



Seven challenges in retail business

Be innovative • Be committed • Be successful

Seven challenges in retail business



Helmut Prieschenk,
CEO of WITRON

Retailers and their logistics departments are facing many challenges – from AI to Greta Thunberg. Some challenges have accompanied this business sector for several years. We summarized the seven most important challenges of retail businesses.

Although, revenue with retail goods is around one percent in German online retail, vendors are still investing a lot of money and time in Omni-Channel strategies. IT structures as well as warehouse processes and transportation systems have to be reconsidered and even modern technologies are reaching their limits because paper bags cannot be filled more reliably by a robot than by humans. "Hybrid logistics centers that handle the store business and the online business with the same technology will be the future in retail according to our opinion", explains Helmut Prieschenk, CEO of WITRON. The warehouse can be quickly adapted to new business models without losing any performance. WITRON relies on a compact design, as well as short and transparent material flows. As a result, a minimum of conveyors is required.

Among others, one specific food retailer from Northern Europe relies on this concept. In the future, the new logistics facility of this retailer will supply 1,000 + stores and all E-Commerce customers with more than 22,000 different dry goods, fresh products, and frozen food. The mechanized Case Picking Systems OPM (Order Picking Machinery) and CPS (Car Picking System), as well as the Piece-Picking Systems All-in-One Order Fulfillment (AIO), Dynamic Picking System (DPS), and Order Picking System (OPS) will be used in the new logistics center. The dispatch management will be optimized through an automated shipping buffer.

The second challenge for retail business is the skilled labor shortage – both in the warehouse and in transportation. Associations and companies are strongly advertising for professions in logistics, but the campaigns hardly catch on in the target group. "As a result, automation is becoming even more important. But it makes little sense to replace a human being with just a robot – rather, the process must be fundamentally questioned", emphasizes Prieschenk. At the same time, the demand for IT systems with good usability is increasing. "Over the next few years, employees in the logistics sector must be able to learn new processes and systems quickly. This requires good user interfaces in order to ensure process reliability", he adds.

The third challenge is climate change and the customer's demand for more sustainability in the processes. "Greta Thunberg and her fellow campaigners are the future consumers", said

the company in the course of the 25th retail congress in Cologne.

The responses from the industry vary. They extend from "herb corners" to E-trucks. "There are still too many trucks driving through the city. What is more: The storage space is still not being optimally used. The more data we can obtain from the processes, the more sustainably we can operate the logistics processes and better organize transportation", demands Prieschenk. "This will be a competitive factor for us."

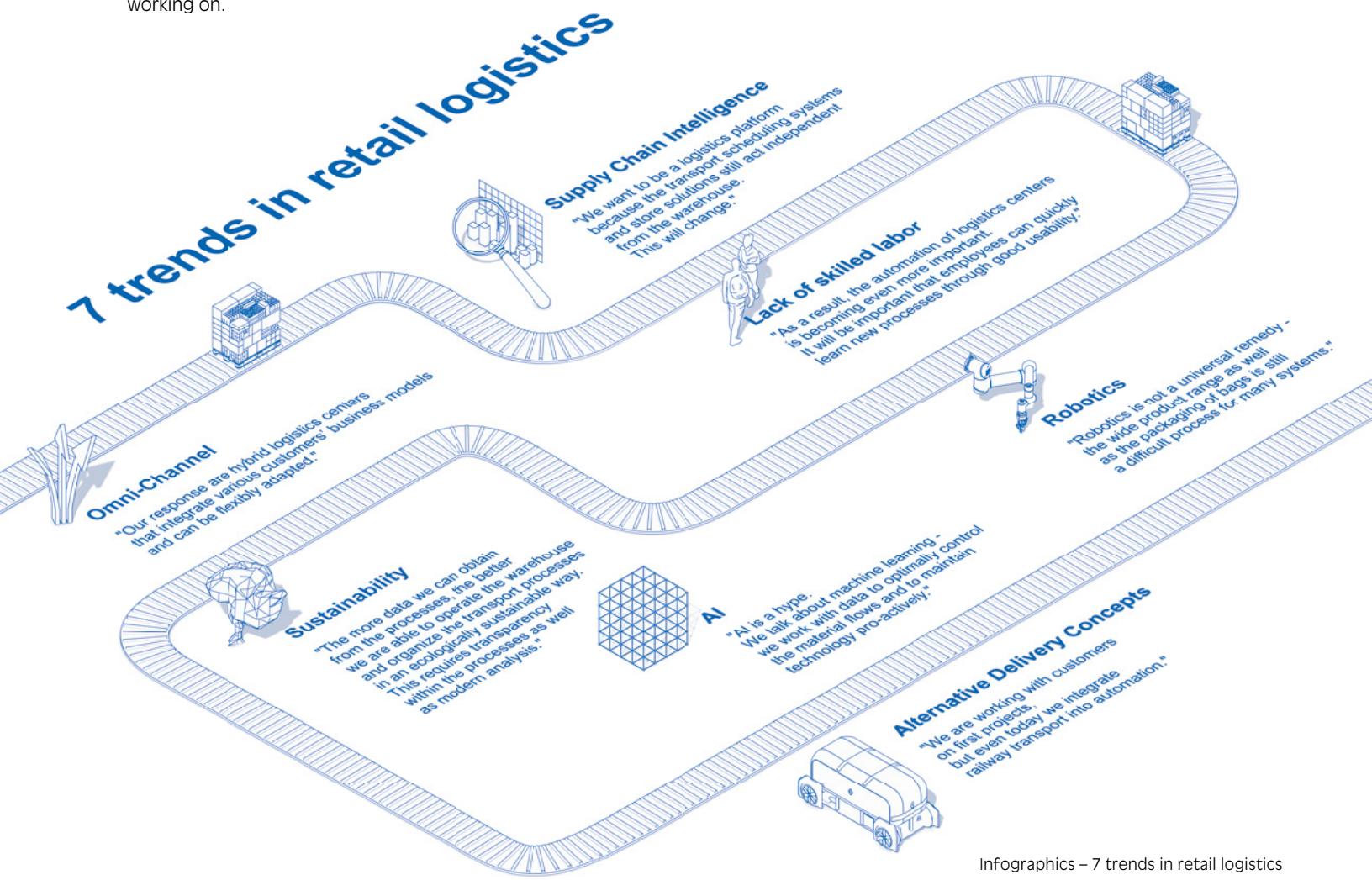
Sustainability in logistics presumes data transparency and intelligence – the fourth challenge for the industry sector – because retail logistics is still dealing with many isolated software solutions for transportation, warehouses, and store operations. The departments hardly work together and the data is analyzed separately. "We are developing WITRON to become a logistics platform by connecting the systems via API interfaces and thus increasing the efficiency of the logistics processes", promises Prieschenk.

The fifth challenge is Artificial Intelligence (AI). The term AI is not optimally selected; it is a trend-word. For WITRON, it is not about reproducing human intelligence. "We want to develop warehouse intelligence based on data", defines Prieschenk. WITRON relies on machine and reinforcement learning in order to improve the technology used in the warehouses in a first step and then offer the customer new material flows and business models. This is the next step: Supply Chain

Intelligence based again on data – if possible, from as many customers' logistics centers, and from as many transport service providers, and stores as possible. Optimizing warehouse processes only makes sense if the entire supply chain is integrated. Sounds logical, however, has seldom been successful to date. What benefits can you expect if the goods arrive 30 minutes earlier at the shipping gate but the truck has not arrived yet? Therefore, IT, physics and processes must be harmonized - if the truck reports a traffic jam, the warehouse must be able to react accordingly and bring forward other orders. This is what WITRON is working on.

The sixth challenge is Robotics. Collaborative systems, for example, interact with humans and promise greater flexibility. "Our customers do not buy a robot, but order a promised delivery service". In most cases, they are not interested in how we can achieve this capacity, as we mostly also operate the warehouse. The entire system must convince the customer", Prieschenk qualifies the robotics hype. "However, we currently see no need on the market to develop our own collaborative systems. Strictly speaking, our COM system is also a robotics solution."

Alternative Delivery Concepts – the seventh challenge – also rely on robotics solutions and autonomous agents. Kroger in the US, for example, will be testing the use of "Nuro" in the fall. "New delivery concepts are also changing our warehouse logistics. We are already connecting railway transports for customers, however, the communication and the data exchange between Nuro, truck or rail and the logistics center will be decisive".



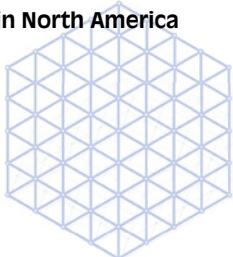


Important Facts

- Founded by Walter Winkler in Parkstein, Bavaria, Germany in 1971.
- Diversified from originally designing mechatronic electrical systems to offering total warehouse solutions.
- Currently engaged by over 40 customers in a dozen countries across Europe, North America, and Australia.
- Robust vertical integration includes sales, design, manufacturing, installation, technical & training services, and on-site system operation & maintenance.
- Employs more than 4,000 colleagues across 4 continents in a wide array vocational and technical roles.
- Consistently recognized as a leader in the field of premium intralogistics solutions by various trade organizations.

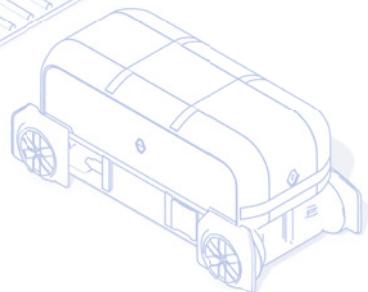
Signature customers in North America

- Walmart
- Kroger
- Meijer
- Target
- Sobeys
- Metro
- BMW
- Cardinal Health
- CVS Health



WITRON America HQ

3721 Ventura Drive
Arlington Heights, IL 60004
Phone: +1 847-385-6000
Fax: +1 847-398-6140
info@WITRON.com



www.WITRON.com



Find us on YouTube & LinkedIn

Be innovative • Be committed • Be successful

www.witron.com