

How to develop a streamlined end-to-end logistics strategy through efficient warehousing

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01 INTRODUCTION

In this guide, we'll examine the role of efficient warehousing and distribution in supporting your end-to-end supply chain strategy. We'll start by looking at warehousing and distribution as a growth enabler. We'll look at how technology drives efficiency and how efficient warehousing is a tool for decarbonisation. And in conclusion, we'll show how the right logistics partner can help plan and execute your strategy.

Amid an influx of fresh macroeconomic pressures, such as geopolitical tensions, inflation and potential recessions, retailers are facing myriad operational challenges.

Today's customers expect faster delivery and real-time delivery transparency, while at the same time, market volatility requires retailers to be increasingly agile. So, how can you, as a retailer, respond? By developing a streamlined end-to-end logistics strategy.

3 WAREHOUSING AND DISTRIBUTION FACTS YOU CAN'T IGNORE... AND PROBABLY ALREADY RECOGNISE



INCREASED WAREHOUSE RENTS:

Rising demand has led to a spike in warehouse rents across the globe. According to Savills, total warehousing property costs increased with rent growth expected to exceed 10% in 2023, which is on top of the 8.4% growth seen in 2022ⁱ



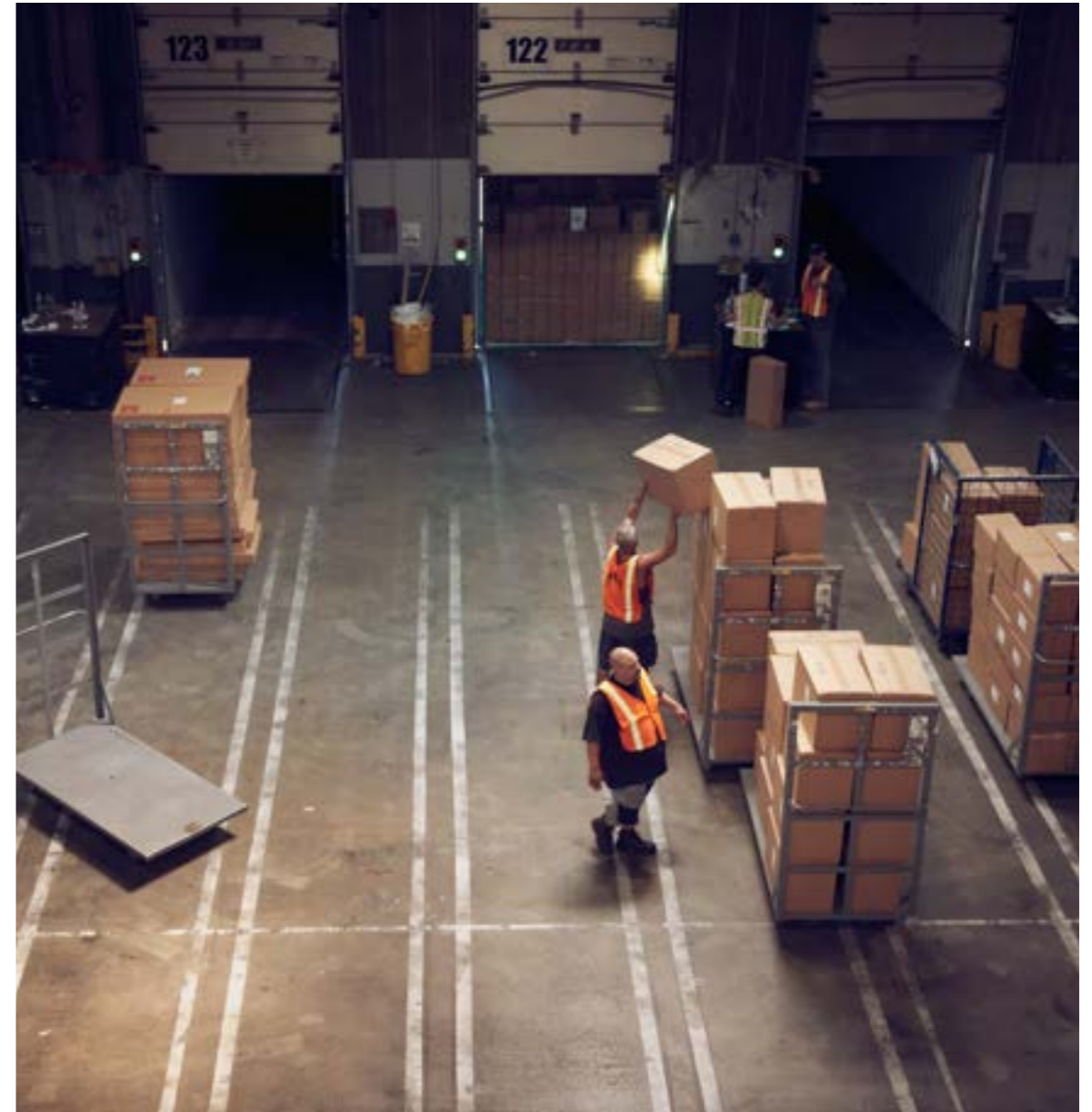
RESTRICTIVE LEGACY SYSTEMS:

Painful delays and performance issues often stem from legacy systems. As they're critical to day-to-day operations, taking the decision to replace them isn't easy. However, with 36% of global logistics leaders citing legacy technology as their biggest challenge to scaling last-mile operations, that decision may be necessary.ⁱⁱⁱ



SUBPAR INVENTORY MANAGEMENT:

Poor processes are frustrating and cause bottlenecks, both up and downstream. If your system doesn't prioritise returns flows, for example, customers could be waiting a long time to receive a replacement. In part, that's because 46% of SMEs don't use strong inventory management systems.ⁱⁱ



A photograph of a male worker in a yellow safety vest operating a white forklift in a warehouse. The worker is looking towards the camera. The background shows stacks of boxes on pallets. The image has a dark blue overlay.

02

WAREHOUSING AND DISTRIBUTION STRATEGIES FOR GROWTH

With the demand for warehouse space exploding, costs are increasing and retailers want more value from their warehousing. They're starting to see it as a strategic element of the supply chain, not just a means to an end.

So, which different warehousing strategies can you implement and how can each enable sustained growth?

01. Establish a global footprint

An expansion strategy to establish a global footprint means strategically locating warehouses around the globe to support growth.

While this enables you to cover all bases and provides a solid foundation to reach customers in a large range of markets, a strategy of this scale requires heavy upfront investment and, above all, time to realise.



Maersk's global warehouse coverage

Maersk has operational control of 450+ warehousing facilities, in 50+ countries, covering more than 7 million sq. m. This includes 20+ existing facilities in Europe, with several more planned to go into operation across the continent in 2023 and 2024.

[Contact us](#) to find out where they're located and what their current capacity is.





02. Adopt a hub-and-spoke approach

A popular strategy is the hub-and-spoke distribution model, whereby one central distribution centre feeds several smaller satellite facilities. Here, the advantage lies in providing a more flexible and efficient connection system: you can accelerate delivery times by optimising travel distance for connections.

The hub-and-spoke model may be particularly beneficial to your organisation if it stocks a high number of SKUs. That's because it's easier to maintain optimal stock levels when your inventory management is coordinated directly from a central warehouse. For example, you can speed up delivery by managing your high-selling SKUs in satellite facilities close to market, while lowering costs on your slower-moving SKUs by keeping them in the central warehouse. However, on the other hand, at times the hub-and-spoke model may increase inventory costs as you'll likely need to rotate inventory among several locations.



03. Implement localised solutions

If your organisation's warehousing network is already at maturity, you may only need to implement localised solutions to strengthen your strategic advantage.

Take a warehousing footprint located in central Germany as an example. That infrastructure may already provide a gateway to the whole of Europe. However, if you see Iberia as a growth market, you may want to add storage in Madrid to increase proximity to the end consumer. That way, you may be able to reduce delivery time and costs.



04. Leverage spare capacity

With warehouse demand soaring, it pays to monitor warehouse capacity. At present, the supply of European logistics space has dropped to a new low, with average vacancy rates across the region sitting just under 2.3%.^{iv}

Monitoring these movements helps you spot opportunities to invest in spare capacity, which adds a layer of resilience to your logistics. It's a safety net so if you experience a sudden boost in demand, you can avoid disruption and scale smoothly.



05. Play the long game

As the saying goes, "the future belongs to those who prepare for it". This is particularly apt for warehousing. Getting ahead of market demand and securing warehouses in locations that may not be economically interesting at the moment, but may be in five years' time, could prove a savvy move.

If you take the time to understand your high-growth markets and invest in the requisite infrastructure sooner rather than later, the first-mover advantage you'll gain when the market matures could be significant.

CASE STUDY: HOW MAERSK UNDERPINS PURE ELECTRIC'S GROWTH STRATEGY



THE CHALLENGE:

Pure Electric is a leading retailer of electric scooters in the UK. For the next stage of its growth, it's aiming to expand into mainland Europe. However, with this growth comes increased supply chain complexity.

Read more on Pure Electric's growth story [here](#).

This challenging market means it's time to build out your playbook with different logistics strategies for resilience and sustainable growth.



THE SOLUTION:

By acting as Pure Electric's single logistics partner 'from factory to front door', leveraging Maersk's growing warehousing footprint in the UK and Europe, Maersk was able to provide a tailor-made solution that included returns, omnichannel and performance data. This helped Pure Electric to develop a nimble supply chain that can scale with speed and control.



03

NEW TECHNOLOGIES, NEW EFFICIENCIES



The development of a streamlined end-to-end logistics strategy isn't possible without the right digital technology. What does that mean in warehousing and distribution?

01. Prioritise visibility

The priority is to create an integrated system with complete end-to-end visibility. Legacy systems get in the way of this, creating data silos that prevent valuable data and insights from being discovered.

If you're trying to streamline logistics, you must first establish digital interoperability to bring all your data into view. Otherwise, you can't identify hidden inefficiencies. And if you can't see them, you can't do anything about them.

02. Enhance inventory management

Inventory management can make or break warehousing efficiency, with poor inventory management leading to lost sales, stockouts, costly returns and increased operating expenses.

As it's an area where new technologies can make the biggest impact, it should come as no surprise that 58% of global supply chain leaders are prioritising inventory optimisation as part of their digitisation efforts, according to recent McKinsey research.¹

In an era of economic downturn, maintaining optimal stock can help you reduce the excess inventory that eats away at your working capital. With the right systems in place, you can create efficiencies and operate a lean supply chain.





03. Move onto more sophisticated integrations

Once you've tackled these priorities, you'll be in a better position to integrate warehousing technologies with wider business technologies, such as business intelligence (BI) and enterprise resource planning (ERP).

Data generated at your warehouses can feed into these tools and solutions to improve efficiencies in every aspect of your organisation – from production to customer service to research and development. With this business-wide visibility, you can gain the insight for better decision making and the agility to switch gears efficiently.

Linked to that is artificial intelligence (AI) and automation. AI-powered systems can process vast amounts of data, learn from patterns and make data-driven decisions in real time. In warehousing, for example, these systems can provide you with the modelling and insights to drive more pallet throughput per hour. It gives you the power to optimise efficiencies from end to end.

A photograph of a warehouse interior. A worker wearing a high-visibility yellow vest and dark clothing is operating a red forklift, moving away from the camera down a long aisle. The aisle is flanked by tall, blue metal shelving units filled with cardboard boxes. The floor has yellow safety lines. The lighting is somewhat dim, with a blueish tint. The text '04 WAREHOUSING AS A TOOL FOR DECARBONISATION' is overlaid on the left side of the image.

04 WAREHOUSING AS A TOOL FOR DECARBONISATION



Efficient warehousing isn't just beneficial for business performance. It's also necessary for decarbonising the supply chain.

Although this isn't widely recognised, as when it comes to green improvements in the supply chain,

JUST 12% of EU companies believe the biggest impact can be made in warehousing.^{vi}

Let's look at where these improvements can be made.





Efficiency by design

Low-emission warehousing starts with warehouse design and fabrication. Those warehouses that consider all upfront carbon associated with the initial build and restrict carbon intensity during construction have the best chance of becoming net-zero buildings.

Then, during operation, it's about the source of energy. If your warehouses are powered using renewable sources of energy, whether produced on-site or externally, it will reduce your Scope 1 and 2 emissions. At Maersk, for instance, our short-term goal is to reduce greenhouse gas (GHG) emissions from logistics facilities by 90% by 2030. If we're to achieve this goal, renewables are going to have to play a big part.

Besides the source of energy, warehouses that are designed to reduce environmental impact have built-in systems and controls that improve energy efficiency and reduce energy consumption. Technology plays a vital role here. By continuously monitoring components within a warehouse build, you can proactively reduce energy use.



Connecting warehousing to transport

Aside from the facilities themselves, there are other ways warehousing and distribution can support your organisation's decarbonisation efforts. For example, the location of your warehouses can help reduce the miles travelled for any particular product, which helps to reduce your Scope 3 emissions.

But it's also possible to find synergies that go a step further. With the right approach, for instance, you can rent warehouses positioned closer to major railways, or even zero-carbon railways, such as the multi-destination electric Bremerhaven line in Germany.

USE CASE: HOW MAERSK SUPPORTS SUSTAINABILITY BY DESIGN

As part of its sustainability strategy, Maersk is adding warehouses with more sustainable designs to its portfolio.

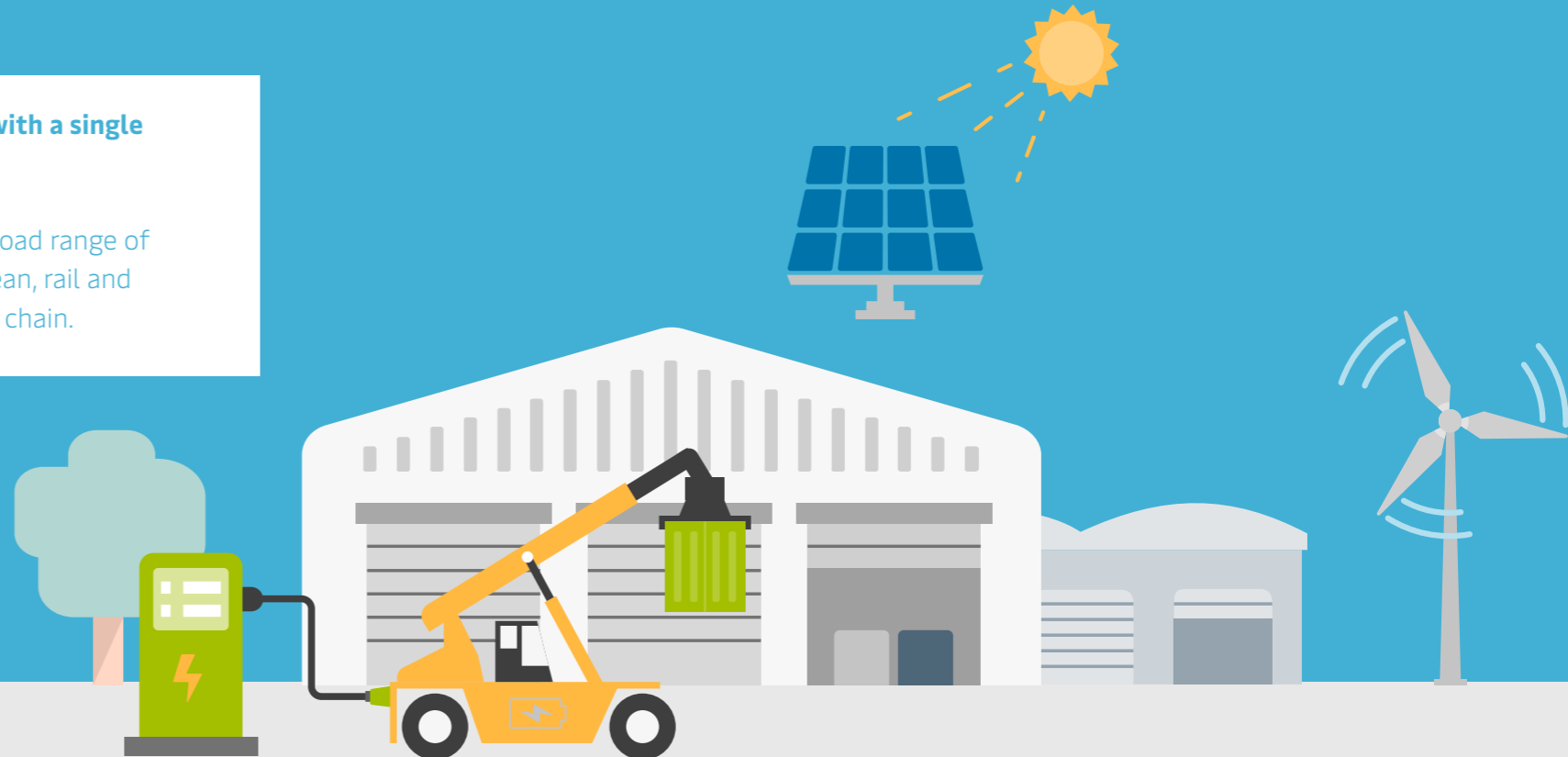
In Ireland, for instance, Maersk has recently signed a lease for renting two new warehouses in the Quantum Logistics Park in Dublin. The warehouses feature a combined space of 250,000 sq. ft and are built to fulfil the sustainability standards of LEED Gold and BREEAM Excellent ratings.

Furthermore, one of the facilities (Unit 4) will become Ireland's first net-zero logistics building using a glue-laminated timber structural frame.

Read more on this [here](#).

The key to unlocking these opportunities is partnering with a single logistics provider who shares your sustainability ethos.

At its core, an end-to-end logistics provider that owns a broad range of assets across the supply chain, including warehousing, ocean, rail and inland, gives you more options to decarbonise your supply chain.



05

HOW THE RIGHT LOGISTICS PARTNER CAN HELP



A good logistics partner can help streamline your end-to-end logistics strategy and help reduce complexity at the same time.

That means handling warehousing and distribution and integrating it with other parts of your supply chain for real-time visibility, control and speed. For example, an integrator can connect warehousing and distribution with customs services, finding synergies to ensure your goods flow across borders smoothly, securely and without delay.

When you consolidate logistics to a single logistics partner, your operation becomes less fragmented, making it easier to connect systems that increase visibility across a network and tie an operation together as a complete whole. But what does a good logistics partner look like?



DEEP EXPERTISE:

A good global integrated logistics partner will give you on-the-ground expertise, anywhere in the world, with quick turnaround times in your destination markets.



EXTENSIVE NETWORK:

They'll take care of your end-to-end warehousing and distribution logistics using their strategic network of storage facilities. Not only that, but they'll offer inland and middle mile transport options to help cargo move smoothly.



TECHNICAL INTEGRATION CAPABILITIES:

They can deliver real-time visibility and efficiency by easily integrating your existing systems through either application programming interface (API) or electronic data interchange (EDI) data integrations.



A partner that meets these criteria enables you to transform warehousing and distribution into a value driver, giving you the knowledge to plan, and the infrastructure to execute, a streamlined end-to-end logistics strategy. Are you ready to take this next step?



19 How efficient warehousing supports a streamlined end-to-end logistics strategy

MAERSK WAREHOUSING SERVICES

At Maersk, our global footprint and extensive network means we have facilities ready to handle your supply chain, whether at origin or destination, through the following solutions:



CONSOLIDATION CENTRES

Warehouses that combine goods and materials from different origins and sort them into containers with a common destination. This is usually done pre-export and includes value-added services like pick and pack, RFI scanning, carton labelling, kitting and quality inspections.



DECONSOLIDATION CENTRES

Warehouses that take containers and sort goods and materials intended for multiple destinations. These centres offer services that vary according to your final destination needs – from cross docking and direct transloading to even bypassing the distribution centre completely.



FULFILMENT CENTRES

Warehouses that do both consolidation and deconsolidation, taking care of pick and pack, order fulfilment, storage and receipt, while using extensive inventory management systems to streamline deliveries to final destination.

To discuss your warehousing and distribution requirements, [contact us here](#).

For more information, [visit this page](#).

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