

# REFRIGERATED WAREHOUSING



## UNILEVER ENHANCES ICE CREAM DISTRIBUTION BY LOCATING A NEW WAREHOUSE NEXT TO MANUFACTURING IN MEXICO

With nearly one-third of the market, Unilever is the leading ice-cream maker in Mexico. To remain the market leader, Unilever was looking for new ways to reduce distribution costs. The company decided it could save both time and money by locating a new warehouse next door to manufacturing.

Code-naming this project YETI, Unilever anticipated eliminating a significant portion of transportation and material-handling costs in the existing distribution network of finished goods. The key was finding the right partner to make the model work. Unilever chose DHL Supply Chain (DSC), which – although new to the refrigerated warehouse market – was vastly experienced in operations and warehousing design.

### CUSTOMER CHALLENGE

The ice-cream market demands both competitive prices and an agile supply chain to respond rapidly to seasonal demand. To transform YETI from a concept into fact, Unilever needed its partner to validate the concept, savings and efficiencies that support the business case. Furthermore, the partner had to assume responsibility for managing the overall project, from design and construction to continuing operations.

Unilever expected the plant to continue normal operations during construction, with inbound materials and outbound flow of finished products. The new warehouse would handle 60% of the on-going demand for ice cream, popsicles and other frozen foods. And, it will be able to handle the excess demand during peak seasons, to distribute to all Unilever customers, agencies, distributions centers in Mexico. These were located not only throughout metropolitan Mexico City, but in central, southern and southeastern areas of the country as well.

#### Customer Challenge

- Maintain industry leadership in ice cream and frozen treats
- Reduce product handling and transportation costs
- Minimize manufacturing and customer disruptions during transition

#### DHL Supply Chain Solution

- Single point of contact for warehouse design, construction and continuing operations
- Seamless integration between warehouse functionality and construction design
- High-volume material handling
- Industry-first refrigeration system based on R507 Gas
- State-of-the-art DLX Radio Frequency capability

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## DHL SUPPLY CHAIN SOLUTION

“This was a great opportunity to work as a partner with Unilever on a project of this magnitude and expand our services beyond traditional 3PL roles to become a single point of contact for end-to-end project management” said Daniel Pardo, Vice President for DHL Supply Chain in Mexico.

DSC’s strategy was to assemble a nimble and experienced team to work diligently to understand customer needs, design parameters, other partners needed and the ideal flow of continuous operations. YETI involved three stages: design, construction and operations.

- Design called for a distribution center of 3,600 square meters. The equivalent of 18 tennis courts, allowing continuous reception services at the production plant. In the quest to optimize the plant, it was decided to build a self-supporting warehouse for the purpose of obtaining the highest number of pallets on six levels with double-deep racks, in addition to seven docking areas for shipping and receiving
- With DSC assuming full responsibility for the project, it evaluated several vendors for the construction work and appointed an industry leader to collaborate on the design and construction. This combination of expertise resulted in an innovative, energy-saving refrigeration solution that optimized maintenance and reduced energy consumption
- This solution includes DLX with Radio frequency as a warehouse management system (WMS)

## CUSTOMER BENEFITS

The plant and operations continued as normal during construction and YETI was completed and ready for operations in record time (eight months), just before to the upturn in product demand in 2008.

This project delivered direct benefits to Unilever’s supply chain by improving case fill rate, increasing inventory accuracy and reducing product damages.

The distribution network was then simplified reducing the overall external product handling in half. DSC’s solution delivered the desired results for Unilever:

- Single point of contact for end-to-end project management
- YETI delivered on time
- Inventory accuracy of 99 percent
- Guaranteed product quality and extended shelf life

YETI set a new industry standard for an energy-saving refrigerated solution using non-ozone depleting R507 gas and also was the first use of DLX Radio Frequency in Mexico at subfreezing temperatures. Decreasing the handling of ice cream and popsicles and maintaining them at a steady low temperature translated into better quality and extended shelf life.

### Customer Benefits

- Reduced distribution costs
- Reduced product damages
- Increased product quality
- Increased energy-efficient refrigeration
- Increased inventory accuracy

“Efficient, cost-effective distribution is critical to a company’s ability to maintain market leadership, particularly with a perishable product subject to high seasonal demand. By optimizing warehouse design to support the adjacent plant, Unilever took time and money out of its finished goods distribution, ran production ahead of demand and achieved greater control over product promotions.”

Mauricio Mejia,  
Senior Director Customer Development  
for DHL Supply Chain in Mexico

### For further information

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