



## BWLOG article – Collaborative Warehousing

### **Collaborative warehousing – driving market share in an evolving economy**

#### **Future proofing your warehouse model to keep up with evolving consumer demand**

In the 100 years post the industrial revolution, business experienced an era of slow, incremental change. In recent years, however, the so-called 4th industrial revolution has brought about exponential disruption to every area of industry thanks to rapid digitisation and pervasive technological advancement. One area hugely impacted by the digital economy is consumer buying behaviour which has a direct knock-on as to how supply chains react in order to satisfy ever-evolving demand patterns.

On-demand shopping, personalisation and instant gratification are intrinsic to the millennial consumer, and these trends together with the never-ending increase in e-commerce require a fundamental shift in warehousing models. Order management, inventory levels, picking processes and warehouse layouts have had to adapt to smaller, more frequent shipments enabled via technology-driven systems.

According to Abel Goncalves, Managing Director Supply Chain Management, at Barloworld Logistics, while such consumer behaviour requires smarter warehousing to fulfil demand, ongoing economic pressure has created buyers that are not only seeking service excellence but who are equally cost-conscious. These seemingly diametric demands create a conundrum for the modern warehouse manager, in that the delicate balance between service and cost is more critical than ever before.

“Consumerism is omnipresent. Consumers have the choice of when, where and how to shop, at any time of the day or night”, says Goncalves. “This frictionless, easy buying process has not only shifted shoppers from the brick-and-mortar retail environment to the online world but has directly impacted the distribution and warehousing models that support the retail value chain”.



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Solutions such as single parcel home delivery, click-and-collect, parcels-on-the-go and same day delivery options have driven models whereby some organisations opt for smaller regional distribution centres near demand centres-of-gravity. While such solutions increase the speed to market, the downside of such proximity to market is that multiple facilities can increase the unit cost of SKU's if not managed correctly.

“A viable solution to cost containment within decentralised distribution models is, amongst others vertical or horizontal industry collaboration in terms of shared warehousing”, argues Goncalves. “Despite the fact that traditional opinion dictates that shared warehousing erodes competitive advantage, the positives of such a solution far outweigh the negative.”

Shared space provides rapid, flexible access to an increased geographic footprint, spatial options to meet fluctuating demand, shared access to leading-edge technology and perhaps most obviously, cost management through the sharing of overheads and operational costs associated with facilities.

Barloworld Logistics believes that rather than a grudge cost within a supply chain, but as an essential strategic driver of growth, a warehouse should not only enable consumer satisfaction but drive reach, demand fulfilment and overall smart supply chain solutions. As organisations face ever-evolving demand, economic pressure and technological disruption, collaborative solutions that allow for maximised access to premium solutions, at relatively low cost may be just what is needed to stay competitive and gain access to markets previously beyond reach.

## **ENDS**

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**NOTE TO THE EDITOR:** About **Barloworld Logistics** - Established in 2001, Barloworld Logistics has grown into a significant supply chain solutions business in southern Africa with complimentary operations in the Middle East. Combining a smart approach with innovative thinking and supply chain foresight, we design, implement, manage and operate smart supply chain solutions that grow our clients' bottom lines. Smart Partnerships form the cornerstone of creating a competitive advantage for our clients. Not only do they enable us to create truly customised supply chain solutions, but a culture of collaboration and accountability. Through partnerships with key industry players, Barloworld Logistics has developed numerous in-house and world-class competencies and received many industry and supplier accolades and awards. As an international provider of smart supply chain solutions, Barloworld Logistics' focus on specific industries enables us to create depth of experience and invaluable expertise within the chosen sectors. We are then able to leverage this knowledge for the benefit of our clients. Barloworld Logistics is not only focused on making profits and performing at our peak. We are committed to creating sustainable opportunities that benefit us individually, as a company, the communities in which we operate, and the environment.