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Shipping and Logistics Advice Made Easy

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By Sum-Sum Chan

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As a small or mid-sized manufacturer, your shipping and logistics needs can be very specific to your unique operations or stage of growth. Finding the right supply chain vendor can help propel your distribution and increase your bottom line.

Your Budding Business

As a small business, logistics is one of your toughest challenges. You want to plan ahead, create a solid foundation and demand the best early on.

So what is your next step? Evaluate your current capabilities and measure them against anticipated growth. If you are currently shipping parcel and full pallets, plan for a provider that can also handle your foray into mixed pallets, labeling, display building, pick and pack, etc. You'll need a partner that can reliably deliver to national retailers and small independents alike. Also examine your future warehousing needs. Consider providers that have experience handling food clients and are upfront with food-grade certification, including some states' additional organic certifications.

Now that you know how you want to grow, it is time to carefully research your logistics choices. Ideal logistics companies are those that devote portions of their business to third-party shipping and full logistics warehousing with specialty services. Both these key elements are signs that the provider is able to anticipate your future growth.

Logistics companies that combine these aspects of the business often operate as shipping brokers and have relationships with numerous carriers. They can meet a wide range of shipping needs and sometimes specialize in unique handling situations (perishables, fragile, high security, etc). Working with economies of scale, the buying power of hundreds of clients will net you a lower rate than buying direct.

Also look for a shipper that can provide international and domestic service so that your point of contact and billing will be the same dependable resource. Nimble shippers will provide automated consolidation, saving you money by 'piggybacking' orders in your region or to your destination.

The Second Stage of Growth

Taking it to the next level presents a whole new set of challenges. Until now, you have been relying on LTL (less-than-truckload) shipments or parcel to deliver your goods. Suddenly, you are finding yourself shipping out more than 10 pallets a week, occasionally booking full truckload shipments and spending thousands each month on shipping and warehousing.

Hopefully, you did your homework and found a dependable shipper that also offers warehousing and specialty services. Aside from storage, pick and pack, and value-added services (VAL) are your most popular in-warehouse options. Pick and pack, item-level or case-level, will accommodate retailers with direct shipments or low order levels. Value-added services, such as kitting, ticketing, assembly, display building, etc., will allow you to work with multiple retailer-specific policies without missing a beat. Consider evaluating a provider with dedicated teams specializing in VAL. Their speed of service during tight holiday deadlines will determine your promise of delivery.

E-commerce via Web fulfillment is another important supply chain consideration. Since this type of service directly impacts your end-consumer and holds a heavier weight on product loyalty, ensure that the provider can seamlessly integrate to your system. It should automatically receive orders for processing and return shipment info, including inventory levels in real time for accurate tracking. If the majority of your business hinges on e-commerce, consider technology that is synced with popular shopping carts offered by companies like Shipwire.

As mentioned in the budding stage, there are logistics providers that have blended consolidation into their everyday operations. In fact, consolidation programs offer the best resource to manufacturers -- by definition, it simply maximizes the potential for each shipment. There are many types of consolidation, from carrier consolidation to warehouse consolidation. In carrier consolidation, orders are used to fill empty pallet spots when trucks are nearby one of the company's warehouses.

Retailer-driven consolidation programs offered by companies such as CaseStack (www.casestack.com) pool a group of manufacturers headed to the same retailer into one single purchase order, maximizing each truckload. By combining orders, the logistics provider can then deliver a full truckload headed to a single distribution center rather than shipping multiple LTLs. Though this requires some coordination on the part of the retailer, they benefit as well through decreased dock congestion and managing one single delivery versus multiple. Retailer-driven consolidation, by design, is a sustainable consideration as well; it takes trucks off the road, lowers carbon emissions and eliminates the wasteful practice of shipping partially empty trucks.

More Than Just Shipping and Warehousing

In the last decade, consumer awareness of 'green' has helped boost revenues in the natural and gourmet food industry. While the consumption of diesel is inevitable, there are choices for companies looking for sustainable alternatives. The EPA has made it especially easy to follow your company's promise of corporate responsibility by instituting a certification program called Smart Way. Through the certification, carriers pledge to reduce emissions and curb consumption over a several-year period. If you are working with a third-party provider, request that your carrier quotes are filtered by those with Smart Way certifications. Another alternative is to work with a provider that runs their own in-house sustainability programs and has taken the extra step to identify carriers with specific green characteristics. Often times, these programs will be more stringent than Smart Way promise points.

Green and sustainable issues have become well integrated into any smart manufacturer's marketing strategy. Requesting participation in programs and certifications will only help to expand your client base. Sustainability has become the triple bottom line and gives all levels of business a competitive edge for future success.



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