



REACTING TO DEMAND – HOW CAN THE LATEST TECHNOLOGY HELP YOUR BUSINESS EXPAND TO MEET EXPECTATIONS?

In January 2016 alone, the Office for National Statistics reported that retail sales in the UK had hit £26.6 billion¹. This included an increase by volume of 5.2% and a 2.3% increase in the amount spent when compared with January 2015.

The numbers are incredible, but they are set to be pushed higher still as online sales – and especially purchases made via mobile devices – continue to drive sales. In fact, the ONS reports that the average weekly spending online in January 2016 hit £863.5 million, an increase of 10.4% in comparison to January 2016.

Trends seen around seasonal occasions and special events suggest that the ability to rapidly expand is vital. For example, in December 2015 during the run up to Christmas, the amount spent rocketed to £44.8 billion.

These impressive figures have led many warehouse managers look into new methods of meeting demand. But what happens as demand fluctuates throughout the year? Are businesses prepared to not only expand key points in the operation but also scale down during quieter periods?

So how can warehouse managers react to this increasing demand, and how can the latest technology help? The key is to make use of innovative new operating models – many of which have achieved success in other industries already – that allow a warehouse to virtually expand and contract in line with demand.

IDENTIFYING THE ISSUES

Any logistics business will inevitably be looking at how consumer trends are changing and what it will mean for the way they operate. Take online retailing as an example. Online retail in the UK is expected to increase by 44.9% by 2020, reaching £62.7 billion². This growth has been fuelled by multi-device shopping, as more than half of those who shop online now use more than one device to do so.

And of course there are major events that can put immense pressure on warehouse operators. In 2016 we have two huge events almost back-to-back in the UEFA European Championships in June and the Rio Olympic Games in August.

During the Football World Cup in 2014, 35% of UK consumers said they would spend more than £50 on entertaining during the tournament while a third said they would buy merchandise, food or drink online³. During the London Olympics in 2012, Westfield's Stratford shopping centre saw 5.5 million people visit within a two-week period, which is 10% of the amount of customers Westfield usually expects to visit its two London sites during the entire year⁴.

Many retailers are familiar with the customer who browses for a new item in-store but ultimately buys online for the best price. Some consumers even use mobile devices to 'price match' in store as they have found a better deal online. But there is always an opportunity – in this case the retailer can have smaller selection in store but offer a click and collect service or next day delivery.

But what does this all mean for logistics providers? It's likely that the answer will be one that leads to major changes in order to open up new market opportunity driven by a need to serve more customers, serve different customers, or even to serve customers differently.

WAREHOUSE MANAGERS SHOULD CONSIDER:

- How many orders will be click and collect in five or 10 years' time?
- Will customers expect drop box services and next day, or even same day delivery?
- How should stock be managed to account for online demand?
- What should the hours of operation be to maximise efficiency?

A strategy that can answer these questions and identify the 'stretch' in a business when it comes to dealing with extra demand is the Elastic Warehouse concept.

MEETING THE CHALLENGE

A new strategy that allows businesses to make their existing resources work smarter is the elastic technology solution. It's a great fit for companies that need flexibility and scalability, often at a moment's notice.

An Elastic technology strategy involves automatic data capture devices and mobile computing devices, such as vehicle-mounted scanners, replacing manual processes. Linked with a Warehouse Management System (WMS), this solution instantly gives greater insight into a warehouse operation through real-time inventory management.

Efficiency receives a huge boost as information is exchanged rapidly and accurately, meaning the decisions can be made quickly and goods moved faster.

Elastic tech is fast becoming the best fit for many business types and can grant the performance and efficiency gains that most warehouse managers are looking for when it comes to handling increased demand.

Between 40-60% of warehouse operational costs are absorbed by picking, so many Elastic Tech solutions focus on the technology designed to make picking easier, faster and more accurate. From handheld devices to voice activated solutions, many options are available to connect to WMS in order to boost efficiency. Having simple to use picking devices also means that additional staff can be taken on with minimal training.

This provides opportunity to take on bigger contracts, more complex contracts or meet tougher SLAs that the shopper of tomorrow will demand. It also opens up the ability to diversify, with extra resources now available to be allocated to other prospects.

MAKING IT WORK

As a concept, it's clear that an elastic setup can bring great benefits to warehouse management. But it's essential that the strategy is well planned out if it is to bring success in real terms.

This is where an expert in mobile warehouse technology can help guide you on the journey, identifying the 'stretch' that your current operation has and what type of technology should be put in place to provide a more elastic operation.

A good partner will use this opportunity to provide the solution that not only fits your needs for today but also will help you build for tomorrow, with the scalability to meet the demands of the future. During periods of rapid growth, having the support of a partner can be vital in reducing downtime and coping with the additional burden placed on the business.

By exploiting the knowledge that an expert in mobile warehouse technology possesses, warehouse managers are able to introduce new technology as part of a comprehensive and fully integrated architecture with as little disruption as possible.

Elastic solutions can be phased in line with the pace of change the company wants to set. For example, technology can be adopted to deal with the most immediate opportunities and then scaled to suit more ambitious plans. This brings flexibility and gives the organisation the ability to respond far more quickly.

There also benefits that can enhance the brand in other ways. For example, efficiency and accuracy also breeds an atmosphere that employees enjoy working in and engaging with, so it should come as no surprise to see productivity gains and satisfaction increase.

SUMMARY

Moving to an Elastic strategy is ambitious and may have its challenges, but as it can be implemented with minimal downtime and lead to instant benefits. Above all it's the best way to prepare for the future.

2016 is set to be a huge year when it comes to reacting to demand. The winners will be those who have flexible systems that can quickly adapt to a situation to unlock their potential and outperform the competition.

¹ www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/january2016

² www.verdictretail.com/uk-online-retail-sales-to-reach-62-7bn-in-2020/

³ econsultancy.com/blog/65006-11-wonderful-world-cup-2014-stats-infographics/

⁴ www.telegraph.co.uk/finance/newsbysector/retailandconsumer/9482401/London-2012-Olympics-boosts-retail-footfall.html