

Pilot 3 – Identifying how grocery retailers could collaborate on last mile deliveries to increase transport efficiency in London

Background

The UK eCommerce grocery market is significantly challenged in terms of the cost burden of last mile distribution, and the need to satisfy a complex mix of customer service options.

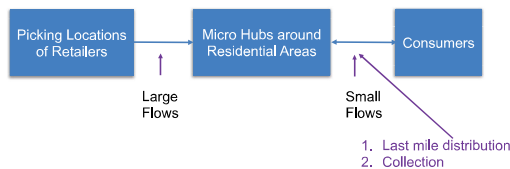
This backdrop taken together with the significant market growth being experienced, provides the right characteristics for new business models.

Our Pilot assesses the opportunities for micro hubs to reduce costs and improve customer service.

What we did

Three different supply chain structures were identified, with the micro hub playing a different role in each case, and then the scenarios were modelled to identify the potential benefits.

New Delivery Models - Recap



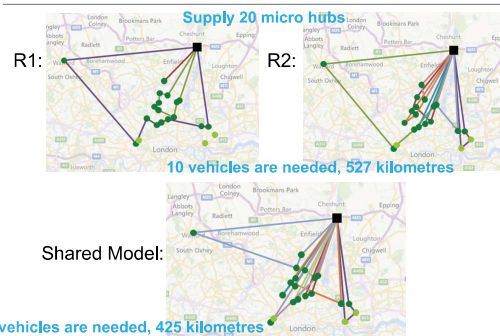
Different 'To Be' models to be studied:

1. Shared Micro-Hubs and shared last mile delivery from these Micro-Hubs to the customers' houses
2. Shared routings / trucks from retailer picking locations to shared Micro-Hubs without considering the customer delivery
3. Shared Micro-Hubs where customers collect their online orders

TURN

1

Vehicle Routing Problem



TURN

2

Results

With a focus on the last mile delivery journey, the benefits include:

- 25% reduction in travel distance
- 40% reduction in number of trucks
- 50% increase in fleet utilisation

U-TURN also assisted the development of a pilot between E-Cargo bikes and Sainsbury

