Fresh delivery through disruption

Sprouts Farmers Market leverages Infios TM and multimodal optimization to strengthen agility and quickly adapt to supply chain disruption.

Snapshot

Company
Sprouts Farmers Market

Industry
Grocery retail

Facilities
347 stores and 5 distribution centers in 23 states

Solution(s)
Infios Transportation Management (TM)
Infios Multimodal Optimization

Facing unprecedented challenges head-on
While the grocery business is no stranger to disruption and unique shipping requirements, by mid-March 2020 Sprouts knew there were major changes happening in the industry. As the U.S. began shutting down state by state, Sprouts almost immediately saw a surge in very large orders overnight and knew they were facing unprecedented challenges.

"We're known for fresh organic offerings—especially our produce—so with all the changes that were happening we didn't have a lot of time to figure it out," said Dan Zisler, transportation manager at Sprouts.

The company saw changes in consumer buying patterns almost immediately. Demand would spike right after a stay-at-home order was announced, and then drop when the order went into effect. Additionally, the patterns of when customers were shopping changed. During normal buying patterns, Sprouts would typically see heavy traffic on the weekends as customers stocked up for the busy school and work week ahead, but that activity quickly dropped off. Buying became much more spread out throughout the week, while shoppers were also coming less often. The shift to less-frequent visits was coupled with larger basket size as customers bought more on each visit.

Frequency, timing, and volume were all in flux, but so was demand for specific items. First there was a surge of interest in produce with a longer shelf life such as apples, potatoes, and onions. Then, as people became increasingly fearful about how the virus was contracted, demand became higher for packaged items that other consumers couldn't touch in the store. Specific demand was even fueled by rumors about potential "cures," as first ginger and then citrus flew off the shelves.

A multitude of buying habits were rapidly changing from historical patterns, and these changes were occurring while overall demand was well up. But there was still another variable to consider—location. With stores across 23 states, Sprouts was also feeling shifts in demand from one region to the next.

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SPROUTS
FARMERS MARKET

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>
> **Dan Zisler**
> Transportation Manager

"Optimization helped us in many ways"

To address the shifting demand across regions, Sprouts was able to use optimization within the TMS to change shipping points for some stores and provide relief for one overtaxed distribution center by shifting to another with more capacity. In addition to changing shipping points, the business was also using optimization to change store order schedules. Stores no longer had delivery curfews or noise ordinances to plan around, so they had the flexibility to change delivery windows as needed.

"Optimization helped us build efficient loads with parameters that were changing frequently," said Zisler. "When truck capacity became tight, running multiple optimization scenarios would help us determine what was needed to get all the orders delivered.

"We could loosen some of the parameters, for instance store delivery windows. Instead of getting everything in by noon, we could run a scenario that said, what if we extended that window to 1 pm? That would lower the number of loads that we needed but better utilize our drivers. Optimization helped us in many ways."

Future proofing your supply chain

Multimodal optimization is about more than finding the best route—in situations like this it becomes a mission-critical execution strategy. It is designed to meet the challenge of reducing variability in the most cost-effective way. And, while the COVID-19 crisis is perhaps the single largest supply chain disruption seen in decades, it's not the only disruption that businesses have faced—and it won't be the last. Any type of disruption—weather, trade wars, labor strikes, product recalls—can lead to uncertainty, and more importantly risk.

These disruptions will inevitably impact available trade lanes, capacity, and freight rates. Without an optimization tool, you will see higher freight rates across the spectrum. As available trade lanes shift, additional delays in shipping time will occur. Even if trade lanes remain unaffected, such adverse events may lead to a shortage of drivers.

Multimodal optimization enables companies to proactively prepare for disruptions. Disruptions can cause a number of uncertainties, including shrinking shipment sizes, changing product mixes, the need to control inbound costs, the need to inject parcel shipments into regions, and many others. Because multimodal optimization is Knowledge-driven, data derived, and low cost to service, it provides a level of automation that maximizes the efficiencies of any organization—no matter the size. This automation not only helps your business today but enables quick adaption to any disruption, ultimately reducing risk.

ABOUT INFIOS

Infios is a global leader in supply chain execution, relentlessly making supply chains better, every single day. With a portfolio of modular solutions, we empower businesses of all sizes to simplify operations, optimize efficiency and drive measurable impact.

Serving more than 5,000 customers across 70 countries, Infios delivers innovative technologies that evolve with changing business needs. Our expertise and purposeful innovation help businesses turn their supply chains into a competitive advantage. We build resilience and shape a more sustainable future.

Infios is a joint venture between international technology provider Körber and global investment firm KKR.

Ready for a supply chain that works relentlessly for you?

Connect with Infios to start your journey—no matter your industry, size or complexity, we're built to scale with you.

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