



# SHARED BENEFITS

Paul Tyson, Commercial Director at ArrowXL, explains how shared user platforms can help retailers to navigate through a challenging climate.

**According to forecasts from certain industry commentators, the retail sector looks set to continue battling difficult market conditions throughout 2018. In response to these predictions, it is likely that we will see many organisations look to reduce their overheads.**

However, whilst reactive cost saving initiatives traditionally make negative reading, there are now a number of exciting outsourcing opportunities available for retailers to exploit, including across their transport and logistics functions. This is not only helping to save costs, but also improving the levels of service provided to the end customer.

#### **The growth in shared user platforms**

Traditionally, retailers preferred to operate their own costly transport and logistics networks for items requiring two-person deliveries (furniture and appliances), due to their reluctance to lose control of their delivery function by outsourcing to a third-party supplier. By keeping this in-house,

retailers were assured of maximum visibility over operational performance and customer service levels. For those businesses with substantial capital, it was believed to be the safest option.

However, the growth of innovative technology has now made it far easier to integrate and communicate with suppliers, as well as to monitor and analyse performance. As a result, we are now seeing more retailers contemplate a switch to a shared user platform, where a logistics partner handles deliveries. This approach, which sees the supplier carry numerous products from different retailers within the same delivery vehicle to maximise efficiency, offers companies the opportunity to make considerable cost savings. It is particularly attractive to those businesses selling larger items that require a specialist two-person delivery solution, which is more expensive to operate than a standard courier network.

As well as saving money, retailers joining this growing trend are also reaping the additional

benefits of working alongside a third-party supplier, which includes improved flexibility and scalability, access to innovative systems and software, extensive resources and specialist knowledge.

#### **Increased flexibility and managing peak demand**

By switching to a shared user platform, such as that offered at ArrowXL for two-person deliveries, retailers will primarily benefit from an increase in flexibility and the capability to efficiently scale up and down operations upon demand. A historic problem for those retailers operating their own logistics networks has been ensuring they have the necessary capacity to handle extra volumes associated with peak trading periods, whilst maintaining a profitable fleet during other times of the year. Typically, retailers would require high levels of capital outlay to ensure their fleets could cope with growing volumes being driven by peaks such as Black Friday, only to see significant parts of this expensive network lay dormant during quieter periods.

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