

Tailor-made, innovative and cost-efficient distribution

Thanks to innovative thinking, China-made Volvo S40 cars are distributed in a unique system, providing the customer peace-of-mind and securing premium Volvo quality all the way to the end-user. And the best of all: The high quality goes hand in hand with cost-efficiency.

Challenges and customer needs

Chongqing Ford Mazda Automotive (CFMA) produces Ford and Mazda cars, and since 2006 also Volvo S40, for the Chinese market. Since the Volvo S40 volumes are smaller than for the other brands, the existing distribution system was not an optimal solution for Volvo S40.

Volvo Cars demanded the same distribution quality from Chongqing as from the company's other plants around the world. The challenge was to achieve this on a market with long transport distances, served by carriers without any experience of risk management or advanced supply chain solutions. This was shown in high damage rate, unclear liabilities, no insurances and inefficient handling.

Our solution

As a first step our logistics consultants made a pre study and market research, which included mapping of the importers' and carriers' approach to logistics systems, damage prevention, risk management etc. They made on site studies of distribution flows and handling of cars at ports, railway hubs, truck centres, carriers, dealers etc.

The logistics solution, which finally was chosen, is intermodal with trains, river barges and trucks. Because of the relatively small volumes Full Trailer Load is not cost-efficient enough when combined with high delivery service, so we invented the Zone drop-off delivery. This means that we mix deliveries to several dealers in

a pre-defined zone on one truck, so that the dealer doesn't have to wait until he has filled a full truck by himself. Slightly higher pure transport cost per car but much lower total cost.

In order to secure the quality throughout the delivery chain we started with training all carriers in risk management, Volvo Logistics routines, A4D etc.

The result

The main benefit for the customer is a cost-efficient and secure distribution of high quality with visibility and control throughout the entire chain. The customer feels secure and didn't have to invest time and resources for developing a logistics system.

Success factors

Volvo Logistics was engaged as an objective logistics consultant at a very early stage and could investigate the total chain thoroughly from many perspectives. Since we know the automotive industry from inside, we could identify the customer's real needs and design a 100 % tailor-made solution for this new and different market. Finally, we took responsibility for our consultants' recommended logistics design by managing the implementation and operations.

More information

If you want to know more about this Success story or discuss how we can help you in a similar way, please contact us. Contact details: www.volvologistics.com.