



## eCom breakthrough at DC Fresh Delhaize

Delhaize, a well-known retailer in Belgium, has opened the 9th September of 2009 a new semi-automated distribution centre for fresh goods, called DC FRESH II. With the introduction of the new DC, an improved logistic flow and reception of goods has been put in place. The launch of the new DC represents a major step forward for eCom in the Belgian retail. For the first time, the 3-way match concept (covering the order to cash cycle with electronic messages) is implemented at crate level (instead of the traditional pallet level). This has required efforts from both retailer and supplier. GS1 Belgium & Luxembourg has contributed to this success story by assisting Delhaize and their suppliers throughout this complex process.

**The objective of Delhaize was to optimize the distribution of ultra-fresh products.**

- One of the essential building blocks was electronic communication between Delhaize and their suppliers (i.e. the exchange of EDI orders, despatch advices and invoices). Thanks to EDI, the logistic flow of fresh goods is much more transparent, efficient and ecological.
- A second essential element was putting in place practical and organizational changes. Historically, the pallet has always been the logistic unit. Nowadays it's the crate. Crates allow a far more efficient logistic flow and transport (fuller trucks, less air is transported). This way the environment benefits as well. All crates arrive fully filled at the DC and leave to the affiliates again fully filled. That's because different items can be put together in one crate. Delhaize works with "inner packs": The suppliers package

their consumer units in inner packs e.g. five pieces per inner pack. And the Delhaize affiliates can order per inner pack (instead of having to order large quantities). This way the order picker can easily take the inner pack with one hand out of the box and can prepare shipment for the affiliate by creating a mixed crate containing e.g. 5 inner packs of shrimps, 3 inner packs of tapenades and 6 inner packs of smoked salmon... Thanks to the unique identification, all units can be easily traced back.



That's because different items can be put together in one crate. Delhaize works with "inner packs": The suppliers package their consumer units in inner packs e.g. five pieces per inner pack. And the Delhaize affiliates can order per inner pack (instead of having to order large quantities). This way the order picker can easily take the inner pack with one hand out of the box and can prepare shipment for the affiliate by creating a mixed crate containing e.g. 5 inner packs of shrimps, 3 inner packs of tapenades and 6 inner packs of smoked salmon... Thanks to the unique identification, all units can be easily traced back.

**More sales, less wastage**

Delhaize put their optimization focus on fresh products because it's one of their core assortments. Handling fresh food is complex and has to be done with great precaution. No flaws are permitted. Typical for fresh food are the many references, the very short expiry dates and the small order units. The old fashioned handling method was no longer feasible to maintain.



In the new distribution centre a distinction has been made between "stock items" (items to be kept for a little while in the DC) and "non stock items" (items to be ordered in the morning and to arrive in the evening). Stock items are prepared for the affiliates during daytime, non stock items are immediately prepared for delivery at the affiliates when the goods have arrived in the DC.

The benefits of this practice are immediately clear. Delhaize saves on time and on freshness. Many products win a day of freshness thanks to the new procedures, and that makes a big difference for these product categories limited by their very short expiry dates.

Moreover, the retailer affiliates can now order ultra-fresh products e.g. per three or five pieces instead of having to order large quantities. This has been particularly interesting for the many independent local shops in the network of Delhaize. Thanks to this improved service, these shops can sell more fresh products and there's less wastage.

#### The new crate

One of the most 'visible' innovations in the whole process is the new Delhaize crate, available in two sizes (12 and 24 cm height). The main innovation in the crate is the steady surface. In the new DC Fresh, the crates have to cover greater distances on the conveyor belts. The traditional blue crates were not fit. Plus, the new crate is collapsible, which was a prerequisite for Delhaize. And there's an RFID tag embedded which provides opportunities for the suppliers. Delhaize however is not using the RFID tag, but uses the GRAI barcode (Global Reusable Asset Identifier) instead. Each crate is identified by a GRAI.



#### Electronic communication

For the roll out of electronic communication, Delhaize and the suppliers could count on support of GS1 Belgium & Luxembourg e.g. by visiting suppliers and informing them how to implement the GS1 standards to comply with the procedures of Delhaize. In this assistance, GS1 Belgium & Luxembourg has always kept its neutral position. GS1 Belgium & Luxembourg is not just an organization that develops and manages standards, but is also committed to the practical guidance of our members.

In practice, the ordering cycle goes as follows: Delhaize sends an ORDERS message via EDI to the supplier. Once the truck is loaded and ready to leave, the supplier sends an electronic delivery note (a "despatch advice" or DESADV message) to provide Delhaize the details concerning the loaded crates and its content. At arrival of the goods in the DC Fresh, each individually identified pallet is scanned by the SSCC, which is present on the pallet label.



The SSCC or Serial Shipping Container Code is the link between the physical received goods and the electronic delivery note. This way Delhaize knows perfectly what is on the pallet and the crate. Next, the supplier can easily create the corresponding invoice (INVOIC) based on the correct DESADV. The result is a faster and accurate flow of information. A win win situation for both parties.

It's clear that the reception of goods at the new DC is much faster and more efficient thanks to the semi-automatic handling. The receptionist only has to check the temperature, the date and the quality of the goods. Remarkable however is that the new facility only has ten unloading docks, so a seamless planning is essential. Delhaize is therefore working with a delivery schedule in which the suppliers reserve a time slot for the reception of goods to take place. As a result, truck drivers do not have to wait hours before they can unload the goods.

#### Learning process

For suppliers the new procedure calls for adjustments and investments at their side. E.g. implementing EDI messages, the use of crates and inner packs, the way to prepare shipment... Despite the learning process and investments to be made, feedback of the suppliers is positive. For some goods the inner packs can even be used as "shelf ready packaging, which is obviously an ideal situation.

It's clear that the use of GS1 standards have had a huge positive impact on the reception of goods. Optimizing the logistic flow with GS1 standards have resulted for Delhaize in a more efficient and ecological supply chain.

#### For more information regarding this project Contact :

- Nele De Flou at [ndeflou@gs1belu.org](mailto:ndeflou@gs1belu.org)
- Kurt Herregodts at [KHerregodts@gs1belu.org](mailto:KHerregodts@gs1belu.org)
- Website: [www.gs1belu.org](http://www.gs1belu.org)

For GS1 Global Office, contact: Nora Kaci at [nora.kaci@gs1.org](mailto:nora.kaci@gs1.org)

Or the Member Organisation nearest to you at [www.gs1.org/contact/worldwide.php](http://www.gs1.org/contact/worldwide.php)

With special thanks to :



Belgium & Luxembourg