MODINT – Bundling at the source

Freight consolidation and transhipment, Business to business (B2B) solutions, cooperation, Innovative operational solutions, Transport management, fleet management

In this project, multiple suppliers of fashion retail products collaborate horizontally to bundle volumes in Asia and prepare shipments of multiple suppliers sorted for individual stores. This means that shipments containing goods of multiple suppliers are delivered to shops in one go (as opposed to many different shipment deliveries).

- 30/40% reduction of handling costs at the warehouse, since activities (packaging, labeling, picking) are shifted from the Netherlands to China.
- Truck trips are saved from Port of Rotterdam to the warehouses in the Netherlands. Each trip saves about €300.
- 30-50% of distribution costs from Dutch distribution centre to shops can be realised.
- The principle is very simple and logical: bundle all products for the same final destination.
- Initiative is taken by the branch organisation MODINT, thus importing companies and SME’s are participating.
- Because the branch organisation took the lead, including 15 of its members, they offer a good volume for LSP.
- Realistic and down to earth: not big plans and paper work, but pragmatic approach and quickly to realise.

What was the main problem, idea or motivation that led to the development and introduction of the new practice? To reduce the logistics costs of fashion products and to reduce the number of truck/van movements in cities.

What was the common practice before the implementation? Before implementation individual shopkeepers each organised their transport individually, thus supplier A and supplier B each delivered their goods with their own logistics service provider, resulting in many unnecessary kilometres in cities.

What was the purpose and the sustainability objective of the case? Reduce mileage for urban distribution

Solution
In ‘Bundling at the source’ multiple suppliers of fashion retail products collaborate horizontally to bundle the volumes in Asia and prepare shipments of multiple suppliers sorted for individual stores. This means that shipments containing goods of multiple suppliers are delivered to shops in one go (as opposed to many different shipment deliveries).
Private initiative started by MODINT, the Dutch branch organisation for the clothing and textile sector, mainly representing importers/manufacturers of clothing/textiles. Parties involved:

- Greenway (development of the ‘bundling at the source’ concept)
- Ewals Cargo Care (warehouse China, container transport from Rotterdam to DHL warehouse)
- DHL (distribution to shops)
- Eye-freight (ICT support)
- TU Eindhoven (academic partner)
- Amsterdam Fashion Institute, support by students
- Dinalog (providing subsidy)

The initiative started end of 2011. Currently 2 warehouses are active in China (Shenzhen, Shanghai), and extension planned to Bangladesh and Turkey. Already 15 importing firms are participating in the concept.

The ‘Bundling at the source’ concept can/has been transferred to other regions and areas. It also can be transferred to other types of products. It also has a clear positive impact in terms of sustainability.

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