

CASE STUDY

LONG TERM PARTNERSHIP DRIVES COMPETITIVE ADVANTAGE



One of the UK's leading department stores has partnered with DHL Supply Chain for 15 years, drawing on its logistics expertise to oversee large scale change and drive continuous improvement. This has enabled the retailer to respond to changing market conditions and increase operational efficiency while driving competitive advantage.

CUSTOMER CHALLENGE

Over the past five years UK retailers have experienced downward pressure on prices and rising costs, putting a further squeeze on margins. In response, the customer demanded even greater efficiencies from its supply chain plus improvements to its multi-channel business. To provide maximum choice and the best shopping experience, the customer decided to integrate its in-store and online offering, at the same time tasking DHL Supply Chain with reducing its carbon footprint and its broader environmental impact.

CUSTOMER CHALLENGE:

- Protect margins and reduce costs
- Increase online sales
- Accelerate high priority lines to store
- Improve sustainability and reduce carbon footprint of supply chain

DHL SUPPLY CHAIN SOLUTION:

- On-going warehouse process improvement and cost reduction
- New systems and processes to prioritize top selling lines
- Re-engineering of fleet to increase capacity and reduce store deliveries
- Implementation of new e-commerce platform in under 26 weeks

CUSTOMER BENEFITS:

- 10% cost saving through continuous improvement of warehouse operations
- 6% reduction in carbon emissions
- Implementation of new e-commerce platform ahead of peak online sales period



DHL SUPPLY CHAIN SOLUTION

To drive continuous improvement and efficiency, DHL set about streamlining the customer's supply chain by consolidating its Daventry and Bedford operations onto one site in Peterborough, and transferring its Northampton operation to the larger Leeds warehouse, reducing fixed costs and enhancing service.

In addition, DHL launched a continuous improvement program, reviewing internal practices and optimizing the picking processes. It also updated systems to prioritize the flow of top selling lines, to get them into store more quickly and increase sales.

The DHL Fleet Innovation team was also engaged to reengineer the retailer's fleet, introducing the latest super cube single and double-deck trailers to reduce cost through more efficient routing, less mileage and fewer vehicles on the road.

Increased online sales created the need to reorganize the supply chain, to maximize available space in Peterborough. The warehouse was partially converted into a large e-commerce centre with DHL managing the move to the new Leeds warehouse. The new e-commerce platform in Peterborough needed to be fully operational in time for the peak online sales period. This gave DHL just 26 weeks to implement the operation – around half the usual time for a project of this scale. DHL's proven 'DePICT' (Define, Plan, Implement, Control, and Transition) project management methodology was used to provide a rigorous framework and DHL called in its IT specialists from across its business to ensure the project ran smoothly and was delivered against the aggressive timeline. In addition, the use of DHL's preferred warehouse management system greatly simplified the build of core functionality and enabled rapid integration with the retailer's own IT systems, providing greater levels of visibility.

Warehouse improvement initiatives cut the cost per case by 10% over a two year period, helping to offset inflationary pressures in other areas of the business such as rising fuel

prices. Re-engineering the fleet has improved capacity and reduced store deliveries, resulting in a 6% reduction in emissions. The retailer has now invited DHL to join its Sustainability Committee as an environmental partner.

Finally, the new e-commerce platform was delivered to a challenging deadline, providing a fully operational and robust system to meet the peak online sales period. By focusing on long-term partnership and continuous improvement, DHL has helped the retailer protect its margins, grow online sales and maintain its competitive edge despite the turbulent market conditions.

CUSTOMER BENEFIT

Partnering with DHL has optimized the customer's supply chain, reducing costs, improving service levels and increasing the customer's ability to meet changing market conditions.

DHL also consolidated the Peterborough and Leeds operations with minimal disruption to store service levels, allowing the retailer to focus on its core business.

For further information

Contact our supply chain experts:

supplychain@dhl.com

www.dhl.com/supplychain