

The challenge

Dairy Producers are looking for a method to efficiently trade their out of specification products. These out of specification products (known as down grade, under grade, off spec and opportunity) are a common by-product in the Dairy Industry, but, because the supply volumes of these products are nearly impossible to predict (and often not fully understood until the last minute), it makes finding available and willing trading partners difficult.

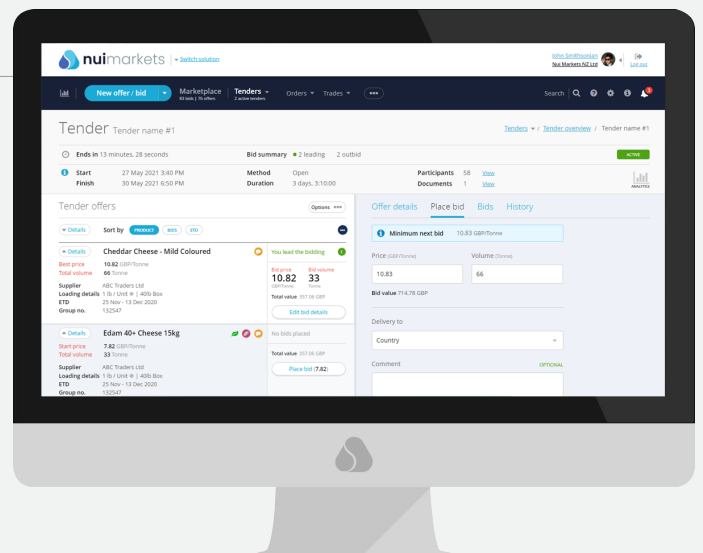
How have things worked in the past?

It's a familiar story. An off spec product needs to be sold within a limited timeframe. Sales teams quickly scramble to their phones to see if any of their contacts are interested. The chaos of juggling interest levels and timings ensues. Because of the uncertainty of these products this often means the first available deal is accepted so that the products are moved. A deal has been struck, but it may be one that results in a net loss. In addition, many customers were not even able to register their interest or participate in the sales process in any way.

The solution

Nui developed their tender module with just this type of scenario in mind. Nui's tender allows sellers, at any point, to list a range of products for sale. The products available in these live sales events contain product specifications and loading details so buyers can quickly gauge what products are available and when.

The seller determines the tender parameters (participants, timing, duration) and uses notifications to notify their selected participants. Once the tender is complete, the seller notifies winning bidders based on the outcomes of the live, transparent bidding process.



The benefits

For sellers

The tender option has allowed them to:

- ✓ Spontaneously make their downgraded products available to a wider range of customers
- ✓ Achieve a maximum price for what the market is willing to pay
- ✓ Quickly and efficiently set up the sales process for multiple products to multiple buyers
- ✓ Obtain superior marketplace data from reviewing past tender results — giving them a much clearer picture of future appetite

For buyers

Buyers benefit from this process as well. For them the tender offers:

- ✓ Direct access to more products
- ✓ More time to prepare a bidding strategy that aligns with the timing of their wider buying portfolio
- ✓ Increased transparency into the sales process — by letting them track the bids of other tender participants in real time
- ✓ Up to date information through push notification of both upcoming tender details as well as the results of previous tenders

Two keys to success

User-friendly design

The tender module was specifically developed with the user experience in mind. Some key features:

- ✓ Sellers can publish the tender details days in advance
- ✓ Sellers can monitor bids as they are submitted on the tender in real time
- ✓ Completing the trade is as simple as reviewing the tender bids at the conclusion of the tender and completing their desired trades with a single click
- ✓ The module allows buyers to view their bid ranking against other bidders as the tender is unfolding
- ✓ Auto-extend means any bids entered in the last 30 seconds of the tender trigger an extension of the tender so that buyers aren't frozen out at the last second.

Continual improvement

The new auto bid feature enables automatic bidding up to (but not beyond) a specified price. Buyers can place their auto bids before the tender even starts. This means that they can participate in the tender even if they aren't available during the scheduled time. This is especially advantageous when time zones make scheduling unwieldy.

The screenshot displays the tender interface for 'Skim Milk Powder'. On the left, there's a 'Product Seller' section with a 'Place auto bid' button highlighted by a green circle. The main area shows tender details: 'Method: Open', 'Duration: 15 minutes', and 'Offers: 2'. Below this, there are tabs for 'Offer details', 'Place auto bid', and 'Offer history'. The product details include 'Product: Skim Milk Powder', 'Created: January 12, 2022 08:43:43', 'Start price: 3,765 USD/Tonne', and 'Total volume: 64 Tonne'. There are also sections for 'ETD', 'Loading details', 'Delivery from', and 'Comments'. A 'Place auto bid' button is visible at the bottom right.

The outcome

Nui's tender module has transformed the way in which multiple dairy producers sell their out of specification products. The new process is faster, simpler and more efficient at identifying a true market price.

For producers like Hilmar, Valio and Arla Foods, this technology has ultimately turned the challenge of trading out of spec products into an opportunity.