

Group II – Survey of Logistics Companies

To carry out the study on logistics companies, a list of carriers (transportation companies) and storage facilities which handle food products was developed. The list was compiled from information provided by federal and provincial governments, and from private businesses. Although not comprehensive, the list would include the majority of logistics companies conducting business within the Central Region of Alberta.

Companies were interviewed by phone to determine the types of products they handled, identify regular transportation routes, determine their interest and motivation in local food distribution, as well as the challenges and opportunities in dealing with local food distribution and storage.

Criteria for Logistics Company Selection for Phone Interviews:

- Transportation/storage of food products that may be frozen, chilled, or dry goods (ambient or room temperature).
- Companies that operate in Alberta.
 - initially focus on the Central Region (Red Deer area) (*See Appendix A*)
 - may include companies outside the region, which are travelling through or have the potential to pass through the region (i.e., Calgary-Edmonton Corridor)

The questions asked in the interview focused around these themes:

1. Main food and beverage products being transported/ handled by their business.
2. Explanation of how food is handled within this region (i.e., transportation routes, frequency of delivery, etc.).
3. Motivators and barriers to the distribution/storage of Alberta's local food products.
4. Potential solutions to these challenges and opportunities for Alberta's products

Summary of Logistics Survey: Company profiles

Information was collected from 15 different companies, all of which had a transportation component, as well as a few larger companies having storage capability. In general most companies expressed an interest in the transport of local food whether they were large, medium or small companies.

From the interviews, three different types of companies emerged. Rather than grouping them according to size, they were categorized by function according to the main purpose of their business and by their interaction with local food system. This means a mixture of small, medium, or large companies could exist within each of the three categories.

Type A: Distance & Volume/Delivery Specific

- **Size/Scale** – These are generally very large companies, although not limited to this size.
 - They are often doing longer hauls; some have geographic regions within Alberta or travel regularly between Edmonton and Calgary; some travel throughout Western Canada; others travel across the provinces to Eastern Canada, or into the United States, and possibly Mexico. Some companies may deal with intermodal shipping as well (i.e., containers on truck and rail...).
 - Contracts are generally larger – dealing with large volumes, and delivering to large food companies or to large retail chains.
 - The exceptions to this may be smaller companies that are set up for special deliveries (i.e., a delivery company that takes product to the airport, a company that only transports alcoholic beverages).
- **Purpose** – They mainly *haul loads* only, and do not *load* trucks or coordinate the delivery of supplies. Often the truck drivers do not know the origin of the product or the content. The process may involve them dropping off a trailer, which is then loaded and sealed by the customer, and then returning to pick up the trailer. They may make frequent trips to their final destination daily or several times a week (within or outside Alberta).
- **Product type** – They are often able to carry a broad range of products in their trailers: frozen, fresh/chilled, or dry goods, and may be able to set various temperatures within the same trailer. They also could be very specific to carrying food or beverage products (i.e., grain only, alcoholic beverages only, meat only, etc.). Some companies have sophisticated systems that can monitor and record the environment around the food and beverage products for quality control purposes. For example, they can monitor the temperature of each trailer on the road at any point in time, such as when the truck pulls into a site, the time when the seal on the trailer is broken, and how long the doors have been open.
- **Connection to Local** – Since this group mainly focuses on covering great distances, volume, or specialized in what they haul, they often have little to no connection with the local food supplier.
- **Concerns/ Opportunities** – They are still open to the concept of *local food distribution for smaller volumes of products*. They can put together loads that are compatible; as one company stated, “they can make it work” (i.e., different temperature requirements for different products).
 - Time is also a factor, as well as returning with empty trucks. They are looking to fill backhauls, to make more efficient use of the trucks on the road.
 - Something to discuss with each individual company is their flexibility on how they can effectively deal with smaller quantities.
 - Some have space for additional freight on their routes.
 - Some companies will do smaller deliveries through a network of depots.

Type B: Collaborative/Complex (highly structured)

- **Size/Scale** – These may include large to medium-sized companies. Like Type A, they are generally dealing with volume and therefore, are dealing with complexity in coordination and delivery.
 - They may travel across the provinces or within Alberta, but there is a link that is closer to home (within Alberta).
 - They may make many trips per week to larger cities and less frequent but regular trips to smaller centers.
 - May include retail delivery as well.
- **Purpose** – They are generally looking to provide a service to local businesses or are coordinating with smaller businesses. They are generally well established and have the flexibility to breakdown the load into smaller trucks or vans that deliver into smaller centers. They may even have terminals to facilitate this process.
- **Product type** – They may be able to carry frozen, fresh/chilled or dry goods. The amount of temperature controls in the trailers will vary company to company.
- **Connection to Local** – They may be producer/processor owned (e.g., cooperative), or a separate trucking company, etc.
 - The companies tend to be more *hands-on* with local, than Type A companies. Some may purchase direct from the producer and they often try to access local product in season as much as possible.
 - They may have specific goals to support local, such as staff dedicated to sourcing from Alberta suppliers or a formalized Task Force to implement the buying of local product.
- **Concerns/Opportunities** – Since they are travelling a distance, empty loads are also a concern. They are looking to better coordinate backhauls and would like to see more coordinated pickup points; some use other transportation companies on a backhaul basis.

Other Comments:

- Some companies do not have typical runs each week, “wherever the client requests, they will go.”
- Terminal locations for some companies are Calgary, Red Deer, and Edmonton. Deliveries to a number of smaller towns can be arranged from these terminals.

Type C: Collaborative/Hands-on-Deck

- **Size/Scale** – These are generally small to medium-sized businesses (although not exclusively).
 - Some deliver into large urban centers (Edmonton or Calgary); others may deal with smaller centers or they may travel to a particular region within the province.
 - Some serve a particular market type (e.g., high end restaurants).

- **Purpose** – Their primary focus is mostly to increase local foods in the marketplace. This group would be the most directly involved with the suppliers, which may include coordinating or providing a service to smaller businesses.
- **Product type** – Some companies may transport a wide variety of products, such as frozen, fresh/chilled, or dry; while others may concentrate on one or two of these types depending on the size of the company and equipment they own. They purchase locally/seasonally whenever possible.
- **Connection to Local** – Companies coordinate directly with producers. They may pick up at the farm or may coordinate with a number of producers, and have a central pickup point. Other companies may have producers deliver to them.
- **Concerns/Opportunities** – They often comment that there are not enough local products available. They see great potential for other businesses offering the same service (i.e., coordination of distribution and expansion of local food purchases).

Highlights from Logistics Survey

Through the survey process, it was apparent that the logistics industry is quite competitive; some of these companies had amalgamated with smaller trucking companies on the list. There were general comments about how costly it is to run a truck and that they are looking for ways to become more cost efficient.

- Larger companies are often dealing with volume and the larger urban centers, such as Edmonton and Calgary. Some of them have their own vans or trucks that take smaller loads into smaller communities, while others require coordination with smaller trucking companies to run between their warehouses and smaller communities. *(Type A/B companies)*
- Smaller companies appear to have more flexibility than larger ones in dealing with local products, although it would still require coordination with producers. *(Type C companies)*
- Alberta was referred to as a “consuming province.” Trucks were dispatched from the East (Ontario) with full loads and returning with only partial loads back. The sales or account managers are looking for loads to fill the trailers on their backhauls. The cost of a load going east was substantially lower. *(Type A companies)*
- Edmonton and Calgary are the main warehousing/distribution centers. *(Type A/B companies)*
- Airdrie is now becoming known as the warehousing and distribution centre *(i.e., on the outskirts of Calgary)*. *(Type A companies)*
- Trucking companies are offering incentives to ship product out of province, since they are going out with empty loads. Like to see more coordination with backhauls. *(Type A/B companies)*
- Generally there is more interest in local product from small to medium-sized companies. Larger companies are also interested, but require greater volumes and coordination. Many large companies are too busy to deal with local purchasing and have a tight schedule they need to follow (i.e., to cover large distances).
- Some companies are not connected to the product at all; are only set-up to haul product. *(Type A companies)*

- There is a trade-off between the service that can be provided and flexibility:
 - Smaller companies may be the most flexible and accommodating, but may have limitations in the scope of product they can handle due to equipment or resources (trucks, refrigeration, staff, etc.).
 - Larger companies tend to have the trailers with sophisticated temperature controls, but they also need volume and more coordination to be able to pick up product.
 - Mid-sized companies fall somewhere in between, with more efficient resources (equipment, staff), but require coordination to fit their system.

