

Leveraging Small-Format Retail and Bulk Merchandising Trends



POWERED BY **POSSIBILITIES.**

Presented by:

Mike Ludka

Senior Product Manager

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GEORGIA WORLD CONGRESS CENTER
ATLANTA | MARCH 9-12

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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



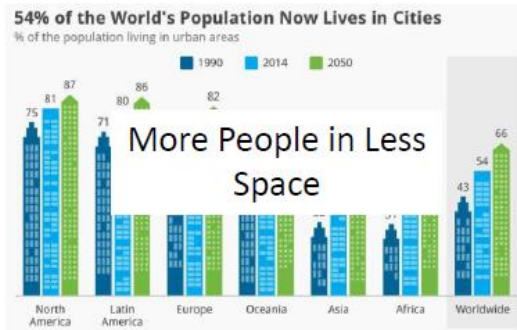
- Retail store with medium to small amount of floor space
- 10,000 - 25,000 sq. feet
- Specialty product or limited sku offering
 - Pharmaceutical, grocery, discount
 - Split-Case delivery
- Convenience vs. price



Drivers of Small-Format Growth

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

Urbanization



Real-Estate
Constraints

Convenience is King



Supply & Cost

The "Infinite Shelf"



Ecommerce
Portfolio Growth

The "Tyranny of Now"



Upwards of 30% retail sales

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

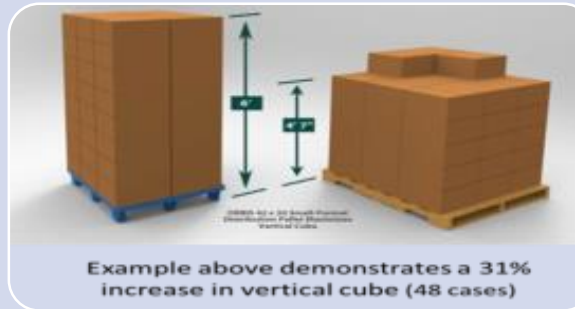
Simplify Delivery



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

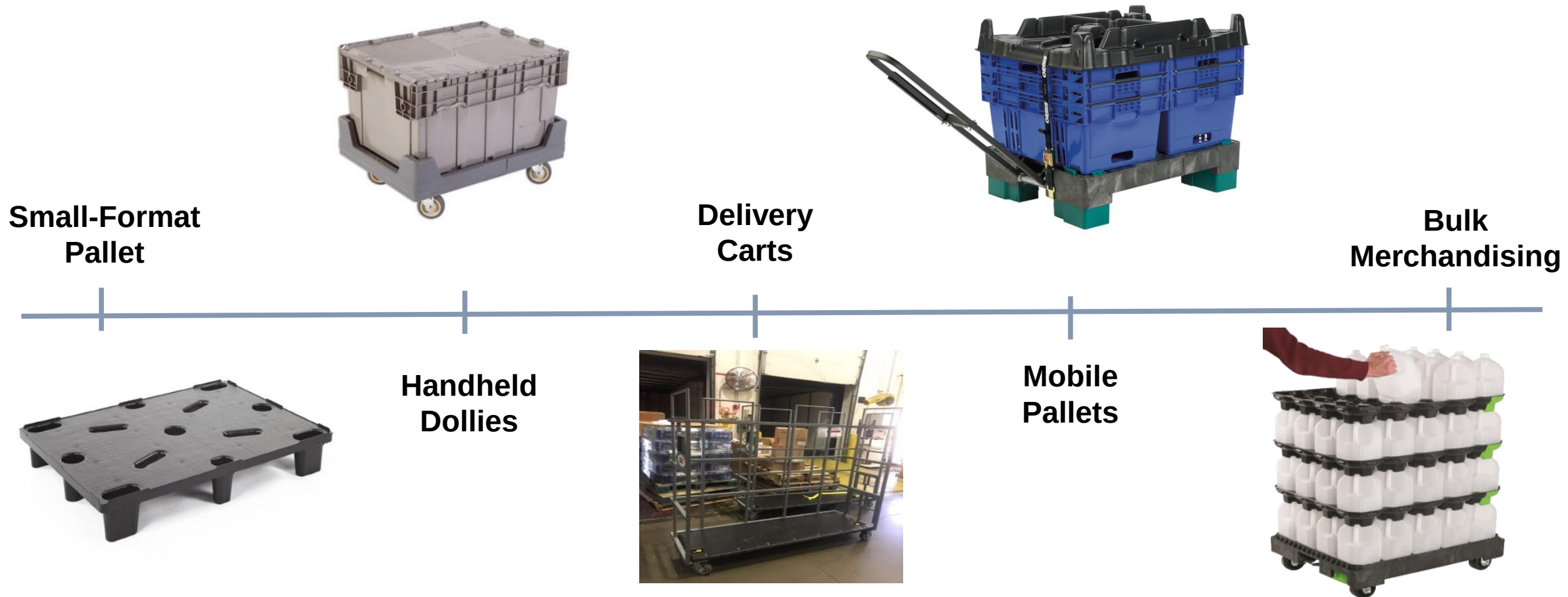
Reduce Product Touches



Constraints for shelf-fulfillment – labor & equipment

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

Spectrum of Solutions

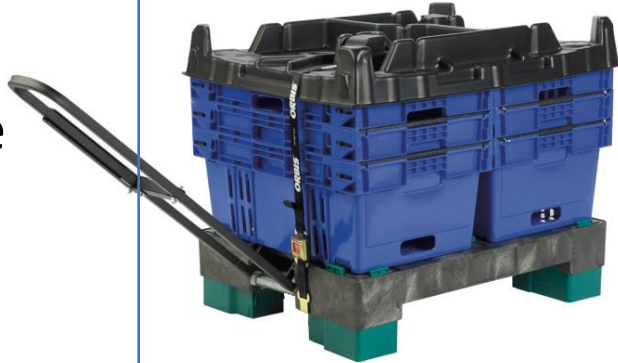


Material Handling Evolution

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Small- Format Pallet		• Mixed loads (cases and totes) • High order size / high load capacity • Requires MHE (21" fork spacing) • Increased trailer density • Great space savings for backrooms
Handheld Dolly		• Single handheld sku's only • Cost effective for low order size / low load capacity • No MHE requirement – faster unload times • Strapping needed for transportation • Stackable for backroom space savings
Delivery Carts		• Mixed loads (cases and totes) • High order size / high load capacity • No MHE requirement – faster unload times • Option for shelves = accessibility to each layer • Collapsible designs needed for space savings – create added labor and pinch points

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

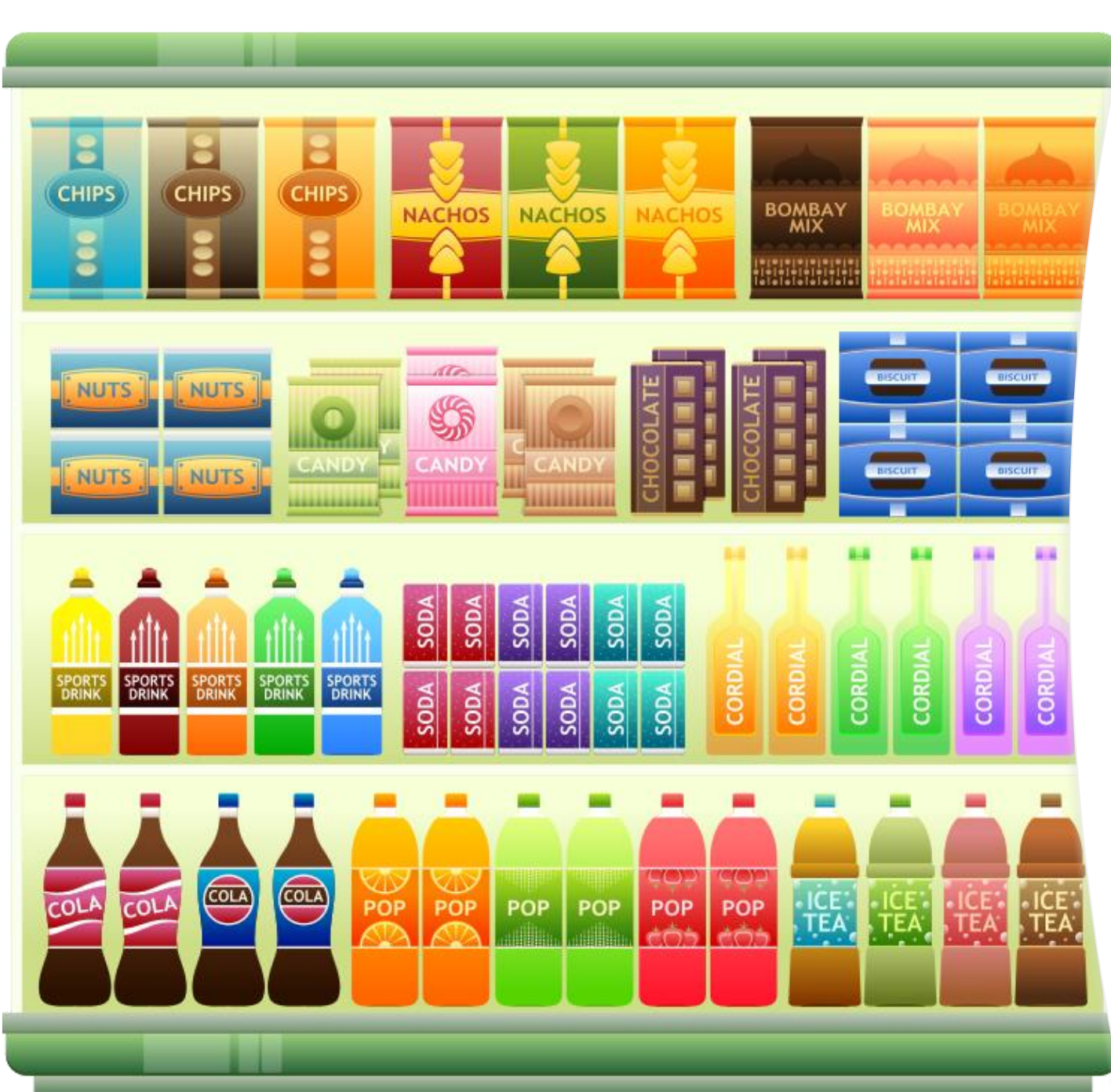


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Category Success: Bulk Milk

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





For more information:

Speaker

email:mike.ludka@orbiscorporation.com

Website: www.orbiscorporation.com

Or visit MODEX Booth 8419