

It's in the bag

As retailers experience escalating volumes of ecommerce orders for 'single' or 'few' items, the challenges of a shrinking available labour pool is leading many to consider the benefits of fully automating the packing, bagging and labelling of dispatched goods. By Simon Houghton, Sales Manager, Product Solutions, Dematic Northern Europe

Omni-channel retailing has expanded at a phenomenal rate in recent years and this has resulted in a huge shift in the demands placed on the warehouse. No longer are unit loads the principle concern, the emphasis is now increasingly on 'single' or 'few' item picking, matched to small packets or bags for dispatch to individual consumers. And this trend is continuing unabated.

According to the retail industry's e-delivery barometer – the IMRG MetaPack UK Delivery Index – figures published for July show a year-on-year volume growth of 15.2%, giving a cumulative delivery index trend of 13% growth for the year so far. The results are in line with a full year forecast of 13%, meaning that some 1.556 billion parcels will be dispatched in 2018 by UK retailers.

These figures highlight a fast developing challenge for omni-channel retailers. How can online businesses continue to meet rapidly expanding demand when the picking, packing and labelling of large numbers of orders for small quantities or singles has traditionally been a highly manual



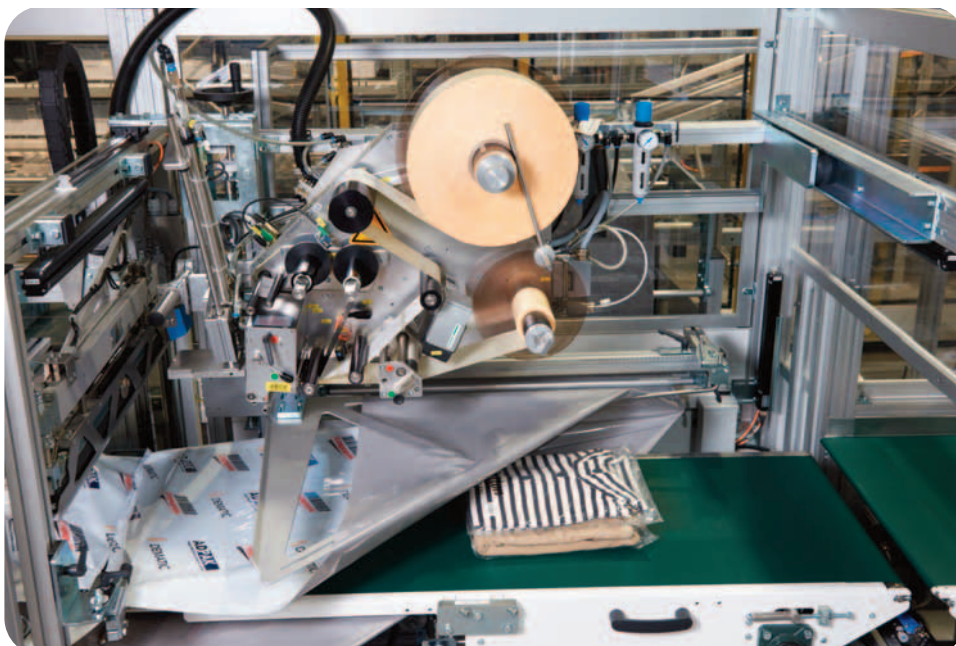
operation requiring large labour resources? A problem made all the more acute by the UK's shrinking available labour pool.

Omni-channel businesses are under increasing pressure to perform. But can greater productivity, throughput and competitive advantage be delivered at a lower cost-per-item in a labour market where low availability can only mean higher labour costs? With these constraints, will businesses be able to respond adequately to future periods of peak demand? And with returns rates up on 30% for many retailers, can returned items be processed and repacked fast enough to ensure a swift resale at maximum margin?

Applying automation to packing, bagging and labelling operations could hold the answer and in many cases may be introduced as a scalable solution to help support existing processes when placed alongside traditional manual packing desks or automated goods to person solutions. The technology is readily available and can now be easily integrated with automated goods-to-person picking solutions and dispatch sorters, or may be installed as a stand-alone solution – which is often thought of as a good starting point for deploying automation.

Dematic has recently launched a turnkey, automated packing and labelling solution for consolidating and bagging ecommerce orders for dispatch. Working with packaging machine specialist, Adpak, and labelling solutions provider, Logopak, Dematic has developed the intelligent software needed to manage and consolidate orders, print labels and seamlessly integrate the solution with client warehouse management systems (WMS).

Suitable for end-of-line applications for automated goods-to-person picking processes or as a standalone system for more manual warehouse operations, the Dematic Auto Bagging Solution enables omni-channel businesses to reduce operating costs, upgrade customer





services through later cut-offs for next-day delivery, and reduce packaging and shipping costs by optimally tailoring pack sizes.

The Dematic Auto Bagging Solution subsystem operates through a single interface to the client's WMS, providing a turnkey solution to automatically: load goods, scan delivery notes, measure goods, envelope-trim and seal goods, and label packages. Picked items are either manually placed on the feed belt – or in the case of an end-of-line process, automatically channelled in sequence – consolidated as per order, measured for optimal pack size and then bagged using bespoke packaging material that is cut & sealed, all in one automated process.

Order accuracy and customer satisfaction are assured with Dematic iQ Software. Every delivery note is scanned and verified against the dispatch label, ensuring the right order is delivered to the right customer.

Working at a rate of up to 1,320 packages per hour, the Dematic Auto Bagging Solution has the potential to reduce the requirement for manual packing resources by up to 90%. In addition, the compact footprint of the solution at typically 35-50 sq m frees up warehouse space for other value-adding processes.

Overall, the subsystem brings greater consistency, productivity gains and cost savings to e-fulfilment operations. The typical rate at which a manual packer can select the right size bag, place the goods in the bag, make sure the dispatch note is included and then print the label and apply it, is around 120 packs per hour – whereas, the Dematic Auto Bagging Solution offers a consistent performance of around 1,320 packages every hour. With this level of productivity the labour force can be redeployed to focus on

the Dematic Auto Bagging Solution enables omnichannel businesses to reduce operating costs, upgrade customer services through later cut-offs for next-day delivery, and reduce packaging and shipping costs by optimally tailoring pack sizes.

service enhancing activities, such as picking goods much later in the day and so pushing back order cut-off times for next-day deliveries. In ecommerce, later cut-offs can offer a powerful competitive edge.

Dematic has already integrated the solution for a leading UK department store and fashion retailer, helping the business to achieve significant productivity gains for its ecommerce operations.

The Dematic Auto Bagging Solution offers the opportunity for existing Dematic ecommerce customers to further enhance the productivity of their automated systems, perhaps by adding the subsystem to their automated goods-to-person picking operations or dispatch sorters. The technology has the potential to boost productivity, while freeing up space, resources and cash. The subsystem also has great potential as a standalone solution for heavily manual warehouses, where automating the packing operation has big benefits in terms of removing packing desks and enabling the redeployment of staff.

An important additional benefit that the Dematic Auto Bagging Solution

brings is increased order accuracy.

Automating the bagging and labelling operations through a closely integrated system that pulls data directly from the WMS ensures that the right order is delivered to the right customer every time – which together with the appropriately sized, tailored packaging leads to happier customers.

An area where the Dematic Auto Bagging Solution holds huge potential is in returns processing. For many ecommerce retailers the high rate of returns, often around 30% – 40%, can significantly add to costs. In fashion retail up to 75% of returns can be resold within a week but items need to be checked and repackaged and are then commonly returned to shelves only to be picked again, relabelled and re-dispatched. Extra handling costs are involved and valuable time can be lost. Dematic's extensive solution set and skilled ability to integrate systems presents the opportunity to combine dynamic buffer systems, such as Dematic's hanging pouch sorter, with the Dematic Auto Bagging Solution, to create a fast and efficient, highly automated returns operation that cuts handling costs and maximises margin.

Over 50 technical experts from some of the UK's leading retailers, 3PLs and automation consultancies attended a series of special customer days on the Dematic Auto Bagging Solution, held on two days in August at Dematic's state-of-the-art offices in Adderbury, Oxfordshire. Attendees were treated to seminar sessions on the new technology and a live demonstration of the Dematic Auto Bagging Solution.

More information on the Dematic Auto Bagging Solution at www.dematic.com/auto-bagging-solution

Sales.ne@dematic.com

