

Food Logistics®



PENSKE'S FRESH APPROACH CASE STUDIES:

- Regional Convenience Store Chains
- Quick Service Restaurant
- National Grocery Chain

Global Supply Chain Solutions
for the Food and Beverage Industry

SURFING THE OMNICHANNEL WAVE

How online grocery is
unleashing disruption across
the food supply chain. Pg. 12

THE FOOD LOGISTICS INDUSTRY GEARS UP FOR THE FSMA

Implementation requires multiple resources
from financial to technology and more. Pg. 6

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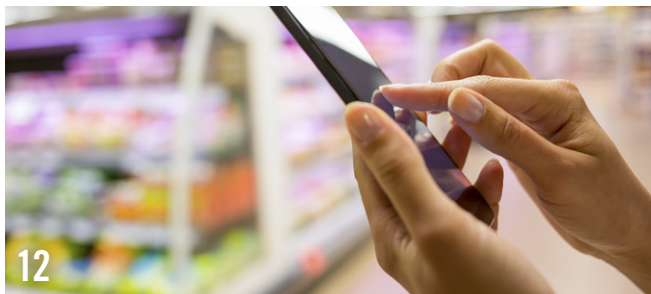
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Taking "Fresh" To A Higher Level

Today's consumers are unrelenting in their desire for fresh and healthy food. In response, virtually every grocer, convenience store and restaurant chain is offering more items that appeal to this growing demand.

Ultimately, the onus falls on logistics providers to assure time- and temperature-sensitive food moves efficiently and safely through the supply chain. At the same time, the far reaching and comprehensive regulations associated with U.S. Food and Drug Administration's Food Safety Modernization Act require logistics providers to make significant investments in software and technology, training and state-of-the-art equipment in order to maintain compliance. Moreover, the impact of omnichannel, which multiplies the options as to how, when and where consumers can get fresh food, adds to the challenges logistics providers face.

This interplay between changing consumer demands, compounding regulatory compliance requirements and the proliferation of e-commerce is emerging as the new normal for the food supply chain, while the emphasis on "fresh" is undisputedly positioned front and center.

As a leading logistics provider, Penske offers clients an extensive portfolio of products and services designed to keep them on the leading edge of their respective business. Penske's employees and executives are consummate professionals with solid industry experience.

However, what differentiates Penske in the marketplace is the company's willingness and ability to customize, adapt and quickly respond to its clients' changing business models.

It is rare to find an organization that has the breadth and depth to support the logistics needs of global clients while simultaneously flexible enough to respond to the fast-changing nature of consumer demands and the constantly evolving and dynamic food supply chain. Penske is such a company.

Our special report on key issues affecting the food supply chain includes coverage on the Food Safety Modernization Act, the impact of omnichannel on retailers and logistics providers, and three case studies showcasing Penske's food supply chain solutions for three different types of formats—a regional convenience store chain, a quick service restaurant and a national grocery chain.

Enjoy the read.



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PENSKE LOGISTICS SERVES THE FOOD AND BEVERAGE INDUSTRY WITH FRESH, ON-TIME DELIVERY ... EVERY TIME

Today's consumers are unrelenting in their desire for fresh and healthy food. In response, virtually every grocer, convenience store and restaurant chain is offering more items that appeal to this growing demand.

Consistently delivering a great customer experience, along with fresh, temperature-controlled groceries, is an enormous task for any food and beverage distributor. When the food and beverage industry needs a reliable logistics and supply chain partner to help plan daily operations, they trust the experts at Penske Logistics. Every day Penske helps their food and beverage customers solve the supply and delivery challenges unique to daily staples like milk, bread and eggs. From product pickup through delivery, Penske provides:

- A temperature controlled supply chain (uninterrupted cold chain for both fleet and warehousing)
- Flexible vendor pickups and just-in-time delivery
- Sophisticated equipment tracking
- An understanding of store and vendor requirements
- Delivery coordination between vendors, DC and stores
- Local sourcing of the freshest products

Penske's approach is simple. Their routing tools and industry knowledge allows them to engineer distribution networks that exceed customers' expectations. By helping to reduce miles and time, customers get the benefit of delivering a fresher product

Penske Logistics is a leader in the field of logistics and supply chain management. It is a wholly owned subsidiary of Penske Truck Leasing. Penske Logistics provides dedicated contract carriage, warehousing and distribution center management, transportation management, lead logistics, and a full range of customized supply chain management and logistics solutions. Penske Logistics has offices, operations and serves customers in North America, South America, Europe and Asia. **Contact Penske 1-800-529-6531.**



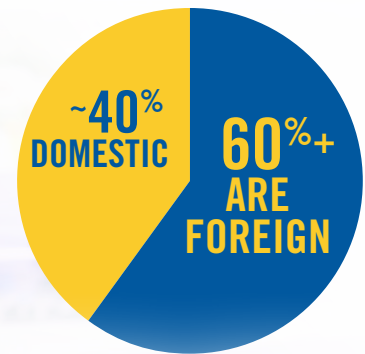
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THE FOOD LOGISTICS INDUSTRY GEARS UP FOR THE FSMA

Implementation of the Food Safety Modernization Act (FSMA) requires multiple resources from financial to technology and more. BY LARA L. SOWINSKI



**~ 2,000,000 FARMS
IN THE U.S. PRODUCE FOOD**



400,000+
FACILITIES REGISTERED
WITH THE FDA PROCESS
OR DISTRIBUTE FOOD



15% US FOOD IS IMPORTED

imported
food
includes



**60%
OF FRESH
FRUIT & VEG**



**80%
OF SEAFOOD**



**IMPORTS ARE RESPONSIBLE
FOR 1/2 OF FOODBORNE
ILLNESS OUTBREAKS**

**foodborne illness
outbreaks caused
by imported foods**

Source: FDA Prevention Handout 3/12/2012

50%



FSMA: ARE TRUCKERS READY, OR NOT?

An online survey conducted by Hanover Research in July 2014 polled members of the American Trucking Associations (ATA) to gauge their preparedness for the FSMA's Sanitary Transportation of Human and Animal Food (STF) regulation. The survey also revealed the types of conversations, or lack thereof, that carriers were having with their refrigerated shipper customers.

When asked if they had discussed the proposed STF regulation with shippers, nearly three-quarters (72%) admitted they had not. However, most respondents agreed that sanitation requirements for trailer interiors and temperature control tolerance requirements are important topics.

Temperature violations were identified as the #1 non-conformance for shipping companies, followed by missing paperwork. Meanwhile, the cost of rejected shipments as a result of non-conformance varies widely, the survey showed. The average cost among respondents is around \$20,000, but it can range from \$300 to as high as \$80,000.

Pulping, or measuring the internal temperature of fruits, vegetables or other perishable food, is not a common practice among those ATA members polled. Almost half (48%) reported they do not pulp the cargo or measure the temperature of cargo prior to accepting a load, while 22% claimed to pulp their cargo on a frequent basis.

As for recordkeeping, the majority of respondents (66%) said they keep records of the type of cargo hauled in previous shipments. On average, these records cover the last three years. The survey also found that telematics and data loggers are not widely used among those polled. For those using telematics, however, the average cost of installation is close to \$87,000 and telematics users tend to implement temperature-monitoring equipment in the majority of their carriers.

Sciences Practice, King & Spalding, "A lot of companies are revisiting their current food safety systems, especially those related to STF, and asking, 'Are we close to what has been proposed? If not, where are the gaps?' and 'Are there additional records that we should be keeping?'"

Many of the major food companies and logistics providers feel confident that they are within—or at—compliance with STF, she says. But for those with identified gaps, corrective steps should be well underway.

"Even before the proposed

STF rules were released, the FDA issued guidelines on the sanitary transportation of food. Companies should already be doing most of what this rule requires. However, I don't get the sense that the industry has gone far enough in formalizing and establishing all of those food safety systems."

The reason for the industry's foot-dragging is due in large part to confusion over several components of the STF.

In its comments to the FDA concerning the proposed STF rule, the Grocery Manufacturers Association (GMA) raised a number of concerns about certain aspects of the rule.

The requirement pertaining to continuous temperature monitoring was one requirement the GMA opposed.

"While carriers can and often do engage in continuous temperature monitoring, there are some parts of the industry where demonstration of the continuous temperature is not the norm because there are other methods available to ensure the safe transportation of food," stated the industry group.

For example, checking the temperature of the product at departure and arrival is a common practice to check that the food temperature remained safe, the GMA noted, adding that not only is continuous temperature monitoring not aligned with current industry practices, but it also has significant cost implications.

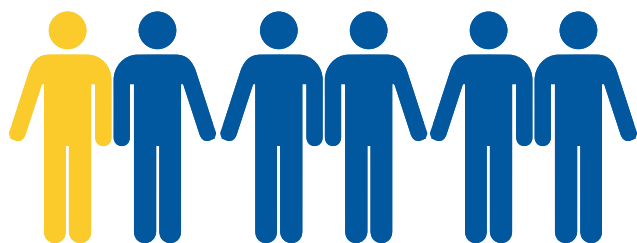
Stansbury says there are "significant concerns around temperature control and monitor-

The U.S. Food and Drug Administration's (FDA) Food Safety Modernization Act (FSMA) is among the most profound regulatory changes to impact the global food supply chain in modern history. It comprises seven separate regulations, each with its own area of focus and implementation date. One, the Sanitary Transportation of Human and Animal Food (typically abbreviated as STF), continues to generate considerable attention from logistics providers and others involved in food transportation.

In preparation for the release of the final STF rule, which is scheduled for Mar. 31, 2016, food shippers, carriers and receivers alike are taking a closer look at their operations and business practices to assure they meet the new regulatory compliance requirements.

Getting down to basics

According to Smitha G. Stansbury, partner, FDA & Life



1/6 AMERICANS GET SICK EACH YEAR

Source: The Centers for Disease Control and Prevention

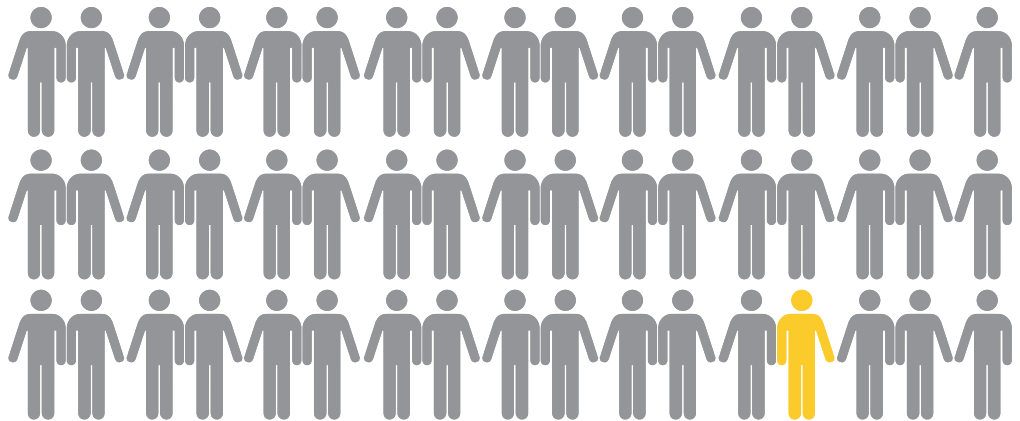
ing” as it exists in the proposed STF, not to mention the proposal is contrary to the FDA’s intention of giving the industry flexibility in how they comply with the new requirements.

There is also a lot of concern over the FDA’s standards for determining when food becomes adulterated during transportation, she explains.

For example, a shipper typically specifies a temperature to the carrier. This information also appears most times on the Bill of Lading. However, the specified temperature is usually lower than the food safety threshold in order to provide a margin-of-error in case the temperature increases slightly.

There are other reasons why a shipper may specify a lower temperature for their product. Sometimes it’s to optimize the color, flavor and texture, other times it could be to offset the impact of transporting food

50 MILLION AMERICANS ARE AFFECTED BY FOODBORNE ILLNESS ANNUALLY



**128,000
HOSPITALIZED
3,000 DIE**

Source: FDA Prevention Handout 3/12/2012

products in hot climates during summer months.

Furthermore, deviating from the shipper’s specific temperature requirement does not necessarily mean that food is adulterated, both Stansbury and the GMA point out.

“In the event the carrier is

not able to demonstrate that it met the shipper’s transportation requirements, the shipper and/or receiver should have the discretion to thoroughly assess whether the deviation rendered the food adulterated. In many cases, the food may still be fit for its originally intended use,” the GMA stated.

Even if the food was no longer suitable for its intended use it doesn’t necessarily mean it is entirely unfit for any food use, or adulterated. It could be used for animal food, for instance. The GMA also warned the requirement would result in significant amounts of food waste, disposal costs and increased cargo insurance claims without providing any corresponding food safety benefit.

Cross-border shipments add another twist to the STF, starting with the sometimes ambiguous definition of a “shipper.” The FDA’s proposed definition of a shipper is “a person who initiates a shipment of food.” Yet with cross-border shipments, a retailer could con-

ceivably qualify as a shipper if he “initiates” the shipment by placing an order and hiring a carrier to transport the food. A third-party broker could potentially be a shipper if it facilitates the shipment and identifies and hires the carrier.

“In our view, the shipper should generally be the food manufacturer because they are most familiar with the food and what is needed to keep it safe,” commented the GMA, which also requested the FDA to clarify how the word “initiates” is interpreted by the STF.

Not only is the FDA being asked to more clearly define a shipper, carrier and receiver, but the GMA also wants more flexibility for companies to enter into contractual agreements that allocate the responsibilities of these roles to other parties such as traders, distributors and third-party warehouses.

Compliance doesn’t come





FOREIGN SUPPLIER VERIFICATION PROGRAM:

Importers will be required to verify that food imported into the United States has been produced in a manner that provides the same level of public health protection as that required of U.S. food producers. Final rule issued: Nov. 13, 2015.



INTENTIONAL ADULTERATION: Requires domestic and foreign facilities to address vulnerable processes in their operations to prevent acts intended to cause large-scale public harm. Final rule deadline: May 31, 2016.

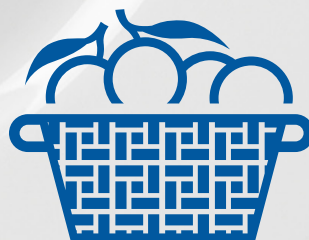
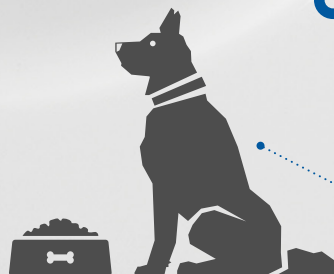


SANITARY TRANSPORTATION: Requires those who transport food to use sanitary practices to ensure the safety of food. Final rule deadline: March 31, 2016.



PREVENTIVE CONTROLS FOR HUMAN FOOD:

Requires that food facilities have safety plans that set forth how they will identify and minimize hazards. Final rule issued: Sept. 10, 2015.



PREVENTIVE CONTROLS FOR ANIMAL FOOD: Establishes Current Good Manufacturing Practices and preventive controls for food for animals. Final rule issued: Sept. 10, 2015.

THIRD PARTY CERTIFICATION:

Establishes a program for the accreditation of third-party auditors to conduct food safety audits and issue certifications of foreign facilities producing food for humans or animals. Final rule issued: Nov. 13, 2015.



cheap, either. The FDA estimates that it will cost the industry \$149.1 million to comply with STF during the first year and \$30.08 million for subsequent years, and even those figures are underestimated, asserted the GMA.

“For example, the hardware and installation for telematics devices that monitor time versus temperature cost on average \$735/unit,” the GMA explained. “A large trucking company that has a significant presence in temperature controlled shipments in the U.S. food industry has reported they operate 7,000 refrigerated trailers/containers. The cost to install telematics devices in all of this company’s refrigerated trailers/containers equates to \$5,145,000.”

Staying ahead of the curve

Penske Logistics is taking a proactive approach to the STF regulation. In fact, “installing telematics on the trailers to record and provide visibility of temperatures while the trailers are out on the road is one of the biggest steps we’ve taken so far,” says Tom Scollard, vice president—dedicated contract carriage.

Temperature control and monitoring technologies not only assure compliance with food safety regulations, they help the food distribution network ensure product consistency and quality deliveries for Penske Logistics’ custom-

WHEN WILL THIS IMPACT YOU?

AUGUST 30, 2015

- Preventive Controls for Animal Food
- Preventive Controls for Human Food

NOVEMBER 13, 2015

- Foreign Suppliers Verification
- Produce Safety Standards
- Accreditation of Third Party Auditors

MARCH 31, 2016

- Sanitary Transport Food & Feed

MAY 31, 2016

- Intentional Adulteration

ers and can even provide exception alerts for shipments in transit so corrective action can be taken before the load is delivered.

In addition to telematics, Scollard says that, “Penske Logistics continues to expand the use of our proprietary on-board devices and look for more applications for these types of tools, especially as we expand more into the fresh chain.”

Using on-board devices for tracking is one example.

“A lot of fresh food products are shipped in totes, so we’ve developed an app to keep track of totes and crates with our on-board devices,” he says.

PRODUCE SAFETY:

Establishes science-based standards for growing, harvesting, packing and holding produce on domestic and foreign farms. Final rule issued Nov. 13, 2015.

Article continued on Page 22.

Tracking and tracking technologies are vital for compliance with the STF regulations and others contained within the FSMA. They also improve the ability to respond to a recall event.

"Everyone in the food industry is concerned about the potential for recalls," acknowledges Scollard. "Penske Logistics can work with customers to set up a contingency plan to facilitate a quick response in getting product off the shelf and back to the manufacturer or distributor so they can properly handle it. The biggest part we play is demonstrating the ability to deploy a recall strat-

egy—making equipment and drivers available and executing."

The FSMA gives the FDA mandatory food recall authority for the first time. Previously, the FDA relied on responsible parties to voluntarily recall food products that were adulterated, misbranded or could cause serious health consequences or death to humans or animals.

According to a report from Stericycle ExpertSolutions, during the fourth quarter of 2014 allergens were again the leading cause of recalls. However, whether the recall is allergenic, pathogenic or due to misbranding or other reason, time is of the essence for food manufacturers, retailers and logistics service providers to act quickly in order to protect public safety as well as brand reputation.

The Acheson Group (TAG), founded by David Acheson, who served as the Chief Medical Officer at the USDA and FDA before establishing the consultancy, observed that Stericycle's report revealed "intensified scrutiny and fines from regulatory bodies in some industries..."

However, "While the food industry is certainly under increased scrutiny, we've not yet seen a significant increase in fines. But that doesn't mean it's not coming or that Congress won't consider enacting legislation to allow for greater fines," warns The Acheson Group.

Undoubtedly, remaining compliant with the FSMA's rules and avoiding fines and penalties is extremely important for the industry. Yet in terms of enforcement, "it's going to be interesting," remarks King & Spalding's Stansbury.

For example, shippers who ship from an FDA-registered facility undergo routine inspections from the FDA,

ARE YOU COLD CHAIN COMPLIANT?

Tom Scollard, vice president—dedicated contract carriage at Penske Logistics, says that while the FDA continues to craft its final rules related to the Food Safety Modernization Act (FSMA), carriers know there will be new restrictions on food haulers, which will add to the complexity of food delivery and affect everyone in every segment of the food supply chain.

Here are some ways carriers can prepare their cold chains to meet the new regulatory compliance requirements:

- Spec newer, late-model equipment and conduct routine maintenance
- Install on-board, real-time, GPS-enabled temperature tracking devices, designed to monitor and record temperatures within the trailer throughout a route, ensuring food safety from dock to customer
- Use RFID technology on pallets or items for quick, easy traceability in the event of a food safety crisis ♦



she explains, although receivers such as retail stores are not FDA-registered facilities, assuming the deliveries are made to the store and not to a receiving warehouse.

"In those cases, it's unclear how those entities will be regulated by the FDA," says Stansbury.

Furthermore, "There are many different agencies that are involved in regulating the food supply chain, among them the DOT, FSIS for meat and poultry, the FDA and individual states. It's going to be interesting to see how they divide up their oversight and responsibility."

Budget constraints complicate the issue, Stansbury adds. "The FDA is severely underfunded. They requested more funds from Congress for 2016 towards FSMA implementation, but they're not going to get anywhere near what they want or need. I think it will be some time before the STF, for

example, is actively enforced."

The FSMA is definitely a priority for FDA, assures Stansbury. "But in practice, it's such a big task and big to enforce. And given the flexibility of the FSMA, different inspectors may come to different conclusions about things. We'll have to see how it plays out and what's ultimately acceptable, and what's not. There needs to be more training on an agency level to help set certain baselines."

In general, Stansbury credits the FDA for continuing to work with industry to roll out the legislation.

"The FSMA team at FDA is really engaging the trade to try and answer questions, and they're learning at the same time. I've been impressed. They're not 'in the weeds,' so they've held a number of public meetings to encourage discussions and they're carefully reviewing comments from the trade," she says.

While many details of the FSMA, and the STF regulation in particular, are still vague, "companies are hoping that once the final rule for STF is released much of it will be clarified in the preamble and in the regulatory language as well," concludes Stansbury.

TECH TOOLS SUPPORT COLD CHAINS & COMPLIANCE EFFORTS

- Real-time tracking using GPS technology provides accurate temperature monitoring
- Active monitoring to adjust temperature if there is a fluctuation
- Passive monitoring provides a report at the end of the trip
- Barcode inventory tracking systems—down to the item level
- RFID devices that can be embedded into pallets or individual items

And keep it cool in the trailer with ...

- Properly insulated containers
- The right reefer unit for the job
- Proper use of bulkheads, chutes and venting
- Quality equipment: emissions-compliant trailers for optimum fuel- and cost-efficiency



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That's why Penske Logistics has customized supply chain solutions to help ensure deliveries arrive on time and in good condition. So you can keep your business moving forward. Visit gopenske.com or call 844-868-0818 to learn more.



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SURFING THE OMNICHANNEL WAVE

How online grocery shopping is disrupting the traditional business models of food manufacturers, retailers and third-party logistics providers.

BY LARA L. SOWINSKI

The U.S. Department of Commerce reported that eCommerce retail sales grew an estimated 4.2 percent in the second quarter of 2015 to \$89.2 billion, more than double the 1.6 percent growth for retail sales overall. Among all retail categories in the U.S., food/beverage is the largest, ringing up \$600 billion in sales annually. Yet, less than 1 percent of this sector's sales are made online, according to BI Intelligence.

That's changing very quickly. Online grocery sales are forecast to grow at a compound annual growth rate (CAGR) of 21.1 percent between 2013 and 2018, jumping to nearly \$18 billion by the end of the forecast period and far surpassing the meager 3.1 percent sales growth estimated for offline grocery sales during the five-year span.

Research by BI Intelligence, AT Kearney and others finds many shoppers remain hesitant about someone else choosing items for them, such as fresh produce, meat and seafood.

At the same time, the challenges and costs with logistics requirements to support online

grocery shopping is also proving a significant barrier for traditional grocers and their 3PL partners.

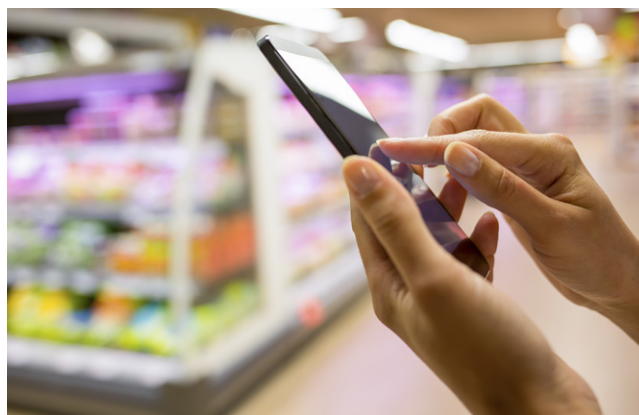
Sizing up the Amazon Effect

Amazon's influence in the eCommerce space is unrivaled. The giant online retailer has fundamentally changed expectations for the consumers, feeding and delivering on their 'I want it now' demands.

Dr. Robert C. Lieb, professor of supply chain management at Northeastern University, and co-author of the Penske's "2014 3PL CEO Study," queried respondents about Amazon's impact on the supply chain industry. The observations are varied and insightful. One CEO mentioned that Amazon's marketplace and platform are helping niche entrants and shippers better compete, while simultaneously pushing traditional retailers to develop omnichannel strategies. Another said traditional brick-and-mortar stores were losing business due to Amazon's influence.

Reflecting on the study and the ongoing Amazon Effect, Dr. Lieb pointed out that, "Amazon certainly is respon-

“Amazon definitely raised the bar for 3PLs with the speed they deliver and the visibility they provide.”



↑ Food/beverage sales in the U.S. total \$600 billion annually, yet only 1 percent of those sales are made online.

sible for driving the rapid escalation in what consumers want and expect, however they're not charging real prices."

He says the company is "underpricing everyone to gain market share, but lowballing prices hurts incumbents. It's regressive."

That sentiment was shared by another CEO in the study, who said Amazon "wields its clout so violently that it kills small firms with low prices."

Without a doubt, "Amazon is changing the game in a lot of areas," acknowledges Joe Carlier, senior vice president—sales, Penske Logistics. "They definitely raised the bar for 3PLs with the speed they can deliver product to the consumer and with the visibility they provide, too. As a consumer, I admit that I like the confirmation texts and status updates I get when I place an order on Amazon.com. Think about how a logistics provider must respond to that. For 3PLs, it used to be that exception management demonstrated that you were ahead of the curve. Today that's a given. You need it just to show up."

While the expectations for 3PLs are rising, so are the opportunities. According to the

study, when asked to identify the major 3PL opportunities they saw in eCommerce, CEOs put final mile delivery and order fulfillment activities high on the list. Other opportunities included forward stocking of inventory for clients, same-day order processing, returns management, provision of real-time shipment visibility, increased density for customers in multi-campus environments, and customs clearance related to foreign supply.

Reading the mind of the online consumer

Notwithstanding the Amazon Effect, there's more to consider when evaluating today's online consumers and what they are looking for in terms of their online shopping experience.

Paul Weitzel, managing partner at research firm Willard Bishop, says that, "While Amazon and Walmart commandeer media coverage, grocery retailers continue to win the hearts and wallets of their preferred shoppers. In fact, core store shoppers that have tried online shopping are now spending 30 percent of their dollars online. In other words, the store's most important shoppers are also the most digitally engaged, proving that grocery eCommerce is indeed 'sticky.' Additionally, nearly 90 percent of all online baskets are stock-up trips (ses-

sions), making grocery eCommerce even ‘stickier.’”

The firm’s “2015 eCommerce SuperStudy” finds that online orders tend to be sizeable and broad. “Consumers are also shopping the entire store,” adds Weitzel, “which is very different than traditional in-store baskets, which are much smaller and more specific. You get fewer cherry pickers online [along-side] core customers shopping for convenience; they are profitable and very important.”

Weitzel’s collaboration with Michigan Ross Professor Amitabh Sinha on a paper entitled, “eCommerce Supply Chain Insights in Groceries and Consumer Packaged Goods in the United States,” suggests consumers are willing to pay for the convenience of online shopping with most agreeable to a \$6-\$10 fee for home delivery and up to \$5 for in-vehicle or in-store pick-ups.

Similar research by UK consultancy dunnhumby found that online shopping behavior is very different from that within the store in a variety of ways, including the amount of healthy purchases made in either environment, as well as how much consumers engage with promotions.

“The path to purchase online is significantly different across, and even within, categories,” states dunnhumby in its study, “The Multichannel Movement: How the rise of multichannel grocery shopping is changing the way consumers buy.”

For instance, food manufacturers are accustomed to traditional merchandising whereby brands receive maximum exposure when they’re placed at eye level on the shelf or at the end of an aisle supported by promotions.

However, “Without the same visual stimulus and

➔ Home delivery is one of several models for online grocery shoppers, another is click and collect.

temptations, online shopping purchases are significantly healthier than in-store shopping trips,” states dunnhumby. “This change in purchase behaviour is clear when you look at the path a customer takes to select a product and place it in his or her basket.”

Furthermore, “Fifty-three percent of purchases are products that have been bought previously,” which is great news for manufacturers of the chosen brands, but an obstacle for brands trying to gain awareness.

Commensurate with the findings of other studies, dunnhumby’s research shows that online purchases of fresh produce trail frozen in all instances and is relatively underdeveloped. On the contrary, bulky, homogenous, shelf stable and frozen product categories consistently perform well online.

At the same time, new parents are among those driving online grocery shopping.

“Time (and sleep) starved parents are drawn to the convenience of being able to



shop literally any time they wish, without leaving the family home. Baby food and care products appear in the top three categories across all online development stages. We also see that baby categories are gateway categories for new online shoppers,” dunnhumby states, adding that, “Given the importance that having young children has on the decision to start using the online channel, we would suggest any brand that has a bias towards young families should consider developing their multichannel strategy.”

Grocers look for the right mix

Admittedly, the foray into online grocery shopping for most major grocery chains is understandably intimidating. The complexities surrounding online grocery shopping require robust software and technology to support online ordering of tens of thousands of SKUs, to first-rate logistics providers capable of delivering time- and temperature-sensitive food. To be successful, it calls for a significant investment that many grocers are reluctant to assume in a meaningful way.

But, the tipping point has arrived.

During Walmart’s annual shareholders meeting in June,

➔ Walmart is investing heavily in technology to support growth in online grocery shopping, says CEO Doug McMillon.

CEO Doug McMillon talked about the technology investments underway to support the company’s omnichannel strategy.

“I want us to stop talking about digital and physical retail as if they’re two separate things. The customer doesn’t think of it that way, and we can’t either,” he said, explaining that while customers have the option to shop in stores, on their phones at home or at a pick-up-point, the experience is consistent.

“They just think they’re shopping at Walmart, at ASDA, at Sam’s Club,” said McMillon.

The company is currently focusing even more on technology, from improving customer-facing initiatives both online and off, as well as overhauling the internal technology used by department managers. Walmart also plans to compete head-to-head with Amazon with an online fulfillment program similar to Amazon Prime. Two new automated fulfillment centers will help support online ordering.

In the meantime, Walmart’s network of over 11,000 physical stores is a competitive advantage for redefining retail—both on- and offline—in the future.

“Think about the map of our locations. No one else has that incredible network around the world,” said McMillon. “Now, think about our supply chain and experienced logistics team. I get excited about what our technology

Q&A WITH MYWEBGROCER

One firm that boasts deep experience in the online grocery segment is MyWebGrocer. Matt Moreau, the company's product marketing manager, shared his thoughts on some of the challenges and opportunities in the evolution of online grocery shopping...

The generally slow adoption of online shopping by U.S. grocers is sometimes attributed to complacency. Do you agree?

Part of this is complexity, so it's convenient to be complacent when grocers are concerned by the cost of setting up eCommerce. It is significantly more than what a general merchandise retailer would go through. Grocers need to invest in technology, modify their stores, hire people in stores to do picking and fulfillment, and if delivery is part of their strategy—invest in trucks, fuel costs, insurance—it can be daunting.

Grocers won't feel the urgency if they think that eCommerce adoption will be limited to a small demographic of grocery shoppers. They are concerned with "if they build it, will they come?" We see that once a retailer enables eCommerce for a particular store, it quickly becomes 10 percent of that store's sales, and the average online basket value is \$157 compared to \$50 for in-store baskets.

Companies that are involved in helping to build a grocer's digital channel have an obligation to assist them in getting profitable. They need to be an experienced partner to provide best practices and strategies so grocers don't get in over their heads.

Last-mile delivery challenges are frequently cited in discussions over online grocery shopping. Some solutions, like click-and-collect are one way to address them. What's your perspective?

We see the last mile as twofold: 1) the fulfillment of the order, and 2) getting that order to the customer. The challenge for fulfillment is the right balance between labor and orders; the personal shopper needs to be efficient and the order needs to be substantial. The key for labor is having the personal shoppers pick multiple orders at a time, and knowing how to staff based on historical data. Online basket sizes grow organically as customers tend to purchase more items and larger sized items, such as bulk products that are too cumbersome to manage in the store. To grow the online basket even further, it is important to provide targeted promotions and a personalized experience.

With respect to getting the order to the customer, when customers have a choice between pick-up at the store or delivery, they are three times more likely to choose pick-up.

Grocers should start with curbside pick-up first and then evaluate delivery. If delivery margins are there, then add it to give customers' options.

When a grocer partners with a delivery service they need to work with one that understands how to make delivery profitable, while representing their brand.

A lot of grocers are trying to address eCommerce with third-party solutions, which are popping up every day and have no affinity to the grocer. Although that seems like an easy answer, there are fundamental challenges to this approach. The grocer gives up customer service experience and the relationship, and most importantly, gives up all data on their customer.

There is also the risk of grocers creating a competitor through the use of these services. In the early days of eCommerce, several retailers were working with Amazon, and having Amazon fulfill their online orders. This ended up siphoning off sales from these retailers to Amazon.

Ultimately, you can understand the appeal of providing something versus nothing, but when a grocer takes this option they are basically dis-intermediating themselves by giving up their customer relationship.

What can traditional grocery stores learn from eCommerce grocers like MyWebGrocer and others?

The demand is there. If you do nothing your customers will still shop online, it just won't be with your brand. Fifty-eight percent of customers worldwide are willing to shop for groceries online when it becomes available to them, according to research by Nielsen. Furthermore, online grocery appeals to a wider range of customers beyond Millennials. In fact, 55 percent of shopping trips come from 18- to 44-year-olds.

Can the U.S. grocery market accommodate both traditional grocers and eCommerce grocers? Is there enough business to go around?

Grocery retailing is a mature business where market share matters. Grocers have also been under pressure for years due to Target, Walmart and warehouse stores compressing margins. Now, grocers are also losing share of wallet to restaurants as American families become more and more busy.

So, grocers really can't afford to let another factor like eCommerce players come in and put more pressure on their market share or their margins. And, there's no reason why they need to let this happen if they start taking action and formulating a strategy for eCommerce with an investment pace that makes sense for their business.

One way traditional grocers can quickly move into home delivery is to acquire an existing eCommerce grocer. Do you see this happening in the marketplace?

Acquisition to get into eCommerce is an option, but what they risk by doing this is cannibalizing their own store sales if they keep the brands separate.

Regular online grocery shoppers continue in-store purchases at the same grocery chain where they shop online, and typically spend one-third of their overall purchases in-store and staying loyal to that retailer. With acquisition, traditional retailers would need to go through the expense of rebranding and re-tooling an established eCommerce business to offer a cohesive branded experience for their customers to ensure their loyalty when they purchase in-store. ♦

team is now capable of. As we add new capabilities and join these unique assets together effectively, we're going to have something special."

West Des Moines, Iowa-based Hy-Vee, one of the top 20 food retailers in the U.S., is

averaging about 1,300 online orders per week since launching its online grocery offering last spring. All of the grocery chain's 235 stores will participate in the Aisles Online program by the end of 2015.

"It stunned us how many

people wanted to use it," remarked CEO Randy Edeker. "It's the next phase of how people are going to shop. It goes to customers' expectations and lifestyles."

Online grocery ordering isn't exactly new for Hy-Vee. The

retailer offered the service for years via a third-party software program. But dissatisfaction with the software prompted Hy-Vee to build their own platform from the ground up.

"Our people did a good job of talking to shoppers and

HOW WOULD YOU LIKE YOUR GROCERIES DELIVERED?

The five most popular options for delivery of groceries ordered online include:

- Van delivery directly to the shopper's home
- In-vehicle pickup at a store or DC, where there's a dedicated spot for Internet orders and employees load groceries into the shopper's car
- In-store pickup, where the shopper walks into the store and picks up the order at a dedicated counter
- Parcel service
- Delivery by a third-party fulfillment service ♦

listening to people about how they shop. It's not perfect, but it's pretty good," Edeker told *The Des Moines Register*.

Shoppers can choose from approximately 30,000 items and specify the day and time they want to pick up their groceries or have them delivered. Currently, about half of the orders Hy-Vee receives online opt for home delivery, which are charged a \$4.95 fee if totaling less than \$100, compared to \$2.95 if the shopper chooses to pick up the order. Hy-Vee's personal shoppers fulfill the online orders at the store.

Target is starting to test an online grocery ordering and delivery service in partnership with Instacart. The service is launching in Minneapolis, the company's headquarters, but will likely expand to other areas in the future.

Target reported its digital sales rose 30 percent in the second quarter of 2015, compared to just 2.4 percent overall sales growth. Six dedicated fulfillment centers support online orders. However, CEO Brian Cornell told analysts in August that Target had expanded its use of stores as fulfillment centers and will ship online orders from 450 store locations by the end of the year.

"Ship-from-store capabilities allows us to balance inventory across the network, leverage the capital and labor already in our

stores and reach guests more quickly," said Cornell.

ClickList is Kroger's online site that allows shoppers to order groceries then pick them up from their cars at a store location. The company plans to offer ClickList at up to 1,200 locations, or more than 40 percent of its stores in 32 states.

Kroger's 2014 merger with Vitacost.com, a leading online retailer of health products, is helping Kroger bridge the technology requirements needed to support an online grocery program.

According to the company, mergers with Vitacost.com, Harris Teeter and others "have introduced new technology platforms that we are leveraging to support and expand our Customer 1st strategy."

The Harris Teeter merger "provided valuable insights for developing our 'buy online,

pick up in store' initiatives," said Kroger. "In Q3, 2014 we offered this service in our first Kroger banner location where customers can pick up items they ordered online. We also continue to expand the Harris Teeter Express Lane program."

Stan Martz, a human resources manager at Kroger, emphasizes how important omnichannel is for the company and its customers.

"We have to do these things to be viable in the future. We know that. Because if we don't take care of our customers, we're nothing."

Not to be left out, Google Inc. is set to test a delivery service for fresh food and groceries in two U.S. cities, one of them San Francisco. Whole Foods Market Inc. and Costco Wholesale Corp. are among Google's partners for the new service.

Logistics providers take on the omnichannel challenge

The "19th Annual Third Party Logistics Study"—a collaboration between Capgemini, Penn State, Penske Logistics and Korn Ferry—finds that omnichannel supply chains are still maturing.

Most respondents (33 percent) said they had no omnichannel capability, nearly one-third said they were not

prepared to handle it, just over a quarter (26 percent) said they are inconsistent and only 2 percent described themselves as "high performing."

Roughly half of the respondents are not testing new fulfillment strategies, while the others are already investing in or considering home delivery from local stores (16 percent), Sunday deliveries (15 percent), customer delivery in which an in-store shopper delivers goods (12 percent) and locker pickups (11 percent).

"For many companies, the issue is their existing infrastructure simply cannot support a true omnichannel," the study states. "Previously, retailers created dedicated eCommerce distribution centers that were designed to pick, pack and ship partial shipments. The rest of their distribution centers were full shipments, and in the past, companies rarely shipped directly to consumers from the store."

According to Penske Logistics' Joe Carlier, "There are a number of challenges around supply chain network redesign in the omnichannel and what makes for a good redesign. Obviously, the best supply chain model comes on the heels of predictability and consistency. If I have a static network, I can optimize the supply chain network very



▲ West Des Moines, Iowa-based Hy-Vee averages 1,300 online grocery orders per week and is in the process of expanding its Aisles Online program to all of the chain's 235 stores. Photo credit: Des Moines Register

effectively. But what happens when there's constant change, such as in an omnichannel environment?"

Information that is more timely and accurate helps retailers and logistics providers position the right product at the right place, and at the right time, even as planning cycles shorten from weeks or days, down to days or hours.

While grocers contend with the challenges of omnichannel, they are also dealing with consumers' demands for more fresh produce and foods.

Tom Scollard, Penske Logistics' vice president—dedicated contract carriage, says it appears the fast growing and more successful companies are those focusing on fresh.

"It's bringing the traffic into the store and generating repeat business from consumers who want quality and freshness," he says.

The combination of omnichannel and more fresh and perishable food products in the pipeline boosts the requirement for rapid replenishment, adds Scollard.

"Just like the automotive parts business 30 years ago, deliveries to dealers used to occur once a week. It increased to two and three times a week and now it's up to as much as twice daily. That's just the competitive nature of business today. Grocers are focused on service, meeting new demands and freshness—that's what brings the customers in. At the same time, it's definitely presenting more opportunities for our business."

Penske is always looking at ways to optimize its truck fleet to support food customers' deliveries, which are becoming more frequent and oftentimes more urban, says Scollard.

Smaller trucks are better suited for maneuverability in cities and tight areas and where

PENSKE KEEPS IT FRESH FOR HOME GROCERY DELIVERY

One retailer is testing home delivery of its online grocery program in a small urban region, working with Penske to provide the transportation and logistics component.

Joe Carlier, senior vice president — global sales, Penske Logistics, says about 40 trucks and approximately 100 drivers are involved in the program, which operates from 7:00 a.m. until midnight seven days a week.

"You can't just place groceries on any vehicle," cautions Carlier. Staying compliant with food safety regulations, including temperature specifications outlined in the FDA's Food Safety Modernization Act (FSMA) bring unique challenges to home delivery of groceries.

Carlier emphasizes that vehicles must be FSMA-compliant.

"The equipment has to be able to hold the different temperatures that are required. We build redundancy into the fleet, so we have a certain number of extra trucks if there's a breakdown. Staffing also has redundancy because with home delivery you can't cancel a grocery delivery for the customer just because someone on your staff has called in sick."

Penske reinforces the safety, compliance and customer service aspects of the program with extensive training of its own.

"We train all of our drivers in cold chain and food defense," says Carlier. "For example, these trucks are equipped with side curtains in each temperature compartment. When you're loading it, it's easy to just pull those curtains aside. Our drivers are trained not to do that so that the temperature inside the compartment isn't compromised. They're also trained to keep doors closed as much as possible to keep cool air in and also so the truck doesn't have to run as much."

Penske invests in about 80 hours of training for every new driver, he says.

"We start with about 12 hours in an office environ-

ment going over the Penske safety issues— watching videos and going over presentations. Another day is spent in the office going over defensive driving techniques. That takes about four hours, and then we spend another 4-8 hours doing nothing but role-playing. For instance, how do you respond when you arrive at a customer's house and they may be agitated, or they have a question about their receipt? We don't want the driver to get caught off-guard when they're out making deliveries for the first time. We then spend about 50 hours having the lead driver ride with the driver. The first three days the lead driver is driving then the new guy takes over."



Penske's delivery trucks are regularly scheduled for frequent wash-downs not only to maintain compliance with the FSMA, but also because they're being used for home deliveries and showing up in a clean vehicle is important for customer perception.

One of the keys to success for this program is constant communication, both with the retailer and the end-customer. Weather can sometimes impact delivery schedules, especially in the winter. The Penske driver stays in contact with the end-customer if there are any changes to the delivery schedule.

Communication with the retailer is equally important, says Carlier. "We have deep customer integration so they can see what we're doing at all times. There are no surprises."

Carlier says that home grocery is an under-served market with plenty of potential for growth. Penske understands that giving the end-customer a positive impression of the service can help nurture that growth. ♦

there are weight constraints. Fuel efficiency is constantly analyzed, including the advantages of gas-powered engines over diesel in certain settings.

"We're doing a lot of re-evaluation of our equipment and fleets to determine what's best for each application," Scollard says.

Penske's evaluation process occurs throughout the supply chain to make sure the right

equipment is deployed and proper temperature monitoring tools are in place to assure an integrated cold chain for maintaining freshness and compliance with regulations such as the FDA's Food Safety Modernization Act (FSMA).

Scollard explains that at Penske Logistics, "We build custom systems to execute the requirements of our customers. Our customers expect us

to make deliveries in a certain way and we have to be able to understand that process, train for it, and keep the integrity of that process after thousands and thousands of deliveries. As we perform time and again our customers view us as a reliable provider. Even though we're in a custom business, we standardize for the individual customer and perform the delivery in the way they want it performed." ♦

Penske's Fresh Approach: REGIONAL CONVENIENCE STORE CHAINS

The Scoop

During the last several years, convenience store chains across the country have launched fresh channel initiatives, which included adding salads, freshly made sandwiches and other fresh grab-and-go products to its offerings. Penske Logistics was tapped by its customers to provide logistics support. The goal was to provide customers with an expanded selection of fresh foods daily, while minimizing truck traffic to/from the stores and maintaining the integrity of temperature-sensitive products.

The Tools

As Andy Moses, senior vice president-global products, Penske Logistics, explains, not all new customer accounts are created equally. "With one chain that has a 250-store footprint in two states, the previous 3PL provider was not particularly modern in its service offerings," he recalls. "Our team spent extra time at the outset upgrading the customer's capabilities."

The addition of fresh channel required Penske to recon-



➡ In order to meet this convenience store chain's fresh channel initiative, Penske Logistics operates dual temperature zone trailers that maintain fresh salads, sandwiches and fresh grab-and-go items at a constant 38 degrees F.

figure its transportation fleet from smaller box trucks to larger tractor/trailers with dual-temperature zones and lift gates.

Moses says prior to fresh channel, box trucks were used to service the convenience stores, and drivers were only required to hold a Class B commercial driver's license (CDL). The larger format trucks required a Class A CDL, so Penske embarked on a formal training program to get its drivers qualified for the larger trucks.

"We took the position that because customer service is so important, we would invest in

our existing drivers to qualify them for the new equipment," says Moses.

Three different models of large format trucks are used for fresh channel. The truck trailers are loaded with grab-and-go items in the front compartment, which is maintained at 38 degrees F. Baked goods are loaded in the second compartment.

"Previously, items were shipped direct-to-store by the vendor. With fresh channel, the vendor deliver to our cross dock, and we sort items accordingly. This reduced the number of trucks delivering to a single store from three to one," says Moses.

➡ Penske delivers freshly baked sandwich rolls daily to each location of this regional convenience store chain.



PENSKE'S RECIPE FOR SUCCESS

- Providing the right equipment to maintain highly perishable foods that require refrigerated and ambient temperature zones
- Creating a new routing system that helps lower costs by reducing the amount of equipment required
- Coordinating activities among three key suppliers, with all communications being funneled through a centralized (Penske) dispatch
- Establishing a cross-dock fresh channel consolidation facility
- Increasing delivery frequency for greater flexibility and increased store customer satisfaction ♦

Penske uses a number of software and technology tools to optimize route planning and maintain proper temperature of the fresh products.

"We build our routes so that drivers are circling the perimeter of the entire delivery area," says Moses. The model facilitates quick action if another driver encounters traffic or delays."

Temperature monitoring technology keeps a record of the products' temperature from initial loading inside the trailer to delivery at the convenience store. The track and trace feature is critical in the case of a food recall.

Temperature recorders are also placed in certain totes to provide a secondary level of monitoring.

Compliance with the U.S.

Food and Drug Administration's (FDA) Food Safety Modernization Act (FSMA) is a mandate that Penske reacted to proactively.

"We anticipated and acted early," Moses remarks. "We put temp monitoring software on the vehicles, and this links into the refrigeration unit and provides information back to dispatch. In addition to the driver checking temperatures in both zones of the trailer, the temp monitoring software offers even more visibility. Dispatchers get a notification if temperatures are going out of spec and they can take the appropriate action."

In that situation, the driver has the option to deliver all temperature-controlled products at the next stop pending a

replacement trailer. Likewise, if a store is experiencing a power outage, the driver keeps the refrigerated product for that store on the trailer and returns when the power is restored or delivers to the next closest store.

The Challenges & Opportunities

The biggest challenge with the fresh channel initiative is the synchronicity element that requires product vendors to consistently hit the mark with on-time delivery every day, explains Moses.

"For instance, there is a single bakery that makes one product line that goes on all the trucks, then the commissary that's making pre-made food items like salads, as well as the roll maker, who requires the longest lead time among the vendors."

"If any one of these vendors

has a misstep, we need to communicate with the stores immediately because it could impact how they schedule their labor," he says.

Two years ago, one of the convenience store chains expanded into a new region with several dozen stores. Penske essentially recreated the existing infrastructure, but on a smaller scale to fit the requirements of that market, Moses says.

At first, "The fresh channel

Temperature monitoring technology keeps a record of the products' temperature from initial loading inside the trailer to delivery at the convenience store.

initiative was new to our convenience store chain customers, and it was new for us too," says Moses. "We took the concept and developed it with them." Most importantly, it's a concept that

resonates with consumers who are looking for healthier and fresh food choices at a variety of retail outlets, even convenience stores. ♦



Penske's Fresh Approach:

QUICK SERVICE RESTAURANT

The Scoop

This global quick service restaurant is intently focused on how customers experience their retail stores and their products, which must be consistent and engaging each and every time. They seek out logistics partners who share their high performance standards—a 3PL who is flexible and willing to take a journey with them. Penske Logistics provides delivery of fresh goods, baked goods, dairy, frozen, and merchandise to restaurant in locations throughout North America.

The Tools

With 400,000 deliveries a year for this restaurant, having the right software and technology in place is critical for success.

Joe Carlier, senior vice president – global sales, Penske Logistics, says a proprietary system helps design the most efficient routes with a route algorithm. Dedicated staff constantly redesign this restaurant's routes for absolute optimization.

"We also invested in an entirely new fleet—new trailers with multi-temp units—and we rebuilt every single one of our DCs with larger coolers and freezers to support this restaurant's expansion," he says.

True to Penske's strategy of providing customized solutions for each customer, "we started by asking the customer what their requirements were and we built a custom solution from there," says Carlier.

"We look at their network, their delivery frequency, their hours of delivery, what activities our drivers will perform, and then build a network around those requirements."

The Training

The deliveries to the restaurant are made during operating hours as well as after-hours, which requires highly skilled drivers.

"For us, it starts with hiring the right person," Carlier explains. "We want someone who's trustworthy and customer-service oriented too, because about one-third of the stores are still open when the driver arrives."

Before a new driver is assigned a route, he undergoes a training regiment that lasts 2-3 weeks. The training encompasses an orientation to Penske and the customer, along with a rigorous safety course. Following is one-on-one training then shadowing an experi-

PENSKE'S RECIPE FOR SUCCESS

- Managing the warehousing and delivery functions of fresh goods, baked goods, dairy and other merchandise
- Consolidating distribution centers for greater efficiency and cost savings
- Providing store network support for specific regions
- Managing the staging and logistics for restaurant openings and renovations
- Providing predominantly "unattended" deliveries, a benefit of a trusted partnership ♦



The Communication

Communication between Penske and the restaurant is frequent and occurs in multiple channels throughout the organizations, says Carlier.

"There's a senior leadership channel, a mid-level channel

and the operational channels.

We have weekly calls related to operations, finance and inventory. The best way to sum it up is: there's never a surprise in this network. The constant communication helps the restaurant view us as a true partner. We work on network design and investment decisions together because we have established a relationship based on communication. They know they could not be successful in their business without us." ♦

Complying with the FDA's Food Safety Modernization Act (FSMA) is another aspect of training for Penske drivers, which covers proper temperature monitoring, safe handling of food and food storage, and deploying the right equipment to do the job.

"Training is one of the most expensive things we do," says Carlier. "People say it's expensive to train, but it's even more expensive not to train."

Penske's Fresh Approach: NATIONAL GROCERY CHAIN

The Scoop

Appealing to their customers' desire for friendly service and fresh food, one of the country's largest grocery chains launched an initiative two years ago that emphasized these attributes. Adding more fresh produce and prepared foods to the overall choices in the stores was the first step. To accentuate the fresh aspect, deliveries are made through the front door of the market directly to the deli or produce section, bypassing the back room altogether and underscoring the freshness of the goods.

The Challenges

The grocery chain contracts with a commissary that uses proprietary recipes created by the grocery chain to make the prepared foods, thereby assuring consistent quality and taste. Elsewhere, a daily shuttle service transports the prepared foods to Penske's facility, arriving before dawn every morning. Penske's trailers are then loaded with everything required for that day's routes.

"We rely on the daily shuttle to maintain its schedule," says Andy Moses, senior vice president – global products, Penske Logistics. "Once it arrives, we load our trucks in a timely manner so that we can get back

on the road and avoid traffic, and also avoid holding up the driver and cutting into hours-of-service restrictions. We always stay in close communication with the shuttle drivers."

The shuttle vehicles are equipped with "real-time reporting refrigerated access," Moses says, "which allows us to turn on the reefer from a remote computer, precool the vehicle, reset temperatures in transit, and monitor the temperature throughout the trip."

A post-trip reporting unit allows Penske to download temperature information for recordkeeping and diagnostics purposes.

Compliance with the FDA's Food Safety Modernization Act (FSMA) is also key. According to Moses, there are some logistics providers who lag in this area. "But for those 3PLs who have a good understanding of the rules and regulations, there are many opportunities in the fresh food sector."

The Training

Penske's drivers make deliveries between 7:00 a.m. and 5:00 p.m., which means there is a lot of interaction with customers because the deliveries are coming in through the front door of each store, while drivers must also negotiate parking lots

and automobile traffic.

However, "One of the toughest parts of the job is training for cold chain compliance. Penske spends a lot of time teaching the drivers how to properly handle and transport the food products, including how to keep the product between 35 and 39 degrees F," says Moses.

Drivers follow a protocol for cold chain compliance that includes taking a temperature reading from the truck and writing it on the delivery document and retaking the temperature of the product once it's delivered inside the store to its respective department. If the temperature reading inside the store is questionable, the driver uses a probe thermometer to confirm the temperature inside the package or the product itself.

"If that does not show us what we need, then we'll sacrifice any of the items necessary to make sure the temperature is

right," says Moses.

Penske's regional operations include extra safeguards for protecting the cold chain integrity of frozen products. The company's cross-dock is maintained at 38 degrees F, so frozen foods do not encounter a temperature change during the loading process onto the trucks. But not every logistics provider follows this process, Moses says.

The Opportunity

According to Moses, "Penske is versatile in that we can enter into many different industries once we understand the key components and service offerings the customer is looking for because the culture of our organization is such that if we feel comfortable with something, we will commit to investing the time, effort and expertise to provide that customer with an industry leading solution—and do it exceedingly well." ♦

PENSKE'S RECIPE FOR SUCCESS

- Providing a quality delivery process that includes accurate temperature control and compliance with Food Safety Modernization Act (FSMA) regulations
- Creating a seamless process where the primary relationship is between the driver and the store contact
- Offering specialized training and administrative details
- Implementing a "Business in a Box" process that is transferable to different locations ♦