



GROCERY GATEWAY

by
Longo's

Presented by Integrity Logistics

Risto Rushford, Pavel Akinshin, Rigo Mejia-Hernandez,
Scott Becker & Jamie Lisher

About the Company

- ▶ Established in 1997
- ▶ Services the Greater Toronto Area (GTA)
- ▶ 6,500 items for their 125,000 registered customers
- ▶ Purchases products from local vendors and farmers
- ▶ Charges \$60 minimum with an \$8 delivery fee

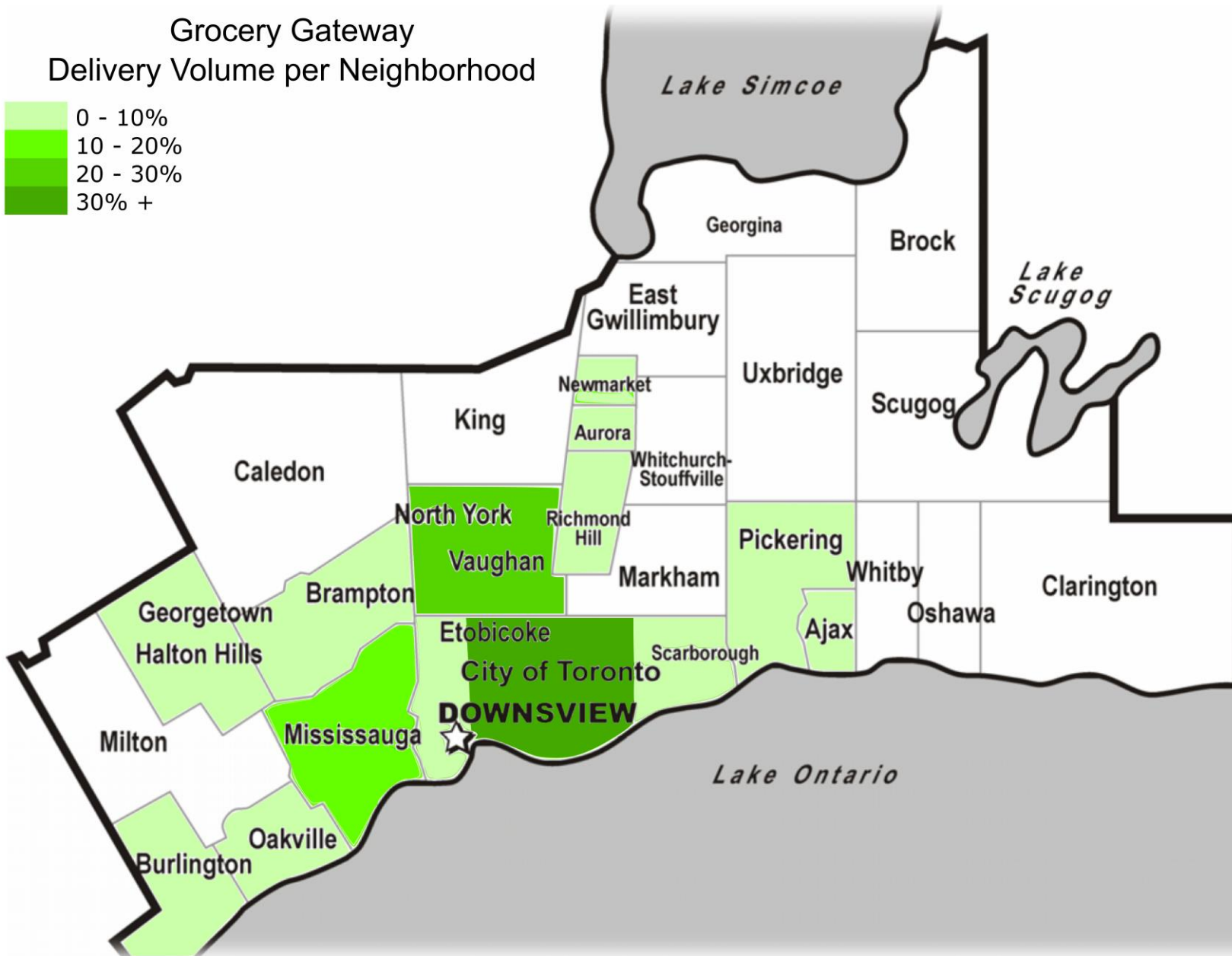
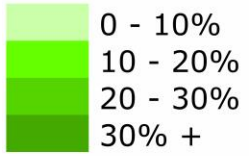
Problem Statement

- ▶ In 7 days, there is a meeting with the CEO and Chief Operating officer where recommendations must be made to improve SPHOA from 2.7 to 4 and reduce the delivery window from 30-45 minutes to 30 minutes.

Assumptions

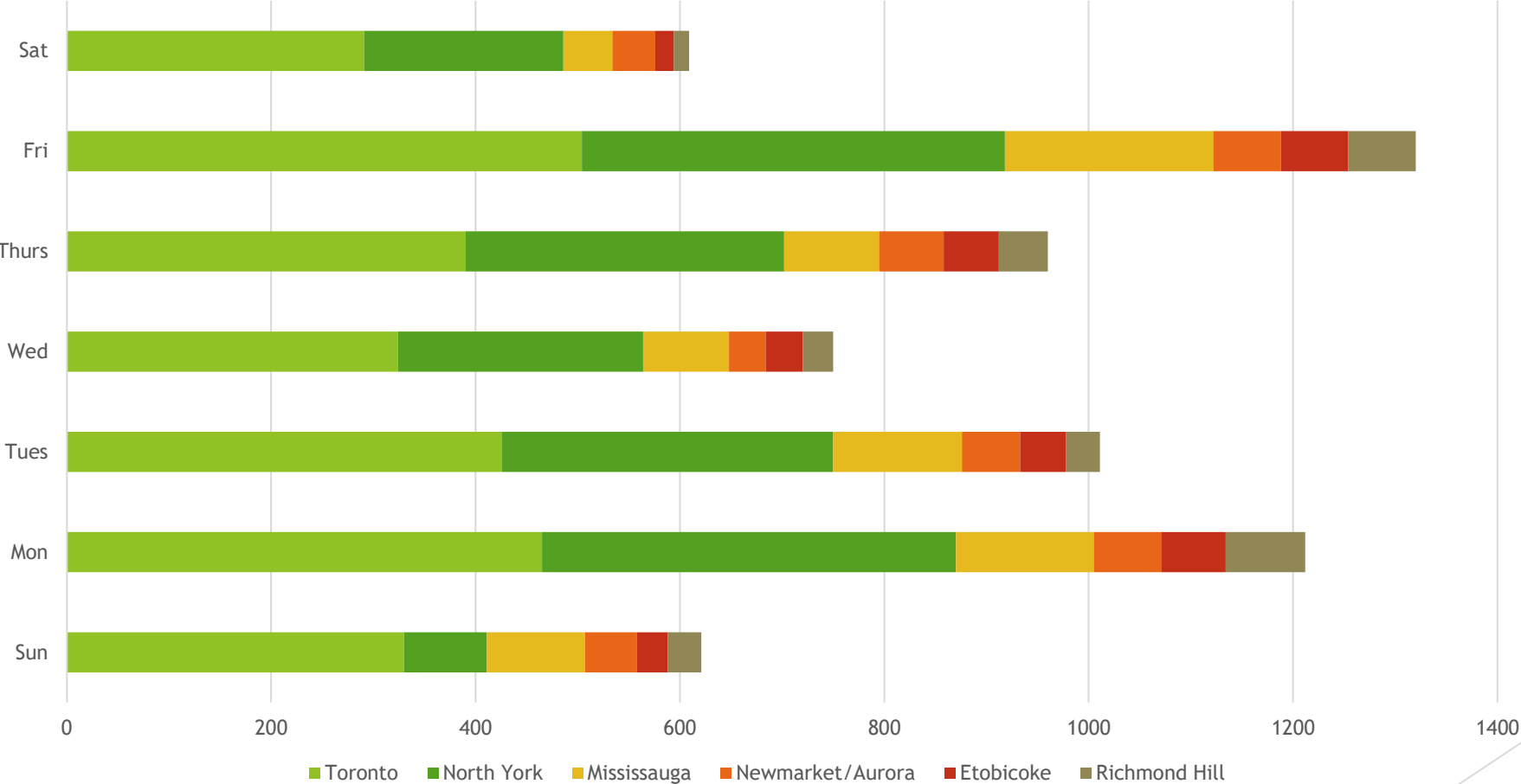
- ▶ 2.7 SPHOA is the average for all areas
- ▶ Grocery Gateway delivery trucks are 8 hour shifts
- ▶ Grocery Gateway only services to the “Coverage Areas”

Grocery Gateway Delivery Volume per Neighborhood

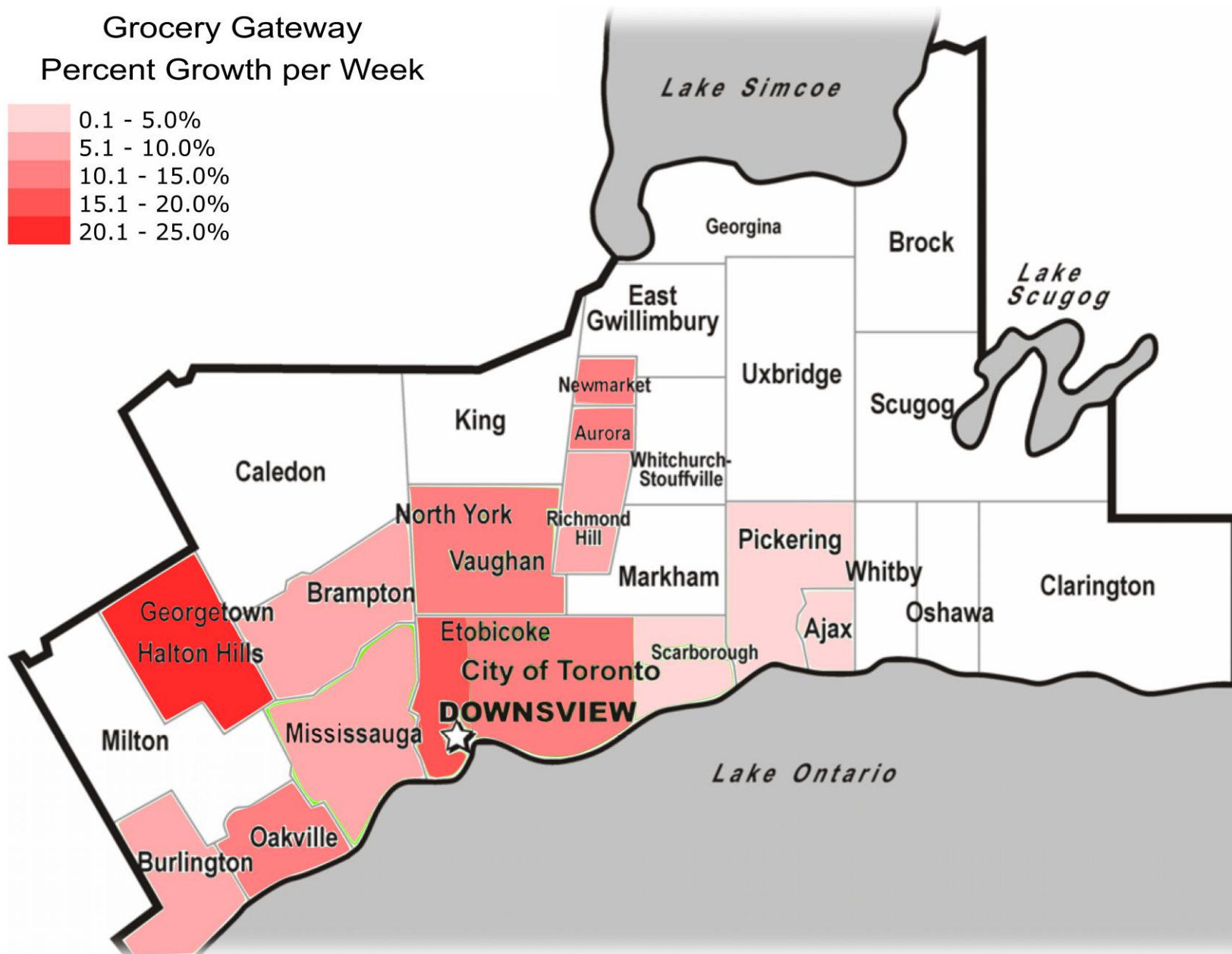
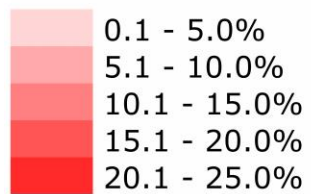


Data Analysis - Average Sales Per Day

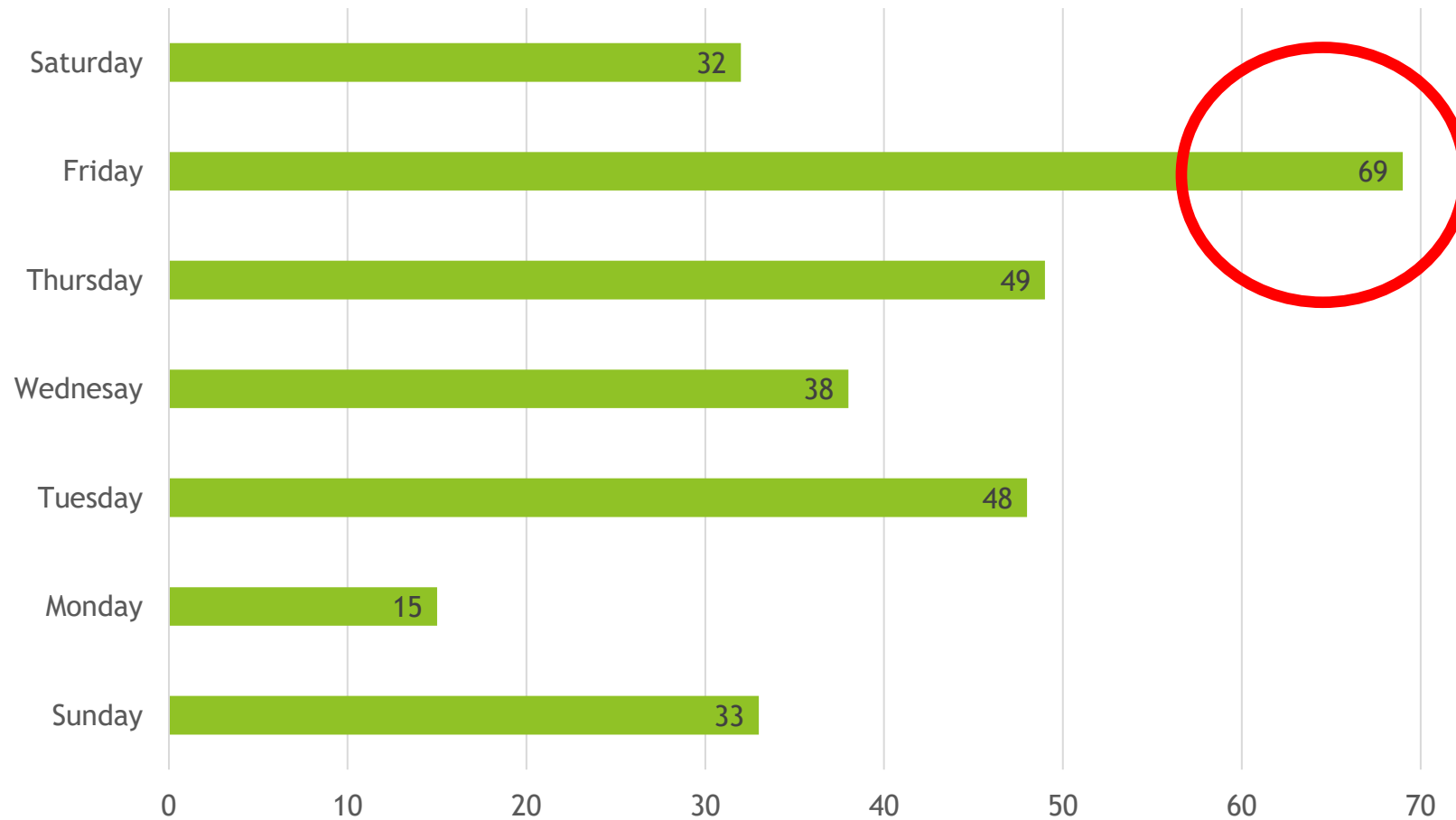
Top 6 Highest Volume Delivery Areas



Grocery Gateway Percent Growth per Week



Data Analysis - Daily Active Trucks



Option 1 - Purchase Additional Fleet

- ▶ Pros

- ▶ Satisfy truck deficit for Friday deliveries
- ▶ Keep up with 9.4% overall delivery growth

- ▶ Cons

- ▶ Approximately \$50K per additional truck
- ▶ Additional fixed and variable costs
- ▶ Excess trucks on low peak days

Option 2 - RIMMS Expansion

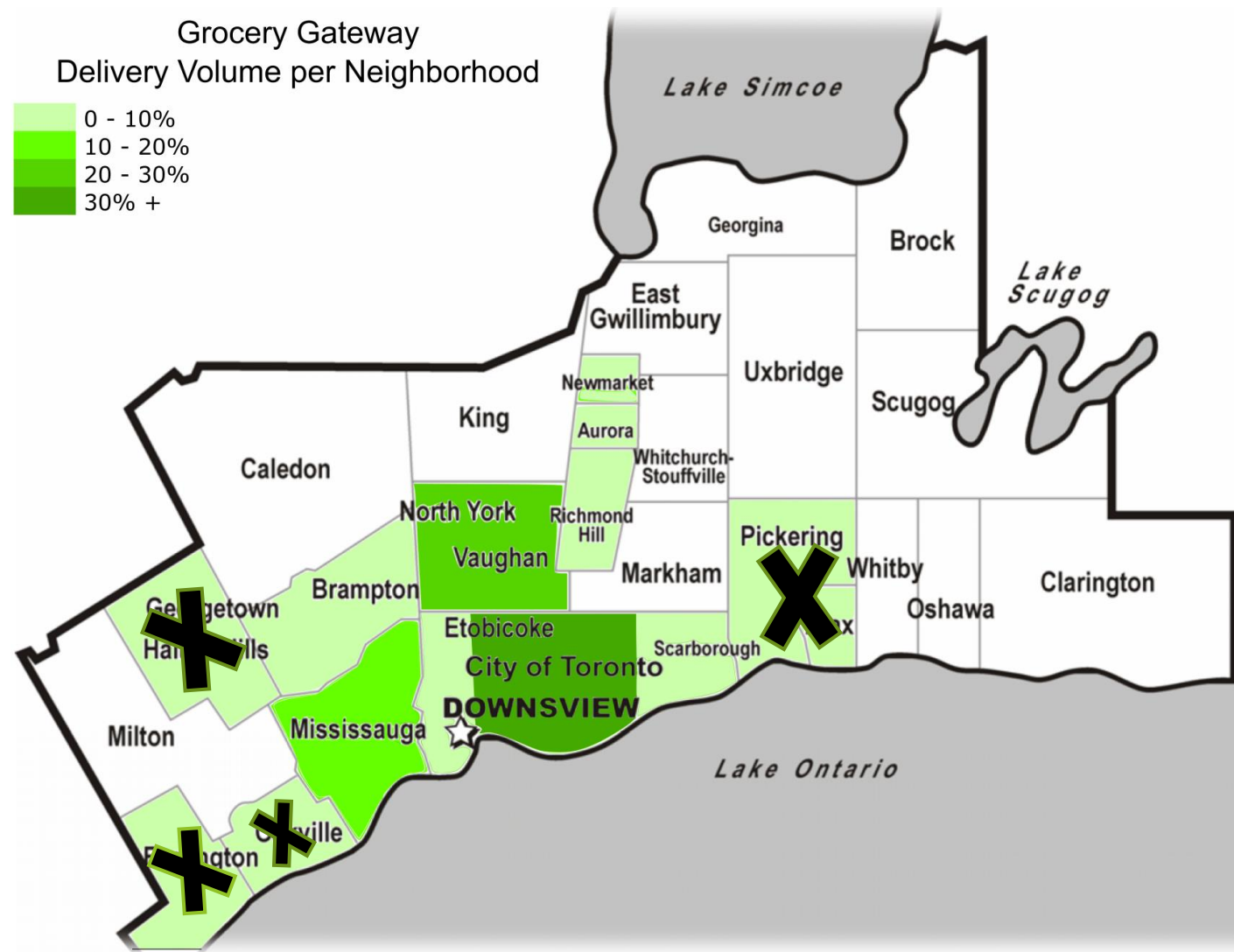
► Pros:

- Routes are continually optimized for maximum efficiency
- Intensive I.T. support is no longer required to help manage delivery operations
- Access to historical data ensures that budget is accurate and operations are optimized
- Grocery Gateway is more proactive in servicing customer needs

► Cons:

- Cost of implementation is \$250,000, pre-negotiated rate.
- Training employees to efficiently utilize new upgrade

Recommendation 3 - Decrease Delivery Radius



- ~~Burlington~~
- ~~Oakville~~
- ~~Georgetown~~
- ~~Pickering/Ajax~~

Recommendation 3 - Decrease Delivery Radius (Continued)

► Pros:

- Capacity buffer will be created
- High peak orders will roll over to Instacart
- Decrease delivery miles driven by 39.6%
- Delivery will be possible outside of the radius via Instacart

► Cons:

- Not ideal to cut Georgetown
- Straying from overall strategy of the company
- Acquiring additional risk
- Losing transparency



Option 4 - Rewards Program

- ▶ Incentivize rewards points
 - ▶ Online payment
 - ▶ Delivery flexibility

Outside Company Perspectives - Amazon

- ▶ Online retailer
- ▶ Prime Membership with annual fee
- ▶ 2-day shipping = high peak delivery times
- ▶ No-rush delivery perks (5-7 business days)
- ▶ In-store credit for pantry, eBooks and movies

Outside Company Perspectives - Instacart

- ▶ App-based framework for online grocery shopping
- ▶ Hires Contractors to deliver orders to customers
- ▶ Utilizes real-time data analysis/shopper behavior to forecast
- ▶ Increase delivery fee during peak hours to smooth out demand

Recommendations

- ▶ Expand RIMMS System
- ▶ Implement Rewards Program

Implementation

- ▶ Short-term
 - ▶ Negotiate lower rate for RIMMS software
 - ▶ Cross-functional meetings with marketing team

Thank You

