Redesigning the Last Mile

How next-generation Last Mile Solutions will reduce costs and improve stock availability in the food and grocery supply chain.
On-shelf availability remains a major area of concern for both manufacturers and retailers in the food and grocery supply chain. Out-of-stocks are one of the main reasons for customers walking out of a store. If an item is not on the shelf, customers can’t buy it, impacting directly on the revenue of both retailers and manufacturers (suppliers).

In the race to maintain maximum on-shelf availability (and thus product movement), it is in the best interest of both suppliers and retailers to make shelf replenishment simple and fast. In the coming years, this will be facilitated by the adoption of Last Mile Solutions (LMS) across the Australian retail industry.

Improving efficiencies, reducing costs and managing the transition towards LMS will be critical for the ongoing success of both retailers and suppliers. CHEP is on hand to support this step change with its LMS expertise providing innovative solutions and support capabilities.

LMS are designed to take products directly from the manufacturer to the retail floor. They can deliver greater supply chain efficiencies and improve on-shelf availability, while reducing manual handling and shelving and improving customer experience.

While the LMS approach is already widely used for beverages in Australia, they can deliver enormous efficiencies when used across a whole variety of product types. Take the example of Tesco and Sainsbury in the UK, who use retractable wall units with wheels for high volume products such as soft drinks, bread and eggs.

These units allow staff to quickly move large amounts of stock around the shop floor without the use of forklifts, pallet jacks or pump jacks.

By eliminating the time-consuming tasks of manually clearing and restocking shelves, these stores can flexibly reconfigure their offerings and adapt to shifting customer needs throughout the day. In the UK this means that the same retail space offering breakfast items and newspapers in the morning, may be filled with prepared meals for evening shoppers.
Challenges to on-shelf availability

The dynamic retail supermarket and grocery environment, combined with uncertain economic outlook and low consumer confidence, means retailers at all levels have been forced to cut costs by reducing night fill hours and staff count, directly impacting their ability to maintain a high level of on-shelf availability. For suppliers, the competitive market means they need to be more responsive to demand than ever before. A major opportunity lies in cutting the costs within the supply chain by reducing handling of their products. Minimising the time products spend within the supply chain will also help increase their shelf life.

In its report titled, “Winning at the Shelf”, Efficient Consumer Response Australasia (ECRA) reported that the night-fill staff at the majority of the stores it surveyed were not completing all their assigned tasks within the designated hours.

The ECRA also found that breaking down a pallet at the store was a major bottleneck, resulting in stock being stuck in the back-dock even as shelves run empty.

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LMS can help alleviate these problems. LMS offers maximum stock availability for consumers by improving replenishment frequency at the point of sale. They also enable faster movement of stock through the supply chain, improving revenues and reducing costs for both retailers and manufacturers.

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Advantages of Last Mile Solutions for retailers

LMS, like CHEP’s display pallets and beverage trays, are designed with smaller footprints and with lightweight polypropylene material in mind, meaning they can be positioned directly on the shop floor, even in the smaller spaces typical of retailers like convenience stores. These solutions arrive from the supplier ready to go: instead of having to unpack cartons and manually stack products onto shelves, using a pallet jack, staff can simply wheel the display pallets into place to replenish fast-moving lines. Because Last Mile Solutions are engineered for maximum “shopability”, retailers can be assured that customers will be able to see the products and easily access them.

The result for retailers is improved replenishment rates, reducing out of stock, while minimising the time and costs associated with shelf filling.

Examples of the European CHEP Quarter Pallet off location displays
Benefits of Last Mile Solutions for manufacturers

For suppliers and manufacturers, Last Mile Solutions have multiple benefits. Firstly, because solutions like CHEP’s display pallets are designed for in-store merchandising, manufacturers can pack off-location promotions in the warehouse, ship them through the supply chain, and wheel into place at the store. With the LMS approach to off-location promotions, manufacturers’ staff no longer have to construct the displays in-store, improving coverage of stores by merchandisers and promotional execution.

CHEP’s experience and understanding of off-location promotions means its LMS products have integrated features that enable enhanced branding for display in store, ensuring increased recognition and sales outcomes.

LMS can also unlock improved supply chain efficiencies, thanks to new design features, like the enhanced layer stacking configuration of CHEP’s beverage trays. This allows more products to be stored within a given space, reducing the number of truck movements needed.

With a leaner supply chain enabled by the use of LMS, retailers and manufacturers can take on a “Just-in-Time” approach, minimising in-process inventory, while improving their ability to respond to shifting market demand.

Engineered for compatibility

The supply chain is being developed from the shelf backwards and as such changes to supply chain infrastructure will be inevitable. However, the increased competitiveness, efficiencies and cost savings can facilitate a rapid return on the investment for both retailers and manufacturers.

CHEP’s Last Mile Solutions are engineered with features that are compatible with current infrastructure. Because six display pallets take up a footprint equivalent to two standard sized Australian pallets, they can be configured to cube out a truck. The design of the Retail Display Pallet delivers larger tyne entry points for forklifts, and enhanced beam racking capabilities to maximise handling and storage efficiencies. The lightweight, high-impact resistant polypropylene construction allows faster and safer handling of the empty pallets, while standing up to the fast and vigorous work in distribution centres and transport environments.

And the CHEP Multi-Purpose Beverage Tray accepts standard 1.25ltr CSD or 2ltr juice bottles in a shop-ready configuration. While offering more secure packing of the bottles and increased protection against damage, these trays can be used in fully automated packing systems for increased efficiency on the supplier side. They are also designed to be modular to CHEP’s display pallets.
All the support you need

As Last Mile Solutions take on an increasingly important role in the foods and grocery supply chain, CHEP is on hand to ensure you do not fall behind your competition. With CHEP as your partner, you can reap the rewards of increased efficiency, while keeping the costs and logistics of the transition under control.

CHEP’s solutions are backed by Australia’s largest distribution network, designed to support your business’ needs. As a global company, CHEP taps into international expertise and partnerships to bring the latest innovations to local markets.

CHEP also offers asset management and control services to help keep costs down, including personalised audits, online training, and support through peer-to-peer groups online and face-to-face.

The solutions may also assist you in meeting your sustainability requirements: besides reducing packaging waste, CHEP also provides auditable sustainability data for reporting.

Minimising the time products spend within the supply chain will also help increase their shelf life.

Conclusion

With one-touch movement from manufacturer to retailer, Last Mile Solutions:

- Effectively reduce the handling of products within the grocery retail supply chain
- Help ensure product integrity and reduce damage and loss
- Reduce the amount of time products spend in the supply chain
- Maximise retail shelf life and,
- Reduce the cost and space associated with warehousing and storage.

Leading global retailers and manufacturers are increasingly adopting LMS, recognising their proven ability to improve on-shelf availability while simultaneously increasing efficiencies on the shop floor and in the supply chain.

Armed with innovative engineered solutions and support capabilities, CHEP is in a unique position to help both retailers and manufacturers manage their investment, while increasing their return on investment and on-shelf availability. Call today on 13 CHEP (13 2437).
REFERENCES


2. Last Mile is defined as the distance between the distribution centre and retail store, in which an estimated 65% of supply chain costs are incurred.

3. CHEP’s display pallets and beverage trays are used by multiple beverage supply chains within Australia

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