Logistics Pooling
Barometer Survey

Results from the European survey conducted in March 2015
Introduction

- Following a survey conducted in France in 2013, the network of ECR National Initiatives has run the “Logistics Pooling Barometer Survey” across all European countries in early 2015.

- The objective of the Barometer is to assess the awareness and development of logistics pooling practices, to understand the benefits perceived, the barriers to overcome and the drivers for wider implementation.

- 204 respondents from 14 countries have responded to the Barometer Survey: retailers, manufacturers and logistic service providers active in FMCG as well as in other sectors.
A wide European coverage, with respondents from 14 countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>10</td>
</tr>
<tr>
<td>Baltics (Latvia / Lithuania / Estonia)</td>
<td>8</td>
</tr>
<tr>
<td>Belgium/Luxembourg</td>
<td>19</td>
</tr>
<tr>
<td>Cyprus</td>
<td>7</td>
</tr>
<tr>
<td>Czech/Slovak Republic</td>
<td>9</td>
</tr>
<tr>
<td>France</td>
<td>46</td>
</tr>
<tr>
<td>Germany</td>
<td>2</td>
</tr>
<tr>
<td>Greece</td>
<td>31</td>
</tr>
<tr>
<td>Ireland</td>
<td>11</td>
</tr>
<tr>
<td>Netherlands</td>
<td>12</td>
</tr>
<tr>
<td>Poland</td>
<td>16</td>
</tr>
<tr>
<td>Russia</td>
<td>11</td>
</tr>
<tr>
<td>Spain</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1</td>
</tr>
</tbody>
</table>

Diagram shows the percentage distribution of respondents across different countries.
All parties are well represented

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer</td>
<td>44</td>
</tr>
<tr>
<td>Manufacturer</td>
<td>99</td>
</tr>
<tr>
<td>Logistics Service Provider</td>
<td>38</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMCG</td>
<td>132</td>
</tr>
<tr>
<td>Electronics</td>
<td>4</td>
</tr>
<tr>
<td>Others *</td>
<td>46</td>
</tr>
</tbody>
</table>

* Include pharmacy, on-line sales, perfumes, ...
Overall results

The following insights are detailed in the document:
- Awareness on logistics pooling concepts and typology
- Level of implementation / Usage / Projects in place
- Benefits expected / obtained
- Drivers for implementation

Results are displayed combining all countries together.

An analysis per country is available at the end of the document, for countries having a sufficient number of respondents.
73% of respondents are familiar with the concepts, with more than ¼ of them already operating pooling and 12% planning to start within 2 years.

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I already do Pooling operations.</td>
<td>26%</td>
</tr>
<tr>
<td>I am familiar and have a Pooling project planned within the next 2 years.</td>
<td>12%</td>
</tr>
<tr>
<td>I am familiar with the concepts but do not operate them.</td>
<td>35%</td>
</tr>
<tr>
<td>I am not familiar with Logistics Pooling concepts.</td>
<td>27%</td>
</tr>
</tbody>
</table>
We started our first pool in 2004. Since then, we developed this concept in France with 17 manufacturers. It's our core business :) We operate already pooling concept for many years. We have established a bundling concept, based on back hauling at supplier locations mainly in Non Food (Internally this concept is called Procurement Logistics).

We do not operate pooling as our management manufacturer concept, but we use multiusers LSPs who share the supply chains. We also proactively support sharing supply chain. We do a pooling by ourselves with 2 suppliers.
Transport and Warehousing are by far the most popular types of pooling (know, intend to implement, operate). Pooling projects are initiated with transport operations, easier to implement than warehousing.

Which type of Logistics Pooling do you know?

- **Transport**:
  - Know: 98%
  - Intend to implement: 89%
  - Operate: 96%

- **Warehousing**:
  - Know: 77%
  - Intend to implement: 50%
  - Operate: 63%

- **Buying**:
  - Know: 35%
  - Intend to implement: 11%
  - Operate: 19%

- **Order processing**:
  - Know: 25%
  - Intend to implement: 11%
  - Operate: 7%

- **Waste Management**:
  - Know: 13%
  - Intend to implement: 11%
  - Operate: 4%

- **Other**:
  - 4%
  - 6%
  - 7%
For those not operating pooling today, the 2 main reasons are the difficulty to find the right partner (41%) and doubts about financial interest of pooling (35%). Managerial barriers remain important (fear to lose independence or share information)

What are the main reasons for not operating Logistics Pooling?

- I cannot find the right partner to start with. [46 responses]
- I'm not convinced of the financial benefits.
- I don't want to lose my independence.
- My IT system is not adapted.
- My general management doesn't want to share information with competitors.
- I don't have the necessary competencies.
- I don't know how to start such a project.
- I don't have the necessary financial resources.
Benefits identified prove identical for all respondents (better truck fill, reduction of logistics cost), although they are rated stronger for companies already operating pooling solutions. OSA is not perceived as improving through pooling implementation.

How strongly do you agree with the following stated benefits of Logistics Pooling?

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Operate</th>
<th>Intend to implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enables better truck fill.</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td>Enables reduction of environmental footprint.</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td>Reduces logistic costs</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Enables an increase in delivery frequency</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Helps reduce inventory along the chain</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Improves on shelf availability</td>
<td>3.9</td>
<td>4.0</td>
</tr>
<tr>
<td>Enables multi-modal transport development</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Other</td>
<td>3.0</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Rating score ranges from 1 = strongly disagree to 5 = strongly agree.

Quality makes the supply chain "Future Proof"
Examples of hard benefits reached with pooling:

- Inventory reduction
- Better truck utilization
- Cost reduction
- CO₂ reduction
- A stock level in retailers DC decreased by 20% to 30%
- Over 35% less vehicles unloaded in retailers DC
- Delivery frequency x 2.5 in average
- Deliveries in full truck
- 10% cost reduction, 30% carbon reduction at same or better service level
- Reduction in logistic costs, better full truck load
Retailer strategies prove to be the most impactful driver for pooling, together with the search for operational efficiency to restore margins. Environmental concern rates average for all respondents, whereas new taxes seem to have little impact.

How big are the following in driving Logistics Pooling?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Operate</th>
<th>Intend to implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers strategies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decreasing margins</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil prices rise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The environmental image of companies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scarcity of transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal laws (new taxes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rating score ranges from 1 = no impact to 5 = huge impact
Pooling projects and operations cover a variety of countries, sectors and processes

CRC®: Collaborative Routing Centre

Hi-tech bundling Germany

Backhauling of empty pallets from UK back to Belgium and Netherlands

Frozen Foods bundling UK

Pharma + hospital bundling EMEA
4PLs play a key role in implementing pooling

- External support was used in almost 90% of pooling operations in place
- The role of a neutral body is crucial to monitor information flows with the required level of security and confidentiality

Have you worked with service providers to implement your Pooling solution?

- in house: 13%
- consultant: 13%
- 4PL: 47%
- 3PL: 27%

15 responses
Once pooling has started, it cannot be stopped!
77% of companies currently operating pooling already have or consider new projects

Do you have additional projects planned in the future?

- Yes: 46%
- Considering projects but not confirmed yet: 31%
- No: 23%

26 responses
Country results

- Detailed results have been split for the following countries, which have had a minimum of 10 respondents
  - France (FR), Greece (GR), Belgium/Luxembourg (BE), Poland (PL), Netherlands (NL), Ireland (IE), Russia (RU), Austria (AT)

- Some results are not displayed when they prove not reliable enough

- Number of respondents per country

<table>
<thead>
<tr>
<th></th>
<th>FR</th>
<th>GR</th>
<th>BE</th>
<th>PL</th>
<th>NL</th>
<th>IE</th>
<th>RU</th>
<th>AT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer</td>
<td>16</td>
<td>6</td>
<td>7</td>
<td>-</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturer</td>
<td>24</td>
<td>20</td>
<td>10</td>
<td>8</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Logistics Service Provider</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>
Pooling operations are more developed in the Netherlands and Belgium, whereas knowledge of the concepts appear low in Austria and Ireland.

Are you familiar with Logistics Pooling concepts?

- I already do Pooling operations.
- I am familiar and have a Pooling project planned within the next 2 years.
- I am familiar with the concepts but do not operate them.
- I am not familiar with Logistics Pooling concepts.
Awareness of type of pooling is almost identical in every country, with Transport far ahead, followed by Warehousing. Warehouse pooling is more popular in Netherlands and France; Greece, France and Austria have a wider knowledge of pooling outside physical logistics (buying, order processing, waste management).
Ireland is not convinced at all of financial benefits of pooling, whereas Russia thinks IT system is not adapted to run live operations. Greece declares lacking competencies and France lacks methodology to start a pooling project.

What are the main reasons for not operating Logistics Pooling?

- I cannot find the right partner to start with.
- I'm not convinced of the financial benefits.
- I don't want to lose my independence.
- My IT system is not adapted.
- My general management doesn't want to share information with competitors.
- I don't have the necessary competencies.
- I don't know how to start such a project.
- I don't have the necessary financial resources.

Details for BE, PL, NL and AT cannot be displayed, with only 1 respondent to the question.
Reduction of logistic cost is strongly recognized in France (5), but far less in Belgium (3.6). Similarly, Inventory reduction is poorly recognized in Belgium (3.4) and Netherlands (3.5) in comparison to France (4.6) and Greece (4.4).

How strongly do you agree with the following stated benefits of Logistics Pooling?

- Enables better truck fill.
- Enables reduction of environmental footprint.
- Reduces logistic costs
- Enables an increase in delivery frequency
- Helps reduce inventory along the chain
- Improves On Shelf Availability
- Enables multi-modal transport development

Details for IE, RU and AT cannot be displayed, with only 1 respondent to the question.
The environmental image of companies is not seen as a driver in France and Greece, as opposed to Belgium, Poland and the Netherlands. Higher delivery distances make scarcity of transport and oil price more important in Greece and France, compared to Netherlands.

How big are the following in driving Logistics Pooling?

- Retailers strategies
- Decreasing margins
- Oil prices rise
- The environmental image of companies.
- Scarcity of transport
- Fiscal laws (new taxes)

Details for IE, RU and AT cannot be displayed, with only 1 respondent to the question.
Conclusion

- Differences of awareness and implementation are clearly seen between countries, depending mainly on their geography (logistics network) and global “Supply Chain maturity”

- However, the level of responses to this survey tends to prove that logistic pooling is seen everywhere as an enabler to increased Supply Chain efficiency, through reduction of cost, inventory and CO₂ emissions.

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