

Budgens' top fruit supply chain saves over £60,000 through improved resource efficiency



Introduction

Applying lean-based thinking across the whole supply chain, from apple orchards to retail stores, helped Budgens' parent company, Musgrave, reduce store-waste, carbon emissions & packaging materials, whilst improving information flows and product quality.



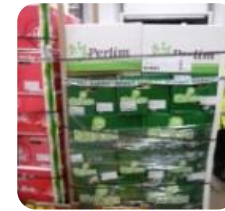
Benefits

- Apple and pear (top fruits) store-waste being cut by up to 50%, delivering £60,000 savings for Budgens;
- Greater savings potential of up to £1.3m - by rolling out the approach to Musgrave's Budgens franchise and more widely across the produce range;
- Range cut by 30% - products which contributed to only 2% of sales - delivering better customer value;
- Fresher product in store and savings of around £240,000, by consolidating supply - for example, moving from imported to UK product over the northern hemisphere season, giving key UK suppliers greater volumes to allow packaging improvements as well as direct supply to Budgens' depots; and
- Better in-store planning/marketing and reduction of pre- and post-promotional surplus product or mark downs - by allowing all stores to have visibility of product origin, promotions and a seasonal calendar.

Supply Chain



Kent growers



Supply chain intermediary



Convenience stores

The participants in this project worked together to identify the root-causes of resource inefficiencies across the supply chain and ascertain solutions. The main opportunities were waste prevention, and improved logistics in the supply chain.

Benefits

In-store waste reduction

Consumer & supply chain waste and transport inefficiencies

Working collaboratively

Project Method

In-store waste reduction

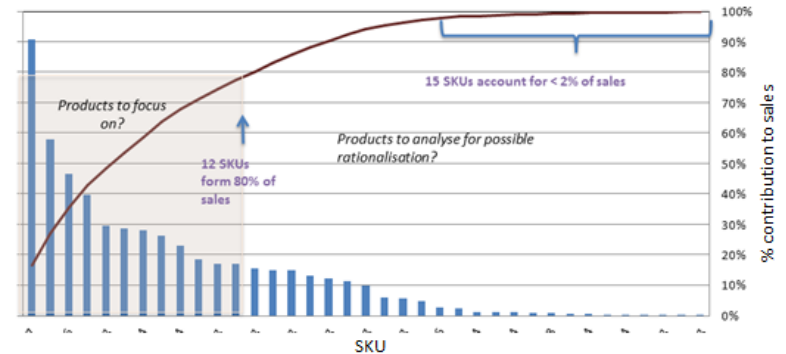
Supply-chain mapping and workshops signalled that IVG (a subsidiary of Keelings) and Newmafruit had a complex task delivering a wide range of often low-volume items to Budgens' depots. The team undertook a range review using Pareto analysis and identified 15 top fruit SKUs (about 30% of the total range) that together contributed to fewer than 2% of sales. Supplying these very low volume products caused complexity in the supply chain, with part pallet loads, high store waste or rejections, and increased quality control (QC) checks. The range was reduced by 30%, driving improvements in store waste levels.

The project fed into Musgraves' plans to produce a best practice guide for handling produce in store. A review of date labelling ensured best possible product-life to the consumer. Best practice storage of produce supplied by IVG was also included in the guide. This has been rolled out to stores and has contributed to reduced waste in stores.

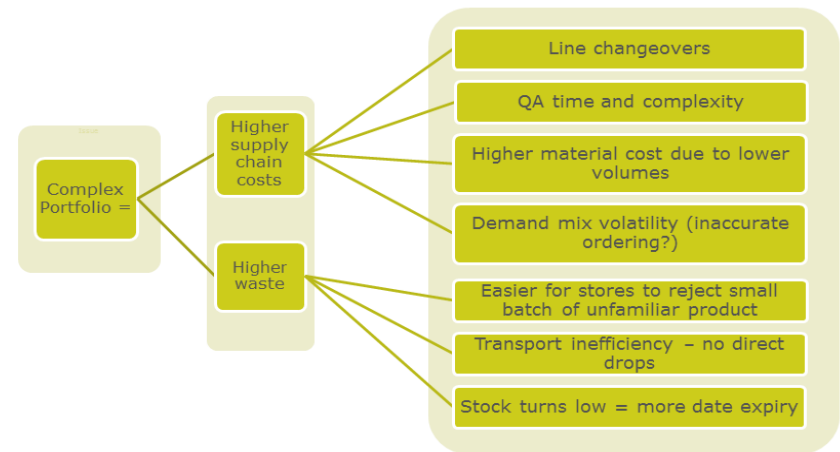
A significant opportunity for efficiency improvements was the interface between Musgrave and Budgens stores. Waste reporting in store was ad hoc, unique to each store, and difficult to analyse. Musgrave CI (Continuous Improvement) team therefore worked to standardise the reporting procedures and allow better measurement of waste. This will allow the group to identify high-waste areas and track progress.

This combination of range improvement, date labelling, in-store guidance and improved information flows, is on target to reduce in-store waste in top fruit by 50% - a yearly saving of £60,000 or approximately 20 tonnes of waste. All these actions could be rolled out to the whole of fresh produce within Budgens; potentially saving up to £1.3 million in store waste per year.

Pareto 80/20 analysis: & contribution to sales by SKU



Range reduced by 30% to reduce complexity in the supply chain



Reducing waste through simplifying the product range

Ensuring the correct balance between customer expectations and range complexity will reduce all forms of waste

Benefits	In-store waste reduction	Consumer & supply chain waste and transport inefficiencies	Working collaboratively	Project Method
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Reducing consumer waste by better labelling & packaging improvements

- **Focus on date code labelling:** The team used WRAP guidance to check the validity of the existing date code system and extend product life where possible.
- **Reducing waste in the supply chain:** To enable the delivery of product direct to depot, IVG have worked with growers to increase packing at source by 50%. This reduces waste by avoiding damage through double handling, as well as reducing packaging waste due to delisting (obsolete packaging). A change to trayless flow wrap has additionally reduced plastic use by 53%, c. 4 tonnes.



Changing from polybag and plastic trays to trayless flow wrap uses 53% (c. 4 tonnes) less plastic, provides better protection, with easier transport and reduced environmental impact.

WRAP Date Label Guidance

- Remove display until dates;
- Ensure appropriate type of date mark 'best before' or 'use by';
- If a 'use by' date is used, reinforce its importance;
- Only include open life guidance to ensure food safety.

Use the latest WRAP research on date codes and storage advice to reduce waste in store and at home

<http://www.wrap.org.uk/content/concept-consumer>

Transport efficiencies via procurement strategy review

The project workshop identified transport inefficiencies, resulting mainly from insufficient pallet volumes. A minimum number of pallets was therefore identified to enable direct drops from Newmafruit to Budgens depot, avoiding the need to route via IVG. In order to increase volumes, as well as to fulfil customer demand for UK product, the team pledged to increase supply to 100% British top fruit when in season. This change has been rolled out for the start of the UK season and is predicted to deliver:

- Potential transport savings of £240,000 per annum, and a total saving of 3,550 kg/CO₂e annually, by substituting UK produce for Northern European supply and delivering direct from Newmafruit to Budgens depot. *Note, there is no immediate commercial benefit because UK top fruit prices are higher. However over time improved orchard yields and an uplift in Budgens sales will help realise future savings.*

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Collaboration

Musgrave, IVG and Newmafruit have a longstanding working relationship. However, there had been little focus recently on supply chain efficiencies, despite many significant changes to the Budgens supply model. The project was therefore welcomed as a way of taking a fresh look at the chain, and strengthening the commercial relationship between partners.



Future initiatives



The project was supported by Musgraves' CI team. Although based in Ireland, they committed to the project and provided additional resource to support the commercial buyers and managers. It also provided a way of embedding the method and learnings from the project, so that similar initiatives could be undertaken with other value chains within Musgrave.



"Walking the process was key as it highlighted the need to observe what actually happens, not what we thought happened."

Steve Normington, Top Fruit Trading Manager, Musgrave GB

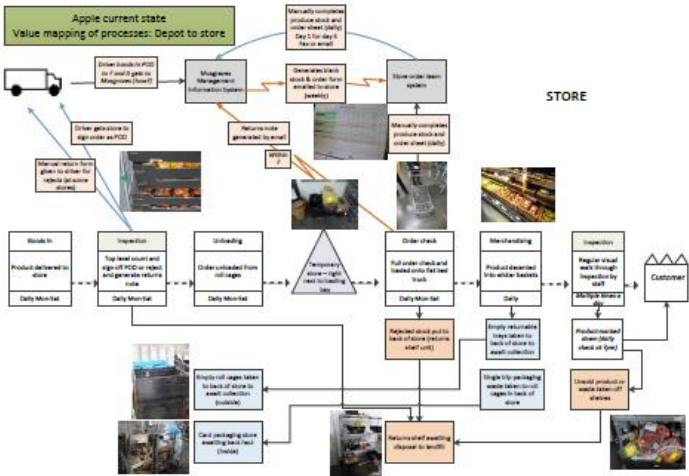
Whole project team walking the chain farm to store

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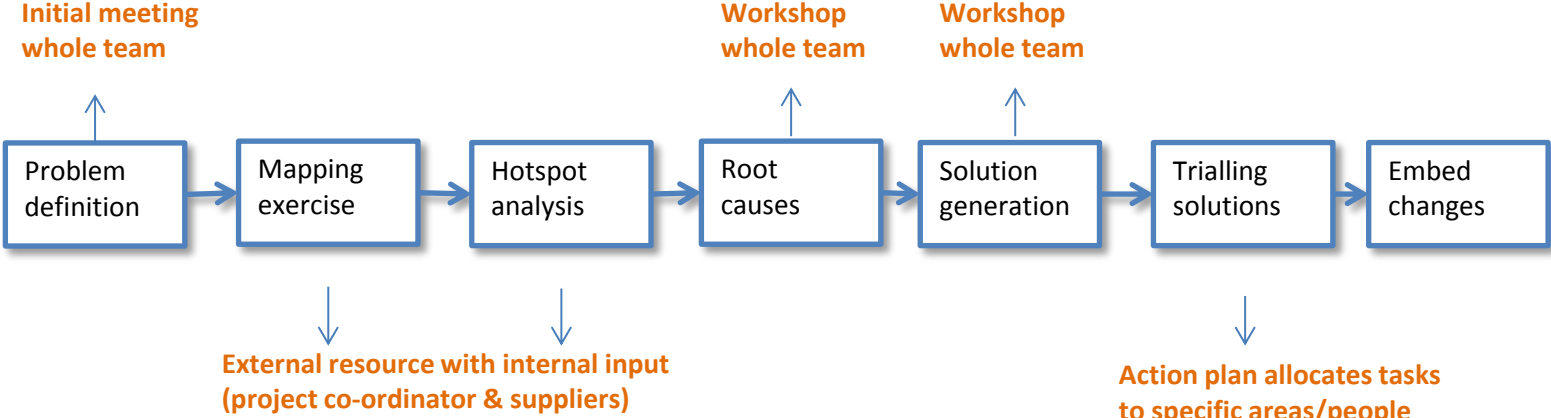
Method

Budgens operates a number of corporate stores, as well as supplying 'symbol' franchised stores under the Budgens' name and others, for example Londis. The project looked at resource efficiency improvements for all corporate stores and the Budgens franchise. Active largely in the convenience sector, stores face challenges in selecting the right range, keeping turnover high to ensure freshness, and ensuring that frequent promotional activity does not increase waste.

A lean approach enabled the team to look strategically at resource use across the whole chain. Value stream mapping was used to follow the fruit through all the stages of the value chain, detailing levels of resource consumption, waste, other losses and the costs involved at each stage.



Using lean mapping to simplify information flows to stores



For more information on the approach and potential support for your business, please contact karen.fisher@wrp.org.uk

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WRAP's vision is a world where resources are used sustainably. It works in partnership with governments, businesses, trade bodies, local authorities, communities and individuals looking for practical advice to improve resource efficiency that delivers both economic and environmental benefits.

Our mission is to accelerate the move to a sustainable resource-efficient economy through:

- re-inventing how we design, produce and sell products,
- re-thinking how we use and consume products, and
- re-defining what is possible through recycling and re-use.

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Find out more about our work www.wrap.org.uk