

Lean And Mean—Sports Industry Faces The Logistics Challenge

Sports retailing is ripe for supply chain change, says Total Logistics

The UK sports retail market has seen years of sustained growth, boosted by the trend towards sportswear as fashion, the rise of fitness clubs and the general increase in disposable income that ends up on items such as sports shoes. However, this growth has sometimes hidden inefficiencies in the supply chain, which are only now coming to the fore, according to European logistics consultancy, Total Logistics.

One area where sports product manufacturers are now beginning to focus attention is supply chain rationalisation, in terms of both systems and bricks and mortar, to create greater efficiencies and economies of scale.

Reflecting this trend, leading European supply chain consultancy, Total Logistics, has commenced a major project with adidas UK to consolidate the organisation's wholesale distribution network for adidas and Reebok sports equipment. Acting as lead consultants on the project, Total Logistics is overseeing the rationalisation of four distribution centres into a single, new 350,000 ft² operation at Trafford Park in Manchester, which is expected to deliver significant bottom line benefits.

adidas, a leading worldwide supplier of sportswear and equipment for over 80 years, merged with Reebok in 2006. The merger meant that products, processes and physical distribution were split between different sites in the North West, with overspill being handled by third parties. With the decision to consolidate, adidas took the opportunity to re-engineer its UK wholesale operations using modern logistics principles and designs.

Andy Keith, founder and Partner at Total Logistics said: "Consolidation within any mature market, such as sports retailing, often results in legacy systems being plugged together in the hope that bigger will mean better. Often, expected economies of scale don't really materialise until an understanding of the supply chain processes is achieved on a granular level. Genuine cross-functional communication needs to take place before real areas of supply chain inefficiency can be identified and eliminated. "



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The integrated Trafford Park operation will go live in summer 2008.

Another example of a sports business that understands the strategic importance of its supply chain is JD Sports, the high street retailer of sports clothing with over 400 stores throughout the UK. Following a period of extensive growth, Total Logistics worked on several projects for JD Sports, helping the business to redesign its warehouse layout and operations.

Subsequently, a high level review of the impact of the JD Sports takeover of First Sports was carried out, looking at how the two supply chains could be integrated. This included a review of transport costs and a simulation of how stock should be distributed across the sites.

Andy Keith concluded; “Clearly, as the sports retail sector continues to face significant competitive pressures, major players need to generate efficiencies and economies of scale. While sports goods brands and retailers see huge benefits in merging businesses to create value, we often see that opportunities are overlooked when it comes to securing supply chain efficiencies following the merger process.”