

INCREASING VEHICLE FILL RATES BY UTILIZING SPARE VAN CAPACITY - BRUSSELS



PROBLEM AND AIM

Vehicles with a low vehicle fill rate (VFR) are an important contributor to congestion, particularly vans.

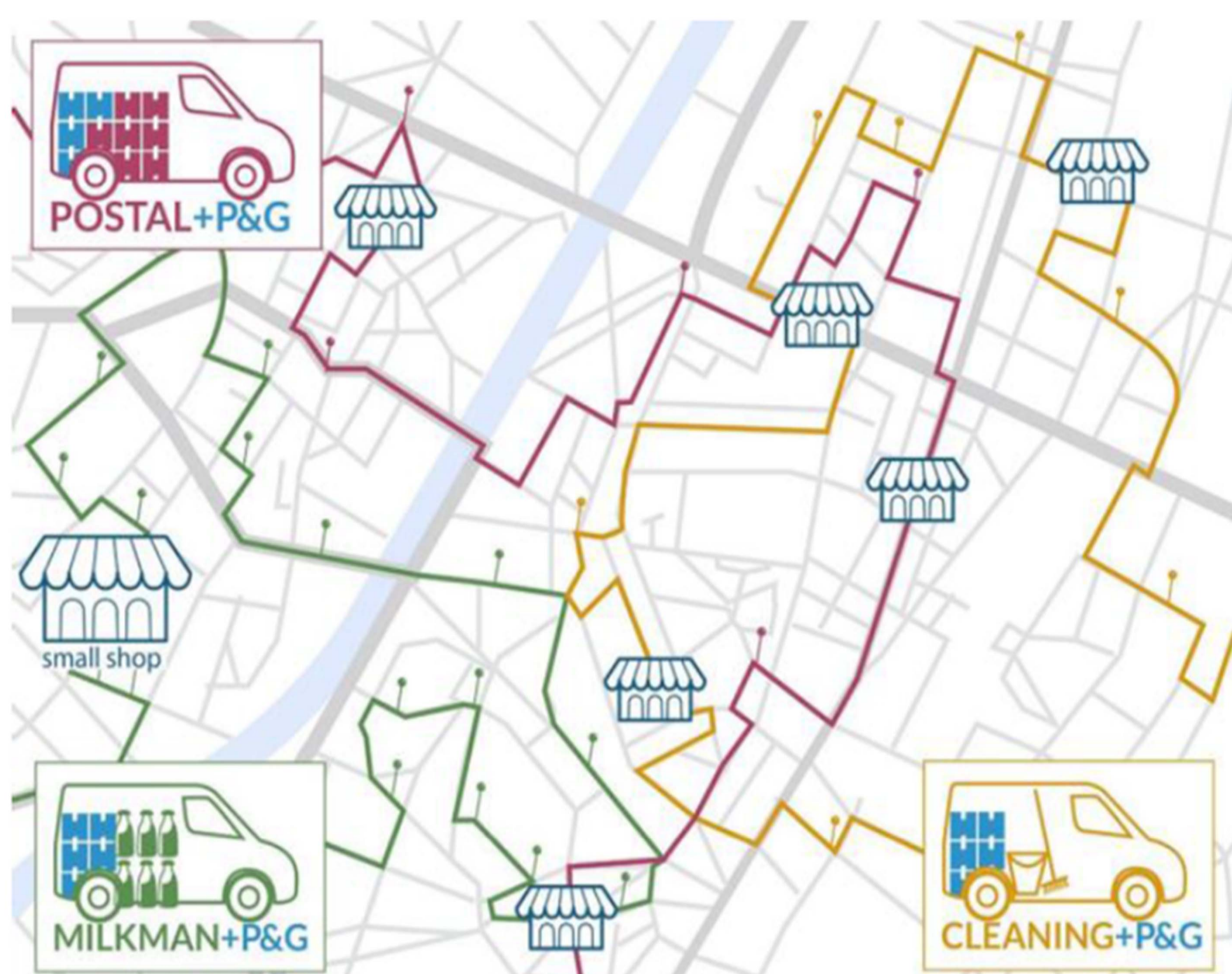
The CITYLAB implementation in Brussels focuses on two types of freight transport with suboptimal VFRs:

1. Independent store owners mostly replenish their stores at a high frequency by visiting a wholesaler/retailer with their own vehicles.
2. Service-driven companies (e.g., plumber, cleaning services) have daily delivery/service trips, regardless of being fully loaded.

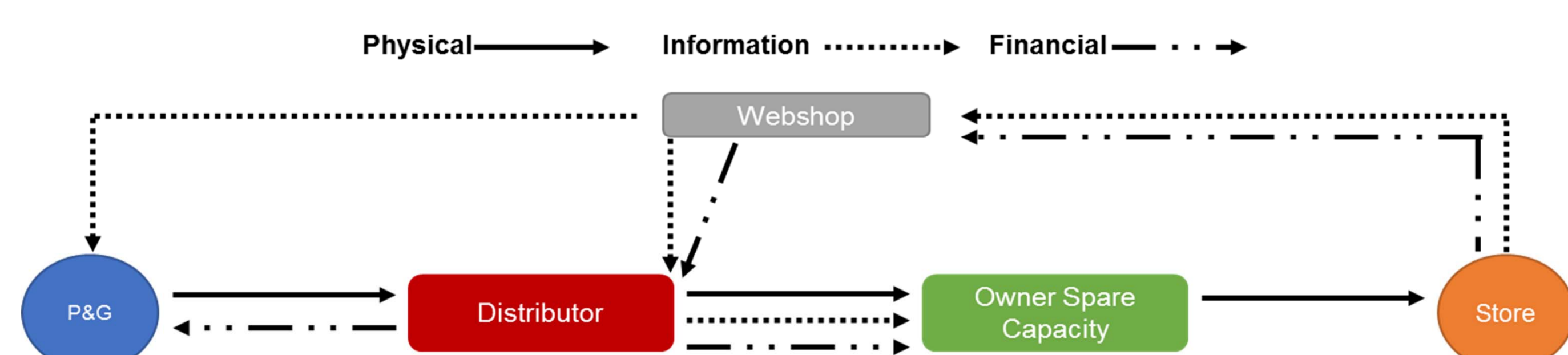
DESCRIPTION OF THE SOLUTION

The scope of the initiative is to supply fast moving consumer goods (FMCG) from Procter & Gamble (P&G) to small, independent retailers, or nanostores.

Field research indicates that most nanostores in Brussels are supplied by the owners themselves who visit a wholesaler or modern retailer. The aim of the implementation was to test whether individual trips from storeowners to wholesalers or retailers can be avoided and whether VFRs can be increased by unlocking spare transportation capacity in vehicles of service-driven companies.



A dedicated assortment of P&G products was offered in a web shop, operated by an external distributor. Nanostore owners could order P&G products in the web shop and pay online. Following the payment, the distributor informed Febelco that they would have to carry out a delivery and delivered the products to the distribution centre (DC) of Febelco. Febelco is a distributor of pharmaceutical products. Their customers (pharmacies) are delivered one to three times per day on demand. When they received delivery information, Febelco added the additional delivery to its routing.



IMPLEMENTATION PROCESS

- The solution does not require support from authorities
- Alignment between several P&G departments was needed
- Delay because the company web shop for employees could not be used for online sales to nanostores
- Involvement of several external partners is required:
 - A distributor to manage, store and sell the P&G products
 - A web shop developer
 - A sales company with knowledge of the nanostore retail channel in Brussels. Their sales representative visited stores to introduce the solution and place the first order
- Important steps in the implementation process
 - development of the new supply chain set-up
 - involving owners of spare transportation capacity
 - selection of the product assortment
 - developing a web shop
 - involving nanostores

RESULTS TO DATE

Only 5 stores placed an online order. Surveys among shop owners in Brussels (58) and Antwerp (27) revealed that their behaviour regarding product purchasing and acquirement (delivery and/or pick-up) is key:

- Reluctance to pay for products prior to delivery
- Going to the wholesaler with their own vehicle is not considered as a cost
- Some store owners do not have an online bank account or a device from which an online order can be made
- Some store owners prefer to pay in cash
- Going to the wholesaler or retailer is a habit

In Business as usual, trips to get supplied with P&G products were done by shop owners themselves. In the CITYLAB solution, deliveries were done by Febelco. It appeared that Febelco did not have to drive additional kilometres to deliver the goods to the stores, they could fit them in their planned high stop density tours.

CHALLENGES

Engaging shop owners

- By changing their perception that supermarket promotions are always cheaper
- By changing their perception that supplying themselves does not involve a cost
- By convincing them to start ordering and paying online, and upfront to avoid costly and inefficient own account trips

Offering a wider product assortment to avoid wholesaler pick-ups.

OPPORTUNITIES

The implementation proved that it is operationally feasible to use spare transportation capacity in vehicles of service-driven companies operating in an urban context.

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