

# TECHNOLOGY & LOGISTICS



## FINDING THE RIGHT TRANSPORT TOOL

Food distributors are searching for the best systems to reduce their transportation costs and improve on-time arrivals

By LIZA CASABONA

While food retailers and wholesalers have devoted considerable resources to upgrading and automating their warehouses, they have put less emphasis on transportation management systems. Indeed, TMS often has been relegated to the status of "poor cousin," observed Alan Taliaferro, president of KOM International, a logistics consultancy based in Montreal.

However, that is in the process of changing. Transportation is poised to become the next area where retailers focus on driving out costs, said Taliaferro. "We are in the part of the S-curve where you are past the early adopters and these solutions become the cost of doing business," he said.

Still, selecting the right system among the new breed of routing, scheduling, yard management, and other transportation solutions is no trivial affair. Also, most retailers are looking for very specialized tools to meet their individual needs rather than an all-in-one solution, observers said.

"This industry is so complex. There are so many things that happen that are unique to what we do," said Mark Foster, vice president of supply chain, Supervalu, Minneapolis. "To find an end-to-end solution that does complex routing very well and, on the other hand, manages contract carrier tariffs in a sophisticated manner — those packages don't exist. We take the best of each of those functions, and bring it on board."

Foster is scheduled to speak on efficient inbound freight management at Food Marketing Institute's 2004 Distribution Conference, March 14 to 17, Kiawah Island, S.C.

"We're talking about squeezing the last drop out of the lemon, and you can't do that if you don't have some very sophisticated tools," adds Taliaferro. Retailers with large businesses and high transportation volumes can justify the purchase and integration of separate solutions, he said.

Supervalu has aggressively pursued implementation

## EBay Enacts New Coupon Policy

By CHRISTINE BLANK

Following eBay's decision to limit the sale of coupons on its online auction site, food retailers that have banned the acceptance of Internet coupons are beginning to revise or reverse that policy.

In mid-January, eBay announced that individuals auctioning coupons on its site will not be allowed to sell electronic "scanned" coupons, and would be limited to two coupons per listing for sales of home-printed Internet coupons or coupons for free products.

In addition, eBay said it would ban the sales of bulk coupons — more than 20 coupons for the same item or more than 100 total coupons.

Ebay also said that sellers must refrain from "placing clear, unaltered scans of coupons in their listings, that could be copied, printed and redeemed in stores." Finally, the site now requires the coupon seller to send purchased coupons via direct mail, not e-mail, lessening the likelihood that the coupon will be electronically scanned and distributed.

Ebay became the focus of attention last summer after several incidents of coupon fraud were reported in the Atlanta market, prompting retailers there and elsewhere to stop accepting coupons perceived to be scanned or downloaded from the Internet. Industry sources said fraudulent coupons — mostly for free products — were being copied and sold via the auction site.

Ebay's new coupon policy  
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# Finding the Right Transport Tool

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of newer transportation solutions to meet its complicated needs as a wholesaler, retailer and third-party logistics provider through its Advantage Logistics arm. In all cases, the systems help



complete supply chain, sometimes allowing company-to-company scheduling. This is helping retailers and manufacturers collaborate in the reduction of transportation costs — an especially important factor in light of the new federal hours-of-service rule for truck drivers that went into effect this month (see SN, Jan. 19, 2004, Page 41).

Bill Parry, vice president of logistics for Giant Eagle, Pittsburgh, told SN during a roundtable last October that his chain has been looking to foster collaborative partnerships. "Giant Eagle is actively searching for a vendor to create a strategic

information with some major suppliers like Nestlé, he doesn't believe this will lead to universal collaborative relationships anytime soon. That's because there is no universal application right now that would link all the parties involved, and make them visible in the supply chain, he said. "I believe that partnerships will be formed on a paired basis rather than a global basis in the near term."

Meanwhile, companies like Nistevo, Eden Prairie, Minn., have started to approach the collaborative network model, Foster added. In the future, he said, this model may be a viable op-

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promote the two mantras of transportation: reduced miles/cost, and on-time arrival, which translates to service-quality improvement.

There are several pieces that form the core of Supervalu's transportation management architecture, said Foster. For example, Supervalu started installing the TMWSuite from TMW Systems, Beachwood, Ohio, six months ago for dispatch execution.

In addition, for contract carrier and backhaul management and order visibility, the Traffic Management System 2000 (TMS-2000), from BGI International, Olathe, Kan., was rolled out two years ago. Also, as part of the centralization of store-delivery routing, a longtime system from Manugistics, Rockland, Md., was just updated to the latest version.

## Collaborating With Suppliers

Many of the new transportation systems offer visibility via the Web or an internal network over the

partnership with," he said. "We are looking for the 'perfect vendor' to become a part of our structure and be proactive to anticipating industry needs."

Giant Eagle, a self-distributing chain, implemented an inbound transportation management system from G-Log last year with a particular focus on the visibility it offered. Parry will also speak at FMI's Distribution Conference, touching on the issues of fuel efficiency, reduction of trip times, customer service enhancements, and the elimination of paperwork.

Some chains, like Hannaford Bros., have managed to establish collaborative partnerships. The Scarborough, Maine-based chain launched a collaborative program with a perishables/trucking vendor last year that has enabled Hannaford to optimize perishables shipments.

Supervalu's Foster said that while he has considered exchanging dock-scheduling

For the time being, Supervalu is focused on building its internal infrastructure.

Another trend observers said is necessitating even more efficient management of transportation is the centralization of DCs into larger warehouses, mega-DCs, or supercenter DCs. Brett Hagenbuch, senior vice president and chief operating officer for Transport Industries, Dallas, predicts that as weaker players drop out of the competitive field, consolidation of warehouses will speed up.

For some retailers, outsourcing of transportation is the answer. "Everybody in the grocery industry is looking at a way to reduce empty miles, increase efficiency, get the most use out of equipment, and improve the productivity of their drivers," said Max Raydon, senior vice president of sales and marketing for Transport Industries, which provides outsourced transportation services.

For retailers who can't ac-

## FleetXchange Cuts Transport Costs

What if there was an online service that allowed retailers to purchase trucking equipment at a lower cost by aggregating procurement?

Well, there is. It's FleetXchange ([www.fleetxchange.com](http://www.fleetxchange.com)), a program developed and operated by AmeriQuest Transportation, Cherry Hill, N.J.

FleetXchange negotiates lower rates for retailers on equipment by combining procurement volume through a Web exchange. This fixes costs for the retailer, said Joe Ciolino, executive vice president and general manager, AmeriQuest/FleetXchange. There are no variables, and no surprise price increases or decreases, he said. Plus, FleetXchange's software gives retailers visibility into the entire process.

"This area is one of the last holdouts where there are dollars that retailers can squeeze out of their overall expenditures," Ciolino said. "Everybody is trying to compete with the big guy out there. This is one solution that can give them an edge, and help them stay competitive when it comes to their overall distribution costs."

Food Marketing Institute, Washington, joined FleetXchange over a year ago to help its members control transportation costs. FMI members have the option of continuing to purchase through local suppliers but with access to the pricing and rebates available through FleetXchange's network.

Using a password and code, retailers can access the site to track invoices, sign approvals, manage time windows, and keep track of open invoices. Orders for equipment can also be made online, or by phone or fax using an account ID that is assigned to each retailer.

FleetXchange offers special pricing and rebates on a variety of products and supplies, including truck bodies and engines, retread and new tires, transmissions, washing supplies, cleaners, forklifts, maintenance and operating supplies, fuel cards, fifth wheels, fleet automobiles, lift gates, yard tractors and light-duty trucks.

The program is beneficial for smaller retailers who don't have access to volume-based price discounts, said Tim Hammond, FMI's president and chief executive officer, in a prepared statement.

— Liza Casabona

complete those things in-house without sacrificing their core competency, outsourcing can take the place of a best-of-breed solution, Raydon said.

In the near future, Foster said he expects hardware developments may have a

large impact on the transportation industry. He anticipates that the next big move will be to a device, such as a cell phone or PDA, that combines bar-code scanning, signature capture, and all the functions of the current onboard computers.

## News Watch

### GMA SEEKS MORE 'DATA SYNC' DAYS WITH RETAILERS

WASHINGTON — Grocery Manufacturers of America here is seeking other retailers with which to conduct a "Data Synchronization Immersion Day" program following the completion here last week of a three-part program with Wegmans Food Markets, Rochester, N.Y. Wegmans and GMA held the event here at the Westin Grand, following similar events in November in Chicago and December in San Francisco, said Tyler Cluverius, GMA's senior manager, supply chain and technology. Aimed at GMA's supplier members, the Data Synchronization Immersion Day, which featured speakers from Wegmans, Kraft Foods, J.M. Smucker Co., Uniform Code Council, UCCnet, TR2 and Daymon Associates, explained how suppliers could synchronize item data with Wegmans.

Cluverius said that GMA began doing data synchronization programs in November 2002 but that the one with Wegmans was the first discussing how to sync up with a specific retailer. "We hope to do more with other retailers," he said, adding that no specific plans were finalized. Retailers were invited to the Wegmans-GMA events to "see if they would be interested in doing something similar with us," he said.

— MICHAEL GARRY