

A report presenting best practise
"Regional cooperation and market structure"
Datum: 2017-06-12



A regional hub system for better logistics - an example of a collaborative logistics solution in West Sweden

All companies must reach their customers, both in order to sell their products and then deliver them. A major challenge for many small-scale food producers in rural areas are transport and logistic issues. The regional food agency Locally Produced in West Sweden, has initiated a process with the purpose to create a model and an existing network of hubs throughout the region Västra Götaland for affective coordination of transport of products from small food producers to customers throughout the region. The work started a few years ago and has been developed further by the REFRAME project.

How does the hub system work?

The idea of the transport solution is to create a number of hubs (access points) around the entire region. These producers can make their goods available every Wednesday for distribution to customers on Thursday. Customers receive delivery at the same time regardless of the hub producer they left their goods to.

A food hub is a place where one of the network producers permits to store their products at specified times. The products are then picked up by a carrier where they are then relocated and delivered to customers. A customer can order goods from different manufacturers at any hub in the system and get all the items shipped together at once. The manufacturers who deliver via the hub share the transportation costs evenly. The system is very simple in its design and uses existing carriers that can pick up and deliver goods throughout the region. The producers have low transport costs, because several manufacturers also deliver on the same day.

Västra Götaland will need 15 hubs to cover the entire region. Today we have eight hubs.

Challenges

The hub-system is very well received and appreciated by the customers. But it is still a challenge to get producers to fully view the economic and efficient benefits of the system. The small local producers are used to driving their goods themselves. That habit is difficult to break because they do not value their time in money, and diesel to the car is often found on the farm. They also think it's good to meet customers physically. The project tries to make them understand that they should be at home and produce more goods or get some more free time, two things they often complain about not having. They also think it's difficult not to know how much shipping costs when they ship via the hubs because it always depends on how many others send at the same time.

Next steps

In order for the Hub-system to survive, it needs further development with the focus on expanding and creating more hubs as well as getting more producers to use the system. The initial test system built up shows that the idea works and that it is properly thought out, but also that there are several obstacles to the system functioning to its full potential.

Other challenges for getting a self-sustaining system to work is to get the hubs to be profitable and to work more independently, to encourage more producers to make use of hubs, getting good and cheap contracts with carriers in the region and to offer transport solutions also to other parts of the country, mainly to Stockholm.

The work forward will focus on spreading more information about the system, creating more hubs, and getting more producers to collaborate on sales associated with the hubs.

Do you want to learn more?

Please contact

Evelina Svaninger

Lokalproducerat i Väst AB

E-mail: evelina@lpiv.se