



CASE STUDY

DEVELOPING A STATE-OF-THE-ART CO-PACKING OPERATION FOR A GLOBAL CONFECTIONERY MANUFACTURER

A leading confectionery brand with UK & Ireland distribution sought a scalable, cost-efficient and sustainable way to manage high-volume, high-variety promotional co-packing. Historically fragmented across multiple off-site providers, their secondary packaging activities lacked agility, generated avoidable transport legs, and offered limited end-to-end visibility. Partnering with us, the client aimed to consolidate operations, accelerate speed-to-shelf, and build a future-ready platform capable of handling complex seasonal and retailer-specific demands—without compromising quality or service.

DHL Supply Chain – Excellence. Simply delivered.



CUSTOMER CHALLENGE

The customer needed to support rapid growth while operating one of the most complex co-packing footprints in fast-moving consumer goods. With over 150 SKUs and frequent promotional refreshes, their legacy model depended on several external sites, creating inefficiency and cost. Extended planning cycles, multiple hand-offs and additional transport movements slowed execution and diluted visibility across the supply chain.

Meanwhile, procurement targets required significant logistics savings, even as promotional volumes and retailer demands intensified. The fragmented approach made it difficult to flex capacity for seasonal peaks, react quickly to changing point-of-sale requirements, or maintain consistent quality at scale. Sustainability expectations added further pressure: additional transport legs and duplicated handling increased carbon emissions, while dispersed inventory consumed space and constrained responsiveness. The customer therefore sought an integrated solution that would simplify complexity, improve agility, reduce total cost-to-serve and measurably cut emissions—without disrupting service to major retailers.

DHL SUPPLY CHAIN SOLUTION

We co-designed a fully integrated, end-to-end co-packing solution centred on a dedicated 55,000 sq. ft. co-pack centre co-located within a distribution facility at a key UK logistics hub. By unifying storage, handling and packaging under one roof, we eliminated avoidable transport legs and streamlined material flow from inbound receipt through secondary packaging to outbound dispatch.

CUSTOMER CHALLENGE:

- The customer aimed to double their business, increasing turnover from \$35 billion in 2019 to \$70 billion by 2024.
- With a logistics spend of \$2 billion per year, the procurement team was tasked with achieving a 12.5% cost reduction.
- They wanted to optimise their UK supply chain, including their complex co-packing activities which were being carried out at various off-site locations.

DHL SUPPLY CHAIN SOLUTION:

- Working in partnership with the customer to design their full end to end supply chain solution which included co-packing automation at the start of the project.
- Co-Pack centre solution- facility is 55,000 sq. ft, located within the DHL warehouse at East Midlands Gateway (EMG).
- Operation consists of three secondary packing activities: manual, semi-automated, and fully automated production lines. In total, the Co-Pack centre will handle 19 million cases and 153 different SKUs. To support the co-packing activities, an equipment investment of over €8.5 million has been made. This investment includes the following equipment.
- 7 manual production lines -The Co-Pack centre has three dedicated production lines for creating FSDUs, 3 semi auto horizontal packing lines, 1 vertical bagging line with 8 SKU variety capability, 1 fully automated tubing line with 8 SKU variety capability.



The operation blends manual, semi automated and fully automated lines—covering formats such as FSDUs, horizontal packing, vertical bagging and automated tubing—engineered to manage high mix with consistent throughput. A multi-million-euro equipment investment underpins flexibility, enabling swift changeovers and multiple SKU variety capabilities on the same lines. Standardised work methods, real-time performance dashboards and embedded quality checks ensure right-first-time execution, while our wider UK support network adds contingency capacity and best-practice transfer.

This design establishes a co-manufacturing capability rather than a transactional packing service. Scalable workforce planning, integrated inventory control and orchestrated transport scheduling allow the operation to flex with promotional calendars and seasonality—maintaining service excellence as volumes grow.

CUSTOMER BENEFITS

The integrated co-packing model delivered measurable improvements across cost, service, agility and sustainability. By co-locating inventory and secondary packaging within a single operated facility, the customer significantly reduced handling steps and inter-site transport movements. This streamlining enabled promotional orders to move from planning to shelf-ready dispatch in as little as two to five days, representing lead-time reductions of up to 60–85% versus the previous multi-site model.

Automation and standardised processes improved productivity and consistency across a high-mix environment, enabling the operation to handle millions of cases annually with high accuracy. Labour efficiency increased by an estimated 10–15%, while right-first-time performance consistently exceeds 99.5%, reducing rework and ensuring high-quality presentation for retailer-facing promotions. Equipment effectiveness also improved, helping stabilise output during peak promotional periods.

CUSTOMER BENEFITS:

- Co-locating stock and packing activities minimizes time and transport costs.
- Substantial carbon footprint reduction due to the reduction in transport legs.
- A significant investment by DHL in automating the tub line establishes a co-manufacturing facility at EMG.
- A support network provides best practices, innovation, skilled personnel, and contingency resources from local sites.

From a cost perspective, consolidating co-packing into a single, optimised operation reduced total cost-to-serve by an estimated 10–15%. Sustainability outcomes were strengthened through fewer vehicle movements, lower associated carbon emissions, and more efficient use of warehouse space—supporting the customer’s long-term growth and environmental objectives.

FOR FURTHER INFORMATION

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