

Menlo Worldwide Logistics: From Auto to Food & Beverages

In an interview with Maritime Gateway, Desmond Chan, Managing Director (South Asia), Menlo Worldwide Logistics, talks about the company's business plans and growth strategies.

Q In 2013, we have seen many challenges such as the economic slowdown and slow manufacturing growth. How do you see the growth for the year 2014?

A If we limit our discussion to South East Asia, we see growth in markets such as Indonesia and Malaysia. Thailand is struggling. We have seen growth opportunities in Singapore as it benefits from the shipping activity because of the port connectivity here. We have seen a major shift in the supply chain module in the last three years. Earlier, the supply chain segment was more or less very structured. But due to disruptive events like the massive flood in Thailand and the tsunami in Japan, a lot of customers are now trying to put inventories within a single country rather than in many countries. In India, we saw growth in the automotive sector. For this year, growth has not picked up much for the cars. Currently, most of our businesses in India are supported by the passenger cars, industrial parts and engines. General Motors and VOLVO Truck are among our major customers in India. We are upbeat about the economy for 2014 and we hope it will still drive the demand. But the main challenge is how to create right facility and infrastructure in the country.

Q What are your key verticals of business?

A We have recently entered into the food and beverages segment. For an example, for Starbucks we provide warehousing services for their coffee beans, sandwiches, muffins, etc. Our



Desmond Chan
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warehouses support more than 150 stores in Bangkok, Thailand. We operate seven days a week. Every day, when all the 150 stores order to us for sandwiches and other products, we replenish the stock even if the store is closed. Next day, when the Starbucks store opens at 6 am, they are ready to serve to their customers. We make sure for seamless supply of goods to the stores despite several disruptions.

This apart, we cater to the medical devices segment. We have warehouses in New Delhi which service the medical devices segment.

Q Since how long you have been operating in India and how has been your overall experience from the beginning?

A We started operating in India in 1998. We used to operate in small warehouses as the country had restrictions on movable consumer goods. Directly, Menlo has been in operation for about 10 years up to 2009. For over a decade we operated only out of three or four locations and added a dozen locations in last four years. We have grown four times over the last four years in India. As a multinational company, we not only bring the latest technology, but also bring the process and skill sets required among supply chain professionals. We have given years of training to build manpower and optimise the supply chain segment.

Q Can you tell us about your current operations in India?

A In India, we are currently operating out of 16 locations from across all the regions. We believe that India will soon implement GST (Goods and Service Tax) which has pending for a long time now. Once GST is in place, warehousing scenario will change.

Keeping this in view, we are planning ahead of time and investing in big warehouses. With goods split over 50 warehouses across India, you cannot optimise your inventory. Currently, the inventory cost is higher than the supply chain cost. You can optimise the inventory cost, handling cost and administrative cost. At Menlo, we are right now looking at warehouses in northern India in Gurgaon and in



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Chennai, and currently are in discussions with some players.

Q Which are the specific verticals that you are looking to service?

A We are mainly looking at the automotive sector. We have already achieved success in automotive segment. Currently, we have many automotive customers in India. We bring modern technology to the warehouse and our customers like our service. We are keen to enter into the consumer goods segment in India. But the challenge in the consumer goods today is that there are so many warehouses across India. India being such a big country, to invest in each state is a big challenge right

now. Once the GST will come in, the model will change.

Q How big is your presence in warehousing?

A We see volumes growing in consumer goods segment. Today customers do not buy one variety of products; rather they want different kinds of a single product. For an example, if they buy a camera, they need certain lenses and accessories. Keeping in mind their requirement, we provide customised services. When a customer imports goods, they need to have certain points to distribute among the consumers. Today warehouses are multi-functional and fulfilling all the customer requirements.

We have recently invested to add 50,000 square meters of inventory space for consumer goods, while last year we had added 40,000 square meter of space in the same segment.

Q E-commerce is catching up in a big way in India. Do you see this driving demand for warehousing?

A Yes, definitely. The key for e-commerce is the last mile delivery. The process involves goods picking from the sourcing point to delivering at the customers doorstep. From a global standpoint, we have tie-up with a major e-commerce player for their warehouses in US and one in Europe. E-commerce growth is happening in a big way in Asia which will require a lot of services. [img](#)