

## CIGARS INTERNATIONAL'S \$20 MILLION WAREHOUSE UPGRADE GOES ONLINE

---

Cigars International's \$20 million warehouse modernization project is entering new stages. A year ago, Scandinavian Tobacco Group (STG)—the parent company of Cigars International, General Cigar Co. and others—broke ground on expanding the Bethlehem, Pa. warehouse operation of Cigars International, the world's largest cigar retailer.

That process included adding 100,000-square-foot of space to the warehouse—bringing the total to 213,500-square-foot—as well as new technology, most notably a system called AutoStore, which is a robotic picking system that has graduated from a testing period and is now being utilized even more by Cigars International.

AutoStore is a grid system where robots travel on top of rails. Underneath those rails is a grid pattern where modular bins are stacked on top of one another. Inside each bin is a product or products. If the robot needs to access a bin lower in the stack, it will move the bins to open stacks in other areas of the grid so it can pull the bin it wants. Once it acquires the correct bin, it will eventually take it to the top of the grid system before moving to AutoStore's Ports, which is where the bins are presented to workers who can manually pull the product to pack a customer's order.

There are a number of advantages to a robotic picking system. First, it automates a lot of the time spent in the process of packing a customer's order: humans no longer need to physically walk over to a bin to select a product and then bring it to a different part of the warehouse to be packed. Second, the automated system is designed to allow for a larger number of items to be stored in the same area. Furthermore, because the robots are the ones picking the orders, warehouses can place items in a flow that maximizes efficiency—like placing the products in a manner that reduces the time it takes to unload a receiving shipment—instead of worrying about things that maximize human efficiency like storing the same product in the same place every time. The robots, in theory, should also be nearly perfect in regard to accuracy because they aren't concerned with making sure that the Macanudo Café is a robusto or toro size, the robot is just looking for a bin number, whose exact location is known to the robot.

Sarah Santos, president of Cigars International, declined to provide metrics about how much more efficient the warehouse is or the maximum capacity of the new

warehouse, but it's a large enough improvement that the warehouse will have an additional client: General Cigar Co.

On July 1, orders retailers place through General Cigar Co. will be fulfilled by the Bethlehem warehouse. Previously, the orders were fulfilled out of General Cigar Co.'s warehouse in Hampton, Va. That warehouse will close, which will result in the loss of 20-25 jobs. General Cigar Co. says that some of the warehouse employees are relocating to Bethlehem and that the "business will be managed by the same leadership as we had in our Hampton."

As for whether the robots are taking jobs away from humans in Pennsylvania, Santos told *halfwheel* that the number of employees in Bethlehem is not being reduced, but that the same number of people are now able to process a greater number of orders. She also added that the company will still need to hire temporary workers during the busier fulfillment months.