Highlands and Islands of Scotland

Consolidation in Action

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Highlands, Islands and Argyll

- Geographically challenging for parcel delivery operators
- Low population density – 1.6% of the UK population
- High land mass – 22% of the UK by area
Operational Challenges

Low delivery volumes – 1% of UK domestic parcel volume

Many inhabited islands – 89 to deliver to, not always daily

High cost to serve, low drop density

Source: https://en.wikipedia.org/wiki/Highlands_and_Islands
Infrastructural Challenges

- Increasing B2C compounding the issues
- No gig-economy in place with self-employed drivers
- Single track roads, ferry crossings, no motorways
Costs – the biggest challenge to operators

• Low volume, low drop density
• High mileage/ferry costs
• Low collection volume
  • Unable to offset the delivery costs
• Unique set of circumstances in the UK Parcel Market
A different approach?

• Collaboration the only way to service the area cost effectively for all
  • everyone sharing the same neutral resource

• Independent branding
  • No preferential treatment
  • No brand clashes
  • Treating all carriers the same
Neutral Consolidation

• What is a neutral consolidator?
• Carriers sharing resource in the hardest to reach areas.
• Often this could be with dedicated companies servicing specific Islands, or larger operators covering large expanses of the Highlands and Argyll.
Neutral Consolidation

- Route consolidation and higher coincidence of delivery for the company consolidating
- High mileage done in 1 vehicle as opposed to many carriers operating in the same area
- Neutral consolidators become more efficient with more volume in their networks, consolidation of trunking is also possible
Dawning of a digital age

• “No longer a delivery company, we are a provider of information”
• Parcel tracking key to the customer experience offered by the industry

Where is my parcel?
Tracking, transfer and communication

• Not practical to have numerous devices with one driver
• Integrated IT developed and software created to fulfil this
• Seamless transfer of information in terms of tracking events, as though it was the carriers own driver delivering
• Developed over a number of years, and specific to the requirements of each carrier
Digital Service Overview

Client Data
- Client Input Data (CSV, email, txt)
- Up-to-date Manifest Data

Parcel Manager Backend
- Communication (API, Data Ingestion)
- Data Parser (cleans data on input, prepares data for export)
- Web Server (Parcel Manager Frontend)
- SQL Database

Frontend
- Client Frontend (VPN, LAN, Local)
- Parcel Manager Frontend (Reports, Database, Delivers/Collection Status)
- Hand Held Terminal (HHT)
- SQL Database
- Frontend GUI

Operations Team
Manager
Driver/Warehouse
What is integrated IT?

• Carriers have full tracking for their customers as if their own devices are being used as opposed to a neutral consolidator

• This allows text messages, emails and other pre-alerts to be triggered at key stages in the IT Process
  • *Scan to van, successful delivery, carded, etc*

• Carrier can take the data and process how they want

• Drivers and warehouse staff have only one device to use when working, reducing time and inconvenience

• Back end integration direct into carriers IT systems so seamless in terms of data transfer, often real time
Challenges on the IT

• **Development cycle**
  • Took a number of years to develop and achieve full integration with carriers who have their own IT project challenges and time limitations

• **GDPR legislation**
  • Rules around being a data processor for each carrier

• **Driver training**
  • Numerous barcodes on packages, which one to scan to ensure compliance

• **Developing and managing ETA**
  • Left safe photos and other industry requirements and mapping these back to carriers
Neutral Consolidation can work …

- Why is this working model in the most remote part of the UK relevant to be discussed today?

- Working model of consolidation and a proven concept that works, and has been working for a number of years

- Unique set of circumstances that created the need for neutral consolidation, the primary one being cost for the industry
Future challenges

• What if cost was not the primary need for consolidation?
• Pollution? Congestion? Access?
• New charges – ULEZ, clean air acts
• New world we are entering, is it time for new thinking but on a tried and trusted method that is in place and works – neutral consolidation?
Thank you!

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