

DPS Case: Home Lane

-“Home Lane leads the surge into household deliveries”



If Internet shopping transforms itself into real growth, one sector of the logistics market will find itself increasingly in demand – home delivery. In the past, home delivery tended to remain the province of a fairly small band of highly specialized operators. But massive growth would place an immense strain on existing resources; and new entrants who can demonstrate proven expertise could find themselves at a real premium.

Cue for the entry of Home Lane, a joint venture set up in its present form just less than two years ago by Lane Group and SHL Delivery Plus. Although by no means limiting its sights to Internet Shopping, Home Lane has emerged on the market at a time when home delivery in the widest sense is becoming one of the hottest topics under debate in logistics circles. The current business was established when the companies behind two existing home delivery initiatives decided to join forces. Lane Group, the Bristol-based national and international logistics company, has taken a policy decision to branch out into home deliveries back in 1996, when it developed the original Home Lane concept. This was backed by a unique IT system, which had quickly attracted a strong client base.

SHL Delivery Plus as a brand name was more recent having been created in 1998; but the company behind it, Keighley-based Skelgate Holdings, dates back to 1990, and has an extensive track record in home deliveries, particularly in electrical goods. The two groups decided to combine their home delivery activities, and created a new joint venture, adopting the Home Lane identity for it. The operation was constructed as a 50-50 partnership, and is based at a 75,000 sq ft national distribution centre in Rugby.

As Rebecca Jenkins, the managing director of Lane Group puts it: “We realised that our own home delivery business needed a lot of investment, and recognised that it was not necessarily part of our core logistics operation. But we also recognised that the potential for this market was huge, so we joined forces with Skelgate. From our point of view we were combining our IT system and customer base with SHL’s operational expertise.”

Part of the venture was to invest in LogiX. DPS will be working closely with Home Lane throughout the implementation phase to ensure that the software is fine tuned to meet their specific operational requirements. According to Harry Cole, the managing director of SHL: “We felt the home delivery market needed a shake-up. Our objective was to provide a comprehensive service to customers, including delivery, installation and demonstration.” The objective also included a nationwide delivery service in three to five days, with full track and trace capability and an advanced IT system.

Home Lane avoids targeting any single category of user, although it does offer specialist expertise in the white and brown goods sector. Its client list includes manufacturers such as Panasonic, Hitachi and Belling; high-street retailers; and mail-order catalogue companies such as Empire Stores and Littlewoods. A classic customer would be a retailer, which would sell to consumers over the counter, then pass the order to Home Lane for fulfilment. With the growth of e-commerce, orders from this source could also come to represent a major business segment.

One of the keys to the operation is seen as Home Lane’s willingness to hold what is termed “manufacturer’s consignment stock”

– in other words, product that is required for home delivery and installation, and can be made available for a number of retail customers. “Traditionally, customers for this type of service hold their own stock,” Rebecca Jenkins says. “One of our biggest challenges has been getting customers to embrace the concept and benefits of consignment stockholding, such as the reductions in delivery lead times, delivery failures and product damage.”

There are other advantages too, she says. Goods can be despatched more reliably, and there is less likelihood of problems arising from non-availability and delay. However, Home Lane is nothing if not flexible. In some cases it provides full stock management in this way; in others, a customer such as Empire might hold the stock, pre-label it and simply deliver it to Home Lane for cross-docking and onward delivery.

One point the company is keen to develop with customers. “Our preference would be that we eventually won’t book deliveries unless we’ve got the product on site,” Harry Cole says. Hence the attraction of having consignment stock on hand. It is a philosophy clearly born of experience. “Delivery failures are the scourge of this business,” he says. “Customers tend to avoid facing up to the true cost of failures, and no one wants to pay – certainly not the consumers. The public are very hard taskmasters.”

It is evidently with this awareness in mind that Home Lane decided it should operate its own customer call centre. “Most businesses providing home deliveries contract out call centre management to national specialists,” Harry Cole says. “Our biggest rival has none. But we firmly believe that running our own call centre reduces the number of delivery failures.”

Detailed attention has been lavished on the minute workings of the call centre. During calls to consumers, the staff goes through a carefully planned list of questions (from site accessibility through to “do we remove the old appliance?”), which are defined in advance in conjunction with each customer.

It’s absolutely essential to get these right,” Harry Cole says. “Get one wrong and the whole delivery fails. This is why the call centre – or control centre – is so important.”

One of the many facilities provided by the call centre is that it guarantees to contact the customer on the day the order is received. So far it has achieved an impressive rate of around 95 per cent first-time contact. All allocated stock has a status code attached to it (for instance, AT for “awaiting telephoning”), and this changes as the delivery is processed. Rugby serves as a national hub. Goods are delivered direct from here, and are also trunked to depots at Hayes, Bristol, Keighley, Scotland and Manchester. This last is a new location introduced with the acquisition of Falcon. There are also shared sites at Dublin and Belfast.



Uniformed staff makes end deliveries in double-manned vans. The high labour cost is reckoned to be fully justified by the long-term benefit in damage reduction and customer service. For example, the installation and demonstration offering is considered paramount in reducing returns.

Most vehicles in the fleet are 7.5-tonne cans, although some are 3.5-tonners. “The trend in this business is to operate smaller vehicles,” Harry Cole says, adding that the next-generation fleet will probably be a foot narrower than current models to improve urban access. Many vans are run in plain white livery as a security measure. All vehicles have mobile phones, and staffs ring

their base as a matter of course after each delivery. Full delivery records can then be passed back to the customer in the form of reports to help measure performance and refine procedures.

There is a long way to go yet in terms of the Home Lane operation. An installation service for home computers has been under development, and the company is confident that many consumers will be only too glad to pay for it.

An installation service for gas appliances is also being developed, although the company is unhappy with what it sees as over-burdensome safety regulations currently applying to this. We'd like to see less onerous requirements where the installer is simply connecting the appliance up to an existing system," Harry Cole says. "At the moment, effectively we are responsible for the whole house." Despite the cost constraints applying to home delivery, the Home Lane team feel customers will eventually value the ability to offer a one-stop shop service for all types of product. "They don't try to negotiate the price out of the picture."

If so, further growth in home delivery should have attractions both for them and for the consumers – a win-win situation in which Home Lane and customers can only benefit.

'Installers who drive' – a key to the home delivery revolution.

"The demands placed on home delivery operations are increasing all the time," says Rebecca Jenkins, managing director of Lane Group (one of the two partners in Home Lane). "These days customers don't just want to know what days the goods are coming, they want timed deliveries as well."

This inevitably adds complexity to the operation, she says, which equals additional cost. "But it can be done." She already sees other signs of the dawning of change in the business. "Boxes are getting bigger and more sophisticated, with the advent of equipment such as digital TVs. So we don't

employ drivers who install, we employ installers who drive."

Another feature of the business, she says, is that consumers "have perfect price knowledge." This makes service a high priority for anyone selling goods, since it is one of the few product differentiators left for them. The advent of e-commerce will have "a major impact" here, she says, since the price of goods sold through this channel will have to be the same as the price of goods in shops (if not lower).

Harry Cole, managing director of SHL Delivery Plus (the other partner in Home Lane), accepts that "there will always be some differentiation between the carry-away and delivered market, since there is less scope for delivering low cost items economically." But he says he can foresee a time when more lower-cost items will also have to be delivered to the customer's door. "So we're working on the concept of a parallel business stream, using single-driver vehicles to reduce costs." He says the home delivery market could be more or less forced to go down this route – "especially if e-commerce really takes off."

Despite the recent interest in the home delivery market the Home Lane team reckon that most retailers offering home delivery still manage it on a store-by-store basis probably using small local delivery firms. "Yet independent retailers could cash in on the growth of properly-managed, centralised home delivery," Harry Cole says. "They could turn their stores into what amounts to showrooms, without having to worry about holding stocks on site. There is a need to educate the industry." In the drive to achieve success in home delivery, "the requirement to run a multi-user operation is absolutely central," Harry Cole believes.