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GUIDE TO...

The Grocer

LOGISTICS, WAREHOUSING & TRANSPORTATION



ANALYSIS



RISING TO THE CHALLENGE



It's interesting times for this sector but as ever the industry has found innovative ways to adapt. **Jaq Bayles** investigates



What goes on behind the scenes in any retail environment may not be seen by many but is a massive operation requiring streamlined solutions when it comes to ordering, delivery, storage and technology, to name but a few of the tangible elements that fall under the catch-all of 'logistics'.

Like any well-balanced eco system, logistics in retail is reliant for its smooth running on the successful integration of all its constituent parts - whether that be the software that keeps just-in-time delivery on track, the trucks that stock the warehouses or the packing that entails.

Many companies exist that combine skills in all areas in order to ensure the smooth running of what actually happens in the aisles, often operating across several countries.

So it comes as no surprise that, **4 >>>**

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»» 3 like many other areas of UK trade today, the looming Brexit is affecting the way logistics providers are currently thinking. But there are opportunities to be had as well as challenges to meet, as Eric Carter, solutions architect at Indigo Software, points out.

“Forward-thinking companies are already engaging with technology providers to head off some of the inevitable difficulties,” he says. “Trading is difficult now for many businesses and they need to be focusing on cutting out unnecessary costs, becoming as agile as possible and transforming their operations to best fit the needs of their customer base.”

Carter says there are three key things companies need to get into place to prepare for Brexit. He cites:

- Technology systems and contingency plans to manage all the inevitable changes, for instance adapting systems for new documentation formats
- Access to emergency cashflow funding or resources because it may take longer to receive payments, costs may increase and there may be a need for additional transportation resources – it will probably take longer to ship products into the EU than it has previously
- Greater visibility of expected order pool and ensuring customers are plac-

ing their orders more in advance. Just-in-time supply chains will need some extra flexibility and timescales built in.

Steve Woodhead, business development manager at Boughey Distribution, agrees: “Brexit is making everyone take stock, to evaluate where their business stands. It’s going to change a lot for us, from fuel prices to the import and export

“Brexit is making everyone take stock... it will change a lot from fuel prices to the import and export process”

process, and cross-border trade.

“We want to continue to deliver the best service to our customers after March 2019, and how we do that going forward is highly dependent on what sort of Brexit agreement is reached.

“Life will go on, but it’s unclear exactly what the impacts will be for warehousing, distribution and logistics providers like Boughey.”

CHALLENGES AHEAD

One possible challenge for the industry could come in the shape of workforce availability in the wake of Britain’s exit from the EU, but the issue might be being overstated.

Carter says: “The sector has been experiencing a skills shortage for some time and we don’t expect a large exodus of migrant workers over the next few months. Many have left the UK already because the value of the pound against the euro has been eroded and there is no longer such a financial advantage of working in the UK.

“It will be a little bit more onerous to get short-term EU workers for seasonal work, but people who want to work in this country will ensure they have their visas organised for next year and beyond. There will likely be some wage inflation in the sector as companies vie to attract or keep migrant workers.”

But he urges companies to be as optimistic as possible: “Companies need to start off upbeat – not everything can be doom and gloom, there have to be some positives coming out of Brexit. The uncertainty and lack of a clear picture is the biggest problem because with uncertainty comes fear and doubt.

“Most importantly, companies need

to be sharpening their toolkits for the changing landscape that the final Brexit negotiations are going to bring.”

And that’s exactly what the smart logistics providers are doing. For example, since entering the UK as a chilled logistics specialist with a single client in 1994, Culina Group has focused on a strategy of “growing to the next level through acquisition, joint venture, and investment”.

It now comprises seven specialist UK food and drinks logistics businesses, this year adding Warrens Group and Robson’s of Spalding to its portfolio to enable it to expand its third party logistics operations into two new sectors – Baked Goods and Fresh Produce.

Culina Group CEO Thomas van Mourik asserts: “Our growth momentum is on course to continue into 2019 and beyond. At our current pace of growth it would be great to see our group turnover hit a nice round figure by 2020.

“We will continue to identify new opportunities for acquisition, joint venture and investment, and by consistently providing unique levels of service to all our clients we will continue to grow, thereby strengthening continuity of relationships, business confidence, and job security for us all.”

The constantly evolving needs of consumers continue to affect all areas of retail, and logistics is no different. As Boughey’s Woodhead points out: “With online shopping and ordering, the demand for ‘instant’ delivery is becoming commonplace. This is becoming reflected in every aspect of our daily lives. The norm is now presumed to be a very

“The constantly evolving needs of consumers affects all areas of retail and logistics is no different”

rapid delivery model, so our clients need to have both the flexibility of stock, but also the efficiency of delivery.

“Our new e-fulfilment offering has allowed us to really get to grips with this, so that we, as a third-party logistics provider, can fulfil orders for our customers’ products from a B2C perspective.”

Also on the case in this respect is Smurfit Kappa, which is only too aware of

how eCommerce is impacting on retailers, leading them to review the way in which they deliver their goods and how they stand out in the competitive landscape in which they are operating.

Hamed Ahmed, ecommerce sales manager, says: “Today’s consumers want convenience, fast delivery of products that arrive in impeccable condition but also to feel a personal connection to the brand. There is also a growing emphasis on the ‘unboxing’ experience, which is often shared on social media.”

To help companies meet the cost and logistical challenges for companies, Smurfit Kappa created its eSmart service “to help businesses make informed decisions about complex packaging challenges”. Smurfit says of eSmart: “It highlights and evaluates up to 12 areas where packaging can positively affect eCommerce businesses across process, logistics and customer experience.

“Using insights from this analysis, eSmart then uncovers practical ways to deliver tangible and measurable improvements for a range of eCommerce customers.” The company adds that eSmart is designed to improve all aspects of packaging, from packing line to supply chain to customer experience.

There are, of course, many more »» 5

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» 5 tangible aspects of the logistics chain that need to be addressed, not least those of delivery, warehouse management and storage.

When it comes to increasing storage capacity, cutting costs, speeding up the handling process and improving productivity, Aisle-Master's narrow aisle articulated forklifts tick all the boxes.

They replace a combination of reach and counterbalance forklifts and can work in reduced aisle-widths to increase pallet density - in some cases, says the company, doubling the amount of space available.

Because there is versatility in indoor and outdoor capability, fleet numbers are reduced, so lowering capital expenditure, overheads and maintenance costs.

Aisle Master MD Martin McVicar adds: "Time-consuming double handling of loads is avoided, so offloading, storing and picking procedures are much quicker."

The Aisle Master cold store model, which won a UK FLTA Award for Innovation, focuses on the demands cold environments make on machines and operators and allows bar code scanners to be used from inside heated cabs, enabling operators to carry out all necessary tasks without leaving the warm workstation.

Toyota Material Handling also offers a range of mechanised solutions, including its LWE130 which is described as robust and versatile and therefore "perfect for use in back of store or back of vehicle operations". The company says it is a good option for reducing the manual effort involved in transporting pallets of goods.

The truck has 208° steering, which is combined with a compact construction to make it "exceptionally manoeuvrable". Toyota says: "The LWE130 is particularly suited to use with delivery vehicles that employ a tail-lift as it weighs in at just 255kg. A built-in battery charger adds to the convenience."

Toyota Material Handling commercial director Jon Buckley adds: "If the truck is being used in the back of a delivery vehicle, the option of an in-vehicle charger is available. In use the LWE130 is user-

friendly and intuitive to operate with quieter operation and programmable driver parameters."

The issue of sustainability is a growing concern in many markets, and none less in logistics.

With an eye on ensuring less waste and fewer inefficiencies, Chep, whose pallets, crates and containers help move goods around globally, says it's a pioneer of the circular economy, helping to "share, collaborate and reuse resources more efficiently and more sustainably".

The company was founded on the sharing and reusing of wooden pallets, and its growing network has led to new efficiencies in matching truck movements with those of customers. It says it's now able to use customers' returning empty trucks from deliveries to carry their pallets back to be reused, both saving money and "reducing half loads and empty miles for both sides".

ENVIRONMENTAL CONCERNS

Sustainability is also one of the key aims of warehousing space developer Gazeley, whose senior vice president & managing director UK, Alex Verbeek, says: "While flexibility has become a key point of differentiation for a modern logistics developer, location, sustainability, labour catchment and proximity to transport hubs are still the bedrock of successful logistics warehousing."

The company's development at Magna Park, Milton Keynes, is called Altitude and has a height of 21m, making it a flexible space allowing for a range of layouts. It is said to be within a 4.5-hour HGV drive of 45.8 million people in the UK.

Given the issue of fuel costs, this represents a positive step - and there's more possible good news when it comes to fuel with prime minister Theresa May recently announcing that the duty freeze on fuel will continue for a ninth year.

But the experts aren't racing to celebrate just yet. As Indigo's Carter explains: "It's very difficult to say because market fluctuations that change the price of fuel will always be there and these costs have been rising steadily this year. This has had a knock-on effect, increasing the price of consumer goods."



“Location, sustainability, labour catchment and proximity to transport hubs are still the bedrock of successful logistics warehousing”

Indeed, it's not just fuel costs that affect delivery - there are driver wages to be paid too, but the advent of driverless vehicles could mean a sea-change in the way goods are delivered.

Earlier this year Uber announced that it had been sending self-driving trucks on delivery runs across Arizona - heralding yet another step towards what could amount to a freight transportation revolution, possibly a major money saver in the logistics chain. It's unlikely that driverless fleets will be in operation for a while, but it's certainly an issue to keep an eye on.

But might that be possible across customs barriers? There are probably more immediate questions to be answered here.

With Brexit looming, ports such as Dover are not set up to deal with customs barriers. Bob Jones, customs excise and international trade services director at KPMG, has said that even if a transi-

tion period until 2020 is put in place, "to develop the type of systems where you can have a frictionless border between the UK and the EU is going to take a good deal longer than that".

Indigo's Carter responds: "It's a myth to say we have ever had a completely frictionless border between the UK and mainland Europe, the only one we have currently is between the north and south of Ireland.

"There has always been a customs presence on border points because of the risks of illegal immigration and in the future we will create technological solutions to aid the transfer of products from one country to the next within the UK and EU - suggesting it would ever be frictionless is a myth.

"There will be some delays at borders but we don't believe it will be catastrophic and with good planning preparation and investment in technology, these things will be in place by 2020.

Once some of the fog disappears around the outcome of the final negotiations, people can start implementing the solutions needed."

The issues facing logistics companies are many and varied, and as technology races ahead and the consumer appetite for ever more instantaneous gratification increases, they need to be constantly on their toes to keep pace with the changing retail market."

It's not just on the road that futurism is making its mark - artificial intelligence has already impacted on warehouses, where automated picking and packing equipment is often employed, but there are further advances which could even see robots using AI to calculate the cheapest or fastest route for delivery and arranging for pickup.

It's a big world of challenges and opportunities, and the experts are all keeping a close eye on continually maintaining and streamlining their services. ■

BOUGHEY DISTRIBUTION

A FULFILLING APPROACH

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Warehousing
Distribution
Consolidation
Contract packing
Palletline
E-fulfilment

As a modern logistics provider at the leading edge of current technology, northwest-based Boughey Distribution maintains its place at the forefront, by committing to the latest business developments.

Steve Woodhead, business development manager at Boughey Distribution, explains how the current business environment is shaping Boughey's future.

"With changing technology comes different challenges for us. Boughey's seeing at the moment that customers' expectations are being driven higher than ever before. With online shopping and ordering, the demand for 'instant' delivery is becoming commonplace. This is becoming reflected in every aspect of our daily lives.

"The norm is now presumed to be a very rapid delivery model, so our clients

"E-fulfilment is a growth market and the ideal way of distributing goods for ambient food manufacturers"

need to have both the flexibility of stock, but also the efficiency of delivery. Our new e-fulfilment offering has allowed us to really get to grips with this, so that we, as a third-party logistics provider, can fulfil orders for our customers' products from a B2C perspective.

"It is shaping up to be a success story for us. Companies are now able to demonstrate growing demand for their products, which creates evidence of growth, so they can become affiliated with more prominent retailers and networks. E-fulfilment is a growth market and the ideal way of distributing goods for ambient food manufacturers.

"Instead of handling their own orders, with all the logistical challenges entailed in packing and delivery, brand owners employ a company like us to fulfil these obligations for them and manage the process from one location."

STORED, PICKED, PACKED, DELIVERED. YOU'LL BE E-FULTHRILLED WITH OUR NEW SERVICE.



Introducing a new multi-channel e-fulfilment service from Boughey. We have the capacity, the technology and the flexibility you can trust to fulfil and deliver all your ambient and specialist food orders. So, whatever your product size or volume, we are the single logistics provider that'll keep you happy.

We always give it 100%. Contact us on 01829 262266 or email sales@boughey.co.uk



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WAREHOUSE CONTROL ANYWHERE



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KEY BRANDS

Indigo WMS

The challenges faced by the FMCG logistics sector are complex. How to plan for Brexit and accelerate business transformation programmes? How best to benefit from new technology such as the Internet of Things and big data intelligence? Complying with tighter traceability and provenance expectations? Meeting the needs of a global customer base?

It can be hard to know where to start when evaluating investments your company can make to improve warehousing and logistics operations.

Indigo Software is helping its FMCG customers find solutions to these important questions, mitigate future uncertainties and take advantage of the latest technology available.

Mark Leavy, new business sales manager at Indigo, says: "Our consultants are experts in their fields, with real world FMCG sector experience as well as extensive warehouse management system (WMS) and supply chain technology integration skills."

Over the past year Indigo WMS has been implemented at many leading FMCG manufacturers and logistics specialists, including Blue Earth Foods, Lees of Scotland, Greene King, Greencore, Oscar Mayer and Loch Lomond Group.

Each of these businesses is unique, but shares a common desire to improve productivity and customer satisfaction, optimise performance and reduce costs through better resource management.

He adds: "By implementing an integrated supply chain execution (SCE) system based on Indigo WMS, these customers will benefit from fully optimised and automated warehouses, with a real-time, dashboard based view of inbound and outbound logistics operations, the ability to share stakeholder data and manage resources, plus fully control all warehouse operations - from any device or location."

IS YOUR WAREHOUSE COSTING YOU MONEY?

WE ASKED WAREHOUSE MANAGERS ABOUT THE ROI THEY HAVE OR WILL RECEIVE FOLLOWING THEIR IMPLEMENTATION OF INDIGO WMS

WE ARE PLEASED TO BRING YOU THESE HANDY SAVINGS STATISTICS

