

Consolidate and Save

Case Study



Company: JW Suckling Transport Ltd
Location: Essex
Fleet: 90 Tanker Vehicles

1 What is a Groupage Operation?

A groupage operation is the distribution of different products for a number of customers within a similar geographical region using a single vehicle. It optimises vehicle utilisation and makes the best use of resources through effective planning and grouping of part loads. Successful groupage operations require:

- ➔ A flexible pricing system that takes into account quantities, number of deliveries, urgency of delivery and any restrictions on delivery time/access
- ➔ Intensive management of the service offered, to accommodate multiple delivery orders from a greater number of customers
- ➔ Detailed scheduling and routing systems to ensure that customer loads are grouped correctly and the most effective route is taken for multiple drops

1.1 The Benefits of Groupage

- ➔ Improved efficiency due to load consolidation (higher vehicle and driver utilisation)
- ➔ Cost savings from reduced fuel use and operating costs
- ➔ Environmental benefits (reduced CO₂ emissions and road congestion)
- ➔ Increased flexibility (customers can order only the quantities they need)
- ➔ Potential access to a wider customer base



2 Case Study Example

"Tankshare is timely, flexible and offers more competitive rates."

Gulf Retail

JW Suckling Transport Ltd is an independent haulage contractor that specialises in the provision of petroleum tanker haulage services. It operates a modern fleet of 90 tanker vehicles in the UK from its head office in West Thurrock, Essex.

In 2000, JW Suckling set up Tankshare, a pioneering resource sharing scheme that provides a third-party groupage service for UK fuel distribution. The scheme aims to make efficient use of vehicle capacity by carrying petroleum products for several customers in different compartments of the same tanker. Tankshare has helped JW Suckling to increase its geographical coverage and customer base. The scheme has helped increase annual turnover from £2 million in 2000 to £7.5 million in 2004.

The operational benefits of the Tankshare scheme are best shown by comparing an actual groupage delivery with an alternative method. In this example, there are two collection points (X and Y on the maps overleaf) and three customer delivery sites (A, B and C on the maps). Each customer requires the following quantities:

- ➔ Customer A - Willingham - 4,000 litres, loaded at Coryton (Y)
- ➔ Customer B - Newmarket - 2,200 litres, loaded at Coryton (Y)
- ➔ Customer C - Kensington - 11,500 litres, loaded at Purfleet (X)

2.1 Comparing Two Different Delivery Methods



Map 1 Groupage Delivery

A groupage delivery involving a single articulated tanker with a capacity of 28,000 litres, travelling to both collection points and then in turn, to each of the customer sites.



Map 2 Single Loads

Single deliveries involving three separate vehicles to each of the customers. Two rigid tankers, each with a capacity of 12,000 litres, and one articulated tanker, with a capacity of 28,000 litres.

▲ PUFFLEET	11,500 litres loaded
▲ CORYTON	6,200 litres loaded
● WILLINGHAM	4,000 litres delivered
● NEWMARKET	2,200 litres delivered
● KENSINGTON	11,500 litres delivered

- ➔ Groupage delivery reduced distance travelled by 151 miles, saving £177 in operating costs (assuming an operating cost of £1.17 per mile)
- ➔ Groupage delivery reduced fuel costs by £55 (assuming a fuel cost of 70 pence per litre excluding VAT)
- ➔ Maximum vehicle utilisation for groupage delivery was 63% compared with 33%, 18% and 41% for each of the single deliveries

Table 1 Operational efficiency improvement for JW Suckling

	Groupage delivery (map 1)	Single deliveries (map 2)	Operational improvement (difference)
Total fuel used (litres)	130.8	209.7	-78.9
Total distance travelled (miles)	219	370	-151
Total CO ₂ produced (kg)	351	563	-212
Total vehicle and driver hours	7 hours 48 min	11 hours 55 min	-4 hours 7 min
Number of drivers used	1	3	-2
Average of total journey run empty (%)	14	51	-37
Average vehicle utilisation per mile (%)	43	15	28
CO ₂ produced per litre delivered (grams)	19.8	31.8	-12

3 Conclusion

Tankshare has been a great success for JW Suckling, improving operational efficiency and reducing environmental impact. The benefits derived from a groupage service could be applicable to a wide variety of other road freight operations.

Would your own operation benefit?

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