



WAREHOUSING/DEPOTS & DISTRIBUTION

Feature by Liesl Venter

Warehouses will move closer to consumers

The warehousing and distribution sector will feel the impact of the pandemic long after it's over.

According to Elaine Low, regional MD for the South East Asia and Pacific region at Ceva Logistics, the pandemic has brought with it significant paradigm shifts in the logistics industry as challenges have erupted across the supply chain.

"All aspects of industry were impacted," she said during a recent online conference. "Modes of transportation changed. Airfreight capacity was cut severely, with over 70% of the capacity gone, while on the ocean side we saw a large number of blank sailings. Border restrictions were another challenge – and we continue to see new requirements and procedures coming in."

All of this had led to significant challenges in the warehousing and distribution sector, said Low. "Sourcing options are no longer the

same and supply chains are being altered to meet new demands. Increased capacity was necessary in the warehousing sector as demand for certain items increased, while at the other end of the spectrum items that were no longer moving as fast needed to be stored."

She said this tremendous shift in capacity had also affected pricing. "Pricing works on supply and demand principles. When demand outweighs supply there is an upward trend. The volatility in the market place has not been easy to deal with and has further impacted on pricing."

In addition, said Low, there was no way to predict demand as it was constantly changing.

"Many shippers have much smaller margins and the cost of freight has been skyrocketing. It is not a sustainable situation."

Axel Herzhauser, regional business development leader for Ceva Logistics, said change was inevitable in this new operating environment – and the restoration of the supply chain simply meant that there was no going back to doing things the way they had been done pre-Covid-19.

"Going forward agility and flexibility will come into play," he said.

According to Low more inventories are expected to be held on shore in future, while border restrictions will continue to affect availability of

goods and labour resources. A new reality will also be the need to have warehouses and distribution centres closer to consumers as supply chains came under considerable pressure during the pandemic.

"We expect to see continued demand for warehousing and there will be a need to create more capacity. You can't create warehousing capacity overnight, it requires time and strategic planning."

She said at present the need for space was being balanced by the capacity generated in industries that were downtrading such as the automotive sector, but this would not fulfil future requirements.

"A new range of warehousing and distribution centres that meet the omni-channel approach of logistics will have to be created, but there will be a lag time in delivering these which the industry will have to take into consideration."

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A new range of warehousing and distribution centres that meet the omni-channel approach of logistics will have to be created.
– ELAINE LOW

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Durable floors critical in warehouse operations

Floors often get the least attention in a warehouse or distribution centre. Yet, if one considers that these surface beds literally support all the activities that happen within the DC, then floors and their role in the warehouse environment take on a whole new dimension.

Nic de Carvalho, head of New Floors and Operations at Concrete Laser Flooring (CLF), says that delivering durable floors with high tolerance levels is critical. “We are busy developing low shrink, jointless floor technology to reduce repair and maintenance overheads and improve facility efficiencies,” he explains.

Some of the biggest challenges in the warehousing environment when it comes to floors are poor workmanship, the use of sub-standard material, low strengths, and incorrect design methodology – all of which often results in defective floors that are not within flatness specification and are very costly to maintain and repair.

“All of this results in excessive



Durable floors with high tolerance levels are critical in the warehouse environment.

costs, downtime, and poor productivity,” says De Carvalho who also warns against a reactive approach to warehouse floors saying this can be just as costly and result in serious downtime.

“CLF, which has been placing new floors in warehouses and distribution centres for over 20 years, is constantly innovating. Research and development is ongoing to address the challenges in the sector and to come up with solutions that are efficient and that address cost,” he says.

The company was, for example, the first to introduce Somero Laser Screed machines into South Africa as well as steel fibre reinforcement.

He says there are moves towards having fewer joints in floors and flatter surfaces with higher racking to increase storage capacity as industrial land is increasingly becoming more scarce. Fewer joints also have the benefit of reducing long-term maintenance costs.

Commenting on how this compares with international trends, De Carvalho says while South Africa

does follow international design quite closely, it certainly lags behind the international market, particularly in the area of automated facilities.

But, with a dramatic increase in the demand for space to cater for the increase in volumes, the outlook for the warehousing sector overall is very positive, in his view.

And that’s good news for floor specialists like CLF.

“We are very positive about the future for warehousing and depots in the South African market. In addition we feel there is realistic scope for significant growth in sub-Saharan Africa, with particular emphasis on developing countries such as Kenya, Tanzania, Ghana, Zambia, Mozambique and Namibia.”

While the effects of the recent pandemic, coupled with poor local economic performance, tended to create a rather bleak outlook, De Carvalho says it is pleasing to note that the trend in this segment of the construction industry is promising with strong growth expected in the foreseeable future.

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Perfect time to plan long-term strategies

As the warehousing/depot and distribution sector battles the impact of Covid-19, many players have been forced to scale down, says Mndeni Ngcobo, commodities and marketing manager for South Africa Cargo Services (SA Cargo).

“They are instead looking into collaboration in order to save on their operational costs. Although this approach has benefits, limitations such as not having full control of your service offering can be a major concern for all parties. Hence, we believe good old simplified communication is the fixer of it all.”

Ngcobo believes that the warehousing sector will grow and will see more developments in future.

Whether this will occur within the next 36 months, however, is highly unlikely. “I doubt that the growth will happen soon, but that does not

mean we should rest and wait for things to happen around us. In fact, it is the perfect time for most businesses to pivot and plan long-term strategies and partnerships.”

He says like most businesses the biggest challenge at present in the warehousing/depot and distribution sector is around managing costs and efficiencies versus customers’ post-Covid expectations.

“The pandemic has resulted in significant change. Now more than ever customers want a blow-by-blow report of operations. Delivering high-end services and meeting these expectations while guaranteeing profit margins are met is now fast becoming a topic of conversation,” said Ngcobo. “It will be interesting

to see how the situation develops in a world where there’s increasing demand for efficient systems.”

According to Ngcobo, while the overall outlook for the coming months is tough, there’s room for collaboration. “One can also now make some strategic moves into new markets or even new sectors.”

SA Cargo KZN’s warehousing portfolio has recorded positive growth patterns over

the past 12 months and the company is looking to replicate this momentum at its other regional locations including Port Elizabeth, Saldanha Bay, Cape Town and East London.

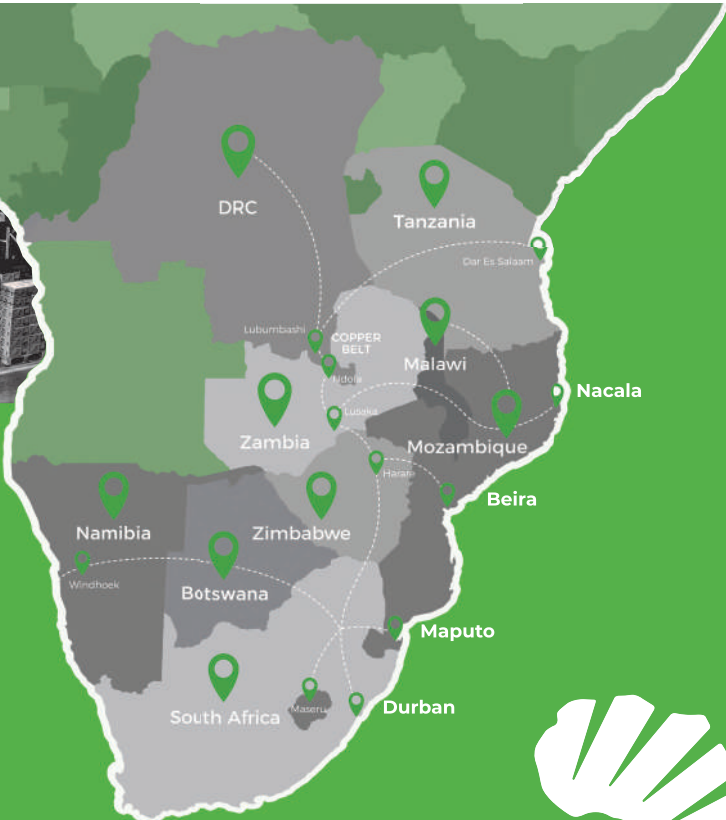
Another important area of focus is digitalisation and the implementation of new technology.

“Internationally things are more advanced with many of the services semi- to fully automated – and the cost of adding smart technologies into local operations is becoming more feasible.

“In Africa, however, we still have to bear in mind that most economies face high unemployment rates and major skills shortages – and in applying technology this must be taken into account.”

“One can now make some strategic moves into new markets or even new sectors.”

– MNDENI NGCOBO



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Warehousing



Rhenus Logistics continues to invest in warehousing facilities around the world to meet growing demand.

Covid calls for agility and responsiveness

The demand for warehousing over the past few years, specifically cross-dock facilities, has increased exponentially, driven largely by the fact that South Africa is a net importer of consumer goods.

This is according to Rob Stead, chief operating officer at World Net Logistics, a member of Rhenus Logistics. “Overall, there are four key areas where we have seen this demand – cross docking, value-added services, end-to-end supply chain solutions, and security.”

Stead told *Freight News* that the imbalance between imports and exports had resulted in significant “turn-in” fees when returning containers to the relevant port. “As a result, many of our clients choose to unpack their cargo at the port of arrival for direct distribution into the market, saving both costs and time.”

To meet the growing demand the company invested in a brand new 15 170-square-metre facility in Durban this year, with state-of-the-art cross-docking and distribution capabilities.

According to Stead there has also been an increased demand for value-added services – kitting, labelling, fine pick and consolidation of promotional items, as well as reworks on electronics.

“The most significant increase in demand is the need for a full end-to-end supply chain logistics solution, with one company

accountable for freight forwarding, warehousing and distribution,” he said. “Driven by the need to reduce costs, the control and visibility under one roof, as it were, enables clients to look across the supply chain and streamline processes, eliminate waste, and increase efficiencies.”

He said World Net Logistics not only had a long track record in the South African market, but was well positioned as a service provider offering all the services across the supply chain. “The recent acquisition by Rhenus Logistics, with over one million square metres of warehousing space in Europe, and a wholly owned network of over 750 locations worldwide, has added global firepower to our arsenal.”

Stead said no expense was spared when it came to safety and security of its staff or cargo. “We have armed guards patrolling the premises 24/7, vehicle traps, a manned control room with staff trained to identify body language and suspect behaviour, and over 500 monitored CCTV cameras. These measures are necessary to combat organised crime, but we also believe that due to the current economic climate there will be an increase in ad-hoc criminal activity.”

Commenting on the trends and outlook for the warehousing and distribution sector, he said locally, they continued to see cyclical trends from customers around the decision whether to in-source or outsource, and whether to make use of a multi-client warehouse or set up a dedicated facility, cost being one of the major considerations.

“The outlook for the next 18-24 months is uncertain to say the least. The disruption caused by the pandemic makes the agility and

responsiveness of supply chains a top priority. To assist with this, there are several ground-breaking innovations taking place such as drone technology, autonomous high-reach forklifts, robot-supported storage and order-picking systems, storage system optimisation based on big data and virtual reality.”

According to Stead airfreight capacity remains constrained and as a result extremely expensive. “With interest rates at an all-time low and concerns about further devaluation of the rand, many importers are opting to bring in bulk stock via ocean freight and to warehouse this in the hopes that the economy recovers, and future savings can be derived,” he said.

“

The most significant increase in demand is the need for a full end-to-end supply chain logistics solution.

– ROB STEAD



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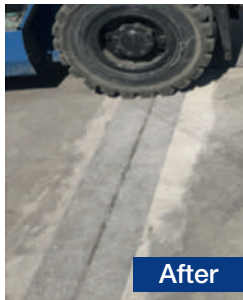
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TRANSPORTING THE ZIMBABWE DREAM

A project executed by Manline Mega



Transporting abnormal loads is no easy feat, but with experience and impeccable expertise, it certainly can be a smooth operation. Manline Mega was tasked to load and transport the Zimbabwe Dream in February, the vessel sister ship to the African Dream that was successfully transported to Kariba in 2017. Being the second of its kind for Manline Mega, the team was thrilled to take on the task once more and move the Zimbabwe Dream from the boatyard in Harare to Lake Kariba.

MAKING HISTORY

The complexity of transporting a vessel that is 33400mm long x 8500mm wide x 5500mm high, with the mass of 140MT should not be underestimated. Recorded in history books, the Zimbabwe Dream is the single largest combined mass and dimensional load to ever make the trip down the infamous escarpment from Makuti to Kariba. The escarpment has a long history of road transportation casualties with many trucks and their loads being lost to poor planning and improper execution over the years. The escarpment makes a decent from Makuti at 1200m above sea level to 488m at the water's edge over a 66km distance. The road from Makuti to Kariba was built in the 1950s to accommodate the

building of the dam, and much of the route was cut along existing elephant paths; the theory was that if an elephant could walk a specific route, it would be a suitable route to follow by vehicle. This theory may be reasonably accurate; however, when transporting a vessel, the size of the Zimbabwe Dream, it does not ring true. The transportation of the boat was undertaken with 19 Goldhofer axle lines on 152 tyres in a push-pull configuration using two truck tractors providing 1200hp to move the load. The vessel was loaded and delivered to the water's edge in 7 days, exactly on schedule. While the movement was done with no damage to cargo or equipment, it was certainly not without a vast number of challenges.

INFRASTRUCTURE PROVED TO BE A CHALLENGE BUT WAS MANAGED WITH PRECISION AND CONFIDENCE

Challenges in negotiating the infamous Makuti bends were expected and encountered but managed by the Manline Mega team with precision and confidence. Extreme cross falls in hairpin bends of over 900 mm meant that keeping the trailer and load level was paramount to prevent the load overturning; the tilting limit on the load was 6.2 degrees, thereafter the load would likely overturn. In addition to the hairpin bends with extreme cross falls, some corners needed to be negotiated, where the inside of the corner is a rock face, and the load would come within 1 inch of the rock face - an event we were familiar with and expecting, however, the reality of the corner is never really appreciated until the trailer is making the turn.



CLOSER TO THE FINAL DESTINATION

The 66km descent from Makuti to Chirara, about 55kms, took a grueling 11 hours as the team prepared for the next leg to the water's edge the following day. The movement of the water was a concern for all those involved as the level of the lake is shallow, and this meant that we had to traverse a section of gravel of around 150m that was not suitably hard, to allow free movement without the axle sinking into the clay subsurface. Fortunately, having faced a similar situation with the delivery of the African Dream, we were well prepared. We laid down a plywood road to float the trailer over the soft surface - a plan that delivered desired results.

Finally, the cradles supporting the vessel on the trailer were packed with railway sleepers. After allowing the load to settle on the sleepers for 24 hours without movement, the trailer was lowered and removed under the vessel. The Zimbabwe Dream was left suspended at about 1200mm above the ground. As the trailer was removed, it was a marvel to witness the delight of the crowd observing the spectacle. The rigging crew was then put into action and the vessel was lowered inch by inch onto inflatable rubber rollers, and five days later, she was gently rolled into her new home in the cool waters of Kariba.

The success of such projects is a combination of months of extensive planning, co-operation with road engineers, telecommunication and electricity departments, Ministry of Transport, police departments, the Barloworld team and of course, the public.

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Covid underscores relevance of automated warehouse systems

2020 has been a challenging year for business all round. “Not only has our adaptation to change been tested during the lockdown period, but it will also be the key factor in who will survive these challenging operational times,” said Anthea van Breemen of Forte Warehouse Solutions.

The world over, quarantine policies and lockdown restrictions have changed the way companies operate. “With work from home being the new normal we switched to the likes of TEAMS, Zoom and Skype for business simply because we had no other choice,” said Van Breemen.

“Installing new processes and systems while everybody has been operating from home locations has forced most companies into new ways of thinking. Suddenly everything had to be digital.”

This impacted significantly on the operations of most companies in the warehousing space which was deemed an essential service industry from the get-go.

“The essential services industry was thrown in the deep end and had no time to implement the necessary tools and processes to allow for less interface and remote location working. For the most part we found companies had to make do with what

they had at lock down while facing new challenges.”

According to Van Breemen most warehouses in the essential services industry experienced sudden increased volumes and had to hire more workers. The challenge was to minimise disruption.

“They also needed to be able to address unexpected and unplanned challenges such as when key personnel were forced to self-isolate. This immediately leaves a gap in the organisation – especially if these were the people holding all the knowledge.”

Van Breemen said the crisis had highlighted the importance

of systems and processes in the warehousing space that were structured and backed by technology for decision making.

“Warehouse management systems (WMS) are critical in the modern-day warehouse environment,” she said. “A good WMS has processes in place that lead the business of inbound, outbound and stock control through the daily routines and allow quick staff training.”

She said now that businesses had been forced to adapt to new technology, the introduction of a WMS was not so frightening. “We are definitely seeing a growing number of enquiries and implementations.”

Catering for back-of-port warehousing requirements

Meeting the needs of customers along the entire land-to-sea value chain, including back-of-port warehousing requirements, has been top of the agenda for South Africa Cargo Services (SA Cargo).

According to Mndeni Ngcobo, the company’s commodities and

marketing manager, this comes amidst growing challenges for commodity producers.

SA Cargo identified the need for an “ecosystem economy of services and efficiencies” and launched Vertically Integrated SA Cargo Solutions (VISACS). “It is a strategy

that allows us to play along the entire land-to-sea logistics value chain,” he explained. “Seeing that SA Cargo has presense at six South African ports and the fact that we have the capacity to handle road transport, stevedoring, warehousing, bulk storage and various other back-of-

port services, the mines have realised that we can certainly play an integral part in the dilemma so many of them face around their value chain. By leveraging our partnerships with SOEs and major bulk producers, we are slowly becoming a niche player in this regard.”

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One-way flow optimises operations

The layout and design of a warehouse, whether starting from scratch or an existing site, have a huge impact on operational performance. Yet so many companies get this wrong.

According to international supply chain and logistics consultant Mal Walker, by focusing on a few aspects major improvements can be made, boosting operations, improving productivity and saving cost.

“There are a few common performance issues that impact cost and service,” he said during a recent webinar for the Logistics Bureau Group. “In many warehouses people just go round and round in circles. This increases costs and damage.”

By understanding the layout or re-layout options that suit operations best, efficiency can be achieved.

“Avoid poor product flow,” he said. “Some warehouses have operators going in all directions

during the receiving, putting away, packing and dispatching. All of this wastes time and it is also unsafe. It is not always possible, but as much as possible we encourage one-way flow as this really does optimise operations.”

Another area that improves performance is reducing the number of touches of goods. “Often goods are touched anything from six to 12 times. Best practice operations only touch goods four times in total or even less.”

Admitting that there was a balance to be achieved between labour and capital investment, Walker said reducing the number of times goods were touched led to major improvements.

“Getting to four touches or less can be an expensive undertaking,

requiring investment in expensive material handling equipment or various forms of operations. But it can also be achieved by just changing the flow in the warehouse or even just by improved stock placement.”

According to Walker placing stock in the wrong place is a common problem in the warehousing space. “From finding fast-moving consumer goods at the back of the facility to slow-moving goods in the front, it is something I come across often.”

As a rule of thumb, Walker advises the ABC method. “A is to have 10% of product, but up to 75% of the volume nearest to the picking face and dispatch. B is having 15% of products and about 15% of volume placed in a mid-range location, and then 80% of

products and 10% of volume can be furthest away from the pick face or dispatch.”

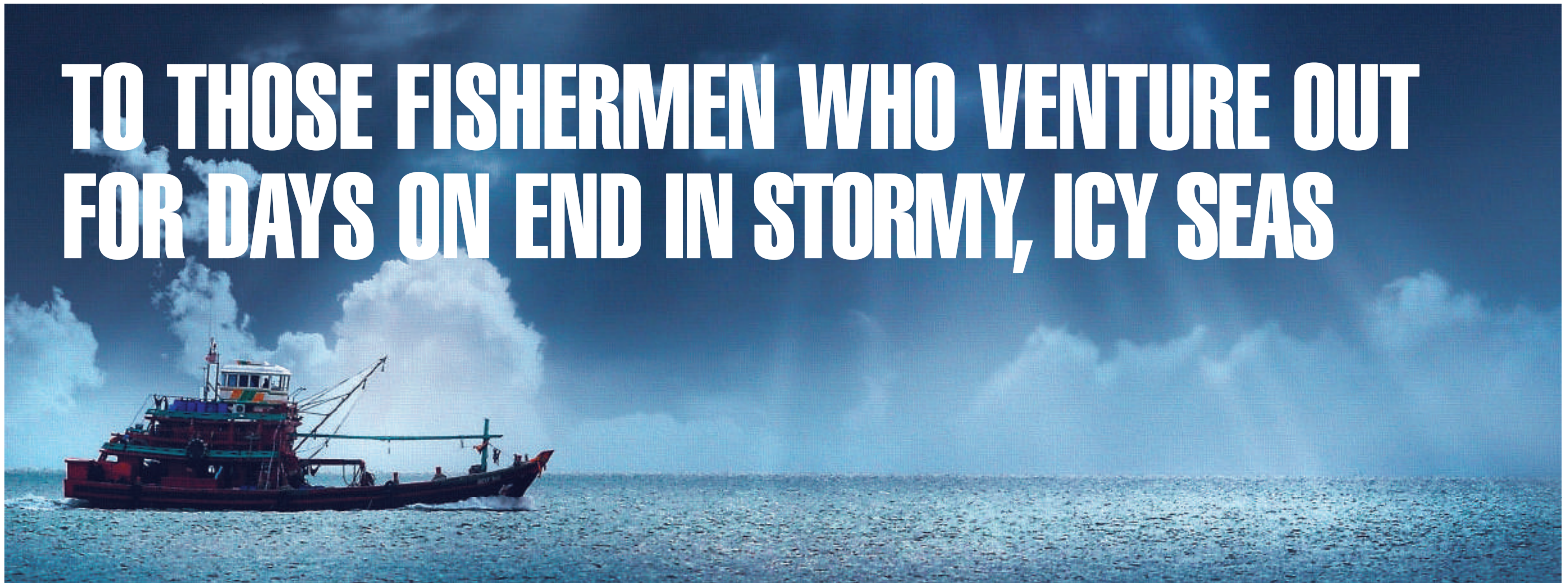
He says by placing stock more optimally goods can be handled less.

“An acceptable number of touches for a warehouse is anything from five to seven touches, but no more.”

Just as important, said Walker, was making sure that stock locations were clear. “Valuable time can be lost trying to locate stock in a depot or warehouse. This becomes a cost. Finding stock as quickly as possible is essential for efficiency.”

While a lot can be achieved through systems, technology and other innovative solutions, Walker emphasised how much could be achieved by implementing just three easy do-it-yourself solutions. “Minimise the touching of goods, create good flow in the warehouse, and kill the overtime bug. This will improve productivity tremendously.”

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Best practice operations only touch goods four times in total or even less.
– MAL WALKER



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Competitive construction environment boosts warehousing demand

Never has there been a more affordable time to invest and build new warehousing than now. According to Terence Odendaal, founder and managing director of Teralco Logistics, the competitive construction environment and the low interest rates will certainly fuel a warehouse construction boom, especially in areas that have been designated logistics hubs.

“I believe these new state-of-the-art facilities that are going up will outshine older buildings which may be cheaper but do not meet the same levels of food safety and hygiene that will certainly become a key focus in years to come.”

Odendaal told *Freight News* that Covid-19 had thrown a spanner in the works as far as global supply chains were concerned. “Ports and borders have become heavily congested and turnaround times have been negatively impacted, especially in the SADC region. As

a result there has certainly been a shift in thinking around over-reliance on a single supply chain. Diversification will be a key word going forward.”

His outlook for the warehousing/depot and distribution sector is positive. Last year the company opened a fully racked, food grade warehouse in Glen Marais in Gauteng. “The strategic location alongside the R21 and only 10 minutes from OR Tambo International Airport makes it the ideal hub for both local and international distribution networks.”

Odendaal said staff had undergone rigorous training to deliver to global standards and to understand the importance of food safety and hygiene, a topic that is understandably gaining increasing importance by the day.

“One of the trends we are seeing in the warehousing sector is a greater focus on service levels.

I strongly believe that a reliable service provider may cost slightly more in the short run, but will save the customer 10 times that premium in the long run.”

Keeping up to date with international trends and developments is just as important. “We run the risk of falling behind in terms of technological developments. For example, the Fourth Industrial Revolution is often something that is overlooked by some in our industry. At Teralco

it is at the heart of everything that we do.”

According to Odendaal, the African Continental Free Trade Area has been a major milestone for the industry. “Actually unlocking it may be tricky, but I can state without fear of contradiction it will mean a massive boost for South African companies exporting to the continent.”

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New state-of-the-art facilities that are going up will outshine older buildings which may be cheaper but do not meet the same levels of food safety and hygiene.
– TERENCE ODENDAAL



‘It's all about position and infrastructure’

Covid-19 has introduced significant change into the logistics environment, says Francois Nortje of NT 55 Investments and developer of the Port of Gauteng.

“We are operating in a rapidly changing environment at present. The market and clients have become far more demanding.”

According to Nortje, there’s a lot

of development in the warehousing/depot and distribution sector. “Goods are getting relatively cheaper, resulting in companies having to increase volume significantly to maintain inflation-adjusted turnover.”

Post Covid-19 there will be even more of a move towards value-for-money products, which also leads to

greater volumes.

Commenting on trends in the sector, Nortje said it was all about position. “The ideal is to be situated in an area and have the necessary infrastructure in place that makes one’s offering better, faster and cheaper.”

While South Africa has lagged in the e-commerce space, it is

being accelerated at present with more consumers moving to online platforms. “Our volumes can still grow because of our growing population. This trend bodes well for the warehousing sector.”

Nortje says being able to offer space and position at more economical rates is an important differentiator in the current market environment.

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E-commerce growth will drive capacity demand

Sea Rail Botswana is in the process of constructing a 3000-square-metre under-roof storage shed within its dry port facility at the Port of Walvis Bay.

According to acting managing director Derick Mokgatle, the company also commissioned a reefer station in December last year with 48 plug-in points for perishable cargo.

“The new shed construction is on schedule and will be completed by the end of November this year within the dry port, increasing our capacity significantly.”

Mokgatle said the warehousing developments currently taking place had all been in progress prior to the outbreak of Covid-19. “This pandemic will have severe consequences as investors are going to tread far more carefully when it comes to new



The new shed for Sea Rail Botswana under construction at its dry port facility in the Port of Walvis Bay.

investments until this pandemic is under control and financiers have more confidence in economic growth going forward.”

He said the Covid-19 regulations, policies and restrictions that had been introduced had disrupted supply chains globally and were proving to be a hindrance to the flow of goods, while contributing significantly to the increased cost of transport and logistics. “There’s been a decline in volumes of imports and exports due to the lockdowns.”

According to Mokgatle there is still room for more warehousing

developments in strategic corridor nodes in the Southern African Development Community (SADC) region.

“We foresee the emergence of more dry port developments regionally as part of the counter measures to lessen the effects of lockdowns in the future. Once the Covid-19 pandemic is under control, international trade will pick up and there will be a demand for more warehousing and depot space.”

Mokgatle said growth in the digitising of facilities would also drive increased warehouse capacity.

“E-commerce will be the new way

of doing business and that will require more distribution networks as well as warehouse space to provide fast and efficient services to end-users.”

The adoption of automated systems and technology that integrate both warehouses and players in the supply chain – including customs authority systems – would be more prevalent going forward, he said.

“International players are already more advanced in automated warehousing systems. The adoption of international standards in the business culture will happen more and more.”

New warehouse caters for ammonium nitrate industry

In a move that will considerably enhance capacity for Native Storage Facility, a new warehouse for the ammonium nitrate industry will be complemented with the construction of an adjacent emulsion plant in Namibia.

According to Thomas Jonas, the company’s managing director, this is the third warehouse constructed by the company, and along with the

emulsion plant, increases capacity significantly.

“The three warehouses each have a capacity of 1528 tons of one-ton bags and 2100 tons of 1.25-ton bags of ammonium nitrate,” he said. “At current full capacity, in all the warehouses combined, we can store 4584 tons of one-ton bags and 6300 tons of 1.25-ton bags.”

Jonas said the new emulsion

plant, currently nearing the end of construction, would be able to manufacture 250 tons of ammonium nitrate per day.

“This capacity can and will be increased as per the demand in the market.”

He said warehousing and distribution in Namibia were governed by the country’s Explosive Act and had to adhere to strict

regulations that were in line with international safety standards.

“Due to the high costs and turnaround time when it comes to governance and regulations of specialised warehousing we are not seeing as much development as one would like. Specialised warehousing costs are also a challenge in the current economic environment.”



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MSC Logistics adds warehousing arm

The decision to incorporate warehousing facilities into its business model has worked well for MSC Logistics, despite the outbreak of the global pandemic.

According to warehouse manager Oliver Schroeder, the company took occupation of its warehouse facility in July last year after a strategic decision to include warehousing facilities as part of its service offering to clients.

“Additional services were introduced and we now offer warehousing, destuffing, stuffing and the storage of cargo for clients.”

He said Covid-19 had brought challenges, affecting imported cargo volumes – and most businesses had been hit hard by the pandemic.

“Most companies in the warehousing and depot space are working hard to overcome the impact caused by Covid-19 and the imposed lockdown,” said Schroeder, indicating that hopes were high

“We are in the process of applying for licences to meet the legal requirements for bonded cargo.”

– OLIVER SCHROEDER

for business recovery in the second half of the year.

He told *Freight News* that there was strong demand for warehousing – and facilities had increased in the City Deep area as well as between Johannesburg and Pretoria, particularly along the R21 route.

“We are in the process of applying for licences to meet the

legal requirements for bonded cargo. The facility is already PPECB compliant.”

Situated in the City Deep industrial zone in Johannesburg, 2km from the Transnet Freight Rail City Deep rail terminal, the facility is within a 5km radius of several third-party container depots.

“The warehouse is situated next to the MSC full and empty depots, allowing for easy access to both depots to access containers for destuffing and stuffing. It is also ideally located for the storage of cargo and will reduce intermodal costs.”



The new Maersk warehouse in Abidjan in the Ivory Coast will meet industry needs.

New warehouse opens in Abidjan

Maersk has taken decisive action to address the needs of customers in light of significant trade growth in the West African market with the opening of a warehouse and distribution facility in Abidjan in the Ivory Coast.

Situated on the outskirts of the city, around the industrial zone, this new storage, deconsolidation and distribution multipurpose

facility has easy access to the port with options to bypass the city’s traffic congestion.

According to Thomas Theeuwes, Maersk Central West Africa managing director, the facility has equipment to support various industries – from retail and fast-moving consumer goods to technology.

“Maersk has a strong presence in the West Africa market, and

we are continuously reviewing our value proposition to ensure we offer competitive end-to-end solutions,” he said. “With this facility we are able to assist customers in meeting the dynamic challenges faced in their supply chains, providing the necessary flexibility caused by seasonal and irregular consumer demands.”

Theeuwes said the 5 000sqm warehouse had a total capacity of

3 900 pallet locations, four docks and an ample truck yard space to ensure fast vehicle turnaround.

“It enables us to offer a consistent warehousing experience for both our global and local customers, ensuring the reliability, security and safety in this facility is on par with what customers experience in our facilities within Europe and North America,” said Theeuwes.

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Massive investments in facilities post-Idai

Warehousing facilities at the Port of Beira are being upgraded and refurbished as part of the Build Back Better (BBB) campaign implemented to address the damage caused by cyclone Idai in 2019.

According to Miguel de Jenga, commercial director for Cornelder de Moçambique, the bulk and container terminal concessionaire at the Port of Beira, the tropical cyclone caused major damage to infrastructure, including warehousing facilities and equipment.

“BBB consists of massive investments in the building infrastructure, including the upgrading and rehabilitation of six of the eight warehouses we have within the port perimeter,” he said. “The first phase of the campaign included an evaluation of the port’s infrastructure, including warehouse floors, roofs and doors. This was

followed by an exercise to define the types of cargo to be handled within each facility. Most recently, we began civil works to upgrade and refurbish six of our warehouses. The roofs will be equipped with new galvanised roofing panels with an aluminum and bitumen coating on each side that offers high resistance to corrosion from saltwater and durability against severe weather conditions. Once the roofing is completed, civil works on the interior flooring will be initiated to ensure smooth surfaces for bulk cargo bagging.”

According to De Jenga the entire rehabilitation project is expected to be concluded by April 2021, but port users are expected to start using the facilities as soon as the fourth

quarter of this year.

He said one of the major challenges had been storage capacity in the port due to the significant damage to warehousing facilities by the cyclone.

“Since Idai, we have focused on gradual improvements within our warehousing facilities, and in less than a year clients will benefit from wholly improved facilities.”

He said the port was also working on improving its open area and unpaved storage areas, thus expanding the storage capacity for cargo that is not weather sensitive.

Another challenge, said De Jenga, was ensuring operations were safe, secure and efficient considering the port was a gateway to the hinterland.

“We have competing storage requests from our customers and need to adjust accordingly to accommodate the commodities handled through our facilities. This requires the adoption of the latest technologies to handle and track the cargo, investment in resilient infrastructure, and human resource development to anticipate increasing demands from our clients.”

He said warehousing developments were ongoing not only in the port but along the Beira Corridor as well – a direct reflection of the increase in demand on the corridor.

“Increasing storage demand from clients and climate change have required that we use the highest-quality construction materials and observe international standards in the civil works, allowing for facilities that can serve a diverse range of commodities.

“

The entire rehabilitation project is expected to be concluded by April 2021.

– MIGUEL DE JENGA

Beira cargo growth promotes warehouse expansion

Warehousing developments are on the increase in Mozambique as more and more cargo moves through the Port of Beira.

According to Kevin Hutton, general manager of Beira Logistics Terminals (BLT), cargo volumes are rising as more freight is being directed onto the Beira corridor due to the restrictions in many other ports due to Covid-19.

“Businesses have seen the potential for additional warehouses,”

he said indicating that warehousing space had not kept pace with cargo volumes and more cargo would require more warehousing.

According to Hutton, there were also increased volumes in direct loading from quay side to the end customer. “This is done to try and reduce the warehousing costs, but it does have an impact on truck availability to load directly from port.”

A serious concern, he told

Freight News, was the increase in competition where facilities were being built at a fraction of the going rate for proper developments. Often these facilities then don’t meet industry standards.

“These developments are putting pressure on the market, making it very difficult for reputable operators. By undercutting rates they are making it very difficult for everyone to remain profitable in what is an already tough market.”

Another challenge at present was port congestion and the lack of empty containers from shipping lines which was creating delays in cargo movements in and out of Beira.

Hutton said BLT had commissioned new bagging machines for its facility. “This will increase our capacity from 1200MT per day to 2400MT. We are always looking at ways to create efficiencies to offer a superior and reliable service.”



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Development under way amid Beira corridor optimism

The Independent Beira Logistics Terminal and Services (IBLT&S) has increased capacity significantly with the company having built two new warehouses – with a third in the process of being extended. According to general manager Neil Stals, the two new warehouses have given the company an additional 2340 square metres. “We are in the process of extending one of our existing warehouses by another 1200sqm. We have purchased additional equipment to allow us to pack bulk cargo seamlessly and more efficiently. We have also partnered with our sister company to provide bulk vessel exports, providing an additional leg of the supply chain to our valued clients.”

He said there was no denying that the Covid-19 pandemic had put a strain on operations due to the need to reduce the number of employees on site to allow for social distancing. “There have also been delays to vessels both inbound and outbound, an issue which has put pressure on warehouse operations. This has required out-of-the-box solutions that are very different from the usual norms of storing cargo.”

“If one gets the balance right there will always be expansion through the Beira corridor as it makes financial and operational sense to send cargo from the hinterland along this route.”
– NEIL STALS

Container availability was an ongoing issue, said Stals. “The drop in the general global commodity pricing has put pressure on the sellers/traders, who in turn look to reduce costs where possible. Margins are continually under pressure as new competitors eagerly try to do what we do.” Despite the challenges, Stals said he was very optimistic. “If one gets the balance right there will always be expansion through the

Beira corridor as it makes financial and operational sense to send cargo from the hinterland along this route. There has been a significant effort to promote the corridor and utilise the shorter distances for that added advantage. IBLT&S has bought more land, and the project plan is to have an additional 11 000sqm of warehouse space available by the fourth quarter of 2021.” On the downside the pandemic had resulted in the closure of smaller warehousing businesses where the feasibility or cargo mix was not diverse enough, he added. “There is a strong move to niche market warehousing where specialised equipment and services are differentiators in the business.”



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E-commerce spike leads to major investment in warehouse space

A massive spike in online sales during the Covid-19 crisis is expected to fuel unparalleled growth in e-commerce operations in South Africa. The general rule of thumb is that e-commerce requires three times the logistics space of traditional storefronts. “Therefore it is reasonable to assume that we will see a much greater investment in warehouse space to support local e-commerce. In addition to this, warehousing demand might be accelerated by the growth of e-commerce in the rest of Africa,” says Estelle Meiring, Paragon Group director.

Improvements in racking, logistics and building technology have seen an increase in warehouse clear eave



heights, often as high as 15 metres, as well as an increase in yard depths, sometimes in excess of 45 metres. “We have also noticed more requests for cross-docking and an increase in the number of warehouse doors required, as inputs and outputs are maximised,” says Meiring. There is a strong move towards sustainability, specifically the installation of photovoltaic panels to reduce reliance on external power supply and cut costs over time. Other key sustainability features include natural light, better building insulation and water conservation. Security remains a major concern.

Another emerging trend is on-demand warehousing, dubbed the ‘Uberisation’ or ‘WeWork’ of warehousing, which sees services and space acquired on a ‘pay-per-use’ basis. This method of warehousing gives customers more choice and flexibility over location, cost and supplier, either as a complete substitute to owning warehouses, or as a partial replacement when a new warehousing location becomes necessary.

“The emergence of on-demand warehousing serves as a response to the increasing number of supply chain challenges that businesses are up against,” points out Meiring. Many users of warehouse space

“

Predictions are that even South Africa’s larger retailers will need immediate space for both slow and fast-moving goods while they assess their long-term distribution plans.

– ESTELLE MEIRING



More investment in warehousing is expected in the future.

do not want long-term leases in a period of inventory fluctuation and uncertainty. Predictions are that even South Africa’s larger retailers will need immediate space for both slow and fast-moving goods while they assess their long-term distribution plans.

The Cape Town market remains unique in that it still has prime vacant land for the development of large distribution warehouses in close proximity to Cape Town International Airport. These sites are centrally situated to consumers, and are an ideal location for online sales sales-related warehousing,

distribution and fulfilment. Additional Western Cape areas that show a lot of promise are the Belville South and Brackenfell and Western Coast nodes. Other parts of the country expecting a major uptake in recently developed industrial areas are

Midrand and Pomona in Gauteng and Riverhorse Valley in KwaZulu-Natal, she adds.

An interesting trend in the US is that e-commerce and omni-channel retailers are expanding their distribution networks, working from multiple, smaller distribution warehouses closer to customers, rather than from a centralised distribution centre due to changing demand. Where five-day delivery times were once considered standard, consumers now routinely expect next-day or even same-day delivery. “In line with this, Amazon has now started acquiring some failed malls, using the land to develop online fulfilment centres.

“This makes a lot of sense, as these malls are perfectly located close to consumers and major transport routes,” argues Meiring. “Although our e-commerce industry is a lot less mature than that of the United States, it would be interesting to see if we will follow the same trend in years to come, which might change the way we see distribution centre nodes in future,” concludes Meiring.

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Planning around distribution of vaccine a critical priority – IATA

Distribution of a vaccine for the novel coronavirus will depend heavily on airfreight – a sector that has been under tremendous pressure in recent months due to a lack of capacity in the market.

According to Glyn Hughes, global head of cargo for the International Air Transport Association (Iata), the co-dependence of airfreight on the passenger sector has been highlighted throughout the pandemic which has seen air cargo capacity plunge by more than 40% while most of the commercial passenger fleets have been grounded due to travel restrictions.

“Whilst freight fleet utilisation increased dramatically to the extent that parked and retired aircraft were brought back into the system, it still could not satisfy the demand,” he said.

This led to several airlines dedicating their parked passenger

aircraft for cargo use, with cargo stored in the overhead bins, under the seats and even strapped to seats.

“This pandemic has shown how vital a role the passenger aviation industry is in moving cargo and that it is vital we ensure airlines survive this crisis as this is a critical form of distributing emergency medical supplies around the world.”

Hughes said discussions were under way on various levels with governments and health organisations as to how a vaccine for Covid-19 would be distributed once it had been developed.

“Of course this will be dependent on many variables that are still very uncertain at present – including where the vaccine will be developed and manufactured.”

As an example, Hughes said should the vaccine be manufactured in a central

Glyn Hughes

location and then be distributed to six billion people, a total of 8000 747-type aircraft would be required for the distribution.

“That amount of aircraft doesn’t exist. It is therefore critical that we start working on distribution plans

now to ensure we are ready to move these vaccinations once they are available.”
He said



governments were being advised to work with supply chain parties in their regions to know what their capacity was.

“Covid-19 has touched everywhere, but countries have all responded differently. We believe the distribution of any vaccine will have to be airfreighted,” said Hughes. “The world needs to plan now how they are going to get these vaccines and distribute them to remote and difficult-to-reach areas, where they will store them – and how they are going to handle local distribution networks.”

He said at present production in Africa, Latin America and one or two other regions was not feasible as they did not seem to have the necessary production infrastructure.

“Ensuring the aviation industry is healthy in these regions is critically important if one takes into account that flying might very well be the only way to reach some of the places where the vaccine has to be distributed.”

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'Higher inventory will be the way forward'

The explosion of e-commerce – providing consumers with a multitude of ways to select, buy, receive and return goods – has highlighted the need for solid distribution networks.

According to Elaine Low, regional MD for the South East Asia and Pacific region at Ceva Logistics, this is clearly evident in the East where e-commerce has been booming.

"It is changing everything we know about logistics. It has resulted in changed behaviour among consumers who are no longer just opting to buy high-end, luxury products online as we saw in the early days, but now anything and everything is bought through e-commerce."

With that has come the need for faster delivery and faster return-logistics.

"We have seen a massive increase in even basic essential

items now being bought online rather than in brick and mortar stores. The quantities and the order sizes have increased and supply chains are having to adapt very quickly to this new environment."

According to research by Ceva Logistics, over two thirds of shoppers (68%) are expected to continue purchasing their essential goods online after the health threats of Covid-19 have subsided.

"This expected long-term shift to e-commerce spans all socio economic groups," she said.

While Covid-19 has been an accelerant for online commerce, it has also made it clear that

consumers want to see as little delay as possible after clicking a button.

"Warehousing closer to the consumer with fast-moving distribution networks will become the norm," said Low, indicating that more inventory

was going to be the way forward.

"Retailers are also indicating that building buffer stock is important and having it available for customers is necessary. That means more space will be

required to hold more stock."

She said transportation networks would also need to be more robust in the future.

"As online volumes increase there is more pressure on lead

times – and deliveries have to keep up. More and more companies are looking at multi-carrier solutions to get products to customers as quickly as possible."

Another important development was that of the contactless environment, said Low. "QR codes, for example, are not new, but we can expect to see more use of these in the future as the trend to reduce touch points and contact continues."

She said the growth of e-commerce would require logistics companies to become far more agile and flexible, leveraging all of their capabilities.

"The positioning of warehouses and the last-mile distribution capability are going to become critical aspects in delivering the best e-commerce experiences to customers," said Low.

“

Over two thirds of shoppers (68%) are expected to continue purchasing their essential goods online after the health threats of Covid-19 have subsided.

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