

FAST-GROWING BELGIAN PARAPHARMACEUTICAL DISRUPTOR READY FOR FUTURE GROWTH

OPERATIONS

HQ and warehouse: Nivelles, Belgium
Pharmacies: 26 across Belgium, Luxemburg,
North of France
Stores: 62 Belgium, Luxemburg, North of
France and Italy.

MANHATTAN SOLUTIONS

Manhattan SCALE™
Warehouse Management System



CHALLENGE

Medi-Market is a fast growing retailer of pharmaceutical and parapharmaceutical products. To support further growth and new business models, they needed a new warehouse management system.

SOLUTION

With Manhattan SCALE Medi-Market has one system for both shops and pharmacy replenishment, as well as online order fulfilment.

PROGRESS & RESULT

The warehouse management system gives Medi-Market more insight into the operation and higher productivity. SCALE enables further expansion within and beyond national borders and supports the development of new business models.

“Without SCALE we could forget about further growth. Whatever we do, SCALE makes it possible. This WMS enables us to take the next step in our evolution.”

PETER BOS, CIO AND SUPPLY CHAIN DIRECTOR MEDI-MARKET GROUP

FAST-GROWING CHAIN OF SHOPS AND PHARMACIES

In a short period of time, Medi-Market has completely penetrated the Belgian market for parapharmaceutical products. The result is a fast-growing chain of shops and pharmacies with 88 branches in Belgium, Luxembourg, France and Italy. Thanks to the implementation of Manhattan SCALE, there is nothing to prevent further growth and development of the company. CIO and Supply Chain Director Peter Bos: "Without SCALE we could forget about further growth."

In Belgium, the sale of health articles, food supplements, bandages and other parapharmaceutical articles was reserved for pharmacists for many years. It was a closed market, which led to relatively high prices for consumers. This was a thorn in the side of Brussels entrepreneur Yvan Verougstraete. In 2014, he opened the first Medi-Market in Charleroi: a low-threshold discounter with prices, on average, twenty to thirty per cent lower.

The concept, which was revolutionary for Belgium, immediately gained traction. Medi-Market has grown into a sizeable retailer that has succeeded in completely opening up the market. "We started relatively low profile, with a few shops, quickly followed by our first pharmacy under the Pharmacy by Medi-Market label. When our approach led to success everywhere, we opened dozens of shops in a short period of time in 2019 and 2020. We now have 26 pharmacies and 55 shops, six of which are in Luxembourg and one in northern France," says Peter Bos.

ACUTE DIFFICULTY IN THE WAREHOUSE

Medi-Market's supply chain struggled to keep up with its rapid growth. The company opened a 12,467 square feet warehouse in Nivelles for the distribution of parapharmaceutical products, but it soon proved to be too small. Medi-Market's logistics team had to apply all sorts of emergency measures to cope with the 10,000-item assortment, such as storing different items on one pallet location. The biggest challenge of all was the IT system, which had once been developed for retailers with a handful of branches at most. It could no longer handle the increasing number of transactions in the warehouse. "We were sometimes losing complete orders. In the spring of 2019, the situation became untenable. We had to switch, otherwise we could forget about further growth."

Medi-Market investigated the possibilities of an ERP system with integrated functionality for warehouse management, but that quickly turned out not to be an option. "Many retailers quickly discover that this functionality is



not sufficient to control the warehouse. It will be no different for us because we are anything but a standard retailer. Moreover, an ERP implementation often has to start with the financial module, while we had an immediate issue in the warehouse," Bos explains.

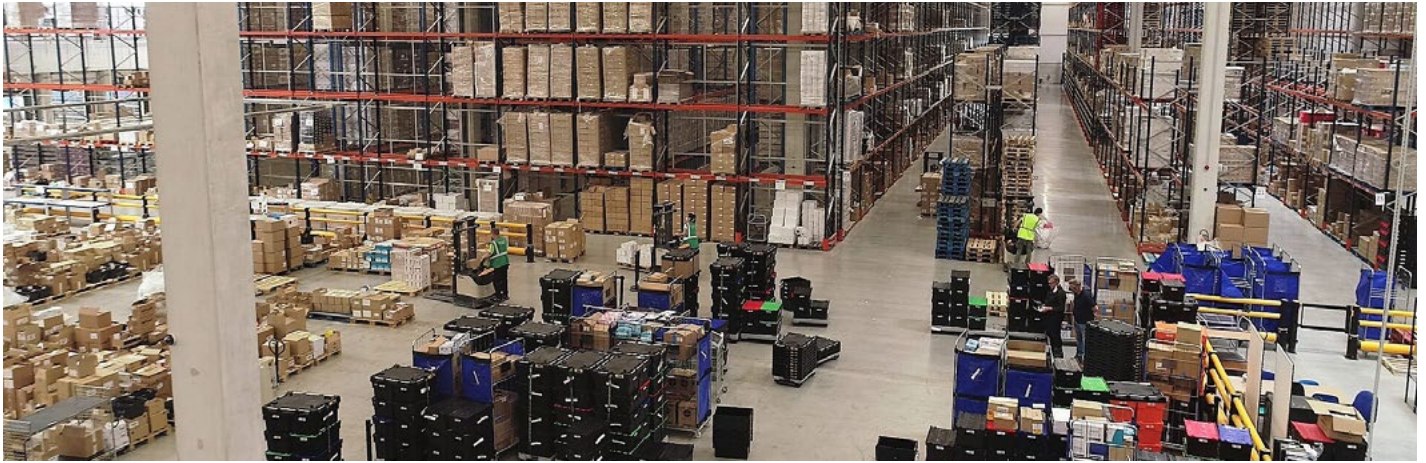
FOCUSED ON GROWTH

In the quest for a best-of-breed warehouse management system, Medi-Market decided to go with Manhattan SCALE, partly because of its omni-channel retail capabilities. In addition, SCALE offered the best price/quality ratio and the best score on user-friendliness. "We have opted for the cloud version of SCALE. That fits in with our IT strategy. As a retailer we do not have the ambition to set up and maintain an IT structure ourselves. The fact that we are leading in Europe with the cloud version, we saw as an opportunity rather than a threat. We are anything but a risk-averse organisation", Bos laughs.

Less than four months after signing the contract, the WMS was already in use. "Initially, we only implemented the basic functionality, so that we could continue to open new shops. Our focus was on growth and the supply of shops. How we managed that was of secondary importance."

"Now that the focus is less on growth, it is time to work on profitability. Where in the warehouse are we losing time and money? Thanks to the WMS, we now have full visibility into the bottlenecks and pain points in the warehouse."





FLEXIBILITY AT AN ACCEPTABLE COST

The new WMS did not put an end to Medi-Market's other problem: the lack of space in the warehouse. Across the road in Nivelles, Bos found a temporary solution in the form of an empty factory hall, but that was far from ideal. "We even considered outsourcing distribution, but that did not turn out to be a good plan. To grow quickly and open shops quickly, we need a flexible distribution network. A logistics service provider may be able to offer that flexibility, but not at an acceptable cost. And from Nivelles, we can easily reach almost every shop and pharmacy in Belgium," Bos explains.

The solution presented itself when real estate developer LCP decided to build a new warehouse in Nijvel with two cells equating to 49,213 square feet. "We put one cell into operation in November 2020, although we currently only need 32,808 square feet. We have sublet the other 16,404 square feet with a short notice period. If we need additional space for whatever reason, we can expand quickly."

WORKING ON PROFITABILITY

Medi-Market is now represented at the main retail locations and the growth rate has stabilised. Together with the new WMS and the new warehouse, this also stabilised the supply chain. Bos and his team are now focused on optimising processes. "Now that the focus is less on growth, it is time to work on profitability. Where in the warehouse are we losing time and money? Thanks to the WMS, we now have full visibility into the bottlenecks and pain points in the warehouse."

The move to the new warehouse was accompanied by a re-implementation of SCALE. The emergency measures in the old warehouse were eliminated from the WMS. "Putting several articles on one pallet was probably the worst idea ever, but at that time it was necessary. Once lack of space was not an issue anymore, we abandoned that immediately.

Unlike the previous system, every process is now supported by barcode scanning. This increases traceability and insight into productivity. "We can now closely monitor our fifty employees. If we notice a problem, we can quickly identify and eliminate the cause. We can now steer based on facts instead of gut feelings," says Bos.

INTEGRATION OF ECOMMERCE

The next step concerns the ecommerce operation, which has also been accommodated in the new warehouse. To date, there was no opportunity to integrate this into SCALE. "Using one system for both operations offers great advantages. Take, for example, the items from online orders that we keep in stock ourselves. Now we consolidate them in bulk and create a shipment for the ecommerce system. The system has to register the shipment as if it were an external shipment. This generates unnecessary administrative tasks, when in fact it is just a simple stock movement."

Currently, Medi-Market processes an average of 450 online orders per day, rising to a possible 1,500 orders after the weekend. "After the Covid-19 outbreak, the number of online orders increased by five to six fold overnight. We were totally unprepared for that, with major delays as a result. This will not happen again. We have adjusted the operation, which has increased capacity. We can now process more online orders in the day shift than during the initial three-shift operation during lockdown."



“In the short term we are going to use SCALE for ecommerce as well; then we will be able to benefit even more and maximise the use of the omni-channel retail functionality.”

INCREASED BENEFITS FROM OMNICHANNEL FUNCTIONALITY

Medi-Market is happy with its choice for SCALE. The quality of inventory administration has improved considerably. Productivity has strongly increased. In addition, Bos has more insight into the operation than before. “In the short term we are going to use SCALE for ecommerce as well; then we will be able to benefit even more and maximise the use of the omni-channel retail functionality.

With SCALE the company is also future ready, even if the operation changes. And changes are bound to happen, according to Bos. “We are a young company with evolving business models and processes. For example, we recently opened our first five beauty salons. And, thanks to the acquisition of Parashop, we now have eight shops in Italy. Chances are that we will then have to adjust the layout and processes in the warehouse.”

AUTOMATION OR ROBOTISATION

Bos also wants to investigate automation or robotisation possibilities. “So far, I have not been an advocate of mechanisation, precisely because we do not yet know what our operation will look like in three years’ time. Therefore, I do not want to jam our company with a fully mechanised storage system full of conveyors. But perhaps we can use robots, controlled by SCALE, to automate parts of the process and reduce walking distances. Or perhaps pick-to-light or voice picking is a better option. Whatever we do, SCALE makes it possible. This WMS enables us to take the next step in our evolution.”