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E-COMMERCE IS ON THE RISE: HOW BUSINESSES CAN STAY COMPETITIVE



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SOLUTIONS FOR HANDLING EFFICIENCY



Using technology to manage stocks and logistics is now seen as essential to providing good customer service.



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The internet's share of retail sales generated in the UK sits at 12%, the highest in the developed world. In response, warehousing and logistics centre businesses have grown by 24%, with turnover hitting £11.8 billion in 2015. As the online shopping revolution continues to rise, less stock is held in store and more is spread along various points of the supply chain.

From fashion to food, the impact of e-commerce is changing the distribution pipeline with next day or same day delivery schedules already the norm. Amazon takes it one step further with one-hour turnaround times and ASOS is emerging as a leader in fast fashion providing customers with instant access to the latest trends. Warehousing and logistics companies will need to adapt in order to keep up and respond to customer demand as quickly as possible.

1. ECONOMIC ADJUSTMENTS

The upswing in e-commerce, advancements in automation, and the recent vote to leave the EU mean that it's more important than ever that the materials handling and logistics sector has access to relevant financing solutions to support changing work practices. New business opportunities are already presenting themselves: home delivery fleets have grown and self-employment has increased. In the logistics sector for example, last year's traffic growth for light goods vehicles was up by 12% from 2014. Vans now generate around 15% of road traffic and their presence on urban roads continues to rise.

The fast turnover of warehouse stock also calls for investment in equipment such as forklift trucks to manage the volume of goods in and out. When the seasonal clear-out is over though, you may find yourself with a fleet of fork trucks sitting idle. Rather than buying the extra trucks you need outright, you can lease them over a three-year period. This provides greater affordability and more budget control as you can pay more in peak periods and less when business is quiet. Also, most leasing agreements include regular asset maintenance – this works in the favour of both end-users and dealers. At the end of the leasing agreement, dealers can pay the residual value and gain a valuable asset that they can either resell or lease out again on short term contracts. And, a well-oiled fleet guarantees end-users minimal to no downtime which helps increase their profits and productivity. Essentially, everyone's a winner.

2. INNOVATIVE TECHNOLOGY

New technologies can provide an important competitive advantage for warehousing and logistics companies. Driverless trucks for example, can move loads around warehouses and onto road transport using ever more advanced software and sensor-based guidance systems.

Real-time inventory updates can be done with computers mounted onto trucks and hand-held or wearable mobile devices. These tools interact directly with stock-picking or asset tracking software and feed data through the system quickly and efficiently.

Microchipped tags can improve goods handling and tracking by transmitting product information through radio waves. This eliminates the potential for error associated with manually scanning traditional barcodes.

3. GREATER TRANSPARENCY

In the world of e-commerce, customers expect to be able to determine the availability of an item, how long it will take to deliver and track its journey to them – all online. Using technology to manage stocks and logistics is now seen as essential to providing good customer service.

Adopting new technologies is vital for this industry to stay competitive and agile enough to adapt to fast-changing market dynamics. However, it can be expensive. Many firms are thus choosing to lease the solutions they need, rather than buy them outright. This enables them to have the most-up-to-date and relevant IT systems and machinery, but without the costly upfront capital expenditure.

There is little doubt that e-commerce is a capital-intensive business, demanding more sophisticated equipment and services to meet the rising demand of online shoppers. Leasing rather than owning allows businesses to upgrade their software or services as the technology improves or their needs change. It's a cost-effective solution that enables new or established warehousing and logistics companies to stay up-to-date with ever-changing market demands.



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