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Asian Trade

The Impact on Canadian Logistics

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Asian Trade

A New Global Supply Chain Service Made Available

The global marketplace is now more accessible to Canadian businesses

Purolator has built a reputation on providing its customers with the distribution support they need to make their business run smoothly. In 2008, the company expanded its services to include fast and efficient global supply chain solutions. Purolator Global Supply Chain Services (PGSCS) opens up the world to Canadian businesses with a range of services that help companies increase the speed, reliability and efficiency with which they bring imported goods to their customers.

Canadian containerized imports have increased dramatically over the last decade – particularly Asian imports through the port of Vancouver, which have achieved a compound annual growth rate of almost 20 per cent since 1996 (Source: Port of Halifax, Port of Montreal, Vancouver Port Authority, Fraser River Port Authority). Significant portions of these imports are retail goods destined for stores, which are often time sensitive due to seasonality, promotions and unanticipated spikes in demand. As Canadian retailers increasingly stock their shelves with imported products, the long supply chains involved can make the prompt arrival of these shipments a challenge.

Since direct-to-store distribution permits the importer to allocate the container contents after the container has arrived in Canada, importers are able to make last-minute changes in response to market developments that may occur while the container is still at sea.

Based at a new 106,000-square-foot facility in Richmond, B.C., PGSCS offers direct-to-store distribution of merchandise from the port area to its final destination. The new division is fully integrated with Purolator's courier and freight distribution networks thereby reducing the time to get product from overseas to store shelves in Canada.

By combining a range of Purolator's services, PGSCS meets individual customer needs including transporting goods from a foreign country to Canada using a third-

party ocean or air carrier; the process of clearing customer's goods through customs; providing short-term storage of goods until they are ready for distribution (if needed); sorting and combining a variety of goods into a customized combined shipment for each store or customer; and direct-to-store distribution through the company's courier and freight network across Canada.

"Canadian businesses are increasingly competing in a global and complex marketplace and require supply chain solutions that can provide them with a competitive advantage – whether that is in cost, efficiency or flexibility," said Shakeel Bharmal, General Manager, PGSCS. "This new service enables Canadian businesses to eliminate steps from their global supply chain so that they can get their product to market faster and more efficiently and with greater visibility."

Traditional global supply chain networks involve transporting goods from an offshore factory into a container that is loaded and shipped by air or ocean freighter. After clearing customs the goods are then sent by rail or truck to a retail distribution centre and then shipped to individual stores.

PGSCS is based on direct-to-store distribution, where (after clearing customs) the container is unloaded at a Purolator deconsolidation centre near the port and a store-specific shipment service is provided from there. For instance, the overall transit time for a typical shipment from a factory in China to a store in Canada can be reduced by a week, or 25 per cent, with direct-to-store distribution.

Decreasing the time between manufacturing and putting items on Canadian shelves helps minimize the business costs re-

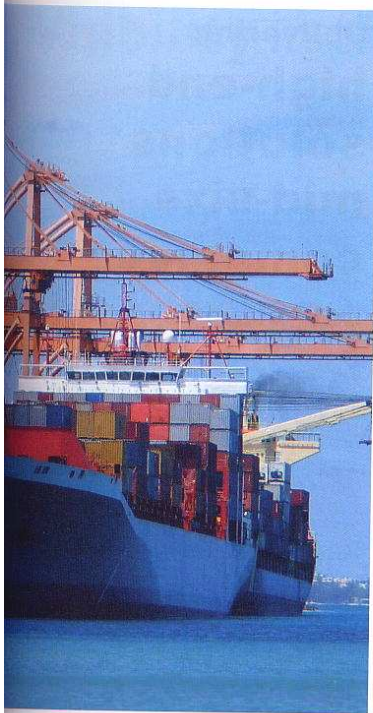


lated to keeping inventory for prolonged times. Direct-to-store distribution also decreases the amount of ground transportation required to move freight between storage and distribution locations, saving ever-increasing fuel costs.

THE PGSCS ADVANTAGE

Since direct-to-store distribution permits the importer to allocate the container contents after the container has arrived in Canada, importers are able to make last-minute changes in response to market developments that may occur while the container is still at sea. In some situations, portions of container contents can be sent directly to stores while sending the rest to a distribution centre. Alternatively, these contents can also be stored for a short period of time at Purolator's facility until such time as the final destination of the goods is known. In other situations, containers originally intended for distribution centres can be intercepted at the port, and their contents distributed directly to stores instead, perhaps some by air and some by ground.

In the face of rising fuel costs companies may choose to ship freight by ocean carrier rather than air, using the cost- and time-effective direct-to-store model to make up for the longer transportation time get-

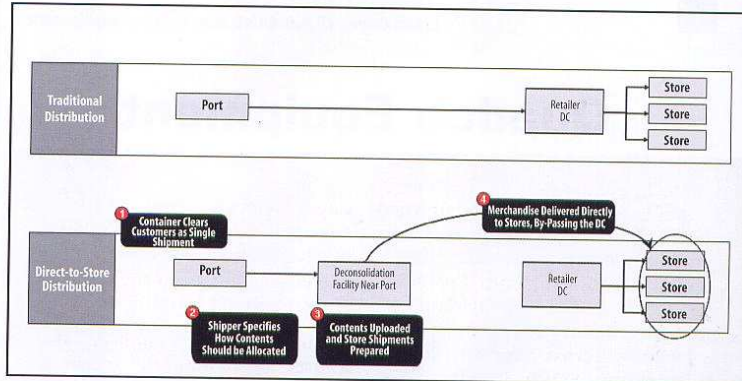


ting their goods to Canada.

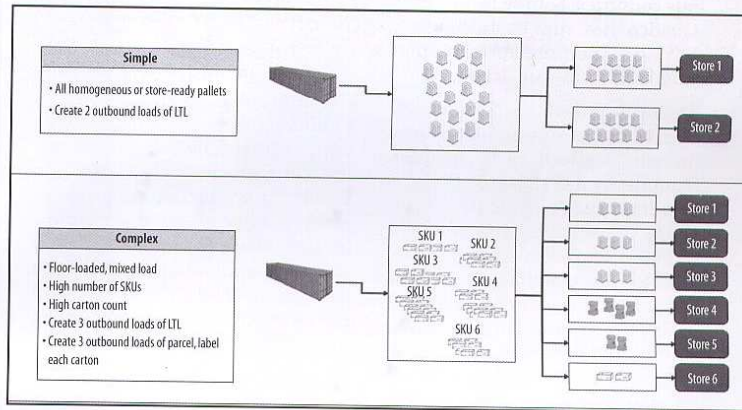
Container contents destined for direct-to-store distribution must be sorted, perhaps palletized, and properly prepared for transportation to stores. The process becomes increasingly complex when a container holds a large number of stock-keeping units (SKUs) that need to be assembled into a combination of less than load (LTL) and parcel shipments for multiple stores and labelled for shipment. To avoid delays, routing errors, loss or damage, physical handling must be done quickly, accurately and carefully. PGSCS offers Canadian businesses all the benefits of Purolator's comprehensive air and ground parcel and LTL networks across Canada combined with integrated technology that provides continuous visibility of the merchandise and semi-automated material-handling equipment to speed processing.

This service provides an additional advantage to high-growth companies that typically do not have the facilities or labour capacity to keep up with growth in demand for their products. These companies can leverage the facilities, processes and expertise of PGSCS to keep up with the growth without incurring the additional cost and complexity of expanding their operations. Instead, they can focus on other aspects of their business and leave the distribution of

TRADITIONAL DISTRIBUTION VS DIRECT-TO-STORE DISTRIBUTION



EXAMPLES OF DIRECT-TO-STORE DELIVERIES



their goods throughout North America to Purolator.

The new service, which is offered anywhere in Canada where goods enter or leave the country, will help eliminate many of the challenges that exist with traditional supply chain networks including high costs, complexity and delays. With traditional supply chain networks, managing the sheer volume of imports in terms of paperwork, tracking and customs clearance is complex and time-consuming. In addition, retail goods are often time sensitive with seasonality, promotions and unanticipated demand spikes requiring precisely timed product arrivals and replenishment. The long supply chains associated with overseas imports can make the timing of these arrivals exceptionally difficult.

One business working with PGSCS is Devanlay Canada Inc., a subsidiary of Devanlay S.A. in France, which holds the worldwide manufacturing and distribution rights for Lacoste apparel. The Canadian subsidiary also operates 12 corporate Lacoste stores in Quebec, Ontario, Alberta and British Columbia. Before using that service, Devanlay Canada Inc. was experiencing weeklong delays in the distribution cycle, causing Lacoste apparel to arrive on Canadian shelves after their high-end apparel competitors. "By moving to PGSCS, Lacoste apparel is now unloaded from containers arriving by air or ocean carriers and into Purolator's national courier network within six to 12 hours. This translates into savings of between two and five days over their previous solution," says Bharmal. ■