



CLIENT SUCCESS

Timing is Everything

Omni-Channel Accessory Retailer Refines Online Shopping Experience, Transforms Financial Outlook

Challenge

A major accessory retailer that established its reputation as a department store staple embarked on the creation of direct-to-consumer e-commerce and retail channels. Its goal was to broaden its customer appeal with a refined buying and returns process. While the company realized great success through these new channels, transportation costs were spiraling upward and putting a damper on profitability expectations. After a strong recommendation from another small package shipper in Transportation Insight's client base, the retailer looked to the Insight Parcel™ logistics and e-commerce experts at Transportation Insight to architect a supply chain solution that would drive down logistics-related costs and provide end-to-end supply chain visibility.

The retailer sold its products through three different distribution channels. Products were primarily distributed through major department store chains, shipping even the largest orders to individual store locations utilizing small package carriers. Secondly, the company established an e-commerce channel through which it sold individual items directly to consumers. And thirdly, the company moved products through a nationwide network of company-owned stores, established following the success of its e-commerce venture. Each of these channels presented different challenges to controlling small package transportation expenses that had escalated to more than \$31 million annually.

The Solution

Because of the diverse nature of the company's omni-channel distribution network, Transportation Insight examined the company's e-commerce supply chain structure separately from the replenishment processes to department stores and company stores. Following the gathering and deep analysis of the retailer's shipping data, the Transportation Insight team recommended modifications to the company's national carrier network to better align with internal processes and service provider strengths, thus bringing each supply chain component to a best-in-class level. The comprehensive solution also:

- Assessed order placement, procurement and shipping processes for overseas production and inbound shipments
- Conducted a supply chain forensics evaluation and data analysis with multi-modal diagnostics
- Implemented small package shipping procedures that reduced time in transit and shipping costs
- Provided visibility to Cost of Goods Sold for each SKU to protect product profitability
- Identified and tracked Key Performance Indicators that maintained efficiencies and uncovered new opportunities for cost savings and market growth

 **Insight Parcel**[™]

Prior to engagement with Transportation Insight, the company placed orders for product from three different factories in Asia through an on-demand ordering process. Each order shipped directly to the company's U.S. distribution facility using very expensive international air service. Transportation Insight worked with the retailer to consolidate orders from the three separate factories at one overseas shipping point.

A growing component of its overall sales, the company sought to increase sales volume of its e-commerce channel in order to compete with larger online retailers. Rather than recommending a cost-prohibitive second-day air shipping program for e-commerce orders, Transportation Insight presented the company with an opportunity to utilize the U.S. Postal Service (USPS) Priority Mail system as a supplement to its usage of national small package carriers.

Transportation Insight's time-in-transit analysis of the USPS solution against existing client shipping patterns revealed that the company would decrease time in transit, as well as shipping costs by sending packages through longer zones available in the Priority USPS network.

The Results

By implementing these solutions, the retailer not only improved its customer delivery and returns experience on its burgeoning e-commerce channel, but it also improved service to its physical store replenishment network. Transportation Insight helped the client remove more than 21% of its transportation expense, equivalent to an annual savings of over \$6.5 million.

Further insight for the retailer included enhanced visibility to its cost to serve for each SKU, made possible through the development of a collaborative solution in which the Transportation Insight team married parcel costs to actual product costs to determine net profit on every product shipped.

In addition, the retailer frequently leveraged a highly customized version of Transportation Insight's Advanced Analytics portal to track key metrics, determine the success of cost mitigation strategies and uncover opportunities for short- and long-term possibilities for program refinement.

Larger shipments resulting from consolidation efforts in Asia permitted the retailer to take advantage of more favorable air freight shipping service levels at lower rates than international parcel shipping. Since the retailer could not wait for longer lead times required for ocean shipping, this alternative solution enabled the company to stay on the cutting edge of retail trends.



Accessing the USPS network via an innovative Priority Mail solution enabled the retailer to commit to a very respectable three-day Service Level Agreement from time of order to all U.S. e-commerce customers, while saving \$1 million.

As a result of collaboration with Transportation Insight to implement innovative parcel logistics solutions that supported best-in-class e-commerce efforts, the retailer reinvented itself as an omni-channel powerhouse, successfully adapting its supply chain to serve rapidly changing consumer shopping demands. In an era where the supply chain is undergoing a digital transformation, this retailer has taken advantage of Transportation Insight's analytical capabilities and unmatched industry expertise to set itself up for long-term success.

Financial Impact (Based on \$31 Million Annual Transportation Spend)

Logistics Cost Reductions: Small Parcel Spend	21.2%
Logistics Cost Reductions: Invoice Audit Cost Avoidance	0.1% (\$39,000 annually)
Total Transportation Spend Reduction	21.3%

"I'll be honest – we were really struggling with ballooning operating and transportation costs when we engaged with Transportation Insight. Their small package and e-commerce program expertise has helped us deliver on our promises to our customers. The solutions that they designed and implemented have really helped us improve our customers' shopping experiences, get those shipping costs under control and turn the corner financially."

VP Supply Chain – National Accessory Retailer