

Blokker creates modern omnichannel distribution center

Interview with Roel Megens, Site Manager, and Roland Slegers, Project Manager Omnichannel, Blokker DC Geldermalsen, The Netherlands

blokker.

Blokker, a Dutch chain store selling household goods, is gradually transforming into a modern omnichannel retailer. One part of this process is the complete redesign of the retailer's distribution center in the city of Geldermalsen, assisted by Groenewout, to make it suitable for all sales

channels. In the near future, store orders and online orders will all be handled in the same process, from goods received right through to order picking. "We've looked at the similarities between the two logistics flows rather than their differences."

Like many retailers, business has been tough for Blokker recently, but Roel Megens firmly believes that the company is now back on track. The stores have been updated and the product range has been realigned with the needs of today's customers. "We've gone back to the essence of Blokker: the stores are 'full' and lively again. Moreover, thanks to opening our own office in the Far East, we've been able to negotiate better purchasing conditions for some of our range." This is already having a positive impact on the results. "We're immensely proud of having achieved more than 10% growth in shopper numbers and close to 6% revenue growth in 2018. That's definitely stronger than both the market average and our competitors' growth," says the site manager of the distribution center (DC) in Geldermalsen.

The changes that Blokker set in motion in the second half of 2017 extend beyond the retailer's positioning and product range; they also encompass the 123-year-old company's logistics network. The DC in Mijdrecht has already closed, and the online DC in Gouda will close at the end of this year as all logistics activities – for both the offline and the online channel – are being merged at the omnichannel DC in Geldermalsen. "Combining the online and offline activities will give us a logistics footprint that is not only aligned with our stores' needs but also supports quick delivery to online customers," comments Megens. "Besides that, it will enable us to offer Blokker customers more options, including click & collect, so it's a great way to help them benefit from the advantages of us having both an online channel and a nationwide store network."

Multiple scenarios

Blokker enlisted Groenewout's help to make the logistics changes to its DC. "We were looking for a partner who could help us make decisions about the design, systems and technologies needed for the omnichannel DC. We chose Groenewout because of its background in both logistics and construction," explains Megens. In close consultation, including with a retail consultancy firm, the project group came up with multiple scenarios. Groenewout then analyzed each one to explore its feasibility and the impact on costs and lead times.

CLAUDIUS PRINSENLAAN 132A

4818 CP BREDA

THE NETHERLANDS

T +31 (0)76 - 533 04 40

MAIL@GROENEWOUT.COM

WWW.GROENEWOUT.COM

GROENEWOUT B.V. TRADE REG.

NR. CH. OF C. 20009626.

ESTABLISHED 1966. ALL ORDERS

ARE ACCEPTED AND CARRIED-

OUT ACCORDING TO THE

GROENEWOUT GENERAL TERMS

AND CONDITIONS 2012.

Page: 2/5
 Our ref.: 9024D581/IS/april 2019

The scenario in which all logistics activities would be fully integrated in Geldermalsen was identified as the most suitable approach. "We were keen to have all our inventory in one place in order to maximize stock availability and create maximum synergy between the online and offline channels. This would enable us to improve our service, quality and flexibility and to reduce the overheads."

Different ordering patterns

In order to achieve integration in Geldermalsen it would be necessary to largely redesign the existing DC, which had become outdated. "When it opened almost 30 years ago it was a high-tech DC including an automated warehouse for pallet storage, a conveyor system for internal transport, drive-in racks for the storage of shipping containers and a sorting system for store replenishment. So it was highly mechanized, but also very static," says Roland Slegers who prepared and led the DC project as interim manager.



Roel Megens (left) and Roland Slegers

By working together, Blokker and Groenewout have developed a new logistics concept that is able to handle both the store orders for multiple brands as well as online orders. This was far from easy due to the significant differences in ordering patterns: a relatively small number of store orders with a lot of order lines and large volumes, versus a much higher number of online orders with just a couple of items per order. "Many retailers look at the differences between the two operations and therefore mainly see obstacles in their path," explains Slegers. "But we examined the similarities, which opened up a completely different set of solutions. Both operations are virtually identical from the goods-in phase up to and including order picking. Only then do you start to see differences: online orders that need to be packed in boxes compared with store orders that are dispatched in roll cages."

Page: 3/5
Our ref.: 9024D581/IS/april 2019

Shorter conveyors

The automated warehouse will remain in use as bulk storage, albeit with considerably shorter conveyors for the transport of pallets to and from it. The conveyors originally extended deep into the DC, making the set-up less flexible. "Some of the pallets used to be returned to the high-bay warehouse after the pick locations had been replenished. We've put an end to that inefficient process. Instead, we now have enough of the right type of close-to-pick locations in all order picking areas so that we can restock the picking locations faster and more efficiently," Slegers continues. "The section with drive-in racks has been completely cleared out and refitted with Still's pallet racking for the larger items that cannot be picked into totes. Here, the order pickers drive around on electric pallet trucks that can transport four roll cages at once. The pickers receive their instructions via headsets and fill each roll cage, either with products that are destined for a particular store or as a batch to fulfil a large number of online orders. As soon as the order picker is done, the roll cages for the stores are deposited in the relevant section for the loading bays, and the roll cage containing online orders is taken to the packing zone."

Temporary storage

The smaller products will soon be stored in an area fitted with shelving, flow racks and pallet racking, with the shelving installed on the first floor. The mezzanine floor was also supplied and installed by Still. This section is divided into several different zones that are interconnected by a conveyor. "In each zone, the order pickers work with pick-to-light trolleys with space for eight totes. Displays on the trolleys indicate how many of each item must be placed in each tote. Once again, each tote can be linked to a specific store order or to multiple online orders", says Slegers. One notable feature is the shuttle system that is being built alongside this order picking area. "This is where the totes containing the picked items will be stored temporarily until they are called off. The totes for stores are closed, sealed and placed into the waiting roll cages. The totes containing products for single-item online orders are packed fully automatically. We currently have one automated packaging machine from Neopost, with room for another one," he adds.

Pigeonholes

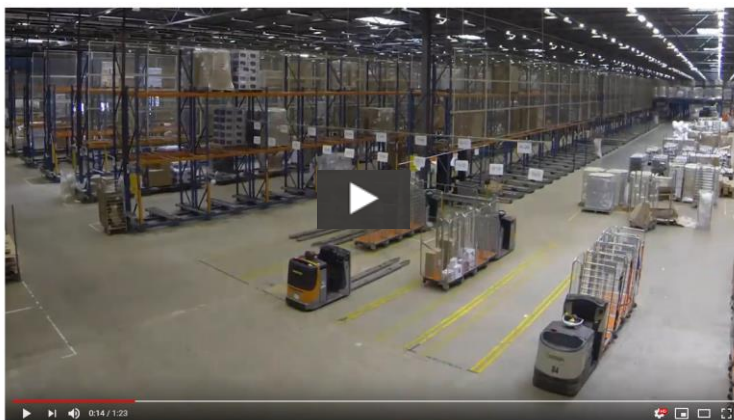
Internet orders comprising more than one item require an extra step; the totes containing these products are sorted into 'pigeonholes' (open-fronted compartments) per order, aided by a put-to-light process. As soon as a rack of pigeonholes is complete, the packing operative can take the rack to the packing table and pack the orders into a relevant box ready for shipment. "The boxes then go onto a conveyor that sorts them per carrier and if necessary per postcode area. Online orders for in-store collection are added to the store orders once they have been packed," continues Slegers. The pallet racking area has 8,000 pick locations. The shelving holds a further 19,000 pick locations and the flow racks account for another 4,000.

Page: 4/5
 Our ref.: 9024D581/IS/april 2019

That amounts to 31,500 pick locations in total, which is more than enough for the current production range of 18,000 stock-keeping units (SKUs). "For some products, such as small items that we ship to stores in outer packaging, we work with a different picking unit for stores than for online orders. We store such items in two different picking locations so that we can still integrate the order picking for store orders and online orders."

In phases

Blokker is making big changes to not only the DC itself, but also the IT. At the moment, the retailer is still working with two versions of Centric's Locus warehouse management system (WMS): one version for the store operation in Geldermalsen and the other version for the online operation in Gouda. "Those two versions are being combined into a single system, which then also has to be adapted in order to control the new approach. Besides that, we've removed a lot of the customization from the system so that we have a standard WMS once more." The project is being implemented in phases, so that the Geldermalsen operation can stay up and running the whole time. Part of the section with pallet racking is already installed and ready for use, and Inther is currently setting up the shuttle system. "That must be ready by July, because that's when we will start distributing to the stores. Then in August we will gradually transfer the online operation from Gouda to Geldermalsen," explains Megens.



A preview of Blokker's omnichannel operation

"Our compass"

Both Megens and Slegers are very satisfied with the DC project and are also positive about their partnership with Groenewout. "Following the decision for a modern omnichannel DC, Groenewout worked out the details of the concept, drew up the scope of requirements and helped us to select suppliers," recalls Megens. Groenewout is still closely involved in Blokker's DC project.

Page: 5/5
Our ref.: 9024D581/IS/april 2019

The consulting firm is ensuring that all suppliers and subcontractors complete their work on time and in line with the specifications, and is safeguarding the concept – but that is not always easy due to the phased approach. “This project will only succeed if all partners work together in the right way,” states Slegers. Megens adds: “In addition to having the necessary expertise, at Groenewout they are also passionate and enthusiastic. They are our compass in this project.”

Text by Marcel te Lindert

Marcel te Lindert is a journalist with over 13 years of experience in the logistics industry. He was editor-in-chief of the Dutch magazines Transport+Opslag and Logistiek. Nowadays he works freelance for trade magazines including Supply Chain Magazine and Warehouse Totaal.

More information

If you would like more information about this project, please contact Joke Vink (vink@groenewout.com) or call tel. +31 76 533 04 40. For more information about Blokker, see <https://blokkerholding.nl/>