



THE E-COMMERCE WAREHOUSE OF TOMORROW

SIX TRENDS RESHAPING INTRA-
LOGISTICS IN THE NORDICS

The Future of Warehousing and Logistics



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About this e-book

In a competitive and rapidly changing landscape, e-commerce brands need to use every tool at their disposal if they are going to succeed in delivering excellent customer experience and achieving growth. Warehouse management is often overlooked, but it can be pivotal in building competitive advantage.

To help you stay ahead of the curve, we've identified six trends that our customers are talking about. By monitoring these trends, and adopting a modern approach to warehouse management, you can help your business stay agile and meet your customer's needs

better.

Sincerely,

The Bitlog team

E-commerce is growing faster than ever in Sweden and the rest of the Nordic countries. While once lagging the bigger nations, people in the Nordics are now shop online at some of the highest rates in Europe.

But the online retail landscape in the Nordics is still fragmented, with many small retailers vying for customers in their home markets. As a result, e-tailers need to stand out from the competition and deliver a superior customer experience at every touch point, including deliveries and returns.

Beyond the domestic market, to achieve real growth, most e-commerce businesses want to gain a foothold in larger markets in Europe and beyond. Going head on with bigger players in more mature, demanding markets means Nordic brands need a solid foundation for success. The warehouse is clearly a crucial part of that foundation.

6 Trends Reshaping Intralogistics in the Nordics

- 1. Returns become even more crucial for customer experience**
- 2. The balance between just-in-time and just-in-case is shifting**
- 3. Sustainability is prioritized throughout the supply chain**

4. Market forces drive the need for digitalization and automation
5. Nordic e-commerce brands expand warehousing to the continent
6. Ultra-local warehouses and dark stores expand (and face regulation)

1. Returns become even more crucial for customer experience

Increased numbers of online shoppers mean an increase in returns. Buy Now Pay Later (BNPL) options make it even more enticing for shoppers to try out items and return them to the retailer without ever making an actual purchase.

SOURCE: E-BAROMETERN 2021

POSTNORD IN COOPERATION WITH SVENSK DIGITAL HANDEL AND HUI RESEARCH

Consumers who
shop online, millions



20% E-commerce growth in Sweden 2021

96% of Swedes shopped online in the past year

Based on this increased demand, Nordic ecoms are looking for ways to differentiate in the returns process as a path to greater customer loyalty. For many brands that means offering free returns and processing those returns faster than ever.

The sooner a return is processed, the sooner a customer receives their refund, and the sooner they can shop again. More efficient returns processing also means stock is back online faster, ready for the next customer.

Faster processing of returns in the warehouse requires support for agile receiving, preferably using a setup in which the warehouse management system is directly integrated with the webshop. This way, bypassing the bottlenecks of slow-moving ERP software, the webshop stock can be updated in real time.

What's the future of free returns?

While free returns are on the rise in the Nordics, big brands on the continent are heading the opposite direction. In order to reduce the cost

and environmental impact of transport and packaging, fashion giant Zara announced that they will begin charging customers for postal returns in May of 2022.

Based on that, it will be interesting to see how returns offerings and solutions will continue to develop. One Swedish startup's unique take on remodeling the returns process is forwarding returned items directly to the next customer, skipping the warehouse in-between.

Receiving an item that has been previously handled by some stranger might not sound appealing to some people, the incentive of getting a discount on the item plus reducing the carbon footprint is appealing to younger shoppers.

2. The balance between just-in-time and just-in-case is shifting

As many brands have experienced during the past few years, the just-in-time (JIT) model of stock keeping depends heavily on a smooth-running supply chain.

62% of Swedish shoppers say they receive too little information from e-commerce companies about their returns.

JUST-IN-TIME

- MATERIALS ARE ORDERED BASED ON ACTUAL DEMAND TO MINIMIZE OVERSTOCK AND STORAGE SPACE
 - INCREASES CASH FLOW AND SUPPORTS COMPETITIVE PRICING.
 - REQUIRES STEADY PRODUCTION AND UNINTERRUPTED FLOW OF MATERIALS.
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JUST-IN-CASE

- MATERIALS ARE ORDERED BASED ON PREDICTIONS, REQUIRING MORE CAPITAL AND STORAGE SPACE.
- ALLOWS FOR QUICK RESPONSE TO CHANGES IN CUSTOMER DEMANDS.
- MITIGATES RISK OF SUPPLY CHAIN AND LABOR DISRUPTIONS.

When that supply chain is disrupted, sometimes for extended periods, the JIT model leaves both manufacturers and retailers in the lurch waiting for stock.

The JIT model was developed as part of the Toyota Production System, which serves as the foundation for many Lean methodologies that are widely used in manufacturing and other industries.

With the objective of eliminating waste, JIT focuses on minimizing stock on premises until it is needed for production or sale. By ordering materials based on actual demand rather than sales projections, JIT can mitigate the risk of over-ordering. The JIT methodology also minimizes the cost of storage space needed for backstock.

However, the supply chain turbulence caused by the pandemic, along with labor shortages, war, environmental disasters, and scarcity of raw materials have forced many brands to rethink their ultra-lean approach to supply chain management.

To mitigate the risks that come with unpredictable “black swan” events, which seem to grow more common, many retailers are moving to the just-in-case (JIC) model of inventory management.

This more cautious approach sees companies take on more inventory, adding surplus to their stock. As a result, the JIC approach means they can

react quickly to fluctuations in supply and demand to capture a competitive advantage.

3. Sustainability is prioritized throughout the supply chain

Shoppers increasingly choose retailers who offer sustainable options. Organic, ethically-sourced, fair trade, and reduced packaging are all factors that can drive a customer to choose one brand over another.

The same demand for sustainable options is now extending to fulfillment. Giving shoppers the power to choose greener delivery options will soon evolve from a 'nice to have' to a 'must-have'.

The easiest way for retailers to offer more delivery options will be to integrate with innovative, third-party SaaS solution providers.

Doing so will require flexibility in business software interoperability, including how a warehouse management system is integrated with a retailer's webshop, PoS and ERP, plus any other solution providers. Today, there are a number of SaaS carbon-footprint calculators that offer various ways to share that information with consumers. Eco-minded

Bitlog is an easy-to-use iOS app. The intuitive and clear design makes it easy to onboard new warehouse staff quickly.



shoppers want to know more about the products they buy, including how it is shipped and delivered.

Many online retailers are giving customers more control over last-mile delivery, including the ability to select battery-powered delivery vehicles over traditional ones.

In Sweden, which has an especially fragmented delivery landscape, giving customers the power to use their preferred delivery method can be a real differentiator for an e-com.

Trends to watch:

- Carbon footprint calculators
- More eco-friendly delivery options
- Growth in the circular economy

80% of Swedish consumers are willing to wait 1-2 days for a more sustainable delivery.

4. Market forces drive the need for digitalization and automation

Today's shortage of skilled labor, combined with the need to compete with bigger players such as Amazon, is inspiring many e-coms to make the leap to digitizing and automating the warehouse.

The path to digitalization is unique for each brand, but the first step is to move warehouse management processes from paper into the cloud and mobile devices. From there, retailers start gathering performance data that can be used to drive continual improvement.

For example, one relatively simple, but incredibly useful, solution is to track the movements of staff and visualize traffic data with heat mapping. Based on this, bottlenecks can be fixed and staff can be guided to travel through

the warehouse more efficiently.

By starting with small digital steps like that, e-coms can prepare to take the next, bigger step to automation. Automation is a process, so it's best to look for an automation solution that allows you to automate gradually through a modular, standardized approach.

A modern WMS gives retailers a foundation to begin (and control) the warehouse digitalization journey. The benefits of a robust WMS can extend far beyond the warehouse by providing greater data visibility, increasing transparency of process and supporting communication across the entire business.

The path to the digital warehouse

- Think big, but start small
- Create a core team to drive change
- Focus on the biggest impact with minimal effort
- Identify your KPIs and metrics for success
- Take an agile approach and scale up based on learnings



AutoStore
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5. Nordic e-commerce brands expand warehousing to the continent

Moving logistics operations to Central Europe is a big trend among brands in Sweden and across the Nordics.

Historically, cost was the main driver for placing a distribution center in Poland or elsewhere in Central Europe. Lower labor and operational costs compared to the famously-expensive Nordics can typically offer a fast ROI for the initial relocation and startup costs.

Today, faster fulfillment is another reason more brands want a distribution center strategically located closer to the big European markets. With the last mile playing an ever-growing role in customer experience, there's an obvious win for Nordic online retailers who are able to reach more customers at a greater speed.

A parallel trend can be seen in Nordic manufacturers moving production closer to home in Europe. This move allows for control quality and minimizes supply chain disruptions that began during the pandemic, and continue to cause major issues today.

Bitlog offers an increasing amount of language options in the app. Today you can choose between English, Swedish, Polish, Czech, Norwegian, Finnish and Danish.

But expansion and near-shoring can be a challenge for growing businesses who have previously handled warehousing themselves or who outsourced to third-party logistic experts.

To make this big step a successful one, retailers need a WMS that supports clear communication and workflows within the warehouse, as well as supporting communication between the warehouse and HQ.

An easy to use, multi-language user interface will speed up initial staff onboarding and support easy scale-up seasonal staff during peak demand.

Things to consider before making the move to Europe:

- Choose a cloud-based WMS to remove barriers for expansion
- Make sure the WMS user interface is intuitive and easy to understand
- Look for easy API integration with local carriers and partners

6. Ultra-local warehouses and dark stores increase (and face regulation)

Forward stocking locations have long been used to store inventory in warehouses that are strategically located within a certain country or region. Today, that model is going ultra-local, with mini warehouses popping up to serve smaller territories, often just a few neighborhoods within a city.

Covid-lockdowns saw the rapid set-up and expansion of ultra-fast grocery delivery services across Europe. These start-ups offer swift delivery by building networks of micro-fulfillment centers.

The “dark stores” trend in fast delivery has grown quickly, and may crash quickly. The strategy is turning empty retail spaces, that may have once been a corner market, into tiny distribution centers.

These localized warehouses may be faster, more efficient, and “greener”, but they are not without controversy. A number of cities across Europe are pushing back against the trend after complaints from neighbors concerning the noise and traffic caused by bike and scooter couriers.

What's driving the dark store trend?

- Everyone wants to get closer to the customer for faster delivery
- Bigger retailers need to repurpose poor performing stores
- Fast delivery disruptors are taking over empty retail spaces
- Cities are enacting bans based on neighbor's complaints

What does your future warehouse look like?

At Bitlog, we understand that the road to the future is different for each brand. That's why we offer a personalized approach to help our clients find a WMS solution that makes sense for them.

With Bitlog, you have an easier way to digitize your supply chain and create synergies across your business that extend beyond the warehouse. Our cloud-native solution is built for fast startup and flexible integration with your webshop, business software and third-party service integrations.

Bitlog is regularly upgraded with expanded functionality – giving you the power to continually scale and stay competitive. Get in touch today to start building your own warehouse of the future.

About Bitlog

Bitlog warehouse management software is tailored to suit the needs of e-commerce warehouses. Cloud-native, easy to implement and easy to use, Bitlog's user interface is an iOS app that can be installed on Apple iPads and iPhones.

API integration with your business management software means start-up is easy – and so is scaling. With pricing for businesses of all sizes, Bitlog can support businesses that are just starting up all the way to the most demanding enterprise warehouse operations.

Want to take Bitlog for a spin?

Experience Bitlog for yourself with your own demo account.

Speed up receiving, picking and returns with functionality tailored to suit the needs of e-commerce warehouses.

Visit www.bitlogwms.com/sign-up to create a free account.