

## Gains occurring in e-commerce as more consumers feel comfortable purchasing office supplies online

While back-to-school season is already top-of-mind in some areas of the U.S., summertime also represents the height of moving season (May - September), and both factors influence sales of office supplies. Year-to-date, total sales in the office supplies industry are down, however, mailing and shipping materials as well as portable storage solutions represent bright spots in the space. Mailing and shipping product sales - up 4 percent year-over-year according to recent research from The NPD Group (52 weeks ending June 2019\*) - tend to benefit during this time period as consumers purchase more packing accessories to assist in their moves. Many of the increases across the category can be attributed to substantial gains in e-commerce, up 18 percent year-over-year in the mailing and shipping categories.

"There are several drivers that are contributing to the up-tick in portable storage purchases, likely including increased usage of on-demand moving companies and public storage spaces," stated Leen Nsouli, executive director and office supplies industry analyst, The NPD Group. "There's a good chance we're seeing a confluence of these trends as the Millennial generation begins to need such services and spaces. As a group, Millennials tend to be more willing than previous generations to seek out affordable, market-driven, convenient moving and storage options."

Portable storage solutions - a sub-category of filing storage - have also shown year-over-year growth, accounting for 2 percent sales gains during the 52 weeks ending June 2019. This category includes mobile filing and storage systems - usually made of plastic - that are designed to be transported easily and hold up over time. The momentum of portable storage solutions sales is also being driven by e-commerce, which posted 13 percent growth for the same time period. In fact, packing products - including corrugated boxes (+42 percent), wrapping (+8 percent) and packing accessories (+9 percent) - are also experiencing growth. Again, e-commerce gains are pronounced in this segment, showing a 15 percent increase year-over-year during the time period.

Traditionally confined to the May - September time period, U.S. moving season sees increased activity as college students move back home after finals in May and back-to-campus in August, new graduates relocate for jobs, and consumers elect to relocate while their children are out of school. According to NPD's Checkout data, in line with the peak of moving season, home hardware retailers see a pronounced peak in sales of mailing and shipping products during the third quarter of the year. Other channels such as mass retailers experience an increase in sales during this period as well, in addition to peaks around the holidays when consumers choose to purchase these types of products for gifting and package delivery. ■

Source: NPD

## Carriers expected to fabricate strong peak season

Analysts are now predicting that the peak shipping period from Asia to the US will be mild. This prediction is in stark contrast to last year's peak when available space on ships was tough to secure. Many shippers were forced to pay hefty rate premiums to move cargo during their preferred shipping windows. Conventional wisdom would suggest that the prediction of a mild peak would have the reverse effect on rates. Five years ago, this would likely have been the case.

Shippers must come to terms with the drastic impact carrier consolidation has had on the container shipping industry. The knee jerk reaction of lowering rates to attract cargo when demand is weak seems to have disappeared from the carriers' playbook. Instead of reducing rates, carriers have shown the ability to prop up demand by blanking (cancelling) sailings. The practice of blanking sailings worked so well last year that the carriers have begun adopting similar tactics heading into this year's peak shipping period.

Shippers feel blanking sailings to create artificial demand in the market is an unjust practice being utilized by the carriers. Ocean contracts are signed based on carriers providing sufficient capacity to meet shipper demand requirements. Blank sailings may help carriers keep rates stable, but they are disruptive to supply chains across the U.S. Several carriers have indicated that extra ships will be added to meet sudden spikes in demand. Shippers balk at this solution. To secure space on these extra ships, shippers are forced to pay a premium.

The freight rate premium can be as much as 50% over the spot market rate. The larger the spike in demand, the larger the freight premium. The prediction for a mild peak season in terms of cargo shipped might be accurate but shippers should expect rates and space to mirror a strong peak shipping season. Shippers have very little recourse on how and when carriers manage capacity. The best strategy is to maintain an open-minded relationship with your carrier partners. Shippers that treat their carriers as adversaries will continue to face supply chain disruptions in this new shipping environment. ■

Source: International Housewares Shippers Association (IHSA)

## Lenox brand lands in new home

After 17 years with its former home textiles partner, Lenox has struck a new licensing deal. The upstairs dinner-, flat-, glass- and gift-ware brand has aligned with Arlee Home Fashions for a new program of branded table linens, kitchen textiles and - in a first for the home textiles company - bath coordinates.



"We are honored to be entering a licensing agreement and partnership with Lenox an iconic brand that stands for quality," said Nancy Kristoff, executive vice president of sales, Arlee Home Fashions. "We look forward to expanding the product classifications to the consumer under this highly regarded tabletop brand."

Set to launch in early 2020, the complete product assortment will include: tablecloths, napkins, place mats, wine holders, tree skirts, decorative pillows, throw blankets, kitchen towels, pot holders, and aprons, bath ensembles (bath, hand and top towels), bath rugs, shower curtains, bath robes and bath accessories.

Lenox CEO Mads Ryder said the brand partnered with Arlee to expand its table linens and bath categories as it explores "exciting new opportunities in the future." He continued: "Our partnership and licensing effort with Arlee Home Fashions will allow us to leverage our design expertise to expand our product offerings to today's consumer, reinforcing our position as America's leading tabletop and entertaining business. Our goal is to set the scene from start to finish for the modern-day consumer by offering additional product categories to complement the tableware and entertaining categories."

Lenox's former licensee for table lines, kitchen textiles and bath coordinates since 2002 was Bardwil Linens, which has been winding down its business. ■ *Source: Home Textiles Today*

## Abbyson unveils new state-of-the-art distribution center

Full-line home furnishings vendor Abbyson has opened a new flagship West Coast distribution center in Redlands, Calif. The state-of-the-art distribution center, with more than 2 million cubic feet space for product, is centrally located near major shipping hubs in the Los Angeles area including ports, freeways and third-party carriers, making for optimal distribution.

"Investing in our supply chain and this new mega-distribution center will allow us to significantly increase our efficiency in every aspect of our company; from nearly doubling our inventory capacity to optimising order processing and decreasing shipping times," said Abbyson Executive Vice President Doddy Rafieha in a release.

The new distribution center is equipped with 75 shipping and receiving docks, 36-foot rack heights and an expansive 50,000 pallet positions, giving Abbyson nearly triple the company's previous storage footprint.



Abbyson has also invested in advanced equipment such as electric pallet jacks, which will quickly move high volumes of product, and Turret forklifts, which allow for operation in narrow 6-foot-wide aisles,

significantly decreasing the space needed between aisles of product. In addition, technologies such as Infolink will enable auto-piloting of forklifts to picking locations and reduce picking errors, thus reducing labor and returns. The increased investment in equipment and technologies will include a TMS system, which will link with third-party carriers to provide up-to-date tracking for customers and a more streamlined internal fulfillment process.

Abbyson has plans to process and fulfill orders twice as quickly, increasing the percentage of same-day shipping, with the overall goal of 24- to 48-hour shipments. Along with the increase in warehousing efficiency, the company plans to operate the new distribution center on two shifts, expanding the hours of operation to significantly increase productivity.

"We had outgrown our current warehouse facility," said Rafieha. "Rather than adding additional warehousing facilities, we invested in one large distribution center that not only combines all of our West Coast inventory under one roof but allows for further expansion and improves our entire business model." The Redlands location will be a multi-purpose facility that will include showroom and office space, a full-sized product photography studio, the headquarters for Abbyson's Ace Home Delivery final-mile service, as well as serve as the company's West Coast flagship distribution center. ■ *Source: Furniture Today*

## Ikea invests in new Home Smart business division

Swedish furniture retailer Ikea has established what it's calling the "Ikea Home Smart" as its own business unit within the company. "At Ikea, we want to continue to offer products for a better life at home for the many people going forward," said Björn Block, newly installed head of Ikea Home Smart. "In order to do so, we need to explore products and solutions beyond conventional home furnishings." Started as a project in 2012, Ikea Home Smart incorporated digital elements and technologies into products and solutions. Several launches within the smart home area followed, and now Ikea has made the strategic decision to devote even more resources to the home smart area. "We have decided to invest significantly in Home Smart across Ikea to fast-forward the development," said Peter van der Poel, Ikea manager for Range & Supply. "This is the biggest new business unit we are establishing since the introduction of children's Ikea. "

Recently, Ikea teamed up with Sonos to launch a pair of smart home products: the Symfonisk lamp speaker and Symfonisk bookshelf speaker. Ikea also launched the Tradfri range of lights that are able to communicate with Apple HomeKit, Google Home and Amazon Alexa to rival Philips Hue. Earlier this summer, Ikea rebranded the Tradfri smart home app to be called Ikea Home Smart going forward. The latest update of the app allows users to control all of Ikea's smart products, such as smart lighting, smart blinds and connected speakers. Consumers can pre-set lighting



moods, design their own light and set a timer to turn the lights on/off at a specific time.

The company's first smart blinds will become available in the U.S. on October 1st. In addition, in 2015 Ikea unveiled series of furniture including bedside tables, desks and lamps that doubled up as charging spots using the Qi standard. The Home Smart unit joins existing business units such as children's, lighting, living room & workspace, textiles, kitchen and dining, and Ikea food. ■

*Source: Furniture Today*