Trading Partner Forum
Perfect Delivery Report 2021

ANNUAL RETAILER REVIEW OF PERFORMANCE
AGAINST KEY DELIVERY REQUIREMENTS

MARCH 2022

AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

Sustaining Australia

Introduction

Welcome to the Australian Food & Grocery Council's (AFGC) third annual Perfect Delivery Report. The report investigates the current status of achievement for supplier deliveries into retailer DCs against the requirements established in *The Common Delivery Guidelines for Industry* from the perspective of major supermarket retailers, across their ambient and cold chain DCs.

The *Common Delivery Guidelines for Industry* (CDG) were produced by the AFGC Trading Partner Forum's (TPF) Perfect Delivery Project, comprising representatives from Woolworths, Coles, Metcash and the supplier community. The goals of working together on Common Delivery Guidelines are:

- To align non-competitive requirements for deliveries across the three retailers wherever practical
- Reduce complexities and inefficiencies for suppliers
- Facilitate better quality, easy to receipt loads into retailer Distribution Centres (DCs) for mutual benefit.

The CDG is available to view or download from the AFGC website at:
https://www.afgc.org.au/industry-resources/trading-partner-forum-resources/the-perfect-delivery-program

Updated in 2021, the CDG reflects the key areas of commonality and alignment across the retailers with respect to inbound deliveries of product from their suppliers. It is designed to codify, clarify, and align areas where there has historically been divergence and fragmentation. It provides a solid basis upon which suppliers can prepare product for delivery into the major retailers. It also mitigates the risk of rejection or the need to rework loads, pallets, or trade units.

The CDG document focusses specifically on delivery requirements for which clear, unambiguous agreement has been reached across the retailers. In particular, the common requirements regarding Trade Units (cartons), Logistics Units (pallets), Advance Shipping Notifications (ASNs) and delivery on time windows. It uses easy-to-understand language and diagrams to support implementation.

The CDG is complemented by a *Common Despatch Toolkit*, comprising various tools for use with despatch teams at suppliers or their 3PL's DCs. See the Resources section of this report for more information and to access the Toolkit.

Sustaining Australia

AUSTRALIAN **FOOD & GROCERY** COUNCIL
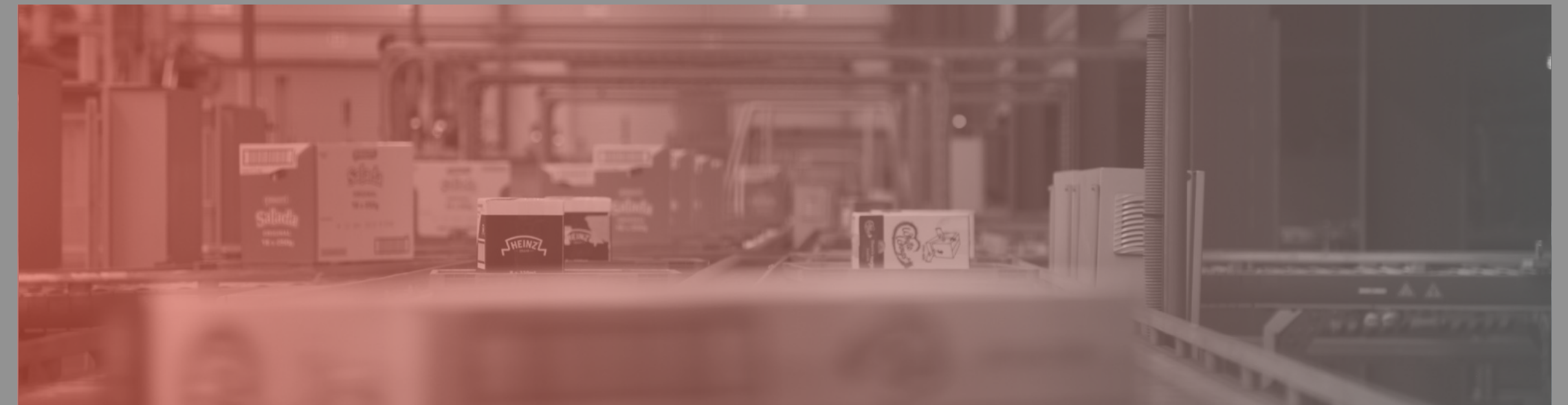
This Report

The annual Perfect Delivery Survey was completed by the major Australian retailers in late 2021. Surveys were completed for Ambient DCs and for Cold Chain DCs. The findings from the survey are discussed in this report at industry level - i.e. not disclosing any specific retailer's responses, but rather through using aggregation. As responses are consolidated, it should be noted that for any specific finding the response may have varied by retailer (e.g. one retailer may rank an issue as *high* impact, others as *low* - giving an average of *medium*) therefore results reflect the overall perspective and are not specific to any single retailer.

Readers should also note that the level and granularity of compliance data currently captured varies by retailer and has therefore been supplemented with qualitative advice. It is recommended that the report be viewed as guidance towards the prevalence, impact and trend relating each aspect of the Perfect Delivery requirements outlined in the Common Delivery Guidelines for Industry rather than as 'hard data'.

The intent of this report is to flag levels of compliance being achieved by suppliers from the retailer perspective, highlighting issues and opportunities relating to deliveries into retailer DCs such that trading partners are aware of key focus points for collaboration and improvement. It is recognised that suppliers and retailers will have varying capabilities across the performance metrics, however by raising awareness it is intended that trading partners are better informed to discuss and then work together to address these matters for mutually beneficial outcomes.
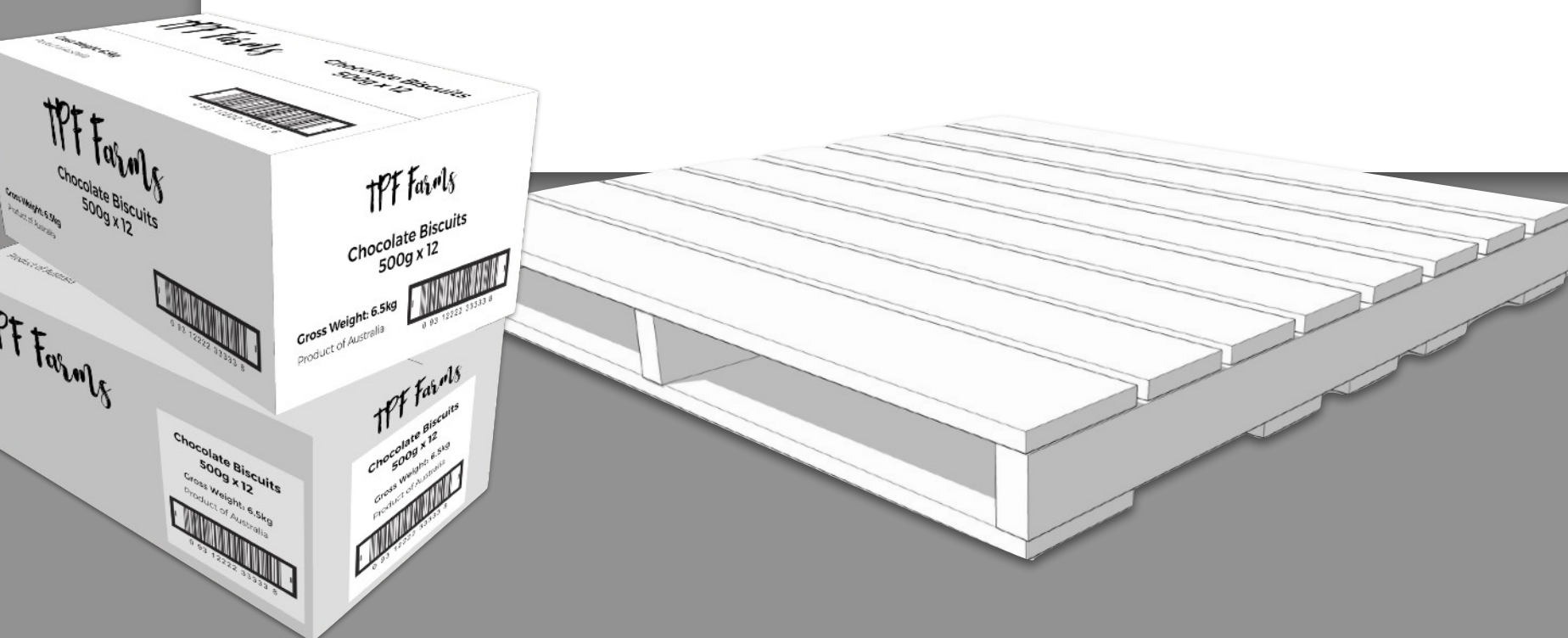
Executive Summary

The Perfect Delivery Report 2021 investigates the retailer perspective of the current status of supplier deliveries to their Ambient and Cold Chain DC networks as they relate to the aligned retailer requirements outlined in the Common Delivery Guidelines for Industry. It focused on the prevalence (how often) as well as the impact (severity) of issues retailer DCs are incurring against deliveries, and the prevailing trends.

For Trade Units (shippers), both Ambient and Cold Chain DCs identified three issues as being most prevalent and most impactful: (1) damages and condition of shippers being received; (2) the degree to which the shippers are suitable (fit for purpose); and (3) issues relating to barcoding of shippers.

For Logistics Units (pallets), Ambient DCs reported that issues relating to pallet wrapping, along with those relating to quality of physical wooden pallets, were most prevalent. The pallet quality issues in particular had increased as reactions to COVID-19 related supply chain issues drove shortages in pallet availability and changes to pallet flows, which resulted in reduced reconditioning rates for pallets. Pallet utilisation and labelling issues were next most prevalent issues.

In relation to the degree of impact on Ambient DCs, pallet utilisation (overhang) along with reduced pallet quality management provided the biggest issues, followed by TI-HI configuration and wrapping issues.

Sustaining Australia

Executive Summary *(continued)*

For Cold Chain DCs, as in previous years, the most prevalent issues related to pallet wrapping and pallet labelling, with pallet quality rising in prevalence for the same COVID-19 related issues as seen in Ambient DCs. These quality issues had the biggest impact on DC operations, followed by those relating to TI-HI configuration and pallet utilisation.

COVID-19 and its impact on supply chains provided many significant challenges across Trade Unit, Logistics Unit, Advance Shipping Notice provision, and Delivery Window performance in 2021. These impacts can be seen throughout the report which follows, as suppliers worked to ensure best possible supply to retailer trading partners (who in turn worked hard to support and accommodate suppliers experiencing difficulties) in an environment where many aspects of supply chain operations were stretched far beyond their usual limits.

More than ever, these challenges highlight the need for retailers and suppliers to provide timely and accurate information to each other, including appropriate granularity of supporting detail regarding current or emerging compliance issues the retailer is experiencing with deliveries and actions suppliers are taking to manage issues being experienced.

Collaborative engagement and proactive retailer communication (with supporting detail) will support supplier efforts to swiftly investigate issues and work with retailer trading partners in the resolution process. Such communication should in turn help mitigate COVID-19 related challenges wherever possible, whilst smoothing the path of industry movement to automation throughout 2022.

Participating Retailers

The Common Delivery Guidelines and this ensuing report into performance against the Guidelines have been developed in conjunction with Coles, Metcash and Woolworths as members of the Trading Partner Forum (a forum of the AFGC).

Whilst much of the content will be applicable for consideration with other retailers in Australia, readers should check with retailers other than Coles, Metcash and Woolworths in relation to the content herein.

Sustaining Australia

Report Sections

The report investigates performance into retailer DCs against the specific requirements captured in the *Common Delivery Guidelines* document, focussing primarily on the prevalence, impact and trend relating to each requirement.

The report considers:

Sustaining Australia

AUSTRALIAN FOOD & GROCERY COUNCIL

Section 1: Trade Units — TU (Shippers)

High Level Review:

The following tables provide insight at high level regarding the prevalence (how often) and the impact to receiving DCs (how severe) for issues experienced by retailers against various delivery requirement aspects for trade units (shippers) the retailers have received from suppliers during 2021.

Similarly to the prior year's study, both Ambient and Cold Chain DCs reported issues relating to **damages and overall condition** of shippers being received as being highly prevalent and impactful, along with the degree to which the shippers are **suitable (fit for purpose)** to the product. Issues relating to **barcoding** of shippers, were also reported as being of significant concern. Changes in rankings of issues versus 2020 results are shown in the tables.

AMBIENT DCs

Trade Unit Requirements: Issues By Aspect	Prevalence of issues in 2021 (Rank 1 = most often)	Change (vs 2020)	Impact of issues in 2021 (Rank 1 = most severe)	Change (vs 2020)
Suitability issues (design, construction, sealing etc)	1	Up (2)	=1	Up (2)
Condition/Damage issues	2	Down (1)	=1	Stable (1)
Barcoding issues	3	Stable (3)	3	Stable (3)
Declarations and Symbols issues (on pack labelling)	4	Up (5)	4	Up (5)
Gross Weight issues	5	Down (4)	5	Down (4)

COLD CHAIN DCs

Trade Unit Requirements: Issues By Aspect	Prevalence of issues in 2021 (Rank 1 = most often)	Change (vs 2020)	Impact of issues in 2021 (Rank 1 = most severe)	Change (vs 2020)
Condition/Damage	1	Stable (1)	=1	Stable (1)
Barcoding issues	2	Up (3)	3	Up (4)
Suitability issues (design, construction, sealing etc)	3	Down (2)	=1	Up (2)
Gross Weight Issues	=4	Stable (=4)	=4	Down (3)
Declarations and Symbols issues (on pack labelling)	=4	Stable (=4)	=4	Up (5)

Sustaining Australia

TU Suitability (Design, Construction, Forming & Sealing)

☀ AMBIENT DCs

Trade Unit Requirements per Guidelines	2021 Prevalence	2020	2021 Trend	2020	2021 DC Impacts	2020
Fit for purpose — appropriate design to product type	MEDIUM	LOW	STABLE	STABLE	MEDIUM-HIGH	MEDIUM
Safe to handle for team members	LOW	LOW	STABLE	STABLE	LOW-MEDIUM	MEDIUM
Sealed effectively to prevent damage/loss	MEDIUM	MEDIUM	STABLE	STABLE	MEDIUM	MEDIUM
Sufficiently robust to withstand handling	LOW-MEDIUM	MEDIUM	STABLE	STABLE-WORSENING	MEDIUM	MEDIUM
Easy to Open/Replenish	LOW	LOW	STABLE	STABLE	LOW	LOW-MEDIUM

❄ COLD CHAIN DCs

Trade Unit Requirements per Guidelines	2021 Prevalence	2020	2021 Trend	2020	2021 DC Impacts	2020
Fit for purpose — appropriate design to product type	LOW-MEDIUM	MEDIUM	IMPROVING	IMPROVING	LOW-MEDIUM	MEDIUM-HIGH
Safe to handle for team members	LOW	LOW-MEDIUM	STABLE	IMPROVING	MEDIUM	MEDIUM-HIGH
Sealed effectively to prevent damage/loss	MEDIUM	MEDIUM	WORSENING	IMPROVING	MEDIUM-HIGH	MEDIUM-HIGH
Sufficiently robust to withstand handling	LOW-MEDIUM	MEDIUM	STABLE	IMPROVING	MEDIUM	MEDIUM-HIGH
Easy to Open/Replenish	LOW	LOW	STABLE	STABLE	LOW-MEDIUM	MEDIUM
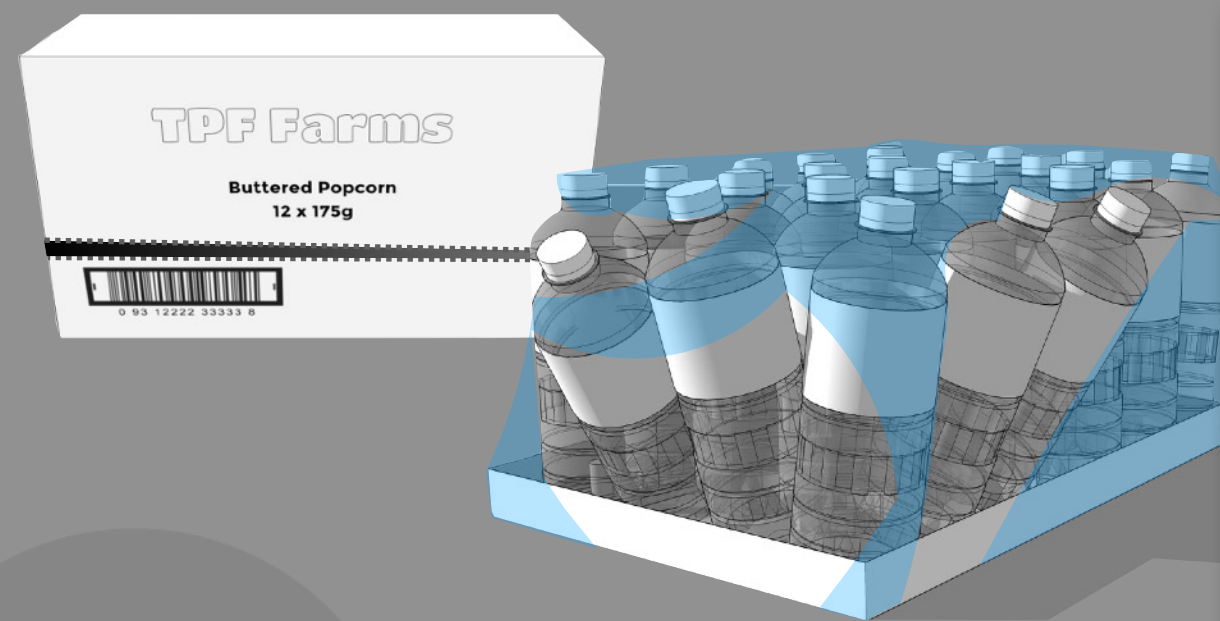
Retailer Callouts:

▷ Retailers reiterated the importance of shipper design being fit for purpose as automated DCs come online due to impact on process within these DCs.

▷ Retailers noted issues with shelf ready packaging in the cold chain where perforations and sealing of cartons are susceptible to the humidity/moisture aspects of this environment.

Common Delivery Guidelines Reference: **Page 8 — TU/Carton Suitability: Design, Construction**
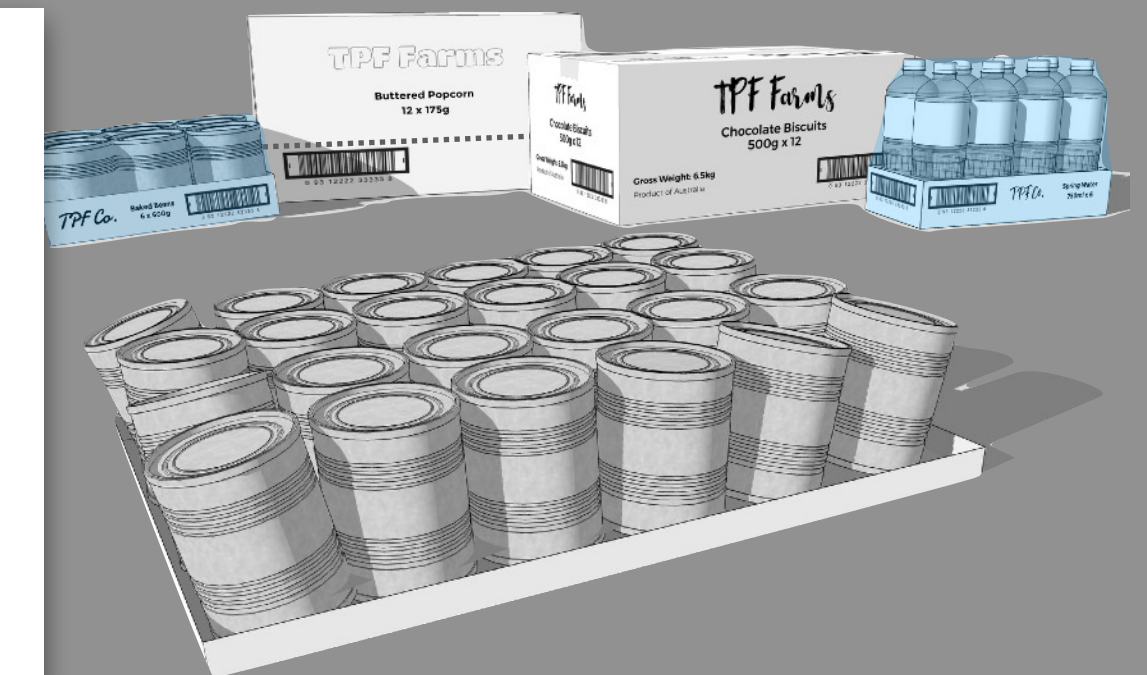
TU Condition/Damage

☀ AMBIENT DCs			
Trade Unit Requirements per Guidelines	2021 Prevalence _2020_	2021 Trend _2020_	2021 DC Impacts _2020_
Must be Saleable & Safe	LOW _LOW_	STABLE _STABLE_	LOW-MEDIUM _MEDIUM_
Must not be crushed or leaking	LOW-MEDIUM _MEDIUM_	STABLE-WORSENING _STABLE_	MEDIUM-HIGH _MEDIUM_
Must not be moisture-affected or unsanitary	LOW _LOW_	STABLE _STABLE_	LOW-MEDIUM _LOW_
Must be readily Identifiable	LOW _LOW_	STABLE _STABLE_	LOW-MEDIUM _LOW_
Must be free from staples, nails, metal strapping	LOW _LOW_	STABLE _STABLE_	LOW-MEDIUM _MEDIUM_
Must be within acceptable shelf life range	MEDIUM _MEDIUM_	STABLE _STABLE_	MEDIUM-HIGH _HIGH_
Must be within acceptable temperature range	NA _NA_	NA _NA_	NA _NA_

❄ COLD CHAIN DCs			
Trade Unit Requirements per Guidelines	2021 Prevalence _2020_	2021 Trend _2020_	2021 DC Impacts _2020_
Must be Saleable & Safe	LOW _LOW_	STABLE _STABLE_	HIGH _HIGH_
Must not be crushed or leaking	LOW-MEDIUM _MEDIUM_	WORSENING _IMPROVING_	MEDIUM-HIGH _MEDIUM_
Must not be moisture-affected or unsanitary	LOW _LOW_	STABLE _IMPROVING_	MEDIUM-HIGH _MEDIUM-HIGH_
Must be readily Identifiable	LOW _LOW_	STABLE _STABLE_	MEDIUM _MEDIUM_
Must be free from staples, nails, metal strapping	LOW _LOW_	IMPROVING _STABLE_	MEDIUM _LOW_
Must be within acceptable shelf life range	MEDIUM _MEDIUM_	WORSENING _STABLE_	MEDIUM-HIGH _HIGH_
Must be within acceptable temperature range	LOW _LOW_	STABLE _STABLE_	HIGH _MEDIUM_

Retailer Callouts:

▷ For automated DCs, shipper damages and variation in dimensions due to crushing impact on the operational process of the DCs. As automation increases suppliers should check degree to which their products are susceptible to these kinds of issues.

▷ COVID-19 has impacted supplier capacity to achieve shelf life requirements in the Cold Chain.

Common Delivery Guidelines Reference: **Page 9 — TU/Carton Condition/Damage**

Sustaining Australia

TU Barcoding

AMBIENT DCs			
Trade Unit Requirements per Guidelines	2021 Prevalence _2020_	2021 Trend _2020_	2021 DC Impacts _2020_
Must adhere to GS1 numbering & barcoding specs.	LOW _LOW_	STABLE _STABLE_	MEDIUM-HIGH _MEDIUM_
Print & Apply labels — barcodes on at least 2 vertical sides (ideally adjacent)	LOW-MEDIUM _MEDIUM_	STABLE _STABLE_	MEDIUM-HIGH _MEDIUM_
Pre-printed - must at least have barcodes on 4 vertical sides	LOW _MEDIUM_	STABLE _STABLE_	MEDIUM _LOW_

COLD CHAIN DCs			
Trade Unit Requirements per Guidelines	2021 Prevalence _2020_	2021 Trend _2020_	2021 DC Impacts _2020_
Must adhere to GS1 numbering & barcoding specs.	LOW _LOW_	STABLE _STABLE_	LOW-MEDIUM _MEDIUM_
Print & Apply labels — barcodes on at least 2 vertical sides (ideally adjacent)	LOW _LOW_	STABLE _STABLE_	LOW _LOW_
Pre-printed - must at least have barcodes on 4 vertical sides	LOW _MEDIUM_	STABLE _STABLE_	LOW _LOW_

Retailer Callouts:

▷ Automated DCs are driving increased focus in this area. Barcodes are critical to DCs operations as scanning activates DC processes. Whilst workarounds have been in place to help manage the high prevalence of non-conformance to requirements, this is not practical in automated environments. Suppliers are recommended to review their levels of conformance to requirements.

Common Delivery Guidelines Reference: **Page 9 — TU/Carton Barcoding**

Sustaining Australia

TU Gross Weight

☀ AMBIENT DCs			
Trade Unit Requirements per Guidelines	**2021 Prevalence** 2020	**2021 Trend** 2020	**2021 DC Impacts** 2020
Gross weight is not to exceed 16kg	LOW - MEDIUM *LOW*	STABLE *STABLE*	LOW - MEDIUM *LOW*

❄ COLD CHAIN DCs			
Trade Unit Requirements per Guidelines	**2021 Prevalence** 2020	**2021 Trend** 2020	**2021 DC Impacts** 2020
Gross weight is not to exceed 16kg	LOW *LOW*	STABLE *STABLE*	MEDIUM *LOW-MEDIUM*

Retailer Callouts:

▷ Currently there are relatively limited issues being incurred, therefore it is suggested suppliers maintain vigilance when introducing new or changed product lines.

Common Delivery Guidelines Reference: **Page 8 – TU/Carton Gross Weight**

TU Symbols & Declarations

Note: Insufficient data currently available

Whilst the following requirements have been in place for some time, they have not been systematically audited across all retailers at a level that facilitates reporting here. However, readers should note that these requirements are now being specifically monitored and recorded within the retailer community, and are becoming business critical, particularly in light of retailer activation of automated DCs. With ever increasing focus important areas such as OHS, sustainability and supply chain accuracy, now is a great time for suppliers to review conformance to requirements.

Common Delivery Guidelines Reference: **Page 10 — TU/Carton Symbols, Declarations**

| Trade Unit Requirements per Guidelines |
|---|
| SKU Description: on at least two vertical sides (ideally adjacent) |
| Consumer Unit Description (incl. flavour/variant): at least two vertical sides vertical (ideally adjacent) |
| Consumer Unit Size & Quantity eg 6x500ml - at least two vertical sides (ideally adjacent) |
| Gross Weight declaration must appear on at least two vertical sides (ideally adjacent) |
| Caution Lift Symbol (if TUs 10-16kg): at least two vertical sides (ideally adjacent) |
| Storage/Temp Markings: at least two vertical sides (ideally adjacent) |
| Recycle Mark/ Symbol: at least 1 side |
| All human-readable text legible from 1.5 metres |

AUSTRALIAN
FOOD &
GROCERY
COUNCIL

Section 2: Logistic Units (LU)

High Level Review:

The following tables provide insight at high level regarding the prevalence (how often) and the impact to receiving DCs (how severe) for issues experienced by retailers against various delivery requirement aspects for Logistics Units (pallets) the retailers have received from suppliers over the past 12 months.

For both Ambient and Cold Chain DCs, issues relating to **pallet labelling (SSCC labels)** and **pallet wrapping (stretch-wrap)** are both highly prevalent and impactful, whilst **physical pallet quality** also became a key concern in 2021 as COVID-19 related shortages in pallet supply/ availability impacted pallet reconditioning rates. **Pallet utilisation/overhang** and **pallet configuration/TI-HIs** were also flagged as areas of significant concern. Changes in rankings of issues versus 2020 results are shown in the tables.
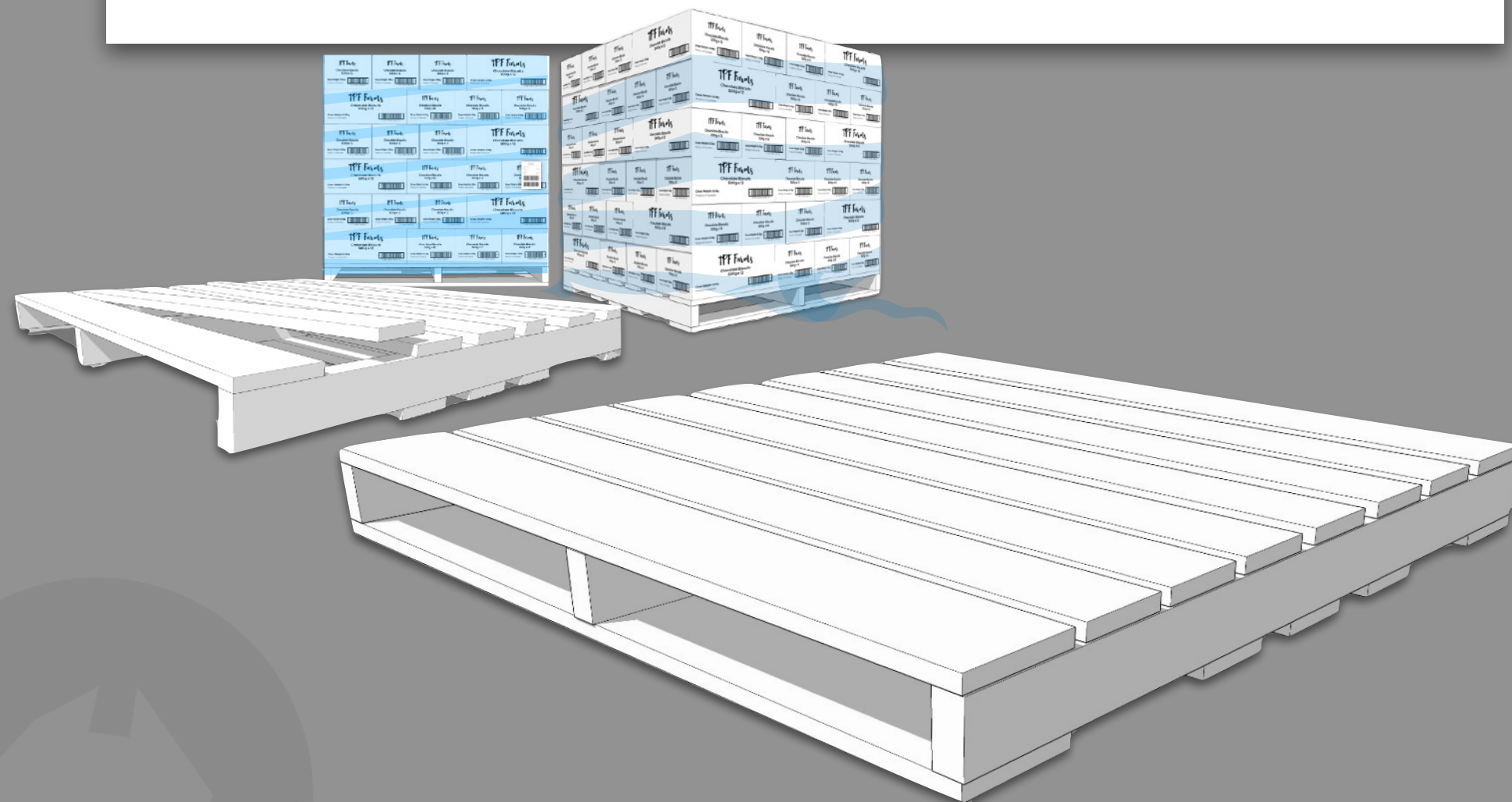
Sustaining Australia

☀ AMBIENT DCs

Logistic Unit (Pallet) Requirements: Issues By Aspect	Prevalence of issues in 2021 (Rank 1 = most often)	Change (vs 2020)	Impact of issues (Rank 1 = most severe)	Change (vs 2020)
Wrapping issues	1	Stable (1)	4	Down (=3)
Physical (i.e. CHEP/Loscam) Pallet Quality, Structure and Tolerances issues	2	Up (5)	2	Up (5)
Labelling issues	=3	Down (2)	5	Down (=1)
Utilisation/Overhang issues	=3	Stable (3)	1	Up (=3)
Configuration/Ti-Hi issues	5	Down (4)	3	Down (=1)
Weight issues	6	Stable (6)	8	Down (6)
Height issues	7	Down (=6)	6	Up (7)
Corner-post issues	8	Stable (8)	7	Up (8)

❄ COLD CHAIN DCs

Logistic Unit (Pallet) Requirements: Issues By Aspect	Prevalence of issues in 2021 (Rank 1 = most often)	Change (vs 2020)	Impact of issues (Rank 1 = most severe)	Change (vs 2020)
Wrapping issues	1	Up (2)	5	Down (1)
Labelling issues	2	Down (1)	4	Down (=2)
Physical (i.e. CHEP/Loscam) Pallet Quality, Structure and Tolerances issues	3	Up (5)	1	Up (5)
Configuration/Ti-Hi issues	4	Down (3)	2	Up (4)
Weight issues	5	Up (=6)	7	Down (=2)
Utilisation/Overhang issues	6	Down (4)	3	Down (=2)
Height issues	7	Down (=6)	6	Stable (6)
Corner-post issues	8	Stable (8)	8	Stable (6)

Physical Pallet Quality, Structure & Tolerances

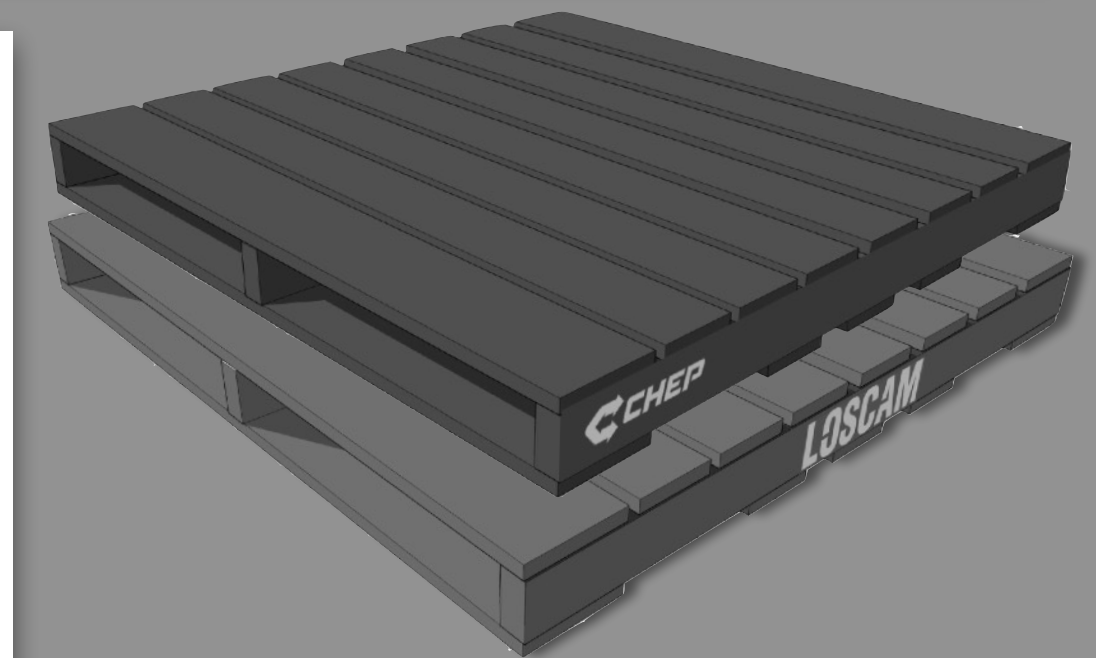| ☀ AMBIENT DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence / 2020	2021 Trend / 2020	2021 DC Impacts / 2020
Pallets must be square (no twists) & conform to Aust. pallet dimensions	LOW / LOW	STABLE / STABLE	MEDIUM / LOW
Lead board widths are to be 150 mm and intermediate boards 95 mm	MEDIUM / MEDIUM	WORSENING / STABLE	MEDIUM / MEDIUM
Bearers must be intact and no boards should be missing or loose	MEDIUM-HIGH / MEDIUM	WORSENING / STABLE	HIGH / MEDIUM
Boards should not have excessive cracks, splits or holes outside tolerances	MEDIUM / LOW	WORSENING / STABLE	LOW-MEDIUM / MEDIUM
Pallets should have correct tunnel widths of 180 mm	LOW-MEDIUM / MEDIUM	STABLE / STABLE	LOW-MEDIUM / MEDIUM
Lead board pushback (or leading edge variation) should not exceed 15 mm	MEDIUM-HIGH / MEDIUM	WORSENING / STABLE	MEDIUM-HIGH / HIGH
Nails should not be protruding by more than 1 mm above boards or be loose	LOW-MEDIUM / LOW	STABLE / STABLE	LOW-MEDIUM / LOW
Pallets must be contamination free from (dirt, debris oils, chemical etc)	LOW / LOW	STABLE / STABLE	LOW / LOW

❄ COLD CHAIN DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence / 2020	2021 Trend / 2020	2021 DC Impacts / 2020
Pallets must be square (no twists) & conform to Aust. pallet dimensions	LOW / LOW	WORSENING / STABLE	LOW-MEDIUM / LOW
Lead board widths are to be 150mm and intermediate boards 95 mm	LOW-MEDIUM / MEDIUM	STABLE / IMPROVING	LOW / MEDIUM
Bearers must be intact and no boards should be missing or loose	MEDIUM / MEDIUM	WORSENING / STABLE	MEDIUM / MEDIUM
Boards should not have excessive cracks, splits or holes outside tolerances	LOW-MEDIUM / LOW	WORSENING / STABLE	LOW-MEDIUM / MEDIUM
Pallets should have correct tunnel widths of 180 mm	LOW / LOW-MEDIUM	STABLE / STABLE	LOW / LOW
Lead board pushback (or leading edge variation) should not exceed 15 mm	MEDIUM / MEDIUM	WORSENING / STABLE	LOW-MEDIUM / MEDIUM
Nails should not be protruding by more than 1 mm above boards or be loose	LOW-MEDIUM / LOW	WORSENING / STABLE	LOW-MEDIUM / LOW
Pallets must be contamination free from (dirt, debris oils, chemical etc)	LOW / LOW	STABLE / STABLE	LOW / LOW
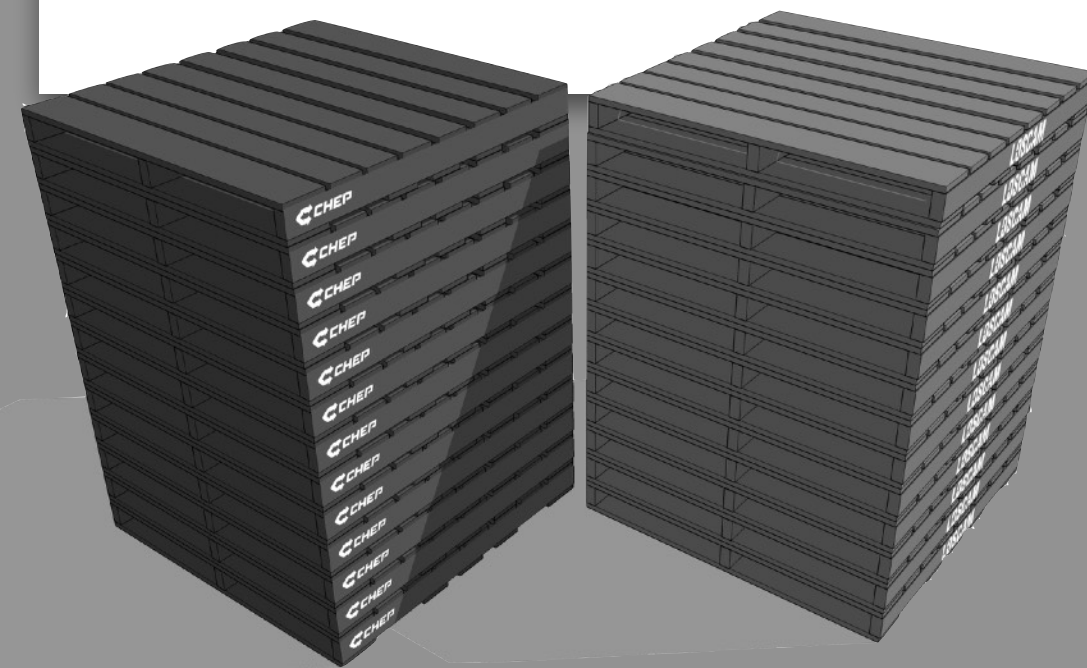
Retailer Callouts:

▷ With the emergence of automated DCs, the pallet has become a key focus point for both retailers and the providers of pallets as there are stringent quality requirements.

▷ Pallet shortages in the second half of 2021 impacted results as pallets were in field for extended periods and not as readily reconditioned.
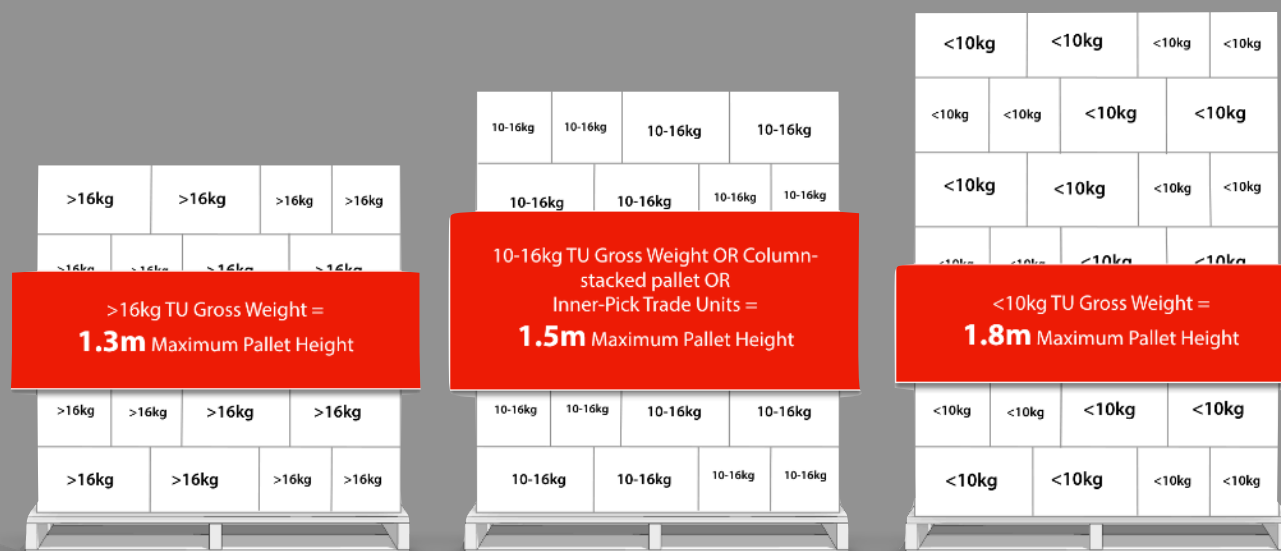
Common Delivery Guidelines reference: **Pages 13-14 — LU/Pallet Quality, Structure & Tolerances**

Sustaining Australia

Pallet Height

AMBIENT DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence (2020)	2021 Trend (2020)	2021 DC Impacts (2020)
Where TUs weigh < 10kg and are NOT column stacked or inner picked, then maximum pallet height is 1.8m	LOW-MEDIUM (LOW)	STABLE (STABLE)	MEDIUM (MEDIUM)
Where TUs weigh 10kg-16kg (OR < 10kg but column stacked or inner picked), then maximum pallet height is 1.5m	LOW (MEDIUM)	STABLE (STABLE)	MEDIUM (MEDIUM)
If TUs > 16kg are permitted by agreement, then maximum pallet height is 1.3m	LOW (LOW)	STABLE (STABLE)	LOW-MEDIUM (MEDIUM)

COLD CHAIN DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence (2020)	2021 Trend (2020)	2021 DC Impacts (2020)
FROZEN DC or CHILLED DC where specified (eg Americold) Requirement: Pallet Height must not exceed 1.2m	LOW (MEDIUM)	IMPROVING (IMPROVING)	MEDIUM-HIGH (MEDIUM)
CHILLED DC (where not specified otherwise) Requirement: Where TUs weigh less than 10kg and are NOT column stacked or inner picked, then maximum pallet height is 1.8m.	LOW (LOW)	STABLE (STABLE)	LOW-MEDIUM (MEDIUM)
CHILLED DC (where not specified otherwise) Requirement: Where TUs weigh 10kg-16kg (OR less than 10kg but are column stacked or inner picked), then maximum pallet height is 1.5m.	LOW (LOW)	STABLE (STABLE)	LOW-MEDIUM (MEDIUM)
CHILLED DC (where not specified otherwise) Requirement: If TUs exceeding 16kg are permitted by agreement, then maximum pallet height is 1.3m.	LOW (LOW)	STABLE (STABLE)	LOW-MEDIUM (MEDIUM)

>16kg TU Gross Weight = **1.3m** Maximum Pallet Height

10-16kg TU Gross Weight OR Column-stacked pallet OR Inner-Pick Trade Units = **1.5m** Maximum Pallet Height

<10kg TU Gross Weight = **1.8m** Maximum Pallet Height

All Freezer Pallets, Any TU Gross Weight = **1.2m** Maximum Pallet Height

Retailer Callouts:

▷ Retailers have been moving to reject over height pallets which appears to be resulting in improved performance overall though the complexities relating to weight vs height restrictions are still resulting in some issues which suppliers should regularly review with their 3PLs.

Common Delivery Guidelines reference: **Page 15 — LU/Pallet Height**

Sustaining Australia
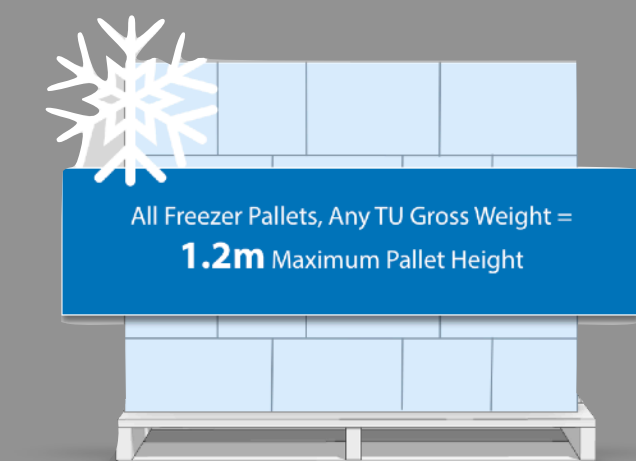
Pallet Labelling

☀ AMBIENT DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence / 2020	2021 Trend / 2020	2021 DC Impacts / 2020
Must adhere to GS1 numbering and barcoding specifications	LOW / LOW-MEDIUM	STABLE / STABLE	MEDIUM / MEDIUM-HIGH
SSCC labels must accurately reflect product contained on the pallet	LOW-MEDIUM / MEDIUM	STABLE / STABLE	MEDIUM-HIGH / MEDIUM
SSCC numbers must be unique - not been used in the previous 12 months anywhere	LOW / LOW	IMPROVING / STABLE	MEDIUM-HIGH / MEDIUM
SSCC numbers must be applied in matching pairs - one each pallet fork entry side	LOW-MEDIUM / LOW	IMPROVING / STABLE	MEDIUM-HIGH / LOW-MEDIUM
SCCC labels must be correctly positioned on pallet	MEDIUM-HIGH / MEDIUM	IMPROVING / STABLE	MEDIUM / MEDIUM
No more than one SSCC pallet label pair should be applied to a pallet (unless a pallet of mixed SKUs)	LOW-MEDIUM / LOW-MEDIUM	IMPROVING / WORSENING	MEDIUM / LOW-MEDIUM
Label print quality must be to a high standard and high decodability, with no print defects	MEDIUM / MEDIUM	IMPROVING / WORSENING	MEDIUM / MEDIUM

COLD CHAIN DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence / 2020	2021 Trend / 2020	2021 DC Impacts / 2020
Must adhere to GS1 numbering and barcoding specifications	LOW-MEDIUM / MEDIUM	STABLE / STABLE	MEDIUM / MEDIUM
SSCC labels must accurately reflect product contained on the pallet	LOW-MEDIUM / MEDIUM	STABLE / STABLE	MEDIUM-HIGH / MEDIUM
SSCC numbers must be unique - not been used in the previous 12 months anywhere	LOW-MEDIUM / LOW-MEDIUM	STABLE / STABLE	MEDIUM / LOW-MEDIUM
SSCC numbers must be applied in matching pairs - one each pallet fork entry side	MEDIUM / LOW	STABLE / STABLE	MEDIUM / LOW-MEDIUM
SCCC labels must be correctly positioned on pallet	MEDIUM / MEDIUM	STABLE / STABLE	LOW-MEDIUM / MEDIUM
No more than one SSCC pallet label pair should be applied to a pallet (unless a pallet of mixed SKUs)	LOW-MEDIUM / LOW-MEDIUM	IMPROVING / STABLE	LOW-MEDIUM / LOW-MEDIUM
Label print quality must be to a high standard and high decodability, with no print defects	LOW-MEDIUM / MEDIUM	IMPROVING / WORSENING	MEDIUM / MEDIUM
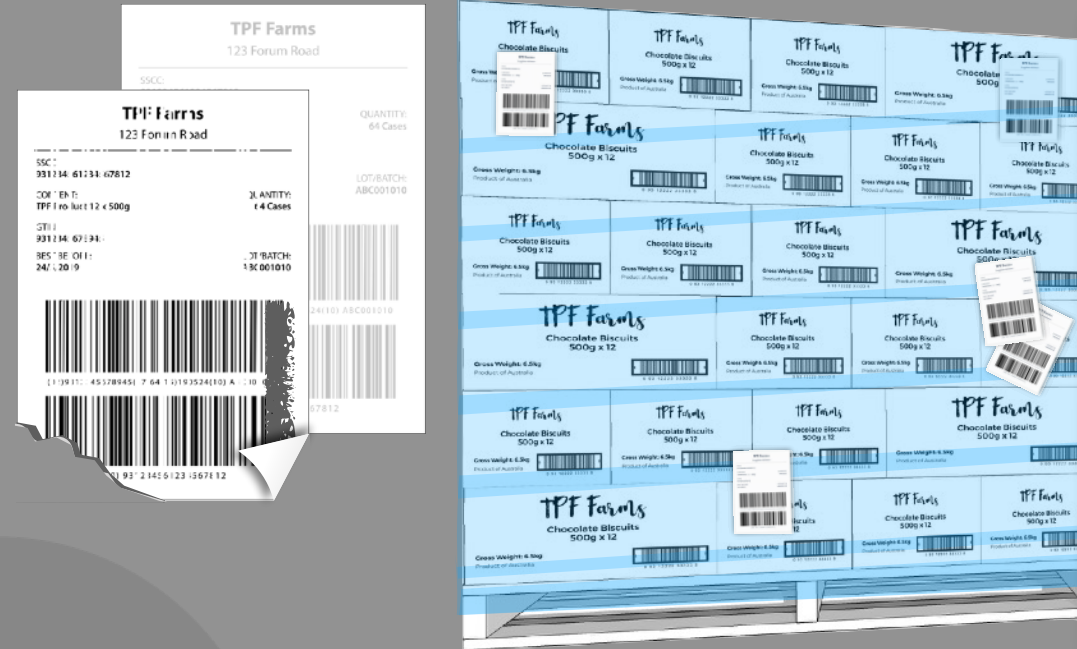
Retailer Callouts:

▷ For retailers this area remains a critical issue in regard to the prevalence and severity of impact on operations.

▷ The Common Delivery Guidelines provide clarity to the requirements and should prove a useful source to suppliers in efforts to mitigate issues around pallet labels.

Common Delivery Guidelines reference: **Page 17 — LU/Pallet Labelling**

Sustaining Australia

Pallet Wrapping

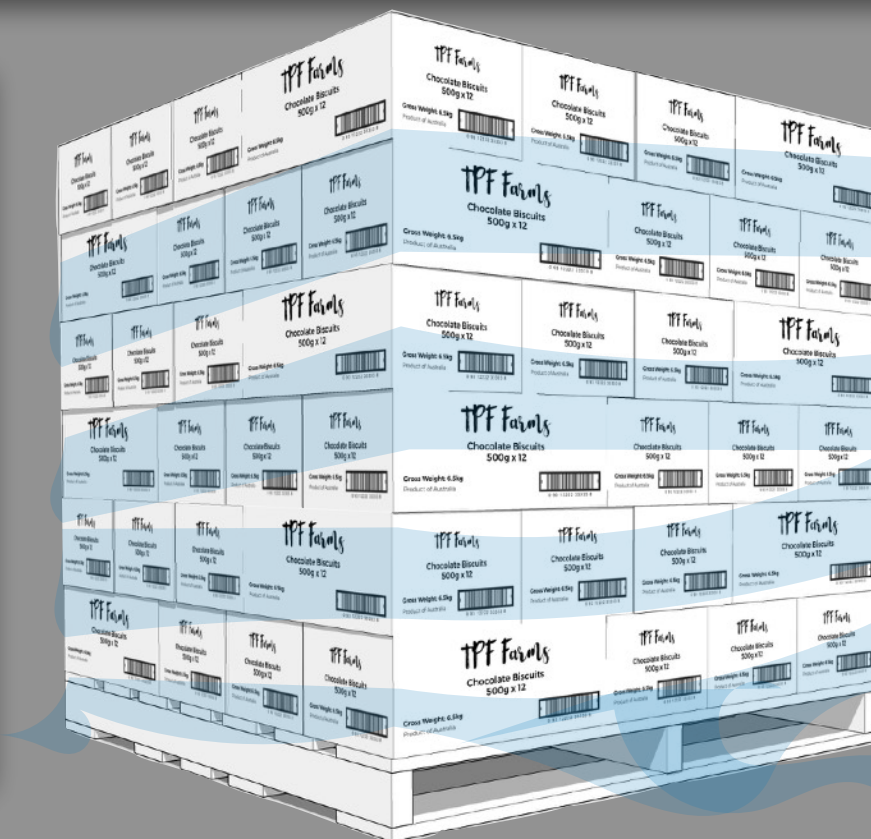| ☀ AMBIENT DCs			
Logistic Unit Requirements per Guidelines	**2021 Prevalence** _2020_	**2021 Trend** _2020_	**2021 DC Impacts** _2020_
Stretch-wrap applied with sufficient tension, and passes, to adequately secure the product	LOW-MEDIUM _MEDIUM_	STABLE _STABLE_	MEDIUM _MEDIUM_
Stretch-wrap must be secured to the top 30-50% of the wooden pallet (and not more than 50%)	MEDIUM-HIGH _HIGH_	STABLE _STABLE_	MEDIUM _MEDIUM_
Stretch-wrap must have no loose, trailing ends or 'tails'	MEDIUM _MEDIUM_	WORSENING _IMPROVING_	MEDIUM _MEDIUM_
Opaque/black stretch-wrapping is not to be used	LOW _LOW_	STABLE _STABLE_	LOW-MEDIUM _MEDIUM_
Nylon or string wrapping is not to be used	LOW _LOW_	STABLE _STABLE_	LOW _LOW_

❄ COLD CHAIN DCs			
Logistic Unit Requirements per Guidelines	**2021 Prevalence** _2020_	**2021 Trend** _2020_	**2021 DC Impacts** _2020_
Stretch-wrap applied with sufficient tension, and passes, to adequately secure the product	LOW-MEDIUM _MEDIUM_	STABLE _IMPROVING_	LOW-MEDIUM _MEDIUM_
Stretch-wrap must be secured to the top 30-50% of the wooden pallet (and not more than 50%)	MEDIUM-HIGH _MEDIUM-HIGH_	STABLE _IMPROVING_	MEDIUM _MEDIUM_
Stretch-wrap must have no loose, trailing ends or 'tails'	MEDIUM _MEDIUM_	WORSENING _IMPROVING_	MEDIUM _MEDIUM_
Opaque/black stretch-wrapping is not to be used	LOW _LOW_	STABLE _STABLE_	LOW _LOW_
Nylon or string wrapping is not to be used	LOW _LOW_	STABLE _STABLE_	LOW-MEDIUM _MEDIUM_
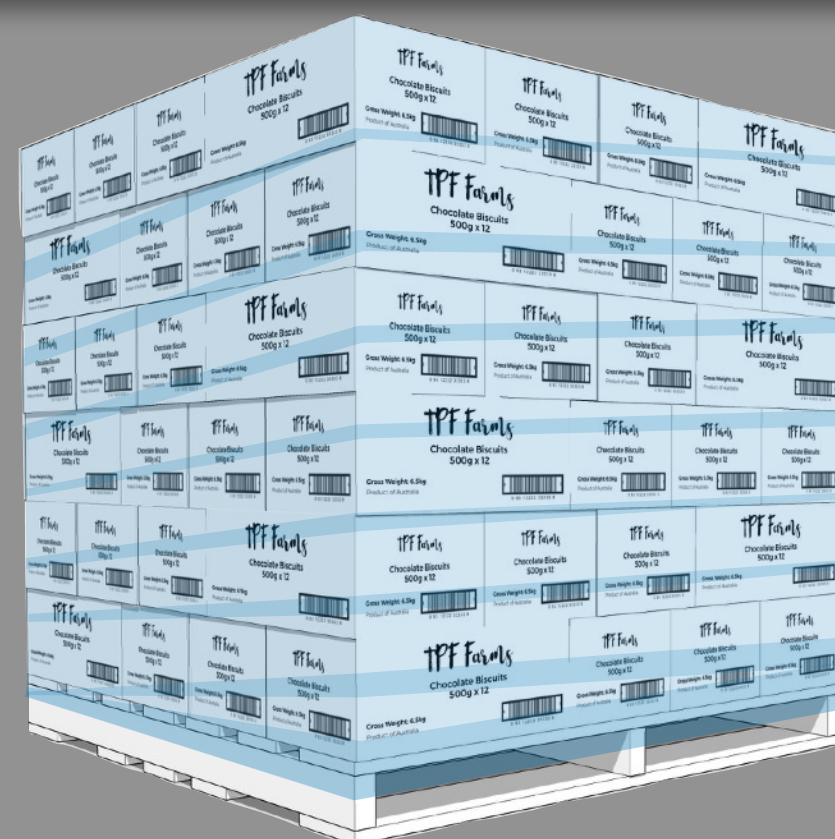
Retailer Callouts:

▷ Pallet wrapping is critical to the operation of automated DCs, and within all DCs is vital to support safety requirements and operational efficiencies, as well as damage mitigation.

▷ Suppliers should regularly check performance, particularly in relation to wrap tension, binding of wrap to pallet and avoidance of loose/trailing pallet wrap ends.

*Common Delivery Guidelines* reference: **Page 16 — LU/Pallet Wrapping**

Sustaining Australia

Pallet Configuration / Ti-Hi

☀ AMBIENT DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence 2020	2021 Trend 2020	2021 DC Impacts 2020
Pallet TI-HI communicated by supplier must be correct	LOW-MEDIUM	WORSENING	MEDIUM- HIGH
	MEDIUM-HIGH	WORSENING	MEDIUM-HIGH

❄ COLD CHAIN DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence 2020	2021 Trend 2020	2021 DC Impacts 2020
Pallet TI-HI communicated by supplier must be correct	LOW	STABLE	MEDIUM–HIGH
	MEDIUM	WORSENING	MEDIUM

Retailer Callouts:

▷ Retailers report a deterioration in accuracy of Ti-Hi's throughout 2020 and again in 2021. This may be related to COVID19 challenges faced by suppliers due to changes to manufacturing or sourcing. Suppliers are strongly encouraged to review their situation in this regard and discuss with retailers where there are challenges potentially causing conformance issues.

Common Delivery Guidelines reference: **Page 15 — LU/Pallet Configuration & TI x HI**
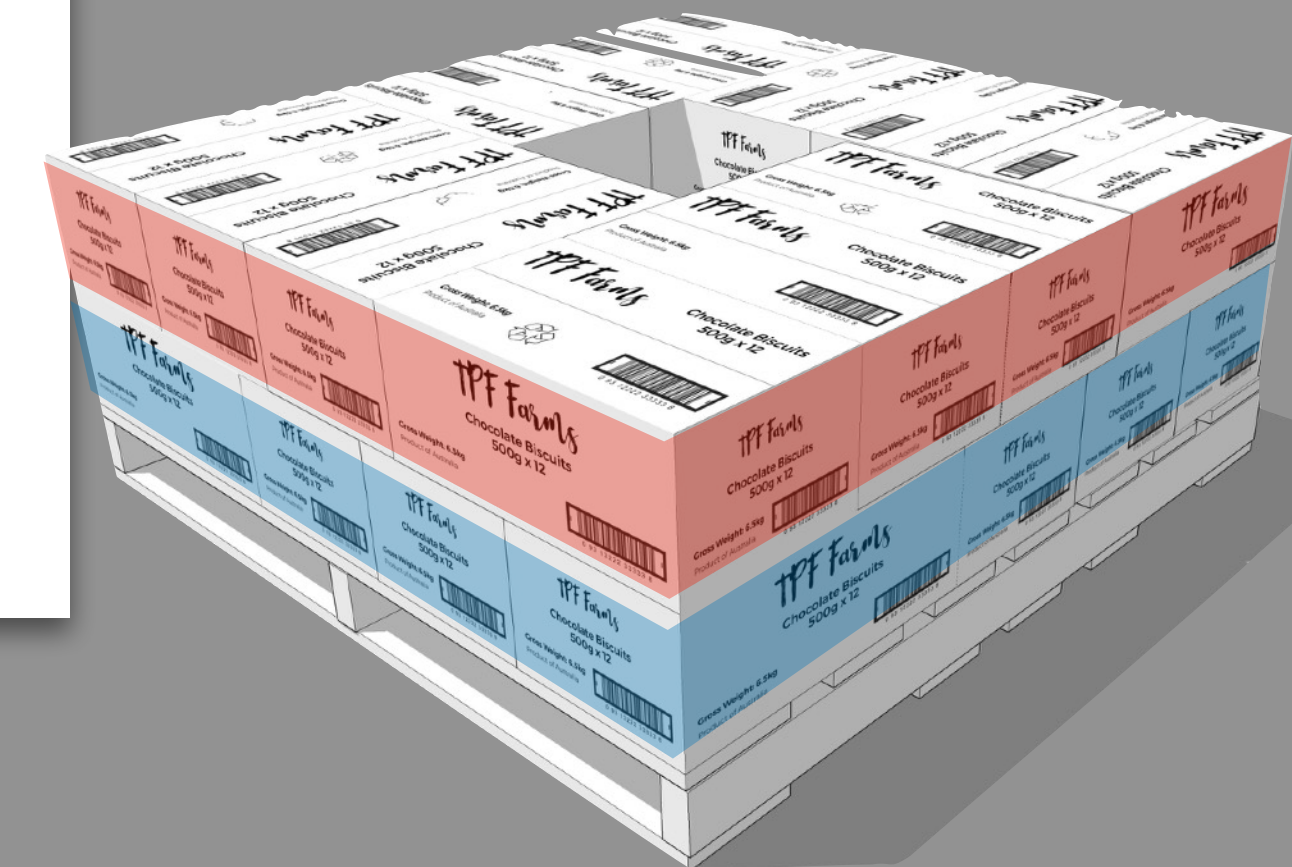
Pallet Utilisation and Overhang

AMBIENT DCs				
Logistic Unit Requirements per Guidelines	2021 Prevalence / 2020	2021 Trend / 2020	2021 DC Impacts / 2020	
Product must not exceed perimeter of the pallet	MEDIUM-HIGH / MEDIUM	STABLE / WORSENING	MEDIUM / MEDIUM	
Product should not underutilise the pallet dimension to the extent that stability is compromised	LOW-MEDIUM / LOW	STABLE / STABLE	LOW-MEDIUM / LOW	

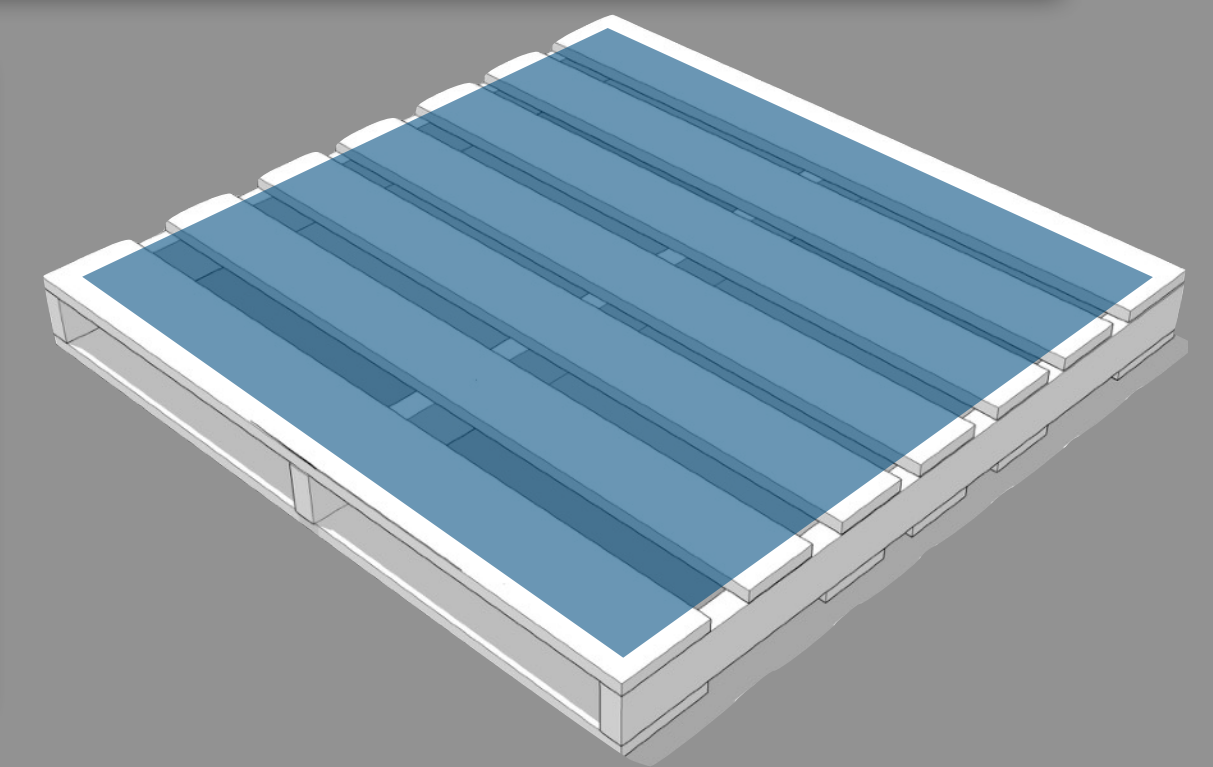| COLD CHAIN DCs				
Logistic Unit Requirements per Guidelines	2021 Prevalence / 2020	2021 Trend / 2020	2021 DC Impacts / 2020	
Product must not exceed perimeter of the pallet	LOW-MEDIUM / MEDIUM	WORSENING / STABLE	MEDIUM / MEDIUM	
Product should not underutilise the pallet dimension to the extent that stability is compromised	LOW-MEDIUM / LOW	STABLE / STABLE	LOW-MEDIUM / LOW	
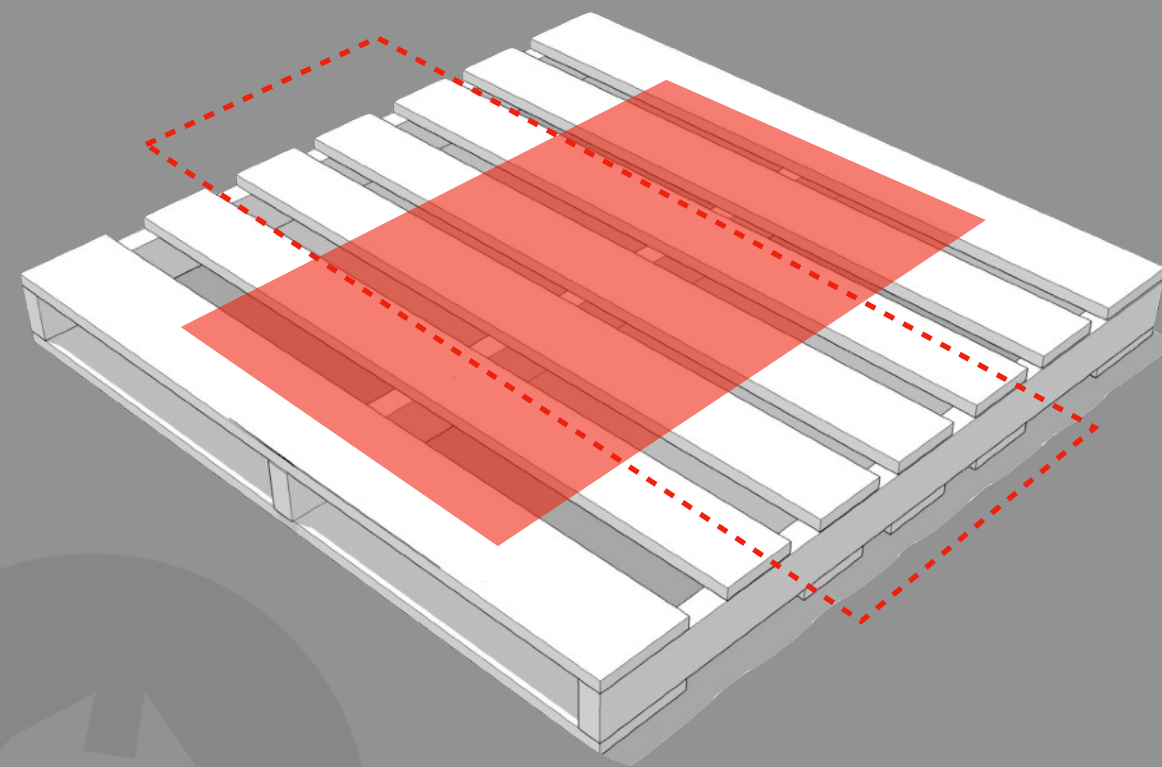
Retailer Callouts:

▷ Pallet utilisation, and particularly overhang is becoming a more critical area of compliance checking for retailers for both automated and manual DCs. Suppliers should check with retailers to understand if their products are impacted — e.g. stock falling outside of the pallet footprint due to shifting in transit.
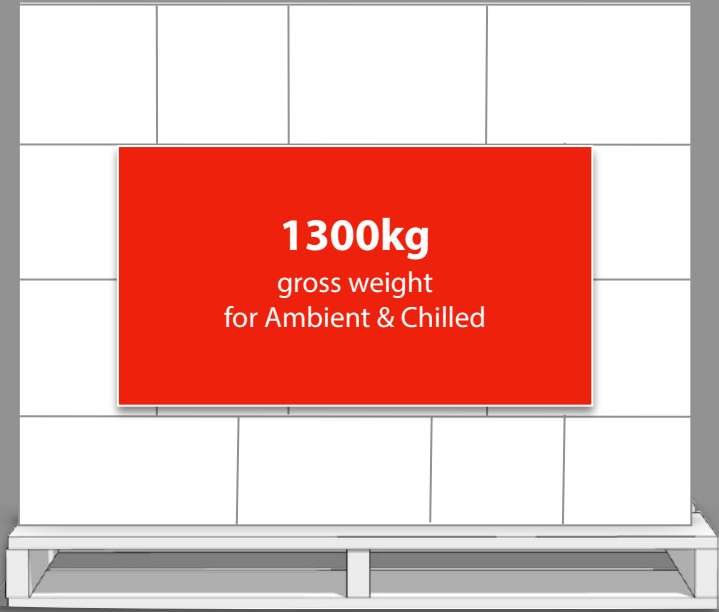
Common Delivery Guidelines reference: **Page 16 - LU/Pallet Utilisation & Overhang**

Sustaining Australia

Pallet Gross Weight

AMBIENT DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence _2020_	2021 Trend _2020_	2021 DC Impacts _2020_
AMBIENT DCs Gross weight of pallet is not to exceed 1300kg	LOW _HIGH_	STABLE _STABLE_	MEDIUM-HIGH _LOW_
CHILLED DCs Gross weight of pallet is not to exceed 1300kg	NA _NA_	NA _NA_	NA _NA_
FROZEN DCs AMBIENT DCs Gross weight of pallet is not to exceed 1000kg	NA _NA_	NA _NA_	NA _NA_

COLD CHAIN DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence _2020_	2021 Trend _2020_	2021 DC Impacts _2020_
AMBIENT DCs Gross weight of pallet is not to exceed 1300kg	NA _NA_	NA _NA_	NA _NA_
CHILLED DCs Gross weight of pallet is not to exceed 1300kg	LOW _HIGH_	STABLE _STABLE_	MEDIUM _MEDIUM_
FROZEN DCs AMBIENT DCs Gross weight of pallet is not to exceed 1000kg	LOW _HIGH_	STABLE _STABLE_	MEDIUM _MEDIUM_

1300kg
gross weight
for Ambient & Chilled

Retailer Callouts:

▷ Generally pallet weights appear to be being well managed by suppliers at this time.

Common Delivery Guidelines reference: **Page 15 - LU/Pallet Weight**

1000kg
gross weight
for Freezer

Pallet Corner Posts

AMBIENT DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence 2020	2021 Trend 2020	2021 DC Impacts 2020
Only cardboard corner posts are allowed - not plastic or metal	LOW	STABLE	LOW
	LOW	STABLE	LOW

COLD CHAIN DCs			
Logistic Unit Requirements per Guidelines	2021 Prevalence 2020	2021 Trend 2020	2021 DC Impacts 2020
Only cardboard corner posts are allowed - not plastic or metal	LOW	STABLE	LOW
	LOW	STABLE	LOW

Retailer Callouts:

▷ Generally corner post requirements appear to be being well managed by suppliers at this time.

Common Delivery Guidelines reference: **Page 16 - LU/Pallet Corner Posts**

AUSTRALIAN FOOD & GROCERY COUNCIL

Section 3: Advance Shipping Notices

High Level Review:

Advance Shipping Notices - or ASNs - are an important part of all three retailers' supply chain operations and provide valuable forward visibility of inbound orders. In selected cases, ASNs can also allow for Express Receipt of loads by the retailer (wherein a full load can be received by scanning just a single SSCC label associated with an ASN) improving vehicle turnaround times and reducing transport costs.

Several requirements for ASNs are included in the guidelines, with current performance against the requirements captured in the adjacent table:

Retailer Callouts:

▷ Retailers have previously noted ASNs being split across multiple vehicles as being a particular concern which creates operational issues, potentially causing misalignment between physical stock and delivery information.

▷ Retailers have also called out the issue of ASNs not be transmitted well in advance of vehicle arrival at their DCs, which has a high impact on operations where receipt relies on the ASN being in the retailer system prior.

Common Delivery Guidelines reference: **Page 19 — Common Requirements for Advance Shipping Notices (ASNs)**

☀ AMBIENT DCs

ASN requirements per Guidelines	2021 Prevalence (2020)	2021 Trend (2020)	2021 DC Impacts (2020)
Must meet minimum EANCOM2002 standard for ASN messaging alignment	LOW (LOW)	STABLE (IMPROVING)	MEDIUM-HIGH (MEDIUM)
Must have existing EDI capability (i.e PO/POA/Invoice) and be live on the retailer's eTrade platform	LOW-MEDIUM (LOW)	STABLE (IMPROVING)	MEDIUM (LOW-MEDIUM)
ASN messaging implementation must be tested/ validated by retailer's eTrade/ eCommerce team	LOW (LOW)	STABLE (STABLE)	LOW-MEDIUM (LOW)
ASNs must accurately reflect the products (GTIN/SKU, quantity etc) on the relevant PO	LOW-MEDIUM (LOW-MEDIUM)	IMPROVING (IMPROVING)	HIGH (HIGH)
ASNs must accurately reflect details such as delivery location (GLN etc)	LOW (LOW)	STABLE (STABLE)	HIGH (LOW-MEDIUM)
ASNs must be sent and received well in advance of vehicle arrival at retailer DC	MEDIUM (MEDIUM-HIGH)	STABLE (IMPROVING)	HIGH (HIGH)
ASNs cannot be split across multiple vehicles: one ASN per vehicle only	LOW-MEDIUM (MEDIUM)	STABLE (STABLE)	MEDIUM-HIGH (MEDIUM-HIGH)

❄ COLD CHAIN DCs

ASN requirements per Guidelines	2021 Prevalence (2020)	2021 Trend (2020)	2021 DC Impacts (2020)
Must meet minimum EANCOM2002 standard for ASN messaging alignment	LOW-MEDIUM (LOW)	STABLE (STABLE)	LOW-MEDIUM (LOW-MEDIUM)
Must have existing EDI capability (i.e PO/POA/Invoice) and be live on the retailer's eTrade platform	LOW (LOW)	IMPROVING (STABLE)	LOW-MEDIUM (LOW-MEDIUM)
ASN messaging implementation must be tested/ validated by retailer's eTrade/ eCommerce team	LOW (LOW)	STABLE (STABLE)	LOW (LOW)
ASNs must accurately reflect the products (GTIN/SKU, quantity etc) on the relevant PO	LOW-MEDIUM (MEDIUM)	WORSENING (IMPROVING)	HIGH (MEDIUM-HIGH)
ASNs must accurately reflect details such as delivery location (GLN etc)	LOW (LOW)	STABLE (WORSENING)	MEDIUM (MEDIUM)
ASNs must be sent and received well in advance of vehicle arrival at retailer DC	MEDIUM (MEDIUM)	WORSENING (WORSENING)	HIGH (MEDIUM)
ASNs cannot be split across multiple vehicles: one ASN per vehicle only	LOW-MEDIUM (LOW)	STABLE (STABLE)	MEDIUM-HIGH (HIGH)

Sustaining Australia

AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

Section 4: On Time Delivery

High Level Review:

Across Coles, Metcash and Woolworths, suppliers are expected to deliver each order within its "On Time" window. This On Time period is universally defined as a 90 minute window around a scheduled timeslot: specifically, the On Time window begins 60 minutes prior to the scheduled timeslot, and ends 30 minutes after that timeslot.

Key Takeaways:

▷ Early and late deliveries have a significant impact on DC operations and retailers note that the impacts of COVID-19 have seen a major impact on ability to meet time windows during peak COVID-19 periods.

Common Delivery Guidelines reference: **Page 21 — Common Expectations for DIFOT/On Time Delivery**
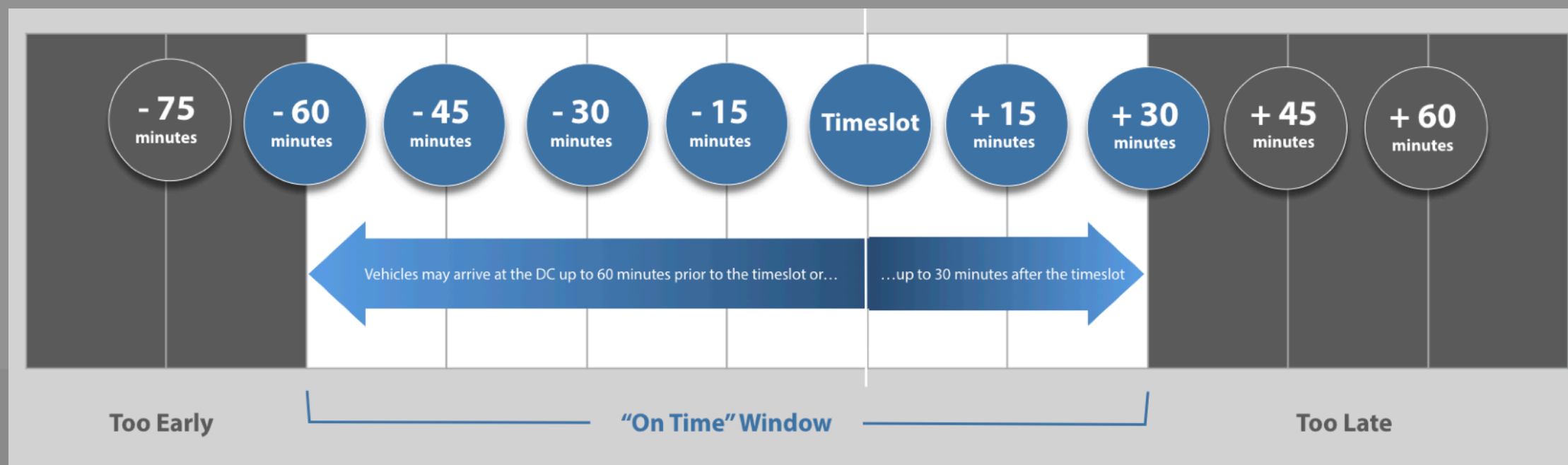
☀ AMBIENT DCs

Timeslot window requirements	2021 Prevalence 2020	2021 Trend 2020	2021 DC Impacts 2020
Deliveries must not arrive at the DC **more than 60 minutes prior** to their timeslot.	LOW-MEDIUM LOW	STABLE STABLE	MEDIUM-HIGH MEDIUM
Deliveries must not arrive at the DC **more than 30 minutes after** their timeslot.	MEDIUM NA	WORSENING NA	HIGH NA

❄ COLD CHAIN DCs

Timeslot window requirements	2021 Prevalence 2020	2021 Trend 2020	2021 DC Impacts 2020
Deliveries must not arrive at the DC **more than 60 minutes prior** to their timeslot.	LOW-MEDIUM LOW	STABLE IMPROVING	MEDIUM MEDIUM
Deliveries must not arrive at the DC **more than 30 minutes after** their timeslot.	MEDIUM NA	WORSENING NA	HIGH NA

- 75 minutes | - 60 minutes | - 45 minutes | - 30 minutes | - 15 minutes | Timeslot | + 15 minutes | + 30 minutes | + 45 minutes | + 60 minutes

Vehicles may arrive at the DC up to 60 minutes prior to the timeslot or… …up to 30 minutes after the timeslot

Too Early | "On Time" Window | Too Late

Sustaining Australia

Resources

Common Delivery Guidelines for Industry

The Common Delivery Guidelines for Industry have been produced by representatives of Woolworths, Coles, Metcash and the Supplier community, with the goal of aligning non-competitive requirements for deliveries across the 3 Retailers wherever practical, in an effort to reduce complexities and inefficiencies for suppliers, and in turn facilitate better quality, easy to receipt loads into Retailer DCs for mutual benefit.

The Guidelines reflect all key areas of commonality and alignment across the retailers with respect to inbound deliveries of product from their suppliers. It is intended to codify, clarify and align areas where there has historically been divergence and fragmentation, thereby providing a solid basis upon which suppliers can prepare product for delivery into these major retailers - mitigating the risk of rejection or need to rework loads, pallets or trade units.

They focus specifically on delivery requirements that are common requirements regarding Trade Units, Logistics Units/Pallets, Advance Shipping Notifications (ASNs) and DOT windows. With easy-to-understand language and diagrams to support implementation, this is an invaluable tool for your supply chain.

Common Despatch Toolkit

The Common Despatch Toolkit comprises a suite of simple to understand and use tools:

Pallet Despatch Checklist Poster:

The poster is intended to be displayed in despatching DC as a visual reference, highlighting issues that can easily be visually checked prior to despatch. It is a quick reference and reinforcement tool to assist despatch staff. It articulates key requirements associated with pallet quality, utilisation and wrapping, carton integrity, and SSCC labelling. The poster can be printed in any size from A4 up to A1 (84 x 95 cm) in house or at a printers.

One Page Reference Guide:

The One Page Guide is intended as a simple reference guide to support despatch staff in understanding the most basic requirements associated with pallet quality, utilisation and wrapping, carton integrity and SSCC labelling. It could be used in induction or revision guidance and contains more detail than the CDC poster.

Pre-Despatch Checklist Tool:

The tick-box pre-despatch checklist is an operational document which despatch staff at supplier or 3PL DCs can use prior to despatching goods to a retailer DC. It is simple and reminds staff of the basic checks prior to despatch. It can be useful to implement if problems have been occurring and the retailer and supplier wish to place extra emphasis on getting the basics right.

Access the Guidelines and the Toolkit at:

https://www.afgc.org.au/industry-resources/trading-partner-forum-resources/the-perfect-delivery-program

Sustaining Australia

Australian Food & Grocery Council

Unit 5G, 65 Canberra Avenue

GRIFFITH ACT 2603

+61 2 6273 1466

afgc@afgc.org.au

www.afgc.org.au

AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

Sustaining Australia