



## Coldly calculated...

Summer is drawing closer and the contest to see which grocery chain can supply fresher produce has again come to the fore. This is, of course, against the background of keeping prices at appropriate levels and increasing turnover. The question here of which master performance the delivery chains of the respective grocery chains must deliver on a daily basis in order to achieve this target in a genuinely sustainable way remains largely hidden from us as consumers.

As has already begun in selecting suppliers or producers whose network stretches across the whole of Europe, as the starting point of the refrigeration chain, the corresponding equipment for transport, as well as processing accuracy in order to avoid discontinuities in refrigeration pursuant to HACCP (Hazard Analysis and Critical Control Points), must be 100% guaranteed. If with regard to the same, we consider how many different temperature zones must be bridged, we become immediately aware of the associated costs, above all for the transport of fruit during the winter months.

If the goods have arrived at the wholesale warehouse locations, they must be transferred as rapidly as possible to the shipping zones, for which the corresponding quality tests and fine commissioning of the goods must take place beforehand. We attempt to avoid warehousing the goods, but this often comes to nothing due to imprecise or high minimum ordering levels. In addition, the HACCP compliant criteria must also be comprehensively implemented in the warehouse area, which evidently causes infrastructure, energy, waste management, staff and IT technical expenses to shoot up.

Ultimately, the fresh product cycle only ends with the last mile to the retailer and the sale and "fresh" consumption by final consumers, with restrictions on delivery, lack of equipment at branches and above all, inappropriate transport and warehousing by final consumers representing stumbling blocks on the path to guaranteeing freshness, as well as the associated repeat purchase.

It is precisely the companies which have these process chains and the associated process costs under control in a transparent, complete and detailed way that are not only able to guarantee low prices but also to earn their desired margins. For the other competitors, which still have pent-up demand here, this in turn means accepting losses in order to maintain prices and customers, and hoping and waiting for margins in other areas. But with today's ruthless, cutthroat competition, in the medium term, this is certainly the most wrong-headed approach.

It is thus worthwhile here to analyse the entire delivery chain as far as the final consumer in precisely these goods groups on an ongoing basis, to eradicate rupture points in the process and to represent all costs in detail without gaps. Since as you can see, it is also true here that: Cold calculation is half the battle!

Yours  
Patrick Umgeher

Patrick Umgeher is a Consultant and Manager of the Region South & East at x|vise innovative logistics GmbH in Graz