

NexTrust Pilot 1.1 Summary Case Study: The set-up of a Multi-Supplier/Multi-Retailer Platform (MSMRP)



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Introduction

The freight supply chains across Europe account for 25% of the CO2 and particulate emissions. In addition, the lack of collaboration in the use of motive and warehousing assets leads to high levels of inefficiency when looked at from a European perspective although for individual organisations their operations appear optimised particularly for Customer Service.

NexTrust, a EU grant funded Horizon 2020 project (Grant 635874), was setup to bring together like minded actors in the supply chain to raise asset utilisation levels and reduce Green House Gas emissions through collaborative pilots.

Up to now, actors in the supply chain, such as manufacturers, importers, retailers, exporters and logistics companies are generally reluctant to pilot or utilise new methodologies or new routes to market as there are many examples of costly implementation failure. In order to overcome actors' hesitation to participate, the most important aspects for successful collaboration were identified prior to the elaboration of the pilots:

- Careful planning of the project
- An agreement to, transparently, share the savings generated net of any additional costs
- Agreements on the planning and administrative processes to be used
- Routes to deal with any disagreements

Importantly the use of a Trustee to receive data, analyse the best matched routes and distribute back the plans. This would be a daily (at least) dynamic process. The Trustee also covered the confidentiality and anti-trust concerns about the pooling of data.

The examined sector:

- More than 50 Belgian cookie suppliers exist, approximately 40 of them supply regularly to big retailers.
- The majority of delivery points need small LTL (Less than Truck Load) quantities: the big retailers accommodate a large number of small LTL transports from various small suppliers.
- Most cookie suppliers outsource their transport, the rest have their own fleet. Also, they have their own warehouses but very often need additional outsourced warehousing space.
- A lot of suppliers are common to the Retailers before considering the private label volumes.

The objectives:

- To create transport and inventory efficiencies for both suppliers and retailers
- To improve transport and warehousing efficiencies of deliveries to common ship-to points.

The concept:

- The suppliers should replenish in FTL (Full Truck Load) their inventory stored at a central warehouse
- The retailers should order following a mix of product from different suppliers but order in FTLs

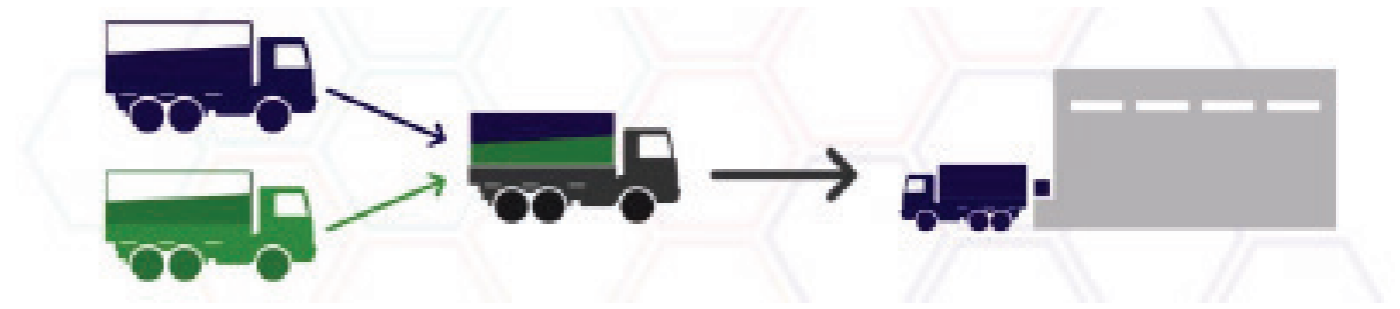


Figure 1: MSMRP pilot case

The NexTrust methodology

Three-step process:

- **Identification:** freight flows and potential partners
- **Preparation:** Selecting best matches, benefit sharing agreement, administration, contracts
- **Operation:** supporting execution, monitoring agreed KPIs



The pilot in Belgium:

- Ran from 6th – 31st March 2017
- Pilot leader: TRI-VIZOR, supported by Giventis, Vlerick Business School and Kneppelhout-Korthals
- Partners: Retailers: Colruyt Group, Delhaize, Okay, RPCG
- Suppliers: Desobry, Poppies, Vereiren, Princers, Vondelmolen
- Logistics service provider: Kühne+Nagel. Its distribution centre in Mechelen served as the consolidation platform.

The results:

- Increase of load factor for trucks: from 48% to 91%
- Reduction of truck movements

Conclusions

A Multi-Supplier/Multi-Retailer Platform (MSMRP) was developed and tested within Pilot 1.1, aiming at creating transport and inventory efficiencies for both suppliers and retailers. The aim of the MSMRP was to improve the transport and warehousing efficiencies of deliveries of suppliers to common ship-to points.

The pilot was tested for cookies industry in Belgium. The feasibility of the platform was demonstrated, indicating that significant results and gains could be achieved as soon as more suppliers and retailers participate in the platform. As regards to the pilot's results, the implementation of a MSMRP for cookies industry in Belgium will have a positive impact on traffic congestion, as it results to significant reduction of truck movements.

The Multi-Supplier/ Multi-Retailer consolidation platform is considered as innovative due to the combination of multiple suppliers and retailers in the same platform. The major advantage of the developed platform is the neutrality, achieved through the introduction of a neutral trustee, who acts as the orchestrator in order to synchronize more efficiently the orders and the deliveries. In addition, the pilot indicated that the collaboration of small and midsized enterprises with the retailers could enable their participation in sustainable, collaborative and smart logistics.

Such a set of arrangements could be used for other Product Sectors: Home cleaning, etc.