

SHIPPING CONTAINERS The Wow Factor

In "The Future of Shopping," management consultant McKinsey documented that the consumer has "growing power over retailers." In response, retail has been continually changing.

Among the shifts has been adopting shipping containers for both standard functions such as inventory management and new uses like downsizing the real estate footprint. The shipping-container strategy is right up there with livestream shopping and generative AI in reshaping retail. Actually the influence of shipping containers on retail began a decade ago, long before the impacts of the current generation of digital technologies and the pandemic. This article explains the forms of value shipping containers can create and how retailers can get started with this.

From the high seas to retail novelty

Invented in 1956 by entrepreneur Malcom McLean, currently shipping containers transport 80 percent of goods globally. Around 2013, business had an aha! moment about the unique value they bring to retailing. Founder of national shipping container company SteelSTORED, Michael McGurk chronicles that "At Manhattan's upscale South Street Seaport, everyone was gazing at a coffee shop. It was operating out of a shipping container. There was the Wow Factor. And it has been sustainable. We are seeing more and more of it as retailers use shipping containers for mobile pop-up stores and special events. Put digital signage on the exterior and the influence increases exponentially."

Getting, holding and growing attention has become the holy grail in business, especially retail. Shipping containers can accomplish that. An imaginative retailer can create new kinds of cool promotional and shopping experiences. Employees' pride in their work could escalate in those talked-about settings.

Ultimate flexibility

Another adaptive strategy shipping containers provide retail is flexibility. SPC Retail hammers that need as the new normal. The business has to change on a dime.

Whatever impedes transitions could put the entire enterprise at risk for collapse. Inventory management has been the key point of vulnerability. In late 2022, Fortune blared the headline "Inventory Issues Are Hurting the Bottom Line." Shipping containers provide simple and affordable solutions.

First is their relatively small size - 20 feet or 40 feet long. That can facilitate transparent, accurate "walk around" inventory management. For each product category, there can be a separate container. Retailers know what they have. There is no massive and often disorganized warehouse.

In the process, shipping containers are usually more cost-efficient than traditional types of storage. In addition, they can be situated in proximity to the store. For example, retailers can set them up in their parking lots. Consumers can get what they came into the store



for immediately or pick up what they had just ordered online. Also, if a product line turns out to be more marketable at another location, the whole storage facility is portable. There is no need to unpack, then repack. That reduces the expense of doing business and product damage.

There can also be escaping red tape. Depending on local regulations, since shipping containers are classified as temporary structures, they might not require permits.

Another flexibility advantage is that storefronts and storage facilities made of shipping containers are outdoor structures. Therefore, they are not subject to a mall's rules. There are none of the usual regulations related to customization. An added benefit is that unlike leasing space in a shopping center, retailers do not have to leave that conversion investment behind when shutting down a line of business or a pop-up store. Shipping containers' portability means they can be transported affordably by truck, railway or ship to other retail settings. That mobile feature makes shipping containers ideal for retailers exhibiting at trade shows.

Small and intimate

Shipping containers also align with the current "small is beautiful" trend. Their size is an ideal fit with the overall downsizing of the retail footprint. Big boxes such as Walmart and luxury brands like Nordstrom are on the front lines of operating smaller stores.

One driver of the trend, of course, is cost-efficiency. The expense for labor, inventory, security, and energy is less. But the more major influencer is consumer demand for a convenient, intimate shopping experience. That reflects the emergence of the "15-Minute City" where everything is available within a short walk. RetailWire reports that has become a circling back to the small neighborhood store.

For retailers, that opens fresh possibilities. Those include expanding beyond just one location. Through shipping containers, retailers can set up multiple branches in a range of neighborhoods in the same general area. The signature of many regions is their distinct neighborhoods. Given the intimacy ethos, rather than cannibalizing sales, this could increase the enterprise's overall gross revenue.

Return on investment

A sad reality of retail, as Shopify documents, is that it has lower profit margins than many other sectors. The good news is this: Retailers can have an uptick in long-term return on their investments using shipping containers. Some retailers rent them for seasonal inventory storage or a series of special events. But most purchase them. The price is so affordable that usually financing is not considered.

The containers' life span is long - about 25 years. That is because their design and sturdy steel materials meet the needs of harsh sea travel, and there is essentially no

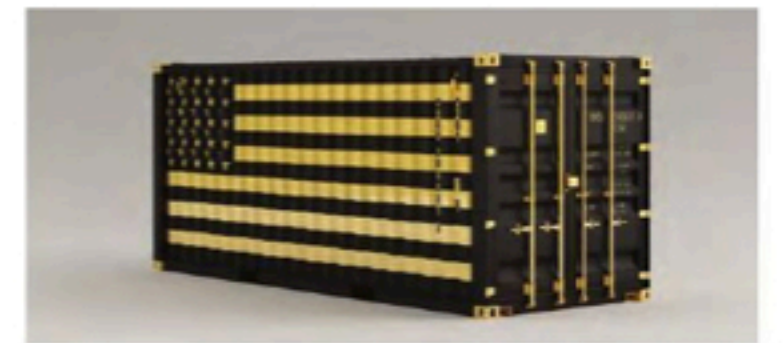
external maintenance. Also, whether it is a storefront or a storage facility, it will stand up to the impacts of climate change. Unlikely is a disruption in business or destruction of merchandise because of extreme weather, as happens often for traditional retailers.

The steel structure with two heavy steel doors and an advanced locking mechanism transmits the message to the bad guys: This is a secure facility. Theft prevention boosts profitability.

Getting started

How can retailers begin to explore a shipping-container strategy? Most shipping container vendors provide complimentary consultations. A full-service one such as SteelSTORED offers end-to-end service. As part of that first step, retailers will be learning about functionality, the right size or sizes for their needs, conversion possibilities, price quotes, transportation logistics and on-site assistance. They would be wise to confer with other retailers who already have incorporated this innovation into their enterprises. Among the questions to ask is: Has this generated buzz with target markets and the media? Social media and social networks are not the only form of influence.

Once the purchase happens, the full-service vendor can take care of all the moving parts. Shipping containers are not new to retail. Therefore, the process usually goes smoothly.



Shift to competitive disadvantage

Retailers adopting the shipping-container strategy have established a competitive advantage. However, as this innovation becomes more standard, not embracing it can turn out to be a competitive disadvantage. A key missing piece will be the lack of the "wow" factor. For creative retailers, there is no limit to how shipping containers can be configured into attention magnets and an atypical kind of motivation prompt for employees.



bhu™
BEVERLY HILLS UNIFORMS
Wholesaler of Medical
Uniforms and Nursing Scrubs

E-Mail: Jon@Huniformal.com
Telephone # (718) 378-1188

www.BHuniformal.com