



Americans Study European Horticultural Logistics

When it comes to “thinking big”, Europeans often look to American solutions. But when it comes to building a holistic and cost-efficient supply chain solution based on the bigger picture, the Americans have a lot to learn from us. This is why Container Centralen (one of Europe's leading suppliers of logistics systems), invited a group of their largest customers from the US on a two days visit to Denmark and Holland this autumn. Sonny Costin, US President at Container Centralen: “We wanted our customers to share the vision of what might be possible for the US green sector supply chain as our business in the US continues to expand”.

Automation and Consistent Quality

The tour group visited two growers: PKM (Denmark) and Bunnings (Holland), and at both locations the participants were impressed by the fact, that Europe has a much better quality of plants – both when it comes to the strength, health and look of the plants and when evaluating the consistency in standards and quality of the plants. This is due to the fact that the European plants are produced in large greenhouses, which is a bit more expensive, but ensures a better quality.

The group was also amazed by the high level of automation at both locations – which is uncommon in the US, due to lower wages.

Optimizing Logistics at Alex Andersen

In Denmark, the group also visited Alex Andersen – one of the most successful transport companies in Scandinavia with more than 200 trucks. Alex Andersen collects the suppliers' products at the production plants and then stores them at a central depot. From the Alex Andersen depot, the products are delivered directly to retailers. All products are delivered on CC Containers, and the suppliers are always informed about costs in advance, as the price structure builds on a simple system where customers pay a daily fee per container, per delivery zone. Alex Andersen has a large department dedicated to keep track of each supplier's CC Containers.

A more Cost-Efficient Product Flow

The Alex Andersen model was eye-opening for the American tour group. In the US, the suppliers use direct sales. This means that large suppliers buy plants from small growers and distribute them directly to stores. Each grower then owns and operates own truck fleets - sometimes over a hundred - which are then transported back and forth.

In Europe, the green sector supply chain is more complex with more operators, such as Alex Andersen. Suppliers deliver products to transport companies, and the products are then taken to wholesale before being distributed to the stores. However, the European logistic structure has proven much more cost-efficient. An important reason for this is that the European suppliers use rented, returnable transport items, such as the CC Containers.

With the open CC Pool System, transport items can be exchanged between suppliers across national borders. Transport items can be picked up and handed in at a depot in one country, and a corresponding quantity of empty transport items can be picked up in another country. This means that there is no need for returning empty transport items all the way back to the “starting point”. In the peak season, additional transport items can be hired on a day-to-day or short-term basis – and be made available where they are most needed.

Using own transport equipment – as done in America - is less flexible for suppliers, and in peak seasons it can be problematic to get enough products delivered. And it's expensive to invest in buying a great number of transport items purely to meet high demands in peak seasons.

GASA and Aalsmeer Flower Auctions

The American tour group also visited GASA in Odense Denmark and the Aalsmeer Flower Auction just outside Amsterdam. This is the world's biggest flower auction, with 3,000 part owners and more than 1,800 employees. Aalsmeer Flower Auction is working with more than 5,300 suppliers every day and distributes to around 600 stores. The flower auction was a fascinating experience to the visitors, as the American suppliers only negotiate prices once a year, and are tied to their hands and knees when doing this.



"In the US, we only negotiate prices once a year and the buyers haven't seen the product at this point. This means that we in general get a lower price for our product." **Dave Iverson, McCorkles**

The Aalsmeer Flower Auction also stands out as a great example of how to allow growers different options for where to sell their products. It also showed how both suppliers and retailers can benefit from joint ventures between many parties, improving price for the suppliers – and ensuring a consistent and high quality of plants due to market demands.

Three Successful Business Models

When visiting Bøg Madsen in Holland the group learned about a most powerful business model. Bøg Madsen specializes in re-packaging of plants and goods on CC Containers at their own sites, prior to co-partners distributing the goods. The company uses the latest technology in order to create the best logistic solutions, and do individual concept solutions for the fragmented European retail market. At OZ Planten, the group experienced how one exporter can create orders for many small retail customers – even half-shelf orders, which we never see in the US. Finally, a visit to the Intratuin distribution centre and retail store closed the loop on the green sector supply chain in Europe.



Sonny Costin, President at Container Centralen: "Suppliers from the US hesitate to use rented transport equipment and to join a pool system – even though it could cut their logistic costs considerably. However, it would mean a great change in the way they do things today, as the logistic structure in America is very different from the European".

About Container Centralen

Container Centralen a/s is one of Europe's leading suppliers of logistics systems. They primarily address players in the European flower and plant industry, as well as food companies, wholesalers, and supermarkets. The mission of Container Centralen is to make what are often complex logistical operations as simple as possible for the customers to handle on an everyday basis.

In addition to Returnable Transport Items (RTIs) like CC Containers (flower and pot plant trolleys), roll cages, returnable crates, and roller pallets, Container Centralen offers a number of services customised to optimise the customers' supply chains, such as CC Pool System, CC Balance Service, and CC Transfer Service.

Today, Container Centralen a/s employs approximately 110 people at offices in many places around Europe and in the US. Container Centralen has over 22,000 customers and about 80,000 users in more than 40 countries. In 2006, Container Centralen had a turnover of EUR 53.5 million.