

# Leveraging Small-Format Retail and Bulk Merchandising Trends



POWERED BY **POSSIBILITIES.**

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# Large vs. Small-Format Stores

- Retail store with a large amount of floor space
- > 50,000 sq. feet
- Vast selection of product categories and skus
  - Case-Load delivery
- Typically located in suburban areas where real estate exists



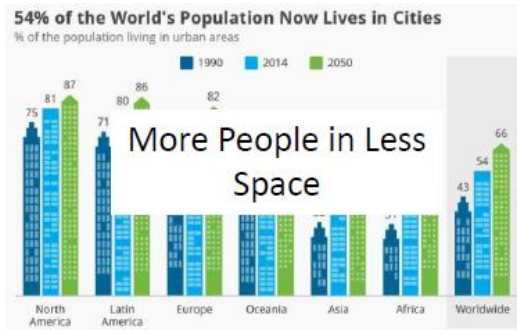
- Retail store with medium to small amount of floor space
- 10,000 - 25,000 sq. feet
- Specialty product or limited sku offering
  - Pharmaceutical, grocery, discount
  - Split-Case delivery
- Convenience vs. price



# Drivers of Small-Format Growth

It's all about YOU... the  
CONSUMER!

## Urbanization



Real-Estate  
Constraints

## Convenience is King



Ecommerce  
Portfolio Growth

## The "Infinite Shelf"



Upwards of 30% retail sales

## The "Tyranny of Now"





# Factors Driving Growth

## 1. Shortage of Labor

- Pool to shrink 5.4% by 2030 (aging population)

## 2. Cost of Labor

- 2018: Employment cost index up 3.0%
  - Labor typically accounts for 40% - 60% of warehouse/Dist ops
- 2020: Min. Wage increase in 24 states.

## 3. Logistics Market

- 2018: Intermodal up 28.7%
- 2020: “steep grade to finally crest a hill”

# What are the Pain Points?



**Excessive Product Touches**

**Secondary Packaging Waste**



**Delivery Driver Shortages**

**Inefficient/Frequent Deliveries**

**Re-Loading Outside Stores**

**“Horizontally Cubed” Trailers**

**Excess Inventory**



**Inefficient Return Shipping**

**Access/Maneuverability Issues**



# Fulfillment Challenges

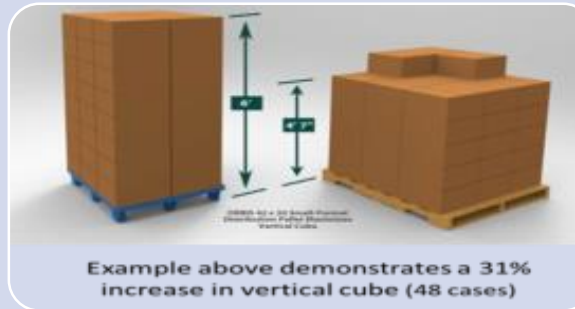
## Simplify Delivery



### No trailer docks w/ 36" store door openings

- 48x40 pallet down-stack in trailer required:
  - Labor strain
  - Extend trailer dwell time

## Maximize Trailer Cube



### Reduction in the # of cases per delivery

- Pallet loads shorter, but same footprint - creating trailer cube loss and increased logistics costs

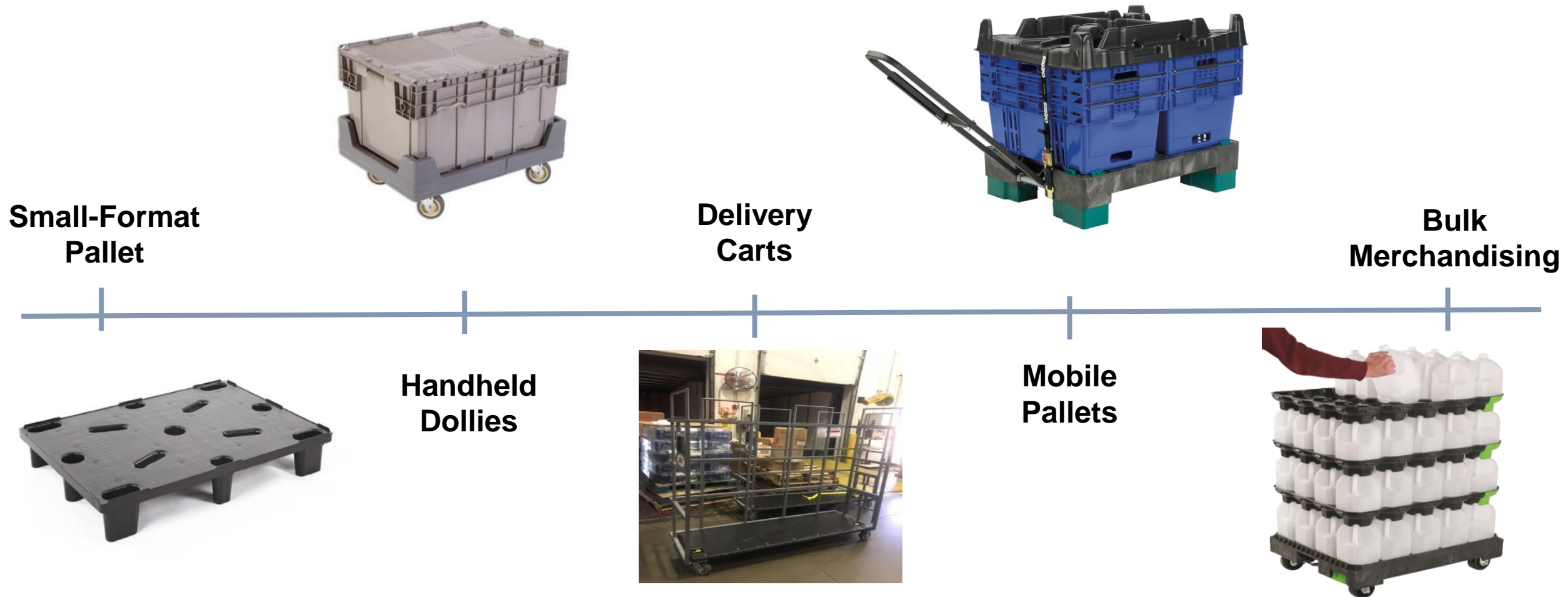
## Reduce Product Touches



### Constraints for shelf-fulfillment – labor & equipment

- Additional touches for sortation and repack into store cart extend stock-outs and increase shrink




# Spectrum of Solutions



Material Handling Evolution

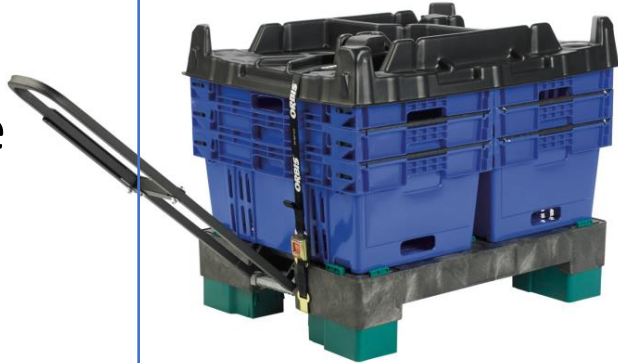
POWERED BY POSSIBILITIES.



Small-Format Pallet		<ul style="list-style-type: none"> <li>• Mixed loads (cases and totes)</li> <li>• High order size / high load capacity</li> <li>• Requires MHE (21" fork spacing)</li> <li>• <b>Increased trailer density</b></li> <li>• <b>Great space savings for backrooms</b></li> </ul>
Handheld Dolly		<ul style="list-style-type: none"> <li>• Single handheld sku's only</li> <li>• <b>Cost effective for low order size / low load capacity</b></li> <li>• No MHE requirement – faster unload times</li> <li>• Strapping needed for transportation</li> <li>• Stackable for backroom space savings</li> </ul>
Delivery Carts		<ul style="list-style-type: none"> <li>• Mixed loads (cases and totes)</li> <li>• High order size / high load capacity</li> <li>• No MHE requirement – faster unload times</li> <li>• <b>Option for shelves = accessibility to each layer</b></li> <li>• Collapsible designs needed for space savings – create added labor and pinch points</li> </ul>



## Mobile Pallets



- Mixed loads (cases and totes)
- Mod order size / mod. load capacity
- **Movement efficiency at warehouse (MHE) and store (mobile)**
- **Transportation stability**
- Stackable for backroom space savings

## Bulk Merchandising



- **Bulk loads (single sku's)**
- Mod order size / mod. load capacity
- Movement efficiency at warehouse (MHE) and store (mobile)
- **Retail ready - Streamline product replenishment at store**
- Stackable for backroom space savings

# Bulk Merchandising: Defined

Packaging of high volume product so that it is delivered to a retailer in packaging optimized for efficient stocking and sale



# Getting Started: Bulk Merchandising

- Choose the right product category
  - High volume / Limited sku's
  - Merchandising space
  - Time consuming
  - High shrink rate
- Retailer Buy-In
- Partner with the SME
- Understand full supply chain

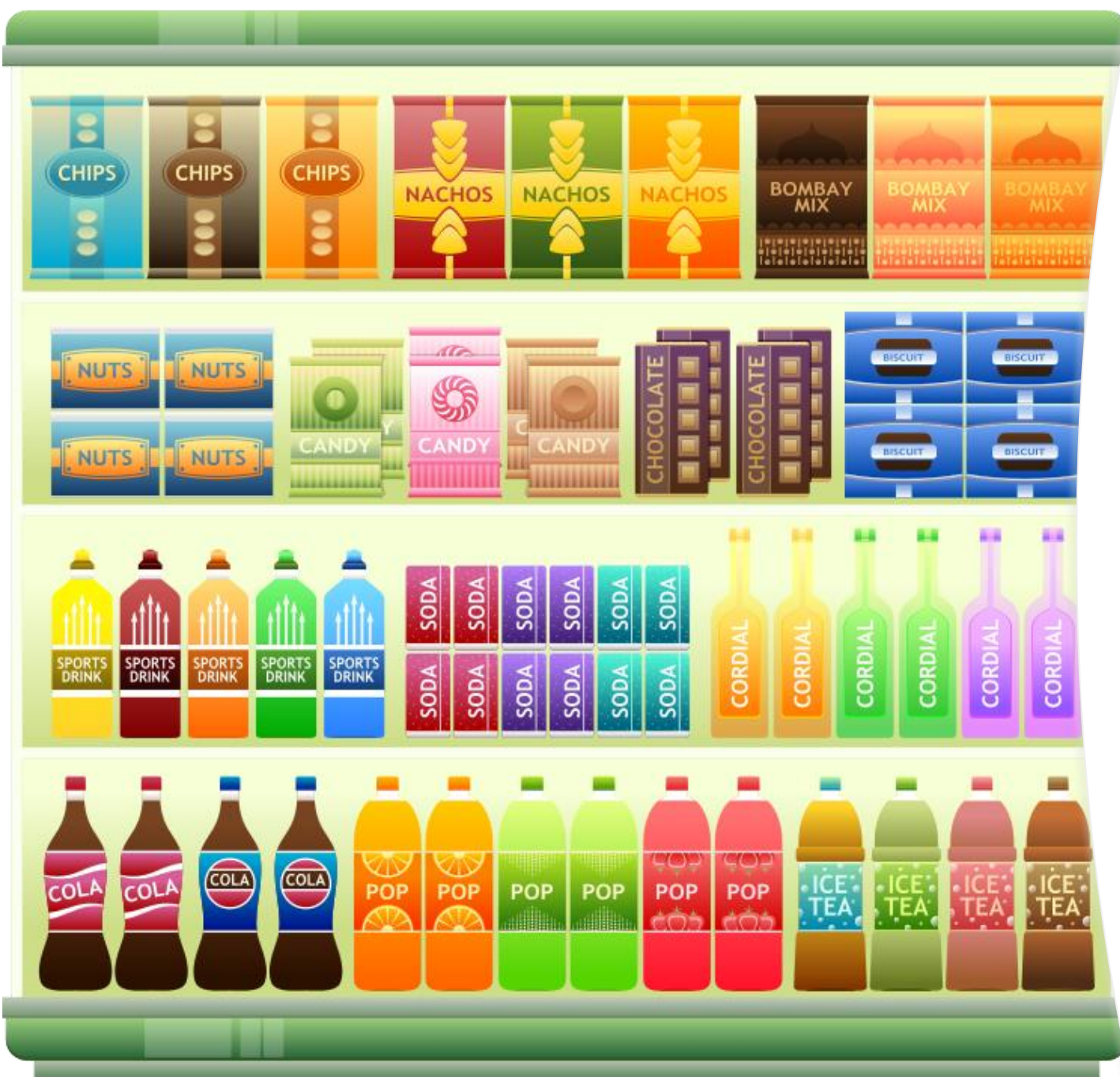




# Category Success: Bulk Milk

- Labor Savings
- On-Shelf Availability
- Shelf Utilization
- Backroom storage
- Trailer Utilization





*For more information:*

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