



Dairy Crest Uses GS1 Standards to Deliver Significant Efficiencies and Meet Tesco's Trading Requirements

CHALLENGE

Tesco, a major supermarket chain, wanted to speed up delivery times and reduce inventory in its regional distribution centres (DCs) as well as make its goods-in processes more efficient and less costly. One of Tesco's suppliers, Dairy Crest aimed to increase the level of automation of its supply chain. The trading partners teamed to improve the accuracy and flow of information associated with the delivery of goods to the Tesco DCs while maintaining a high standard of customer service.

SOLUTION

Tesco places orders with Dairy Crest using Electronic Data Interchange (EDI) technology. As consignments are assembled, Dairy Crest identifies each pallet with a GS1 Serial Shipping Container Code (SSCC), encoded in a GS1 Logistics Label. Dairy Crest's warehouse management system issues an Advanced Ship Notice (ASN) message, which is sent to Tesco's receiving facility. When the ASN is received, Tesco knows in advance about the specific goods on the shipment and is able to verify and identify any discrepancies.

BENEFITS

- For Dairy Crest, achieved a delivery accuracy of 99.5%, in line with Tesco's target.
- Reduced manual, paper-based systems for fewer data errors and invoice queries, leading to improved cash flow.
- For Tesco, improved receipt of goods, warehouse operations and availability of Dairy Crest products for consumers across network of stores.
- Reduced time to unload trucks; e.g., for a 26-pallet truck, from 52 minutes to 11 minutes.
- Reduced errors and labour costs.

"The introduction of ASNs was a key component in our project to fully automate Dairy Crest's distribution operations and fulfil the requirements of one of our largest customers, Tesco. An important element of automation is standardisation and we couldn't have implemented this system without GS1's universal system for identifying every item in our supply chain."

Steve Barrow, Retail Supply Controller, Dairy Crest



Introduction

Dairy Crest delivers over a quarter of a million cases a week to Tesco, one of its biggest customers. To distribute these high volumes and meet a requirement to deliver orders within 18 hours, Dairy Crest implemented a range of improvements to its supply chain processes. One of the most significant changes was the introduction of ASNs with Tesco, which provide better visibility and validation throughout the transportation process.

An ASN is an electronic message that provides accurate information about the goods that are despatched by a supplier before they arrive at the customer's premises. They are transmitted using Electronic Data Interchange (EDI) technology, which exchanges standard electronic business documents between two companies' computer systems. These documents could include purchase orders, invoices and despatch advices, known as ASNs.

With the help of ASNs and Electronic Proof of Delivery (ePODS), Dairy Crest has managed to reduce claims queries, improve cash flow and help improve the goods-in process of one of its most important customers. The key to the successful operation of ASNs is the use of GS1 standards which provide a common language between Dairy Crest and Tesco.

Speeding Deliveries

Dairy Crest was formerly a division of the Milk Marketing Board, which was set up to revive a flagging British dairy industry in the 1930s. In 1996, Dairy Crest became a public company and began a series of acquisitions, which combined with organic growth contributed to its annual turnover of £1.63 billion.

Dairy Crest is a leading supplier of dairy products, including the Cathedral City, Clover and Friij brands, to a number of UK supermarkets. The company has 14 production facilities employing 5,300 people; their products are sold in 40 countries. The majority of Dairy Crest's produce is distributed through its national distribution centre (NDC) in Nuneaton, Warwickshire. Dairy Crest's NDC is one of only a few in the UK that is fully automated and it incorporates cheese maturation, pre-packing as well as a distribution centre function.

The opening of its NDC was the first in a series of improvements that Dairy Crest made to its supply chain processes to meet a forecasted growth in business and new requirements from its key customers, including Tesco. In particular, the supermarket chain wanted to speed up delivery times and destock its regional distribution centres as well as make its goods-in processes more efficient and less costly.

Dairy Crest's ambition was to increase the level of automation in its supply chain. The project team decided to focus on improving the accuracy and flow of information connected to the delivery of goods to Tesco's regional distribution centres. The challenge was to deliver these improvements while maintaining a high standard of customer service.





Before Deliveries Arrive

Tesco operates a sales-based ordering system and places its orders with Dairy Crest using Electronic Data Interchange (EDI) technology.

Consignments are assembled within Dairy Crest's NDC and each pallet is identified with a logistics label, which contains a Serial Shipping Container Code (SSCC), a unique GS1 number (represented by a bar code) that also identifies the goods when they arrive at Tesco's regional distribution centre. As the pallets in the consignment are loaded onto the delivery lorry, they are scanned which then triggers Dairy Crest's warehouse management system to issue an ASN message, which is sent to Tesco's receiving facility.

The company has managed to achieve a delivery accuracy of 99.5% in line with Tesco's target.

The ASN received by Tesco provides detailed information about the consignment before it arrives. Tesco knows in advance whether there are any discrepancies between what it ordered and what it will receive, which means it can prepare for the arrival of the goods and can authorise payment to Dairy Crest without delay. When a consignment arrives at Tesco's warehouse, goods-in can scan the SSCC on each pallet, which enables them to verify it against the ASN. This means Tesco can now identify any discrepancies between the goods that left Dairy Crest's NDC and the ones that arrived.

The introduction of ASNs has benefits for both Dairy Crest and Tesco. Dairy Crest can now fulfil a key part of Tesco's requirements to deliver within tight timeframes and to provide the necessary information in advance of deliveries being made. The company has managed to achieve a delivery accuracy of 99.5% in line with Tesco's target.

By meeting these requirements, Dairy Crest can maintain an excellent trading relationship with a key customer. The use of ASNs and ePODs has also reduced the number of manual paperbased systems in Dairy Crest's business, which results in fewer data errors. This means Dairy Crest receives fewer invoice queries, leading to improved cash flow.

Tesco can now plan its receiving and warehouse operations in advance of deliveries being made at its distribution centres. This is critical when large volumes of goods are involved and when the chilled goods need to be handled appropriately. With a more efficient system for receiving goods, Tesco can ensure that Dairy Crest's products are available at all times to its customers across its network of stores.

A recent study found that ASNs reduce the time it typically takes to unload a truck with 26 pallets from 52 minutes to 11 minutes when using GS1 logistics labels and ASNs. ASNs have helped Tesco reduce the human intervention when receiving goods, which has reduced errors and therefore labour costs.

Future Plans

Tesco and Dairy Crest are focused on continual improvement. As they look to the future, the two companies are working to improve the information provided in the ASNs they exchange.

Contact Information

Interested in learning more about this case?

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With special thanks to :

