



# L'Oreal Paris Consolidates Shipping

L'Oreal Paris, a \$1.3 billion consumer products division of L'Oreal U.S.A., has a huge shipping operation to manage. Its five primary product lines — cosmetics, skin care, hair color and fragrance — generate a daily average of 1,400 shipment orders for multiple line items and many quantities. Eighty percent to 90 percent of the orders come in overnight via electronic data interchange. And until last year, L'Oreal Paris was tracking this manually and shipping most orders via lesser truck load transports, or LTLs, which use more trucks and ship lower volumes per truck.

"LTL is one of the most expensive types of ground transport. Only small parcel shipping is more expensive," observes Mike Edenfield, chairman and CEO of Atlanta-based Logility, which provides companies with collaborative supply chain solutions to simplify their business processes, including transportation.

"Typically there is a different buyer for each L'Oreal product line, such as hair care or cosmetics, but, ultimately, the products are shipped to the same customer destination," explains Edenfield. "However, each customer buyer triggers a separate L'Oreal order, and the company found itself placing multiple LTL shipments to the same destination on the same day and spending lots of extra money in the process."

L'Oreal took action to re-engineer its order fulfillment process to reduce costs and improve customer service. It selected a comprehensive transportation planning and management system that was a part of Logility Voyager Solutions.

"Essentially, our solution helps our customers more effectively control their transportation business processes, including reducing costs and improving customer service," says Edenfield. "For L'Oreal, it also helped consolidate multiple smaller shipments to make one delivery, which dramatically reduced shipping costs and improved on-time delivery to the customer."

Indeed, L'Oreal Paris saved \$1.8 million during the first year it deployed Logility — a figure that trumped L'Oreal's expectation of a \$1.2 million savings — and they're on track to save \$2.2 million this year.

Moreover, Voyager Solutions created savings where L'Oreal didn't expect them — in carrier rates. L'Oreal Paris works with many carriers, all of whom offer different rates for specific lanes of service. Logility's system keeps a comprehensive database of carrier rates, so it can present customers with a list of low-cost carrier options.

In L'Oreal's case, that made for objective decision-making and comparison shopping. "Our solution tracks the rates and performance history of L'Oreal's carriers, so the company gets a real clear picture of the total business relationship and service levels and can renegotiate with trusted carriers for a lower rate or better service terms," Edenfield explains.

Now, L'Oreal has the ability to visualize the most time- and cost-efficient way to deliver the goods. "L'Oreal can see all of its customer orders, aggregate them based on destinations and delivery times and optimize those orders to reduce transportation costs," he says. And, they can cut down on shipping days, too. **BtoB**



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