foodport
Connecting Food Port Regions
Between and Beyond

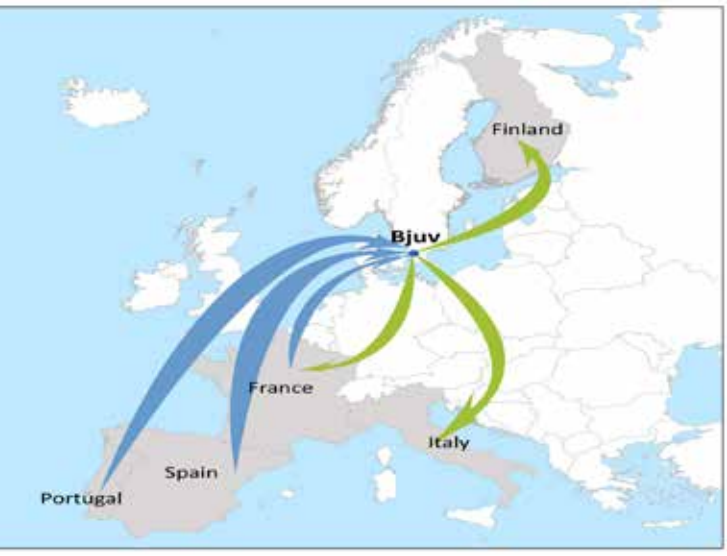
Corridor

Findus Case - how to reduce cost and environmental impact for Swedish food export and import

Definition of a corridor

Corridors are characterised by a connection between a region of origin and a region of destination. In the ideal situation a balance of flows in both directions is obtained. In the framework of Food Port, a ***green*** corridor is considered in a broad way. In terms of "sustainability" it combines on the one hand environmental and climate criteria and on the other hand economic (cost-efficiency) criteria. Setting up a corridor which is green in the (narrow) sense of being environmentally friendly, but not price competitive, will not be sustainable and could not be developed on a structural basis.

Map



Description

The case concerns the research and introduction of improved freight systems for a food producer, Findus, balancing environmental and logistics costs.

Findus Sverige AB is one of the leading food companies in Sweden and offers more than 200 frozen products and 50 ambient products. In addition the company markets more than 350 products for restaurants and professional kitchens. Findus has around 900 employees and is the market leader in a number of food segments in Sweden such as frozen vegetables, fish and prepared meals. The company does on a regular basis transport goods both nationally and internationally. Findus is actively working on developing its transport system, which is perceived as an important part of the company.

General objectives

The purpose of the project was to analyse what reduction of environmental impact and cost different changes of the logistics system will have and thereafter analyse to what extent it is possible to implement these. A ranking should be made of promising and effective actions/solutions, which influence both environmental impact and cost of transport. Later the company will implement the most promising solutions. The different solutions to be analysed were: intermodal transport, long vehicles, higher Euroclass, low (stackable) pallets.

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Process

The background to the project is the fact that based on the current pace of improvements in the transport sector we will not be able to reach the environmental targets set by the society. Therefore the question is what can the transport buying companies do to support positive development in the direction of the established targets? The companies have to understand what changes they should focus on/ implement. How to evaluate the different types of effects and balance them? How to choose between different types of measures to be implemented? The project aims at answering these questions.

Results

A result of the project was a ranking of how effective different solutions are with respect to reduction of cost and environmental impact. The most beneficial solutions for cost reduction were intermodal transport and low (stackable) pallets which both resulted in the same cost reductions. Longer vehicles had a low impact and the use of trucks with higher Euroclass did not influence the cost. The by far best solution from an environmental point of view was the use intermodal transport, the second best solution was the use of longer vehicles, thereafter low (stackable) pallets and finally the use of trucks with higher Euroclass.

A tender for intermodal transport issued for some of the flows included in the analysis later showed a total transport cost reduction of 8.5 %.

Lessons learned

Macro perspective:

1. The crisis in Europe affects the road transport balance more severely than the intermodal transport, the latter has a more stable price level.
2. Corridors in Europe: there are transport corridors for intermodal transportation in the western parts of Europe but not in the East. This makes it difficult for shippers wanting to use intermodal transportation for distances to Eastern Europe.
3. Lack of harmonised rules and regulations – different loading weights at the origin and destination. This creates challenges for intermodal transportation, since it is difficult to create transport solutions that are using the capacity of each part of a transport.

Challenges for the implementation:

1. For intermodal transports – in particular in France: balancing the flows is a challenge when implementing intermodal transportation.
2. Warehousing structure in Europe: high/low pallets. The results showed that Findus can increase the fill rate within their transport systems by changing from high to low pallets. However, a challenge is that the warehousing structure in Europe is built for high pallets. This implies that the cost for storing a low pallet is the same as for a high. The cost reduction for the transportation is hence lost due to the higher warehousing costs.
3. Shipping speed for export to Italy. Also a well-known challenge, the speed of intermodal transportation is often slower, creating challenges for implementing intermodal transportation.

Case initiated by

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Full corridor report is available on www.food-port.eu/downloads