

Customer Story



Peapod®

Peapod Digital Labs **home delivery** strategy pays off for its **customers** and its bottom line

Peapod Digital Labs, one of the nation's largest grocery retail groups and the e-commerce engine of Ahold Delhaize USA, wanted to optimize delivery results in a single platform and upgrade its solution.

The company worked with ORTEC to create a new cloud-native solution called ORTEC for Home Delivery to improve planning, dispatch, yield management, and more.

The challenge

As online grocery shopping has increased dramatically the last few years, so have customer expectations and buying habits, with many expecting a quick, reliable delivery service. Peapod Digital Labs (PDL), one of the nation's largest grocery retail groups and the e-commerce engine of Ahold Delhaize USA, recognized the need to address efficiency and customer loyalty/satisfaction.

With more than 85,000 delivery stops a day, PDL wanted to optimize delivery results in a single platform and upgrade its routing system. The company sought a cutting-edge solution to deliver optimal results on one platform and improve customer satisfaction.

How we create value

ORTEC's Home Delivery solution provides world-class dispatch & execution, daily optimization, appointment scheduling, yield management, cost to serve and planned vs. realized analytics.

85,000
delivery stops a day

Benefits

- Realized 200%+ of the anticipated savings
- Increased orders per hour and decreased miles per order which creates less carbon emissions
- Improved customer service due to faster delivery execution and on-time deliveries
- Boosted driver satisfaction with better routes
- Optimized the routes to deliver groceries to their customers
- Monitoring and acting upon any disruptions while the trucks are out for delivery

PDL

Industries

- E-Commerce
- Grocery Delivery

Business Areas

- Routing & Loading
- Planning & Forecasting
- Asset Management



A cutting-edge solution to conquer an evolving delivery scenario

The pandemic changed how its customers shop for groceries. Peapod Digital Labs (PDL) transformed how those orders are fulfilled and delivered.

In March 2020 when the first lockdowns began in the U.S., there began an upward digital shift in how Americans were shopping with grocery seeing the biggest bump. U.S. consumers were spending more time and money with their grocery shopping online than in the supermarket. In fact, roughly 20 percent of all grocery shopping was digital during the height of the pandemic.

PDL, one of the nation's largest grocery retail groups and the e-commerce engine of Ahold Delhaize USA, not only recognized this trend but had to adjust how they routed their 85,000 delivery stops a day. That's because as online grocery store sales soared, so has the demand for next-day and sameday delivery.

The company's routing, yield management and time-slotting technology needed a facelift to keep up with the new changes in demand. With 950 trucks that drive approximately 415,00 miles weekly to 29 fulfillment centers, it adds up to a lot of routes and deliveries. PDL sought a cutting-edge, cloud-based solution to provide optimal results in one platform.

For an online delivery service that operates Stop & Shop, Food Lion, Giant-Landover and other supermarkets, and delivers from that company's stores, it was a big yet necessary task.

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We really needed a solution that could not only meet our needs for today, but a partner to grow with as the U.S. consumer continues to adapt in these challenging times,” said ADUSASC's Director of Last Mile Services Paul Kapellas.

“ Our ultimate goal is to be able to offer our customers an option to have their groceries in whichever channel that they prefer – in store, pick-up or delivery. Our exhaustive search in the marketplace continued to lead us back to ORTEC and their capabilities that would allow us to both improve our current proposition and challenge us to do even more to meet our customer's needs and our goals.

New challenges need a new solution

PDL has been a pioneer company for advancement in the grocery ecommerce space during the past 30 years, including serving as the first grocer to launch digital coupons. In 2020 and 2021, the shift in customer demands and buying habits presented new challenges. Though this also gave PDL a unique opportunity to search for emerging technology to support how it delivers products.

The search for the right solution took an unusual turn when a PDL team member familiar with ORTEC from a prior project at Albert Heijn (the Dutch supermarket chain) reached out to Goos Kant, a managing partner at ORTEC and professor of Logistic Optimization at Tilburg University and JADS (and the team member's former teacher.)

Conversations focused on how ORTEC was using data-driven logistics to help supply chains improve routing and optimization, among other topics related to deliveries. While there was not yet a solution that fit all of PDL's needs, the expertise and tools were there to develop such technology.



Over several months, ORTEC's Product and Development group in the Netherlands worked with their U.S. colleagues to create technology to support PDL's goals of having a solution with world-class dispatch & execution, daily optimization, appointment scheduling, yield management, cost to serve and planned vs. realized analytics. The result was a new cloud native product for ORTEC for Home Delivery (OHD).

Building the foundation for success

For the solution to be successful, ORTEC broke down what needed to be accomplished into how to improve four key areas: 1) the bottom line, 2) customer loyalty/satisfaction, 3) employee happiness (e.g., drivers), and 4) environmental impact.

Through better routing, planning and execution of how groceries are delivered, all these categories could be addressed with OHD. The solution could also support PDL's main KPI: Number of orders per hour.

By the summer of 2021, the first grocery home delivery routes were made on time to PDL's customers. PDL could monitor and act upon any disruptions while the trucks were out for delivery (e.g., replace a truck if it breaks down, call customers if deliveries seem to be late, etc.). Early results showed promise with better orders per route KPI than even before.

Fast-forward to October 2021, and OHD was live at 27 locations. The uncertainty around developing a new product just a few months earlier was in the background thanks to a strong PDL-ORTEC relationship that focused on clear communication, progress and goals.

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We had high hopes of what ORTEC and OHD would be able to provide based on their proven track record with Albert Heijn,” Kapellas said. “The co-development, teamwork and collaboration exceeded our expectations, and this project quickly became the project that everyone wanted to be a part of.”



Delivering Great Results

Seven months after PDL completed its first grocery home delivery routes with OHD, the company earned back 200% of the anticipated savings, a savings on average of \$1 per order – double the amount originally expected to save per order.

The effectiveness of OHD was measured by KPIs such as orders per hour and miles per order. Both showed significant improvements.

“The results and KPIs that we were able to achieve provided significant savings that our brand partners realized,” Kapellas said.

Another benefit was that drivers went less miles for the same number of orders, which contributed to the environmental impact area.

For the drivers and planners, more efficient routes meant they saved time and felt more comfortable with ‘routes that make sense.’ It added up to a successful new solution with happier customers and employees.

Ahold Delhaize also uses ORTEC solutions for store delivery, home delivery, and workforce management in Europe.



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The partnership between PDL and ORTEC leadership has been fantastic throughout the project. We worked together seamlessly to bring as much value as possible to PDL and their customers, while also creating a great new product for ORTEC. It is truly incredible to be part of such a great team and initiative," said Herman Wierenga, COO, ORTEC, and PDL project owner.

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