



Dedication at every turn.

CASE STUDY

Penske Logistics: Enabling Expansion for Health, Cosmetics and Pharmaceutical Products

Engineering distribution network strategies to achieve growth

Scenario

This Latin American market leader uses a system of direct sales for cosmetics, toiletries and perfumes. Its supply chain is one of the most strategic assets as it supports a network of 1.4 million door-to-door sales consultants.

With more than 17 million products sold in 2011, the cosmetics company has been growing rapidly, especially within the last five years, when it doubled in size. Its logistical challenges have increased as well, requiring a standard of excellence for the entire supply chain, including separation, picking, packing, invoicing and shipping of sold goods.

In this scenario, and with ambitious goals for its expansion over the coming years, the company turned to Penske Logistics to develop a new and specific logistics project to meet its increased demand in two strategic areas: the states of Parana and Santa Catarina. The company needed to build a new Distribution Center and support throughout its entire supply chain, including warehouse management, hiring and management of specialized labor, as well as on-time delivery of placed orders.

Customer's Challenges

- Support and adapt its structure to increased sales
- Building a new regional distribution center
- Modernizing logistical operations and network design based on the new warehouse
- Improve the distribution and availability of products to end users
- Reduce the environmental impact of its operations
- Broaden its geographic area of operation
- Consolidate the company name in the southern part of Brazil

Penske Logistics Solutions - Cosmetics

- Supervise the construction of the new regional warehouse
- Recruit and manage specialized professionals
- Organize the receipt, storage and shipment of goods
- Operate an innovative product separation system (picking-by-light)

- Perform logistics operations using the in-house system (inside the customer's warehouse)
- Invest in research and studies related to the pharmaceutical industry
- Prospecting for new partners and suppliers to reduce customer costs
- Classify the order of entry and exit of products according to their expiration date
- Stock maintenance and control
- Goods shipping management and reverse logistics

Results Delivered

The relationship with Penske Logistics has resulted in the creation of one of the most modern distribution centers and supply chains within the cosmetics industry in Brazil. Today it features a storage capacity of 4,000 pallet positions and daily shipment of 12,000 volumes (330,000 units) including over 1,500 items of the company's portfolio.

A significant decrease in delivery time further highlights the success of the collaboration with Penske Logistics. Previously, the average delivery time was three to five days in the capital of Parana and its metropolitan area. Penske Logistics has decreased this shipping time to one day in those regions. The project also introduced express delivery allowing some products to be delivered same day, depending on the time they were ordered and stock availability.

Finally, the collaboration between Penske Logistics and this cosmetics leader has also produced positive results in terms of improving environmental sustainability. Because of a new transportation, sorting and packing management system implemented by Penske for its customer, which uses light delivery vehicles, the emission of Carbon Dioxide (CO2) and other polluting gases have been greatly reduced.

For more information on Penske Logistics solutions, visit penskelogistics.com/solutions