

# **PRESS INFORMATION**

## **Argos Invests in One of the UK's Most Advanced Distribution Centres in Supply Chain Revamp and Takes Direct Control of Supplies**

A major distribution centre alongside the A38 trunk road in Staffordshire has opened for top catalogue retailer Argos. From initial planning to final implementation, Argos has relied on support from consultancy The Logistics Business to help deliver streamlined logistics and product availability as part of a significant supply chain revamp.

Argos' new 60,000 sq m (600,000 sq ft) operation at Barton-under-Needwood is highly automated and includes a Centre for Direct Imports, enabling the company to control product availability and reduce costs. It is also the Central Distribution Centre for small products delivered to stores and homes nationwide.

"Argos carried out a fundamental review of its supply chain and concluded that unless substantial change was made it would become a constraint to the future growth of the business," commented Steve Melton, supply chain director for Argos.

Faced with significant growth of 40% in 3 years, the GUS board approved an investment of £140m to transform the Argos supply chain with the plan to save £50m per annum.

"Yet Argos had never embarked on a supply chain project of this scale and complexity," explained Melton. "The company looked for outside expertise and turned to top supply chain consultancy The Logistics Business to provide the combination of strategic logistics insight and practical implementation." The consultancy was also instrumental in developing the detailed business case for the project, which was put forward for main board approval.

The distribution centre also had to cope with a business increasing product lines from 8,700 to almost 16,000, take into account multi channel operations with 20% of sales delivered directly to home, while reducing costs to retain a competitive edge.

“Effectively the catalogue is an all season promise of a product availability to the customer,” observed Steve Melton. “It means that we’ve got to be in stock from the beginning to the end of the season and that’s quite unlike other grocery and non-food retailers. And that’s why assurance of supply as well as our pick accuracy is so important.”

The early work included validation of centralised distribution and introduced the concept of totes into the Argos supply chain for the first time. Next came the specification for a new Central Distribution Centre (CDC) for small items - replenishing regional distribution centres and providing cross-dock deliveries for stores in the UK and Republic of Ireland. The solution also provides substantial savings in operational costs, freeing up resources at the busy regional distribution centres.

The consultancy also confirmed the suitability of basing this in the same building as the Centre for Direct Imports (CDI) - essentially a bulk storage and container to palletisation ‘factory’.

The project included use of the i-Flow model developed by The Logistics Business to analyse throughput and storage requirements. A high degree of automation was recommended in order to achieve the necessary efficiency and throughput.

Vanderlande Industries were chosen as the provider for the sophisticated handling and storage system at the heart of the new site. Senior consultant Clive Weston has also been the ‘Engineer’ on the project from beginning to end, acting as Argos’ warehouse engineering and design specialist.

The final design incorporates complex integration of technology, including automated high bay store, miniload, automated palletising and support for advanced tote picking, with associated warehouse management and control systems.

Products arriving in containers are manually loaded onto boom conveyors, linked via sortation to automated palletisers. Loads are then transported to the fully automated bulk store, which also replenishes the sophisticated small products picking operation.

Goods from the bulk store are moved to workstations, where small products are loaded into totes and moved automatically to a miniload system. This holds stock ready for rapid supply

relb05-03 Argos go for state of the Art Logistics with the Help of The Logistics

to the advanced picking solution where orders are assembled under the control of a pick by light system.

Completed totes are assembled and fed to automatic stackers where they are made into 2m high wheeled loads ready for easy handling through despatch and store delivery. The overall operation can handle a staggering quarter of a million order lines per day.

A new semi-automated returns system in the same building identifies and sorts product for re-packaging or return to suppliers. "Reverse flow is a commonly neglected area of the retail supply chain. There's lots of non-added value handling and it also consumes valuable capacity. We've chosen to co-locate our damaged returns processes at Barton and to automate some of the activities," said Melton. "That's given us benefits in terms of better utilisation of inbound transportation and also enabled us to smooth some of the heavily seasonal work patterns in the centre."

The new site is already providing improved logistics. Steve Melton stated; "Barton provides a focal point for the growing flow of direct imports into the business and it's helped us to remove much of the manually intensive handling that characterises this area. It's also provided us a way of handling the slow moving trail of products that's generated by the growth of choice within the business. We are already delivering substantially improved productivity as well as improved pick accuracy."

"We are confident that Barton will realise its goal of becoming the flagship site at the heart of the Argos network and help to drive the success of the Argos business further."

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**Note to editors:**

**The Argos supply chain operation and Barton-under-Needwood site have been recognised with several prestigious awards. Within weeks, Argos scooped the Chartered Institute of Logistics & Transport's trophy for storage and handling solution in late 2004, followed by the European Supply Chain Excellence Award in the retail and distribution category – also coming in third overall amongst Europe's best supply chain operations.**

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**Argos CDC/CDI Data**

Floor space	60,000 sq m
Pallet locations	90,000, including 80,000 bulk locations
Total SKUs	7,000
Order lines / day	244,000
Highbay height	27 m (double deep)

**Project**

Strategic validation	The Logistics Business
Planning / specification	The Logistics Business
The Engineer	The Logistics Business
Integration Management	Vanderlande Industries

**IT**

WCS	Vanderlande Industries Logistics Software Group
WMS	OMI Managed by Argos

**Equipment**

Boom Conveyors	Caljan
Carton Conveyors	Vand
Palletisers	4 Echolo
Pallet Conveyors	Vanderlande Industries
Stretch Wrappers	Lantec
Mezzanine Floors	Mezzanine Floor Company
High-bay cranes	15 Viastore
Pallet elevators	2 Nerak Weis
Tote Conveyors	Vanderlande Industries
Miniload cranes	12 TGW
Dolly Stacker	Elten
Racking/Shelving	Nedcon

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Inside Argos' new 60,000 sq m (600,000 sq ft), highly automated distribution centre.

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Advanced picking operation at the Argos distribution centre in Barton-under-Needwood.

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Commenting on the new distribution centre at Barton-under-Needwood, Steve Melton, supply chain director for Argos, said “We are confident that Barton will realise its goal of becoming the flagship site at the heart of the Argos network and help to drive the success of the Argos business further.”

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