



Freight Optimisation and Enhanced Scalability Deliver Ever Brighter Prospects for Beacon Lighting

About Beacon Lighting

Proudly Australian owned and operated, the Beacon Lighting Group is Australia's largest lighting retailer, with more than 100 retail stores around the country.

Since opening the first Beacon Lighting store in Melbourne in 1967, the Beacon team has been passionate about lighting up its customers' lives with innovative, stylish and environmentally friendly solutions for both residential and commercial settings.

In addition to its bricks and mortar operations, Beacon has a growing online and international business, including sales through Amazon and other online retailers in the USA and Australia and an expanding European presence.

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Rodney Brown, General Manager Supply Chain, Beacon Lighting.

A long-time partnership

AXIMA and Beacon have been working together for over 20 years, and as Beacon's business has grown and evolved, so have the services and specialised expertise AXIMA provides.

Services AXIMA provides include freight forwarding including sea freight and air freight, Customs brokerage and consultancy, 3PL warehousing and the management of Buyers Consolidation (BCN) programs in China.



Situation

Market leading Australian lighting retailer required a proactive supply chain partner to support their growth with improved flexibility, scalability and inbound freight optimisation.

Services Provided

- International freight forwarding
- Buyers Consolidation Warehousing (BCN) in China
- 3PL warehousing for eCommerce fulfilment
- Customs clearance and consultancy
- Domestic transport
- Specialised logistics advice
- Other logistics services as required

Result

- Enhanced flexibility and scalability
- Improved visibility of stock levels and stock movements
- Ongoing cost reductions for freight and domestic transportation
- More streamlined and efficient freight forwarding process
- Improved and proactive communication
- Increased trust, confidence and security

Flexibly responding to growth

In the past five years, Beacon's bricks and mortar retail presence in Australia has grown from 75 stores to 109, including stores in Sydney, Melbourne, Brisbane, Adelaide, Perth and major regional centres. The company also has commercial operations in Melbourne, Sydney, Brisbane, Adelaide and Perth. These locations service the volume builder trade and larger projects such as hotel fit-outs.

Over the past five years, the company has experienced challenging growth with over 30 percent growth in its retail footprint. Two years ago, Beacon also became the distributor for the GE Globe business in Australia and New Zealand. "This was a challenge as a retail business because we began servicing customers outside of our own retail business," Rodney Brown, Beacon's General Manager Supply Chain, says. The move also brought additional suppliers and manufacturers into the supply chain mix.

Rodney says that today, the company is obtaining products from around 200 different sources, mainly from China but now including Hungary and India. His need is to ensure that everything moves quickly and effectively. Growth through time has made it essential for Beacon to partner with a freight forwarder and 3PL provider that offers scalability of services, like AXIMA.

"Five years ago it was a less complicated process of stock flow. Products moved out of China and into our distribution centre in Melbourne, then out to the retail stores," Rodney explains. "Today, our supply chain model requires an offshore 3PL facility in China, a 3PL provider for distribution centres in Brisbane, Sydney and Perth plus our main distribution in Melbourne.



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Warehousing in China: the Buyers Consolidation solution

The combination of relatively long timeframes for production of three months from Beacon's purchase order being issued to their suppliers and the comparatively short timeframes that are optimal for shipping from the manufacturing location into Beacon stores required a smart solution.

Having a warehouse close to the point of origin was identified as ideal, so AXIMA recommended the use of a Buyers Consolidation (BCN) facility. For BCN, there are two types of warehousing options in China: Common Warehouses and Bonded Logistics Parks. For Beacon, a Bonded Logistics Park (BLP) onshore in China was the best option. This not only enabled goods to be stored as soon as production was completed, it also had the secondary benefit of enabling products from multiple manufacturers to be consolidated into FCL shipments.

Around 25 percent of the company's product volume today is handled through the BCN facility set up by AXIMA in China. The BCN facility is managed by AXIMA as a point of consolidation for Beacon consignments. Suppliers send products to the BCN warehouse, where goods are consolidated into FCLs and decisions made about freight forwarding to either the 3PL DCs in Sydney, Brisbane and Perth. The volumes handled are significant, for example, currently over 900 SKUs are moved through the BCN facility. Rodney says that before the BCN solution was put in place, the company often needed to transport many pallets of stock from its Melbourne DC to one of the three 3PL locations which increased domestic transportation costs.



BCN provides a very streamlined and efficient process for Beacon.



Susanna Lo, General Manager, AXIMA



"We reviewed our costs and looked at how to minimise them, and it was less expensive to bring products in as close as possible to the store," Rodney says.

According to Susanna Lo, General Manager for AXIMA in China, "BCN provides a very streamlined and efficient process for Beacon." When production is complete, the manufacturer delivers the cargo to the BCN warehouse, where Customs processes are completed and the goods then treated as export. At this point, the suppliers can be paid by Beacon as a Freight Forwarders Cargo Receipt (FCR) can be issued and the applicable tax refund claimed. The ownership of the goods is also transferred to Beacon under the BLP entity. Because the goods are already cleared and stored at the warehouse, it is a more streamlined process for AXIMA to satisfy the relevant export formalities and group mixed SKUs into full containers. At that stage, the BLP issues an invoice for the multiple SKUs in each individual shipment.

The end result is Beacon is able to ensure Just In Time (JIT) deliveries to their retail locations as stock is on-hand in the BLP. Orders can also be packed for shipping to different ports in Australia or to the rest of the world. To ensure complete visibility, the BLP's Warehouse Management System enables the company to obtain live data on stock levels and stock movements.

Overall, the BCN solution increases Beacon's supply chain scalability and flexibility, as well as reduces local charges and domestic transport costs in Australia as shipments can be directed from the China facility to the Australian port that is most convenient to the end retail location and its customers. That also enables the company to get the products to stores more efficiently, which in turn means happier customers. Because of the success of the BCN solution, a second BCN facility is in the process of being established in Ningbo in Northern China.

3PL warehousing to support global growth

With Beacon venturing into online sales in the USA market, they required additional 3PL logistics services. AXIMA assisted with freight forwarding from China to the USA and with 3PL warehousing in Los Angeles, California. Once product arrives at the AXIMA 3PL warehouse, quantities are checked and added to stock. From there, when an online order is received, AXIMA picks and packs the order and delivers it to the end customer.

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Adjusting to the seasons

Beacon brings in around 400 new products each year, and there is a distinctly seasonal ebb and flow to shipping volumes. Like the fashion industry, lighting also has new trends for summer and winter, Rodney explains. To ensure stock is in the shops for customers that are receiving the company's brochures in their letterboxes or seeing its TV advertisements, it is imperative all the links in the supply chain are in place.

When stock is ready to be shipped from supplier to market, it needs to be moved as efficiently as possible, Rodney says. This is where information sharing between AXIMA and Beacon is an advantage. AXIMA works as an information resource, keeping Beacon up-to-date on all the necessary details such as shipping schedules so they can plan properly and make informed decisions. The information sharing is both reliable and consistent. It also builds the trust between the partners.

The adaptability and flexibility of AXIMA's logistics service also mean Beacon can easily access additional freight and 3PL services when needed, such as retail back-fill logistics or urgent air freight consignments. "I trust that AXIMA is doing the right thing for Beacon. I don't have to recheck or double-check anything I've been told. That gives me peace of mind," says Rodney.

The most important benefit for me personally is the level of trust I feel in AXIMA.

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Client-focused solutions

AXIMA helps Rodney achieve his major goals in his role – ensuring the right products are where they should be, when they should be. He says decisions around supply chain logistics are “not so much price-driven” as they are results-driven. That is because when things are not done properly, it can cost the business in many other ways.

The reliable, responsive and consistent service AXIMA provides is exactly what he requires for supply chain success. It is also what ensures he succeeds in terms of meeting his KPIs in a fast-moving, high-volume scenario that can see between four or five separate port entries in one day, and up to 20 FCLs on any one vessel.

Rodney says AXIMA ensures the flow into the DCs is seamless. “I believe that if you don’t hear a lot of noise – it’s working,” he says. “AXIMA



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Provide reliable and efficient logistics service to us and we don’t have to oversee it, it just happens in the background,” says Rodney. “That reduces the amount of time I need to spend supervising which allows me to focus on other areas of the Beacon supply chain. The most important benefit for me personally is the level of trust I feel in AXIMA.”

Procedures or scheduling can be set up differently in response to new information such as volume changes, and Rodney can relax knowing that any adjustment is either taken on board at the monthly meetings between Beacon and AXIMA, or simply picking up the phone or sending an email will result in an almost instant and proactive response.

“Logistics is not a perfect science,” Rodney says. “AXIMA has their finger on the pulse of our supply chain, and if something changes I am advised straight away and can take action. If we ask for something, AXIMA is attentive to that request.” Rodney says the complexity Beacon has thrown AXIMA’s way “can’t be underestimated. But our supply chain today works as well as it did five years ago.”

When the company established the US presence, the amount of administration required to process online orders could have been burdensome, however, Rodney says AXIMA just “took up the task, and made it happen.”

The fact the two companies have been working together as partners for so long also generates confidence. “Long term relationships don’t come easily,” Rodney says. “We have challenges consistently through our growth and supply chain adjustments, and AXIMA is always there as a partner to help us through. If we have a concept or idea we want to explore, they don’t put up walls or make negatives, they say we’ll come up with a solution for you. AXIMA is focused on us and delivering supply chain success.”



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