



CASE STUDY

CaseStack Combines VMI with Retailer Consolidation to Streamline CPG Replenishment



Background

CaseStack Combines VMI with Retailer Consolidation to Streamline CPG Replenishment.

CaseStack is a leading supply chain services provider that specializes in meeting the logistics needs of consumer packaged goods (CPG) companies. Much more than a typical 3PL, CaseStack leverages collaborative retailer consolidation programs and cloud-based technologies to provide sustainable transportation and warehousing solutions that eliminate systemic waste and optimize supply chain performance. Now CaseStack has added Vendor Managed Inventory (VMI) as part of the service they provide to suppliers and their retailer partners.

CaseStack's CPG-focused Retailer Consolidation Program

Through their Retailer Consolidation Programs, CaseStack works closely with North America's largest retailers such as Walmart, Kroger, Target, Amazon, Sam's Club, Costco, Publix, and others, to combine less than truckload (LTL) shipments from multiple suppliers ranging in all sizes from small to mid-sized up to prominent leaders in their given categories headed to

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Benefits

01

Leading CPG-focused logistics company expands consolidation service to include VMI for large retail customers

02

Datalliance VMI selected to provide platform and support services

03

Program delivers large-company replenishment services for lower volume niche, organic, regional and specialty items

04

Retailer's DOS reduced 20-25%

05

Service levels increased 10%

06

Sales of VMI-controlled items increased 10%

the same distribution center, store or region into full truckloads. With the supplier, retailer and logistics provider all using the same system, the result is a streamlined order cycle, yielding improved on-time rates and decreased management costs.

"There are other 3PLs and consolidators out there, but we are the only one that focuses solely on the unique needs of CPG retailers and suppliers. We offer a comprehensive supply chain solution to meet the needs of small and niche suppliers, all the way up to very mature, established brands that eliminates inefficiencies in the supply chain for both supplier and retailer," said Brad Ducker, CaseStack's Sr. Collaboration Manager for Kroger. "This challenge is only going to grow as the CPG industry as a whole is constantly looking for new niche, organic, regionally produced, and specialty items to better serve their customer needs. This proliferation of items from small to midsized suppliers puts an enormous strain on the capacity of the

distribution channel and the efficiency of the entire supply chain for both retailers and suppliers."

By combining the orders of small to mid-sized and niche suppliers, holding their products downstream in a CaseStack warehouse and delivering to the retailer in full truck loads, the retailer benefits by reduced transportation costs, inventory holding costs, and dock congestion; with improved delivery times and inventory turns. The supplier realizes improved on-time performance, shelf availability and retailer scorecard, while reducing order cycle times and inventory costs. "Our value proposition of better efficiency and lower costs resonates with retailers because they do not have the DC capacity or personnel, to manage all these small suppliers; and with the suppliers that do not have the market presence and volume to deal efficiently with the large retailers," explained Ducker.

Now VMI is adding Even More Value

“Building on the proven value of our consolidation programs, we have taken a big step forward to further streamline the replenishment process,” stated Ducker. “We were approached by one of the nation’s largest CPG retailers who asked us to incorporate Vendor Managed Inventory (VMI) into our consolidation program for their small to mid-size suppliers. We’ve met that need by implementing a VMI program using the Datalliance VMI platform as a value-added service for both retailers and suppliers. We selected Datalliance as our partner in this important initiative because they are the world’s leading provider of VMI platform services.”

Prior to VMI, the replenishment process required the retail buyer to create a PO for each individual supplier who in turn would process that order down to CaseStack. CaseStack would consolidate the orders of multiple suppliers and ship full truck loads to the retailer. Though providing many benefits, the process was time consuming for a buyer that might be dealing with as many as 150 suppliers daily, making it impossible to develop relationships with each supplier, and inherently was still a reactive process. Ducker explained, “The retailer actually approached us and suggested that the next logical step was for us to start placing the orders for them using VMI. This made sense as we already had the focused relationships with these suppliers and had the capacity to take on a more strategic role.

With VMI, we are now initiating the orders for the retailer with a significant number of their suppliers. With visibility of the retailer’s demand and inventory available to us through VMI, combined with visibility of the suppliers’ inventory and production, we are in a much better position to be proactive with ‘predictive’ purchase orders generated by VMI, and to communicate more effectively with the retailer buyer and specific suppliers as needed.”

Better Information Leads to Better Decisions

VMI gives CaseStack high quality information that leads to more informed decision making and the result is Purchase Orders that both the retail buyer and the supplier have confidence in. “Instead of dealing with individual suppliers on every PO detail and issue, the buyer now has one contact point at CaseStack to resolve any issues, creating much more of a collaborative relationship among suppliers, CaseStack and retailer,” noted Ducker. “Freeing the buyer up from the daily PO detail allows the buyer to be more of a strategic manager, focusing on service levels, promotions and growing the business with each supplier, while providing the scale to allow the retailer to bring on more small suppliers. The VMI program has elevated CaseStack from the role of 3pl/consolidator to

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being a strategic extension of the retailers' procurement solution. The suppliers also benefit from the information provided by VMI. Having better access to forecasts, demand trends, and seasonal needs helps the supplier plan production and replenishment to maximize sales and eliminate stock outs. The VMI program gives the small and niche suppliers the visibility and consolidation capabilities to perform like a much larger supplier."

Reducing Days of Supply While Improving Service Levels

For any retail supply chain, days-of-supply (DOS) on hand is a critical measure of operational performance and financial success. "By using VMI to plan replenishment, we've been able to reduce DOS at the retailer's distribution centers by about 20-25%," stated Ducker. "This has been accomplished while improving service levels by approximately 10%. At the end of the day, it's all about space utilization. When the retailer can move more product through their existing DC, they don't have to expend capital to expand DC space, accelerate product through to the stores, and reduce inventory carrying costs, all contributing to profitability."

Eliminating Stock Outs Increases Sales

Ducker explained, "Probably the biggest benefit for both supplier and retailer is that sales have increased for VMI controlled products. VMI has provided visibility on individual SKU's that had been stocking out, and therefore creating lost opportunities and sales. By focusing on individual stock out items, supplier by supplier, we've been able to increase sales of VMI controlled items by an average of 10%. That increase required no additional effort from the suppliers or the retailer, but is a function of the VMI program and the enhanced collaboration."

"With Datalliance providing a solid VMI foundation, suppliers, CaseStack and retailers have all collaborated at a level not possible in a non-VMI environment," concluded Ducker. "The business results speak for themselves and we look forward to expanding this program to additional suppliers to further leverage the benefits."

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