

Economic BENEFITS OF WAREHOUSING

CONSOLIDATION = BULK BULK

→ Reduce transport cost by using warehouse capability

→ Benefits are

- reduction of lowest possible freight rate
- timely and controlled delivery
- reduced congestion
- customer receiving date

→ Warehouse enables

- inbound + outbound movement
- Consolidate shipments which results in the reduction of transport cost & quicker delivery

→ Economies of scale

→ ~~Fixed~~ Breakbulk receive large shipments & send to multiple locations

→ Improve transport efficiency

② Sourcing

3 types of assortment

(a) Cross-docking

- combine inventory from multiple origins & into pre-specified assortment
- Requires on-time delivery
- Dependent on technology

(b) Mixing

- = usually performed @ an intermediate location
- Trailers / shipped from origin & mixing locations
- Products are sorted + combined according to customer
- Products can be combined with regular stock
- Minimum inbound transport cost.

(c) Assembly

- Support manufacturing operations
- Assembly line assembled from a variety of 2nd tier suppliers located close to the market.
- jointly value-added services received from lead suppliers | I.S.P.

Economic Benefits of Wastewares

(3) Seasonal Storage

- Accommodate seasonal demand
- Provides a buffer
- Allows for production efficiencies

(4) Reverse Logistics

→ (a) Returns Management

- designed to facilitate a reverse flow of
- product that did not sell
- 2 accommodate recalls

(b) Remanufacturing / Repair

- facilitates reverse flow of products following its initial use for reuse/rehabilitation
- refurbished product can be reused/sold as appropriate.

(c) Remanufacturing

Remanufacturers use coordination & reverse flow 2 position + recall products when the original user no longer needs it.

(d) Recycling

involves returning product following its use/full life with the objective of decomposing it & its component materials so they can be efficiently effectively used.

(e) Disposal

when material cannot be effectively reused it still may require reverse logistics for its disposal.

SERVICE BENEFITS

① Spot - Stocking

- aimed to support customer requirements
- manufacturers of seasonal products often spot-stock
- responsiveness in peak selling periods can be enhanced through temporary inventory positioning in strategic markets
- utilising warehouse facilities for spot-stocking allows inventories to be placed in a variety of markets adjacent to key customers
- just prior to a period of high seasonal sales

③ Value-added Services

- This = a service that creates value for customers
- VAs changes the physical features / configuration of product
- select they are provided customers in a unique / customised manor.
- Examples: reverse logistics, cross docking

② Full-line Stocking

- use of warehouses by
 - mf,
 - wholesale retailers &
 - retailersto store product inventory combinations in anticipation of customer orders
- the difference between spot-stocking + full line stocking = the degree duration of warehouse utilisation
- Full-line stocking warehouses improve service by raising the level of supplies that a customer must logistically deal with.
- The combined investment (makes) economic larger shipments possible,