



One of the first success stories
about logistics collaboration between 2 competing manufacturers

Nestlé, PepsiCo, STEF, TRI-VIZOR and BABM
win CO³ Award for Best European Horizontal Collaboration Project

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PepsiCo, Nestlé, STEF, BABM and TRI-VIZOR are proud to announce that they are the winners of the **1st Prize of the Jury for Best European Horizontal Collaboration project** at the final conference of the “**Collaborative Concepts for Co-modality (CO³)**” research consortium. The award ceremony took place on **May 28th** at the Procter & Gamble Supply Network Innovation Center in **Brussels**, in attendance of over 110 senior European supply chain decision makers.

In the celebrated project, Nestlé and PepsiCo have bundled the warehousing, co-packing and outbound distribution of their fresh and chilled food products to retail customers in Belgium and Luxemburg. STEF was selected by Nestlé and PepsiCo as joint logistics service provider, after BABM acted as initiator and commissioned TRI-VIZOR as neutral trustee and ‘legal firewall’ to ensure the anti-trust compliance and neutrality of the horizontal collaboration between the 2 competing manufacturers. By proactively consolidating, balancing and synchronizing the part loads of Nestlé and PepsiCo into Full Truck Loads, the community is generating significant cost savings and even more important CO₂ reductions.

The collaboration is creating as well improvements in total logistics cost and better service levels for the retail customers. The total synergy gains are divided through a fair gain sharing mechanism, allowing additional fresh & chilled manufacturers to easily join the community in the near future.

Context:

Manufacturers of fast moving consumer goods (FMCG) typically have logistics flows of Less than Full Truck Loads (LTL) to their main customers, mostly retail distribution centers. As a lot of competing FMCG manufacturers have the same retail distribution centers as common ship-to addresses, horizontal collaboration seems like an interesting option for these manufacturers. In recent history, many attempts at horizontal collaboration have been made by many different companies, but due to the absence of a standard legal framework and fear of antitrust laws these projects could not provide stable long-term solutions. This resulted in an increased demand in the market to establish a standard legal and operational framework for horizontal collaboration. The CO³ Consortium (www.co3-project.eu), funded by the EU, was established to help create and standardize such a framework and help to create long-term solutions for horizontal collaboration without fear of conflict with antitrust laws.

The project:

This project started in the beginning of 2010 when a number of BABM members identified the need for increased collaboration in fresh and chilled distribution and hired TRI-VIZOR as neutral trustee to further support this process. The operational go-live of the collaborative network between Nestlé and PepsiCo took place in the second quarter of 2012. The next steps were taken with support from CO³.

A very important aspect of this horizontal collaboration was how to cope with anti-trust laws. As Nestlé and PepsiCo are competitors, antitrust compliance was crucial and e.g. detailed cost or delivery information could not be shared amongst both parties. The information was therefore only shared with the BABM (legal trustee) and TRI-VIZOR (logistics trustee). The process was closely monitored by a specialized external lawyer and by the legal departments of both PepsiCo and Nestlé.



In its temperature controlled warehouse in Saintes (Brussels), STEF is currently handling 220 SKU's and 21.000 tons of combined volume for the Nestlé-PepsiCo community. 112 customers are being delivered of which 20% are common ship-to addresses. These shared customers make up more than 90% of the total delivery volume, creating a lot of transport and logistics synergies.

Future steps:

In order to create even more synergy potential, the next step will be to transform the current partnership into an open access cluster for fresh and chilled warehousing and distribution, for which compatible shippers will be invited to join.

Once such a collaborative cluster has been successfully established, the intention is to create a 'snowball effect' by attracting new shippers and volumes. This is to the advantage of both the shippers and the LSP.

The CO³ Award:

The project, which took over 2 years to set up, received the CO³ Award in recognition of the fact it is **one of the first successful examples of 'co-opetition' or horizontal collaboration between competing FMCG manufacturers.**

The 1st Prize was handed out by Alan Waller, president of ELUPEG (www.elupeg.com) and visiting professor of International Supply Chain Management at Cranfield University, on behalf of an industry jury consisting of a.o. Philips, Agfa-Gevaert, Tata Steel, Mondelez International and the European Logistics Association (www.elalog.eu). The jury commended PepsiCo, Nestlé, BABM and TRI-VIZOR for their willingness to think outside the box and apply innovative solutions for horizontal collaboration, as opposed to sticking to traditional groupage concepts which offer limited synergy and sustainability.

The award ceremony was concluded by Mr. Joost de Bock, representative from the European Commission, who congratulated the nominees on their pioneering efforts to improve the efficiency and sustainability of transport and logistics through horizontal collaboration and freight flow bundling. The EC is encouraging shippers and logistics service providers to push forward in this direction by making more use of innovative best practices such as neutral trustees/orchestrators, transparent gain sharing and multilateral legal agreements.

Contact info and further questions:

Nestlé (www.nestle.be):

Nestlé is a leading Nutrition, Health and Wellness company. Nestlé is known for the numerous food brands in its portfolio, covering almost every food and beverage category. Some examples are: *Nespresso, Nescafé, Perrier, Herta, Maggi, Purina*, etc. Nestlé has a worldwide turnover of CHF 92.2 billion in 2013, of which 28% in Europe, is active in 196 countries and has 447 plants. Nestlé in Belgium has a turnover of EUR 450 million and is active in retail with more than 40 brands. Nestlé is also a member of the High Level Industry Board of the CO³ Consortium. Press contact: Catherine Mentior – Tel.: + 32 (0)2 529 56 78 – catherine.mentior@be.nestle.com

PepsiCo (www.pepsico.be):

PepsiCo is one of the world's leading food and beverage companies with a worldwide turnover of more than 66 billion USD, is active more than 200 countries and has a global portfolio of diverse brands (in Belgium: Lays, Pepsi, Tropicana, Smiths, Doritos, Mountain Dew, Gatorade, Looza,...). PepsiCo is the market leader in crisps, savoury snacks and chilled juices and was the nr. 1 fastest growing FMCG company in Belgium in 2012. The headquarters of PepsiCo BeLux are located in Zaventem. The production sites of PepsiCo BeLux are located in Zeebrugge and Veurne.

Press contact: Kathleen De Grove – Tel. : +32 (0)2 714 05 69 - kathleen-de.grove@pepsico.com



STEF (www.stef.com):

STEF is the European specialist in cold logistics for all temperature sensitive and agro food products. Our mission is to safely bridge the gap between manufacturers and retailers. The group masters and brings together transport, logistics and IT skills for all temperature-controlled deliveries (from -25°C to +18°C). STEF is active in 7 European countries (Belgium, France, Italy, the Netherlands, Portugal, Spain, Switzerland) and in Tunisia. The group employs 15,500 staff and operates with specialized assets: 235 platforms and warehouses and more than 4,000 HGVs, half of which are company-owned. STEF's annual turnover for 2013 stood at €2.6 billion.

Press contact: Catherine Marie – Tel.: + 33 (0)1 40 74 29 64 – catherine.marie@stef.com

TRI-VIZOR (www.trivizor.com):

TRI-VIZOR is a Belgian company specialized in logistics horizontal collaboration. It operates as neutral matchmaker, trustee and orchestrator for collaborative logistics and transport communities. In this project, under the impulse of BABM, TRI-VIZOR brought Nestlé, PepsiCo and STEF around the table, calculated their potential logistics synergy, facilitated the network integration process and helped the companies and their staff to overcome various operational and mental barriers. After the implementation of the collaboration, TRI-VIZOR continued to monitor and support the collaborative community through periodic follow-up and gain sharing audits.

Press contact: Sven Verstrepen – Tel. +32 (0) 498 51 81 67 – sven.verstrepen@trivizor.com

BABM (www.babm.be): BABM is the Belgilux Association of Branded products Manufacturers. BABM represents FMCG branded products in the BeLux area on a number of key issues. The mission of BABM is to build the optimal climate for A-brands to deliver value and choice to consumers, through constant innovation and free and fair competition. BABM supports its members by providing information, networking and stakeholder contacts. Some key figures: 43 members producing and distributing FMCG branded products in the BeLux area / BABM members' turnover amounts to € 5.8 billion /BABM members account for 36,900 direct and indirect jobs.

Press contact: Katrijn Roeland - Tel 32 (0) 2 737 71 06 - katrijn.roeland@babm.be

CO³ (www.co3-project.eu):

Collaborative Concepts for Co-modality (CO³) is a pan-European research consortium on horizontal collaboration funded by the EU's 7th Framework for Research & Innovation Program. It has the ambition to make the European logistics market more efficient, competitive and sustainable through the promotion of horizontal collaboration.

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PICTURES OF THE EVENT:

From left to right: Prof. Alan Waller (President of the CO³ Jury), Christian Doods (STEF), Dr. Silvia Rossi-Tafari (CO³ communications officer), Sven Verstrepen (TRI-VIZOR), Dirk 't Hooft (CO³ project leader). Nestlé, PepsiCo and BABM are not on the picture.



The CO³ Award, a stylish trophy created with 3-D printing technology:

