With competition increasing to meet the growing consumer demand for more variety in fresh products, outsourcing perishable refrigerated distribution can offer a strategic advantage for many retailers by focusing time and resources on enhancing the consumer’s experience and continuing to build their brand.

New economic pressures from the global slowdown, in fact, have been pushing more and more companies to successfully outsource transportation and other distribution functions to third-party logistics providers. Sixty-five percent of shippers surveyed for the 2013 Third-Party Logistics Study, for example, said they are increasing their use of third-party logistics services, while only 22 percent are returning to insourcing some of those services. These shippers—including companies in the retail, food and beverage, and consumer products industries—overwhelmingly report positive experiences with outsourcing.

**Efficiency—or else**

The consolidation of the retail food industry has made it more important than ever to boost efficiencies and enhance customer service in order to keep up with competitors as retailers continue to reduce head counts.

“There is a finite amount of people doing more with less . . . but they still need to make it seamless to the consumer,” says Anthony Barbieri, vice president, business development for the Produce Marketing Association.

Third-party logistics companies, on the other hand, can share the fresh distribution efficiencies they’ve developed as they continue to invest in both a skilled dedicated workforce and the latest equipment and technology. “The equipment used in the perishable distribution process continues to be more efficient and more economical. Examples of this are refrigeration management systems and new types of refrigerants that improve existing systems ability to keep the right temperature within a narrow range,” says Ed Treacy, vice president, supply chain efficiencies for PMA.

Outsourcing distribution can also help reduce waste and shrinkage, says Barbieri, by enabling a retailer to turn products more quickly. “If you get consistent turns you bring a fresher product to the store, and the consumer then gets a fresher product to take home and enjoy, which leads to increased repeat sales. That’s huge.”
The ability to reduce or eliminate the significant financial resources, fixed costs and overhead often required for self-distribution is a critical consideration for organizations contemplating outsourcing, says Mike Bargmann, retired chief logistics officer for Wegmans Food Markets.

Making room for more

The trend toward expanded retail footage for fresh foods, such as Safeway’s Lifestyle format stores or Target’s PFresh store layouts, also means more specialized space is required for perishables throughout the supply chain.

“One of the top [perishables] challenges is customization—how you get niche items to the store, to customers, from a logistics standpoint,” says Barbieri. “There’s a finite amount of space in your distribution center, and you may not have all the slots available in your warehouse for all the niche items. It can also be as simple as not having enough trucks to service your [perishables] needs, especially with multiple departments.”

By outsourcing distribution, the retailer transfers these challenges to the logistics provider, who can consolidate all of a store’s fresh distribution needs across its own broader array of facilities and services to provide both greater flexibility and efficiencies of scale.

In addition, outsourcing organizations often utilize geographically dispersed facilities that can help retailers work outside their traditional service area if needed. Third-party logistics companies also have the capability to effectively manage the fresh categorical item increases seen in the marketplace today.

Fresh Distribution in Action: The Fresh Market

Based in Greensboro, N.C., The Fresh Market is a specialty grocery retailer focused on providing high-quality products in a unique and inviting atmosphere with a high level of customer service. The company currently operates more than 150 stores across 26 states, with plans for continued expansion throughout the United States.

The challenge: As The Fresh Market continues to expand into more of the U.S. market, both its existing and new customers have high expectations for the specialty retailer’s signature fresh products. Their customer base depends on The Fresh Market to consistently offer top-quality perishables and distinctive foods, so the company must maintain a reliable distribution chain for fresh foods in the midst of rapid growth.

The supply chain solution: The Fresh Market partners with Burris Custom Retail Distribution to help maintain its perishables quality as the company adds more stores. Since 2007, the number of Fresh Market locations serviced by Burris has more than doubled from 68 to more than 150 stores, with an approximately 50 percent SKU increase and a 200 percent boost in case volume from 2.5 million to 7.5 million per 26 weeks. In 2013, Burris also added health and beauty aids to the list of categories serviced for The Fresh Market.

“The Fresh Market is committed to providing an exceptional shopping experience featuring the freshest and highest quality products from around the corner and across the globe,” says Marc Jones, senior vice president of marketing and merchandising for The Fresh Market. “As we have grown, our partnership with Burris Logistics has been essential in helping us deliver this experience consistently and efficiently.”

Burris provides The Fresh Market with procurement, inbound logistics management, warehousing in multiple temperature zones and transportation services for dry, cooler and frozen products. With two dedicated Burris distribution centers, The Fresh Market enjoys next-day delivery with a six-day delivery schedule, using a dedicated Burris fleet and multi-temp trailers.
Refrigerated supply chain expertise

The need to respond to consumer demand promptly is the top pressure impacting retail supply chain distribution, transportation, warehouse, and overall logistics strategy for half of all retailers, according to a 2010 benchmarking study by Aberdeen Group. But maximizing perishables distribution to follow the ups and downs of customer demand fluctuations, as well as meet government and food safety regulations, requires a high level of refrigerated supply chain expertise that can be expensive to maintain in-house.

“When it comes to food safety, we look well beyond agency compliance. While being compliant is critical, we empower and expect our people to be committed at a higher level and to be true assurance advocates for the safe handling of all the products,” says Frank Ahern, corporate director of safety, health, and environment for Burris Logistics.

“We accomplish this through advanced training and certification programs, third-party and self audits, and a commitment to continuously evaluate and invest in improved processes and new technologies. Food safety is part of our culture, and we practice this every day,” adds Ahern, who also teaches classes in food safety and security at the annual World Food Logistics Organization Institute.

Ultimately, “retailers are all about the experience of the consumer,” says Barbieri. “If you have an efficient [outsourced perishables distribution] system, it allows the retailer to focus on delivery to the consumer at store level. The less resources you need to focus on your distribution system, the more you have for executing for consumer satisfaction.”

Based in Milford, Del., privately held family business Burris Logistics is one of the largest temperature-controlled logistics companies in the nation, with facilities serving America coast to coast. The Burris family’s commitment to exceptional customer service and a culture of honesty and integrity goes back five generations to the company’s founding in 1925. Today, Burris continues to expand and evolve, constantly reviewing its operations to ensure that what its customers need will be on time, in stock and accurate. Burris uses advanced technology to drive down costs at all levels of the business, making it easy for technologies to meet and connect on virtually any platform and environment.

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