

Supply Chain Solution Ltd.

Overcoming & Enhancing Logistics Services for Suppliers to Lidl.





Supply Chain Solution Ltd – Issues and Opportunities in providing Logistics services for Suppliers to Lidl

Getting your products to Lidl UK – Strategy and Options

We are all aware of issues surrounding the Global Covid Pandemic, Brexit and the logistics challenges of both collecting & delivering containers both to & from southern UK Ports such as Felixstowe and Southampton.

The issues are, what can be done to ensure suppliers to Lidl get their goods to market and how can we look to both grasp the challenges ahead, mitigate delays and commit to deliveries which are on time.

This mini presentation looks at the problems ahead, looks to simplify the challenges and consider potential solutions and alternative routes to market.

Global Covid Pandemic and its effect upon Logistics

- The detrimental effects upon UK Supply Chains caused both directly and indirectly by Covid have been:
 - Exporters unable to get containers despatched from point of manufacture
 - Shipping Lines operating at differing capacities
 - Shipping lines “cut and run” due to portside delays
 - Shipping lines refusing to dock at UK southern ports, offloading in Antwerp & Rotterdam amongst others
 - Stockpiling of PPE in Felixstowe
 - Empty containers unable to be delivered to Quaysides
 - Hundreds of Thousands of Empty Containers unable to be shipped back to port of Origin
 - Reduced Staffing at Ports due to Covid 19
 - Shortage of Drivers due to Sickness and Furlough



Problems caused by Brexit



- Uncertainty caused by potential tariffs
- Additional costs “preparing for what”?
- Rates going through the roof as container availability becomes reduced
- Shipping companies reluctant to ship to UK directly because of potential delays in offloading and documentation issues
- European Road Transport & logistics operators refusing to come to the UK
- European Transport companies concentrating on deliveries within the EU as there are less problems and delays
- Shortage of Merchant & Line Haulage to and from UK Quaysides
- Lack of warehousing space due to Stockpiling
- Huge increase in rates for transport to the UK. Hauliers now charging round trip rates
- Significant increase in Container Rates



Impact on Container Logistics at UK Ports

A range of problems have beset UK ports in addition to those mentioned:

- Insufficient staff trained for volumes
- Too many staff furloughed
- Little anticipation and planning of expected volume increases
- Major shipping lines refuse to call into Southampton & Felixstowe
- Containers due for Southern Ports either not arriving or offloaded in Antwerp / Rotterdam etc.
- Shipping lines choose Liverpool as port of choice
- Containers for Southern destinations now in the North West of England
- Shortage of drivers to undertake long haul deliveries to Southern Locations
- Reluctance of drivers to take on long haul when they can drop and swap in the north west

Precis of Problems caused by Government

- No strategy from the Government regarding UK Plc Position
- No real consultation with manufacturing and logistics industries
- Lack of Preparation for Brexit
- Underfunded key infrastructure projects
- Lack of Training Courses for Customs Declarations etc.
- Lack of Qualified Vets for Health Certification
- Problems such as Security Declarations & Customs Procedures have not been dealt with properly, leading to confusion, apathy and let's wait and see.



With shipping lines reluctant to ship to Felixstowe or Southampton, what are the alternatives?

- **Can the Port of Liverpool & our Logistics services for suppliers to Lidl UK provide the answer? We think so !**
- Evergreen, MSC, Maersk are now choosing Liverpool as their port of choice, other shipping lines will follow
- The Port of Liverpool has seen an unprecedented increase in the number of TEU's handled year on year
- Biggest Port in the North of England
- Excellent Road Transport Links
- Provides Multi Modal Services
- Import & Export Feeder services to mainland EU and Ireland
- SCS multi user warehouse within the Port for urgent destuffing and Palletisation
- Distribution and Feeder warehouse with upto 7,000 racked pallet spaces now available
- Daily Groupage services to Lidl Regional Distribution Centres
- "Middle of Lidl" specialists for deliveries from 5am (with no surcharge)



What have SCS done to protect their customers supply chains?

- SCS looked at their supply chain strategically and made their decisions early.
- Once the UK voted to leave the EU, SCS planned and developed a network of support partners in the mainland Europe and Ireland to handle direct container shipments
- We opened a sister company to handle direct container shipments to Ireland
- We developed UK approved warehousing and logistics partners to handle the shift of business to the Liverpool and the North West.
- We updated our Terms and Conditions to reflect changing circumstances including Force Majeure and Standard Contractual Clauses covering GDPR
- **Dealing with Shipping delays and Quay Rent**
- With Containers being constantly delayed and missing transshipment connections, multiple customer containers are now arriving on the same vessels meaning much larger volumes and tighter time periods to avoid additional costs
- With a shortage of available haulage or no slots delivery slots available at nominated warehouses, quay rent can kick in after your agreed free period
- We needed to come up with solutions for dealing with large volumes of container arriving at the Port of Liverpool over short periods of time. Our ideas involved a number of differing solutions



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- **Additional Warehousing**

- We streamlined the type of warehousing work we took on to increase warehousing capacity in Warrington by an additional 2,000 pallet spaces.
- We have the option of additional racked facilities for another 4,000 pallet spaces
- We now have an external warehouse with upto 5,000 pallet spaces to act as a container destuffing depot, which feeds into our distribution centre
- We have negotiated rates with a multi user warehouse within the Port of Liverpool

- **Our Supermarket Logistics System**

- Our customers are manufacturers, importers, distributors etc. who supply Lidl.
- We destuff containers, palletise and provide all wrap around logistics services including relabelling
- We consolidate for many customers for delivery to each Lidl RDC during the working week.
- We offer our customers rates which are considerably lower than using Pallet Networks
- We don't "pull out", charge demurrage, or increase our rate for either timed deliveries or "Lidl Specials" where deliveries take place from 5am.
- Our service levels are very high, as everything on the trailer is for Lidl



How do our services benefit Lidl and our Customers ?



- **How do our services benefit Lidl ?**

- In theory, we could have 33 Euro pallets of different products on our trailer for the same depot, this works well for Lidl as they get a great product spread from many customers
- We book in directly with Lidl who are then aware of what's on our trailer
- Lidl would prefer one trailer with 33 Euro pallets on than 33 trailers with one Euro pallet on
- We do not pull out meaning if its booked in, we will wait until our trailer gets tipped
- If FCL or FTL trailers arrive with damaged goods or leaning pallets, we support the supplier / haulier by offering our repack and restacking warehousing facility close to the local Regional Distribution Centre

- **What are the benefits to our Customers ?**

- Providing Logistics services to Lidl in and around the Port of Liverpool
- Multiple BRC approved warehouses for destuffing containers
- Choice of Portside / SCS warehousing
- Feeder trailers and or Direct Groupage Services
- Daily UK Distribution to Lidl UK
- Consolidation and direct deliveries to Lidl Ireland and Lidl EU (Ship direct to Dublin, Rotterdam etc).
- Economy Rates throughout the UK with no surcharges
- No multiple transhipments which reduces delays and damages
- Suppliers & Customers can choose GBP or Euro Accounts
- 30 Days End of Month Payment Terms





Precis



- **Development of Services**

- Expand Logistics services for suppliers to Lidl
- Inform Clients of new opportunities
- Look at potential for creation of supermarket specific warehouses in the North West
- Look at what potential of using intermodal rail freight services
- Consider the potential of multi user warehouse within the Port for urgent destuffing and redelivery
- Development a North West Logistics Hub involving key partners to facilitate expansion of services

- **Summary**

- We see numerous opportunities for controlled expansion within Supermarket Logistics in the North West.
- Potential collaboration and utilisation of Port Centric services are an option
- Complimentary & Wrap around services all within 40 minutes of the Port of Liverpool
- Customs Clearance and Merchant Haulage Services Provide
- Potential reduction of unit costs through expansion and business development



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