21 days to pay for products). Over two-thirds of surveyed women-led distributors had identified their key retailers and were well aware of their profiles.

At the same time, however, women-led businesses were smaller on average than those led by men, with just 10 employees versus 14, and reached fewer retailers. To support the growth of women-led distributors, FMCG companies can help women complement their existing business skills with the soft skills needed to actively grow their business and cope with risks. FMCG companies can also cultivate greater access to networks for women leaders which provide opportunities for mentorship and advice.

Box 1. Distributor Snapshot:

Select findings from the quantitative survey of the leaders of 318 distributors in CBL's network.*

Participation: Nine percent of surveyed distributors were led by women.

Access to and Use of Finance:

- 76 percent of women had obtained a formal loan from a bank (+16pp vs. men).
- 34 percent used mobile banking (23pp gap)
- 17 percent used mobile money (25 pp gap)

Access to Technology:

- 90 percent of women-led distributors had access to a smart mobile phone (+11pp).
- 72 percent had computer access (+4pp)
- 45 percent had access to a tablet (+10pp)
- 38 percent had a point-of-sale device (+2pp)

Access to Human Resources: Finding and retaining good employees was the challenge most frequently cited by both women and men distributors.

Access to Networks: 17 percent of women were members of a business network (8pp gap).

Social Norms: Women spend 7 hours per day on home and caregiving duties (2 hours more vs. men).**

* Results should be interpreted as an analysis of the 318 distributors surveyed and not as a random sample. A business leader was considered to either be the owner of the business, a partner, or a senior level employee that manages operations. A 'gap' indicates where women-led distributors have less access than men while '+' indicates greater access. Percentage point (pp) difference is indicated.

** Finding is statistically significant at 1 percent.



Women are loyal business partners. FMCG companies want distributors that will stick around. The survey found that 48 percent of women-led distributors had worked with CBL for more than 10 years, on par with men. Women-led distributors also tended to focus more on CBL products, whereas men typically had a more diversified portfolio. On average, CBL products accounted for 63 percent of women-led distributors' sales, compared to 37 percent for men-led distributors. FMCG companies looking to identify their own business case for an inclusive distribution should consider how the loyalty of women entrepreneurs could support the resiliency of their distribution network.



Women hold key roles beyond ownership. Women-led distributors constituted just nine percent of survey respondents. However, the survey revealed that women also play key roles in men-led businesses. Among men-led distributors, 32 percent employed at least one woman in a top strategic position, and 24 percent employed at least one woman in a mid-level position. FMCG companies seeking to increase the representation of women-led businesses in their distribution network can work with men-led businesses to ensure that women in key contributor roles have the skills needed to advance and that they receive equitable consideration for future leadership positions.



Women support long-term continuity in distribution networks. Changes in the ownership of a distribution company have the potential to impact FMCG companies. However, only about half of the distributors surveyed had considered what would happen to the business when they could no longer run it themselves. Women often have important roles to play in ensuring the succession process occurs smoothly, with minimal disruptions to FMCG networks. Of the distributors that had a vision for the future ownership of their company, 25 percent of men said they intend to hand over their business to a daughter or spouse, while 21 percent of women planned to transfer their business to a female relative. FMCG companies can support both men and women-led distributors to have a succession plan in place and that future leaders are prepared for the transition.



Women have high access to technology, but gaps exist in usage. Many FMCG companies in emerging markets are looking to leverage digital tools to improve the efficiency of their distribution networks and to track their products' path to market. Among CBL's distributors, women reported equal or greater access to smart phones, computers, and other devices. Although women were more likely than men to leverage these technologies for accounting purposes, they were less likely to use them in other areas of the business. With regard to digital financial tools like mobile banking and mobile money (see Box 1), women largely attributed not using these tools to a lack of understanding or a lack of interest. FMCG companies seeking to introduce new digital-based solutions, such as working capital products or point of sale devices, should ensure that they take into account any gender gaps in technology usage.



Retailer Insights

The survey of men-led and women-led retailers explored issues such as access to finance, technology, and networks, business and people management skills, and social norms (see Box 2). The key conclusions are outlined below.



Women-led retailers are active across a variety of retail channels, contributing to market share. Women-led retailers constitute nearly a quarter of all retailers surveyed (see Box 2) and operate across all of CBL's retail channels. These include wholesalers, pharmacies, small neighborhood grocery shops that serve customers over-the-counter, and small/medium-sized traders (SMMTs) that are typically larger than grocery shops, offer a wider variety of goods, and operate check-out lanes. Notably, women led 33 percent of all grocery shops. Out of the women leaders surveyed, 85 percent owned the business, while 15 percent had other leadership roles.

Box 2. Retailer Snapshot

Select findings from the quantitative survey of the leaders of 441 retailers across Sri Lanka that sell CBL products:*

Participation: 24 percent of surveyed retailers were led by women.

Access to and Use of Finance:

- 54 percent of women respondents had obtained a loan from a bank. (3pp gap)
- 24 percent used mobile banking (12pp gap)
- 20 percent used mobile money (8 pp gap)

Access to and Use of Technology:

- 64 percent of women used a smart phone (4pp gap)
- 27 percent had computer access (11pp gap)
- 12 percent had point-of-sale devices (9pp gap)
- 35 percent used digital media tools (17pp gap)

Access to Networks: 26 percent of women were members of a business network (8pp gap).

Access to Human Resources: Women report fewer challenges than men in finding and retaining good employees (+12pp).

* Data should be interpreted as analysis of the 441 retailers surveyed and not as a random sample. Findings should not be considered representative of all retailers that stock CBL products. A business leader was considered to be either the owner of the business, a partner, or a senior level employee that manages operations. A 'gap' indicates where women-led retailers have less access than men while '+' indicates greater access. Percentage point (pp) difference is indicated.



Women-led retailers were smaller businesses—with three employees versus five at men-led retailers—and relied more heavily on family employees.

However, despite the challenges posed by COVID-19 and Sri Lanka's economic crisis, nearly one third of women retailers reported that their customer base was growing, and 94 percent had identified their key customers. However, gender gaps were identified in retailers' plans for growth, including an 18pp gap in understanding how to calculate sales targets, a 9pp gap in setting sales targets, and an 8pp gap in developing a three-year action plan for growth. FMCG companies can help support the growth of women-led retailers—and potentially their own product sales—by closing gender gaps related to growth-oriented skills and practices.



Women leaders are educated and experienced, but gaps were found in business practices.

The women retailers surveyed had an average of 14 years of experience running the business. Moreover, 87 percent of women leaders had completed secondary, vocational, or university-level education, which is on par with men. However, the survey revealed gender gaps in retailers' business management skills. For example, women-led retailers were more likely to rely on notebooks or their memory for bookkeeping (13pp gap) and less likely to use digital media marketing (see Box 2). Apart from capacity building provided by CBL, only 18 percent of men and 11 percent of women had received any business management skills training. FMCG companies can build upon the educational foundation and business experience of these retailers to help both men and women to improve critical business skills, such as ordering, storing, and tracking products in their inventory, and addressing skills areas that represent gender gaps for women.



Women represent retailers' future leadership.

Among men-led retailers who had a vision for what would happen to their business once they retire, 52 percent said either their spouse or a female family member would take over. In addition, 26 percent of all men surveyed reported that they already consult family members or business partners when making business decisions. Among female-led retailers, 22 percent said a female family member would take over. As FMCG companies develop their inclusive distribution strategies, they should consider the key role that women will play in the long-term continuity of the company's retailer network and how the company can help to close gender gaps that would hinder a successful and smooth transition.

Conclusion

FMCG companies can take steps towards building a more inclusive network by mapping the extent of women's participation, identifying their business case for creating more inclusive networks, and developing strategies to overcome any gaps that are identified. Distributors and retailers play a crucial role in the success of FMCG companies, and inclusive distribution networks can have benefits for all.

Endnotes

1. Number of distributors is as of the time of the survey. Most of the distributors also have other lines of work beyond distribution.
2. A woman-led business is defined as having a woman owner, partner, or senior-level employee managing operations.
3. The 26pp difference in sales is statistically significant at five percent.

IFC, Level 37, One Galle Face Tower
1A Centre Road, Galle Face
Colombo 00200
Sri Lanka

Visit: www.ifc.org

March 2023



Creating Markets, Creating Opportunities