

# IKEA Distribution Services

## Distribution Center Dortmund





### **A better everyday life for the many people**

*"To create a better everyday life for the many people by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them."* That is vision and business idea of IKEA.

To realize the business idea IKEA needs among other things an efficient supply chain. IKEA Distribution Services is an integrated part of this world-wide supply chain between suppliers and customers, both in the store and at their home.

From the Distribution Centre Dortmund of IKEA Distribution Services in Dortmund-Ellinghausen not just all deliveries to customers in Germany and Belgium are shipped; furthermore all stores in Europe are supplied with low volume articles.

In addition, the after sales service for the IKEA kitchen range *Faktum* is handled for all European countries since summer 2013.

With these tasks the Distribution Centre Dortmund is playing an important role within the distribution network of IKEA.

### **Dortmund-Ellinghausen: Yesterday carbon and coke – today distribution**

The premises of today's Güterverkehrszentrum (GVZ, cargo transport centre) Ellinghausen were used earlier mainly in agricultural and forestry operations.

The by-products from the surrounding coal-mines were deposited here since around 1950 piling up a 12 metre high plateau. This stockpile was used as a storage place for the national carbon- and coke reserve by Ruhrkohle AG until 2002.

The whole area of GVZ Ellinghausen with about 135 hectare industrial real estate has been bought completely by IKEA in several steps between 2001 and 2007.

Currently more than 2.000 people are working in the Distribution Centre, hereof more than 1.450 directly at IKEA and more than 600 further at service providers contracted by IKEA.

### **International IKEA location**

In the north-western area of GVZ Ellinghausen IKEA has built the Customer Distribution Centre in 2001 and 2002, which came into operation in the year 2003. From there all deliveries to customers in Germany and Belgium, who have ordered their products through IKEA Online Shopping online or through the store directly, are shipped. Deliveries to the customers in the Netherlands, which have been sent from Dortmund during the past years as well, have been taken over from a new Customer Distribution Center in the Netherlands during spring 2014 in order to be even closer to the customers.

In 2006 and 2007 two further sections have been built east and south of the Customer Distribution Centre. Both are designed to supply special range to all European IKEA stores, in particular low volume articles. The latest extension with a fourth section took place during 2008 and 2009; this section in the very southern part of the area also serves all European IKEA stores.

In addition to the distribution function the Distribution Centre Dortmund is also the location of two other IKEA units, IKEA IT and IKEA Trading Services: IKEA IT an integrated part of IKEAs worldwide IT-organization. The main focus of the business in Dortmund consists of helpdesk tasks for the supply chain and the support and operation of warehousing and transport systems.

As part of IKEAs global Trading Organization, IKEA Trading Services in Dortmund is working with suppliers in Austria, Denmark, Estonia, Finland, Germany, Latvia, Lithuania, the Netherlands and Sweden. The work in IKEA Trading is organized in categories, meaning groups of material of the same industry. IKEA Trading Services in Dortmund is working with products of the following categories: board foil/melamine (e.g. *Pax*, *Faktum*), lighting accessories, green plants, work tops, Free Range and flooring.

### **Distribution for Europe**

The winning edge for Dortmund as location for the Distribution Centre were the central point for a europeanwide distribution and the excellent connections to the worldwide transport network by road, rail and inland waterways. Furthermore Dortmund area offers a very good access to the labour market for employees in the warehouse as well as specialists in logistics and IT and on top the Distribution Centre can be operated 24 hours a day and 365 days a year.

At the Customer Distribution Centre orders for the customers are arranged by using different techniques. The goods will be delivered to the customers' home either through a parcel network or through a network of local service centres where the picked order is handled through a contractual partner.

For supplying the stores the range gets delivered both as full pallet consignments or picked pallet consignment, i.e. the ordered and delivered number of items is smaller than one full pallet. The pick-intensive low volume articles are transported via a monorail system out of the high bay racking into so-called picking stations, where the different items are picked based on the goods-to-men principle. Beside of that the conventional picking men-to-goods principle is also used.

A connection bridge between three construction stages is supporting the ideal combination of full pallets and picked pallets consignments for the delivery.

Thereby the goods reach our customers at home in Germany and Belgium as well as in more than 215 IKEA stores in 20 countries between Haparanda in the North, Sevilla in the South, Lisbon in the West and Bucarest in the East. In addition there are 25 stores in 11 further countries from Island via the Canarian islands to Qatar which are operated by Franchisees outside the IKEA-Group.



### Transports via road and rail

The site is connected to the traffic infrastructure by two road connections and by a private connecting railway line for rail deliveries which has been specially taken over by IKEA.

In financial year 2013 (1<sup>st</sup> of September 2012 to 31<sup>st</sup> of August 2013) more than 60% of the inbound goods were transported by rail; either by the classical wagonload traffic or by combined traffic from the seaports to the container terminal Dortmund or by the inner-European combined traffic. For outbound deliveries roughly 70% of the goods are transported by throughgoing road transportation; mainly for long distance destinations combined traffic is used as well. Furthermore a container transshipment area is operated since July 2009: During financial year 2013 nearly 23.000 truck loads between the port of Dortmund and IKEA have been avoided.

### Future extension possibilities

After finalizing the fourth section there are still approximately 14 hectares available, mainly in the northern part of the site which offer space for another 130.000 pallet places.



View of the IKEA distribution centre Dortmund-Ellinghausen from south-east: In the background the Customer Distribution Centre (①), in the front (②, ③ and ④) the three sections designed to supply the European stores. In the utmost southern part of the site (⑤) the container transshipment area (Picture: IKEA Distribution Services GmbH & Co. KG, June 2014)

# IKEA DISTRIBUTION CENTER DORTMUND

Warehouse	Section 1 Customer Distribution	Section 2 Store Distribution	Section 3 Store Distribution	Section 4 Store Distribution
Function	Supplying all customers in Germany and Belgium at home	Supplying all European stores with low volume articles and activity range After Sales Service for kitchen-range <i>Faktum</i> for Europe		
Construction Period	2001 - 2002	2006 - 2007	2006 - 2007	2008 - 2009
First Indelivery / First Outdelivery	20.3.2003 / 3.6.2003	26.2.2007 / 28.2.2007	8.1.2007 / 17.1.2007	1.9.2009 / 12.10.2009
Official opening	26.9.2003	21.9.2007	21.9.2007	1.9.2009
Length x Width (app.)	475 m x 150 m	750 m x 180 m	325 m x 170 m	730 m x 180 m
Footprint (app.)	71.000 m <sup>2</sup>	140.000 m <sup>2</sup>	58.000 m <sup>2</sup>	129.000 m <sup>2</sup>
Hight (lowbay / highbay) (app.)	10 m / 25 m	12 m / 33 m	12 m / 34 m	12 m / 33 m
Storage Capacity (app.)	66.000 pallet places 5.000 picking places	300.000 pallet places	130.000 pallet places	295.000 pallet places
Highbay	<p>1 fully automatic highbay with 11 resp. 12 levels plus 1 resp. 2 picking levels app. 50.000 pallet places app. 3.300 picking places 16 cranes with single deep storage</p> <p>1 fully automatic mini load with 20 levels plus 3 picking levels app. 14.000 storage places app. 1.000 picking places</p>	<p>2 fully automatic highbay with 17 levels app. 202.000 pallet places 2 x14 cranes with double deep storage</p>	<p>1 fully automatic highbay with 18 levels app. 84.000 pallet places 12 cranes with double deep storage</p>	<p>2 fully automatic highbay with 17 levels app. 202.000 pallet places 2 x14 cranes with double deep storage</p>

# IKEA DISTRIBUTIONSZENTRUM DORTMUND

Warehouse	Section 1 Customer Distribution	Section 2 Store Distribution	Section 3 Store Distribution	Section 4 Store Distribution
Lenth of stationary material handling equipment (app.)	app. 950 m	app. 1.400 m	app. 500 m	pp. 1.400m
Monorail		120 vehicels 24 picking stations app. 1.700 m driving route Connection bridge: 20 vehicels app. 400 m driving route		120 vehicels 24 picking stations app. 1.700 m driving route Connection bridge: 12 vehicels app. 100 m driving route
Number of industrial trucks (app.)	650 pieces (counterbalance trucks, reach trucks, picking trucks)			
Number of truck-gates (app.)	125	200	90	185
Railtrack ramp	250m / 2 tracks	300m / 2 tracks	Use of rail in section 2	300m / 2 tracks
Number of truck parking places (app.)	<ul style="list-style-type: none"> <li>- 1.100 places for parking unaccompanied transport units (de-coupling of loading/un-loading and transport processes)</li> <li>- 140 places for arriving trucks in front of the gatehouse (prevention of a tailback in then public traffic areas)</li> </ul>			
Transports	- daily average of 350 loaded transport units for goods-in and goods-out			
Office Building	<ul style="list-style-type: none"> <li>- space for app. 450 working places</li> <li>- conference room level with 24 meeting rooms</li> </ul>			
Entire Site	<ul style="list-style-type: none"> <li>- app. 135 hectare total area</li> <li>- accessible through two road connections from Ellinghauser Straße and through a private connecting railway line, connected to the station Dortmund-Obereving</li> <li>- Container transshipment area for transshipments rail/road with 3 tracks of 500 m length each</li> <li>- Total investment more than 370 million Euro</li> </ul>			
Employment	- more than 1.450 employees at IKEA and more than 600 further employees at service providers contracted by IKEA			

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