

The Last Mile of the Supply Chain

Short in Distance, Long on Challenges

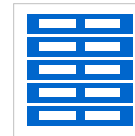


Who is CHEP?



CHEP's European coverage

part of **Brambles** **Listed** on the Australian Securities Exchange



241m pallets issued



400+ service centres
(incl. Middle East & Africa)



4,200 trucks a day



315,000 delivery points



17,000+ customers

Some of our Customers....



CHEP Last Mile Solutions

½ PALLET (DHP)

800 x 600 mm



¼ PALLET (DISPLAY)

600x400 mm



Visibility & Availability critical to Purchase decisions



70%

of consumers make decision about purchase in the store

Source, POPAI



Consumer Reactions to Out-of-stocks:

16%

Buy a different size

37%

Buy a different brand

9%

Buy nothing

21%

Buy in a different store

17%

Buy later

Source, ECR Europe

Availability is at its worst between retailer stockroom and shelf.

100%



Manufacturer Warehouse

99%



Distribution Center

98%



Retail Back Room

90-93%



Shelf

Forecasting / Ordering (47%) and in-store process (25%) are the main causes of stock out.

Source, Gruen, Corsten & Bharadwaj, 2002

AhorraMas & Kellogg's Case Study

Kellogg's

Today



AHORRA Mas

VS

Quarter in shelf



Promotional island



Xsell (milk&juices)



Gondola end



Lay out



Sales Results. Special K Classics

Special K Classics



+32% Only 1/4 Vs current location

+96% Island with 1/4 vs current location

+81% Top of mind Vs current location

+79% Cross selling Vs current location

Sales Results. Special K Chocolate

Special K Chocolate



+28% Only 1/4 Vs current location

+99% Island with 1/4 vs current location

+65% Top of mind Vs current location

+121% Cross selling Vs current location

Last Mile Solutions (LMS) Interviews

Visibility

“The commercial offer is a lot more powerful because more products are **visible**”

“LMS **break the shelf** and capture attention”

Availability

“There is better product **availability**”

“LMS is a **valuable** option for almost **any kind of product**”

“LMS is not just a logistic tool, but also **commercial**”

Easy in Store

“It’s great to be able to put a fully assembled display in one movement **straight onto the floor**”

“LMS can significantly **reduce labor costs**”

Focus

“LMS are especially useful for our larger **stores (> 1.200 sq. meters)**”

“We see fractional pallets as suitable for many high rotation goods, especially within **leading brands and private label products**”

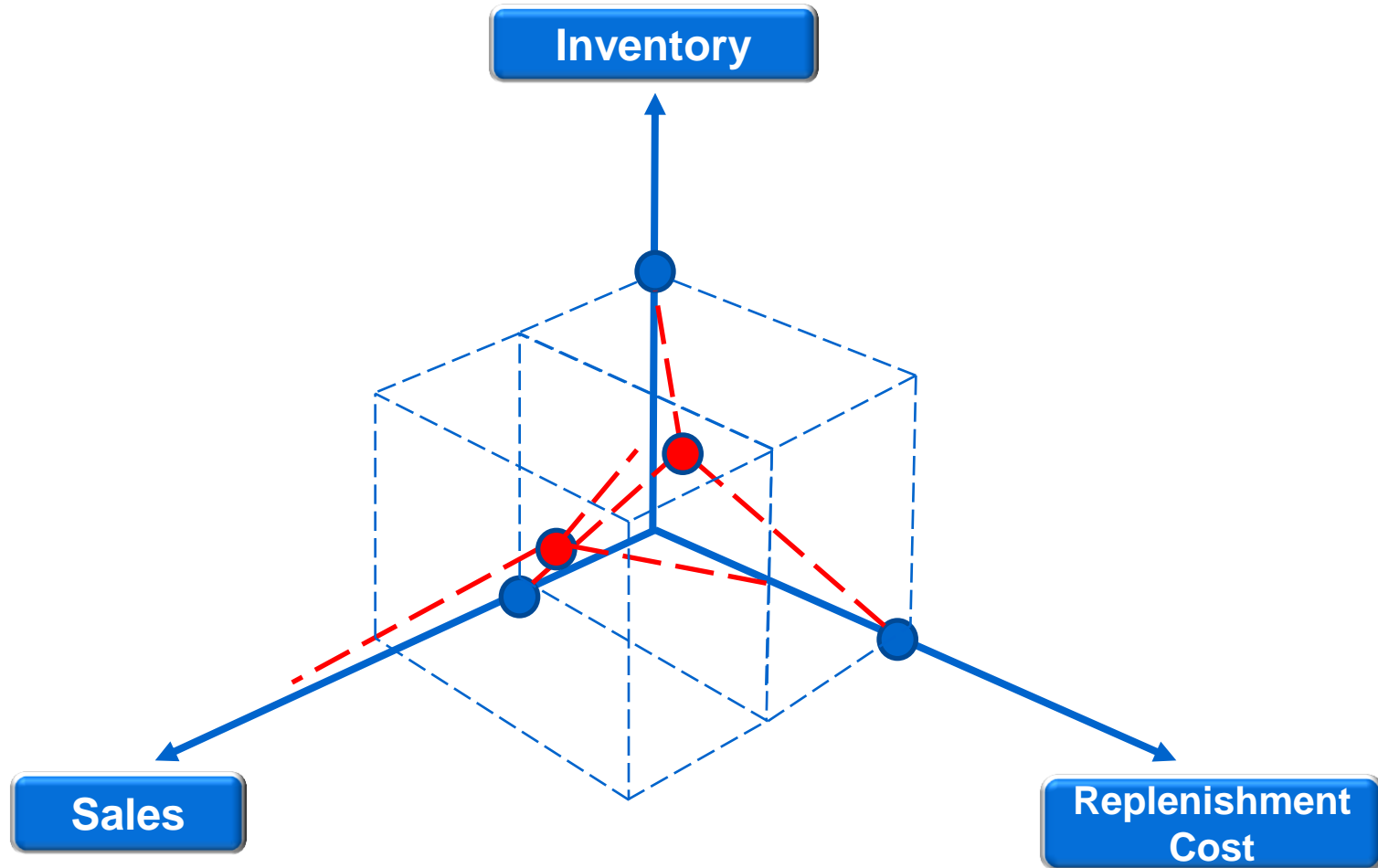
Experience across Europe

First Categories	Half	Quarter
Water, Soft Drinks	Yes	
Beer	Yes	
Coffee	Yes	
Pasta, Rice, Oil	Yes	
Sugar, Flour	Yes	
Milk, Canned Food	Yes	
Paper, Cereals	Yes	
Confectionery		Yes
Pet Food	Yes	Yes
Laundry & Cleaning	Yes	
Personal & Health Care		Yes
Baby Care	Yes	Yes

Sequence

1. Full Pallets for Fastest Lines
Interruptive Promotions built in store
2. Half Pallets
(discounters first, then hyper / supermarkets)
3. Quarter-pallets for promotions delivered ready for display

Last Mile Solutions: Value Improvement



86%

of retailers say
availability
is a top supply chain priority

Source: IGD

3%

improvement in OSA =
increase sales by 1%

Source: ECR Europe

Up
to

80%

reduction in store handling
costs

Source: Fraunhauffer Institute

Last Mile Solution

.. Enables cross docking..

.. Reduces costs..

Reduces handling costs in
warehouses and stores

.. Drives on shelf availability..

With faster replenishment and
more visual displays

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