

Exclusive Q&A: Navigating COVID-19 distribution issues

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Retailers experiencing product shortages in the wake of the COVID-19 pandemic need to use patience and strategy.

Chain Store Age recently spoke with Bobby Napiltonia, chief revenue officer of on-demand freight management platform NEXT Trucking, about how retailers can deal with challenges in transportation and distribution due to demand surges caused by COVID-19.

How can retailers work around shortages of personal and household items?

“Most of the shortage issues we’re seeing are incredibly short-term hassles, not long-term issues. Toilet paper, for instance, is generally manufactured in the U.S., so while there are lots of empty shelves at any given moment, they won’t stay barren for long.

“Moving storage from regional distribution centers that serve a few dozen stores to smaller, more localized facilities can provide elasticity but also be cost-prohibitive. Some retailers are relying on temporary storage solutions to find a middle ground that offers flexibility without the long-term commitment that would inhibit some return to normalcy.

“Other retailers are using those types of space for cross-docking, which is moving goods directly from one truck to another. Essentially, a 53-foot trailer serves as a sort of rolling storage facility, offloading assets to smaller trucks for delivery in a way that avoids having to store goods in a warehouse or distribution center. This approach offers tremendous flexibility, but can be incredibly challenging to coordinate under normal circumstances.

“A lack of traffic has increased the likelihood of coordinating arrivals between vehicles, eliminating one of the most significant causes of supply chain exceptions.”

What should retailers do to effectively turn stores into online fulfillment hubs?

“It would be a real challenge for retailers to consider an approach where their physical locations become online fulfillment centers. On the one hand, many of the retailers who could utilize this approach have been deemed ‘non-essential’ and are closed for the time being, which means a restructuring of service to accommodate the plan would end up sending customers to an unstaffed location. On the other, consumers right now are being told to stay at home, and a vast majority are avoiding places where there might be a crowd.”

How is COVID-19 affecting imports from Europe and Asia?

“The first quarter of the year has been particularly slow for imports coming from Asia, since China was first to be affected by COVID-19. We anticipate a dramatic surge in

imports in the mid-to-late second quarter. Essentially, purchase orders have been placed and all of the goods that would have been shipped in Q1 have been delayed, so we'll see volumes that accommodate Q1 and Q2 orders."

What can retailers do to prepare for the inevitable supply chain surge when social distancing is no longer necessary?

"Preparation for a return to some semblance of 'normal' is really on a case-by-case basis for retailers. For companies that have seasonality in their offerings, the first quarter has to be considered a wash, and those retailers need to move back onto their plans for the rest of the year."