

CASE STUDY

Non-food



Argos Goes Full Speed Ahead with Automated DC



The Vanderlande Industries solution gave Argos the best overall Return-On-Investment.

>> Customer challenge:

Need to handle substantial growth in sales, number of sales channels and growth in choice for the consumer, while at the same time increase competitiveness in the market.

>> Solution:

Automated distribution centre including **VISION™** Warehouse Control System integrated into Argos' OMI WMS.

>> Benefits:

- Lower operational costs
- Higher efficiency, productivity and picking accuracy
- Better control over direct imports
- More efficient handling of reverse flows

>> Outlook:

- Continuous improvement program through on-site 24/7 maintenance and support team

>> The customer challenge:

Argos is the largest non-food retailer in the UK with annual sales close to £4.3 bln (€ 5.4 bln). The company sells a wide range of home, electrical, garden and DIY products through its catalogue, website and over 700 shops in the UK and Ireland.

Faced with significant growth, Argos wanted to increase product availability and reduce costs. Argos was dealing with a rapidly expanding product range and increasing price competition in many core product areas. Being a catalogue retailer, the catalogue is in fact an all-season promise of product availability to the customer. It means that Argos has to stock all those products throughout the season. Security of supply and pick accuracy are very important.

Argos decided to centralise the distribution of small items to increase national availability by concentrating supplier deliveries to one site and improving picking efficiency. At the same time Argos also wanted more control and continuity of supply of direct imports, which make up a growing proportion of the product range.



The ODS order picking solution uses space, capital and labour more efficiently than any currently available alternative.

>> The solution:

The distribution centre encompasses several processes, including a central warehouse for imported products (CDI) and a store order picking function for small items (CDC). The CDI operation is essentially a bulk storage and container-to-palletisation 'factory' providing speed and efficiency in replenishment and supply. The CDC includes complex integration of technology, including automated storage and retrieval, goods-to-man order picking, and associated warehouse management and control systems. Vanderlande Industries' **VISION™** Warehouse Control System (WCS) is integrated into Argos' OMI WMS.

"Vanderlande Industries showed good understanding of our business requirements. Their solution gave us the best overall Return-On-Investment," says Catherine McDermott, Distribution Director at Argos.



The operation is delivering substantially improved productivity and pick accuracy.

"We were impressed by Vanderlande Industries' rigorous approach and by the creativity they showed in finding new ways to deliver smooth, efficient processes," comments Mark Jones, Distribution Development Project Manager at Argos. "They clearly have a lot of expertise in the distribution sector and this really showed in the quality of their proposal."

The goods-to-man ODS order picking solution is undoubtedly the highlight of the operation. It is faster, has more built-in error proofing and uses space, capital and labour more efficiently than any currently available alternative.

Picking is coordinated by the **VISION™** WCS. Several totes of the same product may be circulating at any time, allowing many orders requiring that item to be picked simultaneously. When a new product tote arrives at an order picking station, a screen shows product details and indicates how many are to be placed in which order totes. The operator picks the appropriate number of items from the storage tote and places them in the order totes. To increase speed and accuracy, a display is illuminated below each order tote requiring that product, indicating the order number and how many of that product is required.

Efficiency is further increased by Dynamic Routing.

The **VISION™** WCS is able to continuously determine the most efficient sequence for feeding totes to each order picking station, based on the workload at each station, product requirements around the system and the urgency with which particular products are needed.

This significantly increases throughput per operator, with a resulting substantial reduction in the need for floorspace, capital investment, recruitment and training.

Argos also tackled reverse logistics at Barton. "Reverse flows are a commonly neglected area of the retail supply chain. There is a lot of non-value added handling involved which consumes valuable supply chain capacity. We took the opportunity to co-locate our damaged returns operation to Barton and automate some of the processes. That has given us benefits in terms of improved inbound transportation and helped smooth some of the heavily seasonal work patterns in the distribution centre," says Ms. McDermott.



By taking small products in totes Argos has been able to automate much of that activity, which has helped to improve efficiency



The central warehouse for imported products provides speed and efficiency in replenishment and supply

>> The benefits:

Argos has significantly reduced operational costs, freeing up resources at busy regional distribution centres. Managing direct imports in bulk yields greater savings and ensures continuity of supply.

“Barton provides a focal point for the growing flow of direct imports. This has helped us to remove much of the manually intensive handling. It also provides a way of handling the slow moving tail of products generated by the growth of choice within the business,” says Ms. McDermott.

The ODS solution requires 40% less floorspace than a zone picking solution with a similar throughput. “The very high productivity achieved with ODS is leading to substantial savings in operating costs,” comments Mr. Jones. “For our business, it really is a big improvement on alternative systems and gives us a lot of flexibility to adapt to new throughput profiles as the business develops”.

“By taking products which are small enough to be handled in totes Argos have been able to automate much of that activity and that helps compensate in terms of driving efficiency. The operation is delivering substantially improved productivity as well as improved pick accuracy,” says Ms. McDermott.



The operation is managed by the **VISION WCS**



The **VISION™** WCS is seamlessly integrated into Argos' WMS (provided by OMI).

>> **Outlook:**

Argos and Vanderlande Industries continuously work together to improve operating efficiency and system performance, maximise availability and to help Argos' operations team to achieve their Key Performance Indicators, which are reviewed daily. For this purpose Vanderlande Industries has a team on site at Barton 24/7. This allows Argos to fully concentrate on their core business.

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Argos Distribution Director,
Catherine McDermott



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