The Consumer Goods FORUM

End-to-End Value Chain

Summer Solstice SpringBoard

Transportation | June 2019 | Executive Summary

Barcelona, Spain

Summer Solstice SpringBoard Executive Summary

Barcelona, Spain

The Consumer Goods Forum's (CGF) End-to-End (E2E) Value Chain Pillar held its 2019 Summer Solstice SpringBoard from 25th - 26th June in Barcelona, Spain. The event brought together logistics experts from Europe, Asia and North America to delve into key transportation topics affecting the industry today. From waiting times and empty miles to global supply chains and last mile logistics to retail, participants got the opportunity to share their knowledge and best practices with fellow industry peers.

The workshop held at Ailaic in the heart of the city served as the perfect setting for collaborative discussions as participants dissected the main industry hurdles and brainstormed innovative ideas to solve them.

The aim of the Summer Solstice session was to keep content at the core of the gathering. The participants discussed the main challenges they faced within their companies, sectors and roles, as well as the potential opportunities for collaboration to overcome them. In what proved to be truly interactive exchanges, and a first-of-its-kind for SpringBoard events, the participants worked together to tackle questions around four of the main themes identified as the most pertinent during the discussion session. The outcomes of the workshop discussions will be outlined in the following document.

WORKGROUP 1

Efficiency and Sustainability

With the foreseen lack of transportation capacity and heightened environmental awareness, there is a need to put a stronger focus on how to best utilise available transportation capacity. We aim to take transportation and other supply chain components (planning, warehousing, etc.) and optimise the end-to-end value chain to have a lean process. Environmental sustainability will be improved through a leaner supply chain and through specific actions (transportation mode, transportation energy, etc.).

1

CHALLENGES

- Increased consumer and customer requirements pushing demand beyond capacity:
  - Same day / home delivery
  - Increased product proliferation and channel differentiation
  - Increased number of pure online players
- Constraint on capacity:
  - Drivers
  - Regulation for delivery in cities
  - Delivery slots in networks
  - Environmental regulations (truck types etc...)

2

POTENTIAL SOLUTIONS

- KPIs and incentives: Updated evaluation focus on cash flow resulting in pushing up delivery frequency, vs stock holding in light of increased transport costs, capacity availability and better utilisation of capacity.

3

COLLABORATIVE APPROACH

- Tool to balance frequency vs inventory and to smoothen demand peaks:
  - Good ordering (homogeneous pallets, layer picking, etc.) and receiving practices (waiting times, unloading, de-palletisation, advanced goods receiving, quality tests, etc.)
- Collaboration to reduce empty mileage
- Need to have interoperability frameworks for data exchange / visibility for optimisation
- Make transportation / market more attactive:
  - Reduce drivers load / unload
  - Tools to reduce waiting times / improve conditions for waiting times
  - Automated loading / unloading

4

NEXT STEPS FOR E2E

- Chainalytics assessment for a pilot of capacity optimisation
- Examine other players that have the same capabilities
- Define common efficiency KPIs
- Good practices booklet (ordering / unloading etc.)
- Value stream mapping pilot on some lanes
- Define which areas have a competitive advantage vs collaborative space

WORKGROUP 2

Logistics in Smarter Cities

In smart cities, digital and telecommunication technologies are used to make traditional networks and services more efficient for the benefit of its inhabitants and business. Managing logistics in such smart cities is therefore an essential element to explore.

1

CHALLENGES

- Tighter legislations managed by individual city councils
- Customer demands and expectations are increasing
- Required changes in infrastructure
- Depending on the category of the product, there are different levels of challenges and different solutions

2

POTENTIAL SOLUTIONS

- Use of alternative fuels
- Creation of city center hubs
- Creation of drop and lock warehouses
- Reduction of private cars to allow for a reduction in congestion on the road

3

COLLABORATIVE APPROACH

- Use of sharing services to deliver the last mile i.e. uber, public transport, bicycles, etc.

4

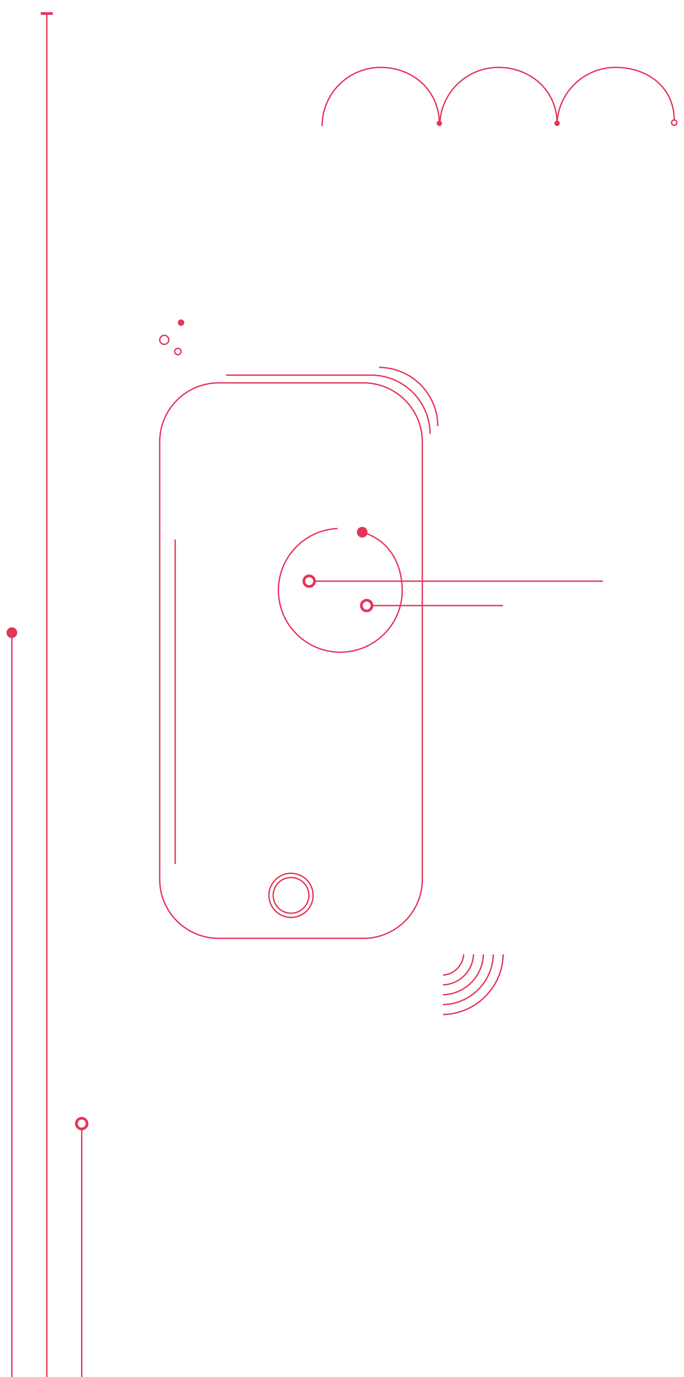
NEXT STEPS FOR E2E

- Define the core requirements and scope of the project

WORKGROUP 3

Technology

New technologies have strategic implications on business for retail and manufacturing companies. It is important to analyse how technology can be leveraged to have a transparent and holistic end-to-end view for B2B and B2C.



1

CHALLENGES

- Enabling traceability from production to consumer, and vice versa
- Ensuring consumer trust in order to gain their loyalty

2

POTENTIAL SOLUTIONS

- Compile a white paper

  First stage - Process: Desk research on parties and market players that could help with designing an intermodular transport interoperability solution:

  - Connecting logistical data from production to end consumer - including ports up to the container I Focus on data flow, identification, etc.
  - Define the best use of the data for companies and the industry
  - Overview of actors: IATA, Global Maritime Conference, etc.
  - Overview of existing solutions – commonalities / limitations

  Second stage - Technology: Set up requirements for an interface to enable cooperation between IT solutions in an interoperable way eg. use of IoT and blockchain:

  - Adding transparency, sustainability elements we all need
  - Connecting with all relevant parties
  - Developing the market signals

3

COLLABORATIVE APPROACH

- Leveraging collective resources and knowledge to compile the white paper

4

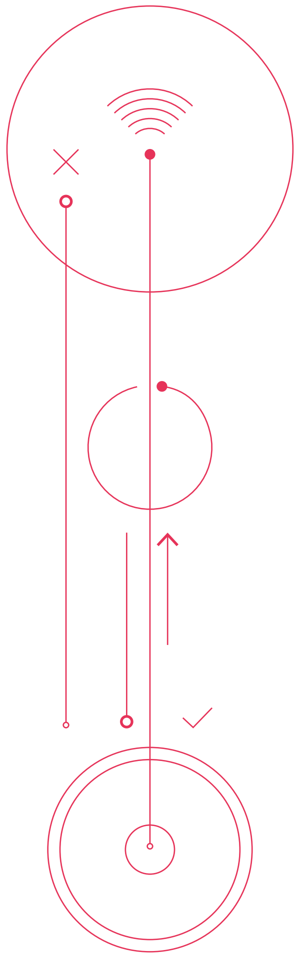
NEXT STEPS FOR E2E

- Define the lead
- Call for participants
- Prefigure the programme of work

WORKGROUP 4

On-Time and In-Full (OTIF)

On-Time and In-Full (OTIF) are becoming a greater focus for both retailers and suppliers. Some retailers are implementing punitive measures to improve performance, but they are causing unintended consequences and not completely solving the opportunity. The industry opportunity is to clearly identify and define all of the current friction points across the shared supply chains and develop ideas on how to resolve them utilising a total system cost approach.



1

CHALLENGES

- Certain retailers are putting into place punitive measures to enhance performance which, rather than finding a solution, is leading to unforeseen consequences.

2

POTENTIAL SOLUTIONS

- Reduce dwell time and delay at retailer distribution centers
- Expand use of drop trailer programmes
- Review trailer loading policies with a total system cost view – double stacking pallets can make sense if the retailer is kept whole on any incremental unloading costs
- Explore double-floor trailers to increase industry transportation capacity
- Leverage APIs to connect the multiple load status tracking tools that are available
- Expand the receiving hours at retailer distribution centers when possible
- Evaluate the tradeoffs with order lead time increases and improved order fill rates
- Develop best practices around delivery window and dock time scheduling
- Improve joint forecasting to ensure product is available to be filled
- Ensure the accuracy of master data accuracy to ensure purchase orders flow seamlessly
- Evaluate order frequency to determine if it can impact OTIF in a positive way
- Evaluate the ability to create a cross-company sales & operations planning process
- Leverage a 3rd party to conduct a network lane overview across retailers and suppliers
- Examine ways to turn trailers faster once they reach a retailer distribution center

3

COLLABORATIVE APPROACH

- Establish a CGF E2E transportation working group to begin cataloging and documenting all of the known approaches to be considered.
- Facilitate a mindset to approach these challenges with a total system cost lens to break down company and functional barriers.

4

NEXT STEPS FOR E2E

- Schedule a working session to begin documenting and cataloguing the approach described above.

The Summer Solstice SpringBoard session proved to be a great success, with plenty of positive feedback shared by the participants. The experts present at the SpringBoard particularly appreciated the interactive nature of the workshop, allowing for new connections to be made and for existing connections to be strengthened. In addition, the workgroup session that allowed the experts to deep dive into the four identified transportation themes and come out with tangible proposals was enjoyed by all.

The decision to keep the conversation going was unanimous. Going forward the group will continue to collaborate through a series of calls to push the four work streams over a period of three months each. Furthermore, the E2E Value Chain team will aim to plan follow-up physical meetings in November 2019 in Norway and in June 2020 in Switzerland.

Thank you to all participants. See you at the next SpringBoard!

PARTICIPATING COMPANIES:

- Ajinomoto
- Barilla
- Danone
- GS1 Spain
- Jeronimo Martins
- L'Oréal
- Logifruit
- Metro Group
- Migros Switzerland
- Migros Turkey
- Nagel-Group
- Nestlé
- Oliver Wyman
- PepsiCo
- RuBehCon
- SPAR International
- The Consumer Goods Forum
- University of Târgoviște

About The Consumer Goods Forum

The Consumer Goods Forum ("CGF") is a global, parity- based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 3.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises more than 50 manufacturer and retailer CEOs.

For more information, please visit:
www.theconsumergoodsforum.com

Contact:
Ruediger Hagedorn
Director, End-to-End Value Chain
The Consumer Goods Forum
r.hagedorn@theconsumergoodsforum.com
(+49) 17 16 93 55 83

The Consumer Goods FORUM

End-to-End Value Chain