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HUL takes on B2B firms with speedy delivery to stores

Suneera Tandon & Leslie D'Monte

NEW DELHI

Hindustan Unilever Ltd (HUL) is racing to deliver household goods to grocery stores, halving the time it takes from receiving an order to delivering it to a single day, amid rising competition from online grocery wholesalers.

In a pilot project in Chennai, parts of Maharashtra, and other states, the company's on-ground sales team has been tasked with ensuring that products reach stores the next day instead of the day after, three people familiar with the development said.

"Sales teams now reach the market at 8.30am to take orders instead of 11 am earlier. Orders are taken by 1-1.30pm, and products reach stores the following day. Earlier, orders would be fulfilled the day after," a distributor in Maharashtra said on condition of anonymity.

This, he said, has lowered cancellations and led to some increase in inventory at the distributor level. This is meant to increase efficiency in the system, he added. He added that the move is also intended to match the frequency of B2B players in the market. The model is being followed in cit-



Hindustan Unilever chairman Nitin Paranjpe MINT

ies such as Aurangabad, Pune, Mumbai and Nagpur.

A spokesperson for HUL declined to comment.

The maker of Dove soaps and Bru coffee, whose products reach millions of households daily, is leveraging technology to stay relevant in an increasingly digitized ecosystem. During the company's annual general meeting in June, chairman Nitin Paranjpe said the company is on a journey to build an intelligent enterprise that is data-led, machine-augmented and fit for the heterogeneous nature of the country. "We are digitizing our supply chain to enhance agility and flexibility to face an increasingly volatile business environment. Artificial intelligence and machine learn-

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HUL steps on the gas to ensure products reach grocers faster

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ing are being leveraged for better forecasting and planning. We are extensively using automation to drive more reliable fulfilment with reduced lead times," he said. The initiatives will lead to improved customer service, better efficiencies, and reduced costs, he added.

HUL is using Addverb Technologies' fully-automated goods-to-person order picking, warehouse control, and carton shuttle systems to speed up the delivery of orders to its retailers. Consequently, what used to take two days is now completed in a day's time, according to Bir Singh, co-founder and chief business officer of Addverb Technologies. He added that the automation solution for same-day delivery uses artificial intelligence (AI) algorithms to enable advanced order scheduling for high-speed picking of goods.

"Another important benefit of this system is that with this technology, HUL can directly reach out to retailers and supply goods in the quantity they need," he said. For instance, earlier, retailers would have to buy an entire



HUL is leveraging technology to stay relevant in an increasingly digitized ecosystem. MINT

carton of soaps even if they needed only a few. "This would block cash, inventory and even warehouse space," Singh pointed out. With this system, the role of distributors is restricted to the collection of money.

Addverb Technologies' system also ensures the software chooses the optimal route for the package. HUL is now planning to extend the use of the system in eight other warehouses. "The software remains the same, but the hardware will have to be customized to suit the warehouse and retailer requirements," Singh said.

HUL sends hundreds of its

stock-keeping units to over 9 million outlets in India. It also operates its e-B2B app, Shikhar, which allows a shopkeeper to order at any point in time without waiting for the salesman to visit the store.

Abneesh Roy, executive director of institutional equities at Edelweiss Securities, said the move would help reduce store stock-outs. "This means lower working capital, faster capability to deliver versus the competition, and stronger relationship with general trade," Roy said, adding the move ties into large companies pushing the pedal on innovation and trying new initiatives.

HUL moved to a 48-hour delivery period from 24 hours as the company's business grew in complexity, a person familiar with its operations said. "The challenge with going back to 24 hours is that it could muddle orders because the number of products and stock-keeping units under the HUL banner has significantly grown," he said, seeking anonymity. "Maybe it can work in smaller markets but may pose a challenge in large metros."