

eCommerce and the DC

How to Keep Operations Clicking

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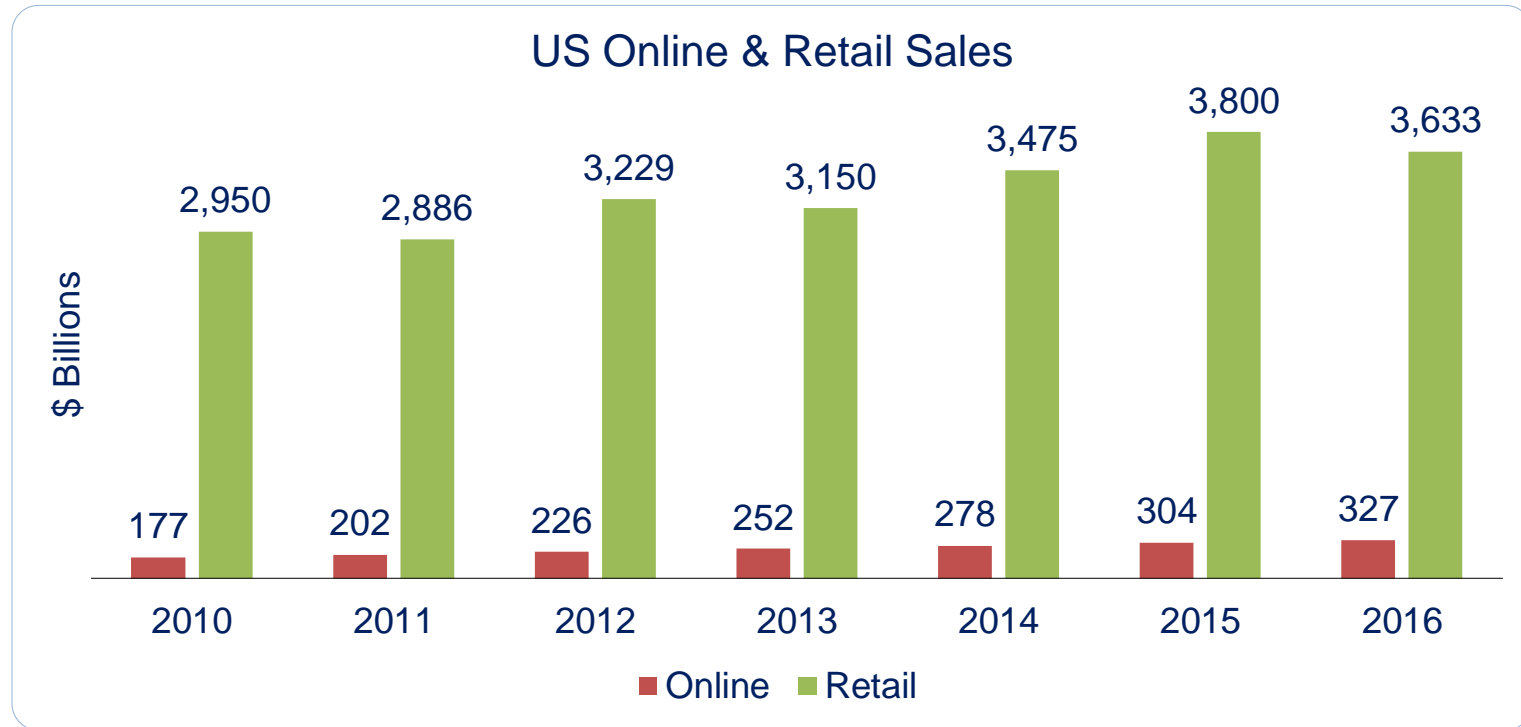
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- 1 Growth of eCommerce
- 2 eCommerce Fulfillment Challenges
- 3 Real-World Example: Retail DC
- 4 Importance of Dimensioning Weighing and Scanning
- 5 Outbound Rate Shopping / Labeling
- 6 Summary & Questions



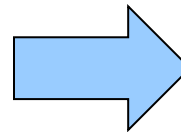
Online CAGR = 10.8%

Retail CAGR = 3.5%

Source: Forrester Research Online Retail Forecast, 2012 To 2016 (US)

DC to customer vs DC to Store

- Unit level orders vs Case level
- Shipping via parcel carriers not full trucks
- Higher volume: Drive efficiency and reduce errors



Historical Retail Distribution

Direct To Consumer

Large Quantity per line item
- Case or Pallet Quantities



1 or 2 pieces per order

Many Case/Pallet/Trucks to
each destination



1 carton per shipment

Personalization (Size, color,
etc.); issues are pushed to the
store



Distribution center must pick
orders specific to the
consumer

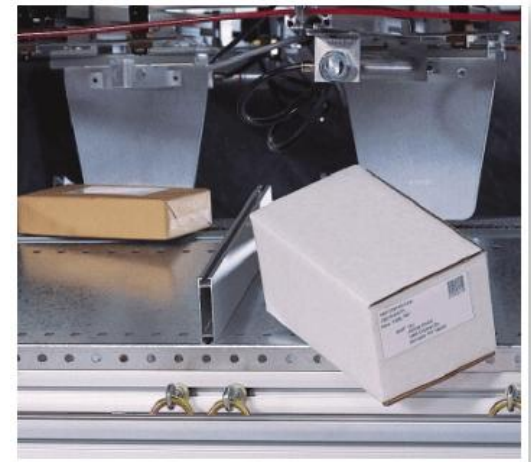
Directed pick; eaches vs cases

- Voice, Portable Terminal, Pick to light



Batch Picking with Unit Sortation

- Well suited for multiple line orders
- Product with little differentiation
 - Garments (size differentiation)
 - DVDs (same size; version or title differentiation)
- Unit Sortation
 - Tilt tray or Small Item Sortation



Historical Retail Distribution

Direct To Consumer

Large Quantity per order
- Case or Pallet Quantities



Less than case quantity

Single Destination



Unique destination for every order – Requiring fast delivery in order to Provide High Level of Customer Satisfaction

Dedicated – Contract Carrier



Parcel Carrier

Direct To Consumer

- Carrier Manifesting
- Freight Cost per Package
- Carrier Compliance Labeling



Company Background

- Ships case volumes from DC's to stores
- Direct to consumer business done by hand in DC
- eComm orders ship-to-store for customer pickup
- Demands growing for shipping direct

Typical Issues

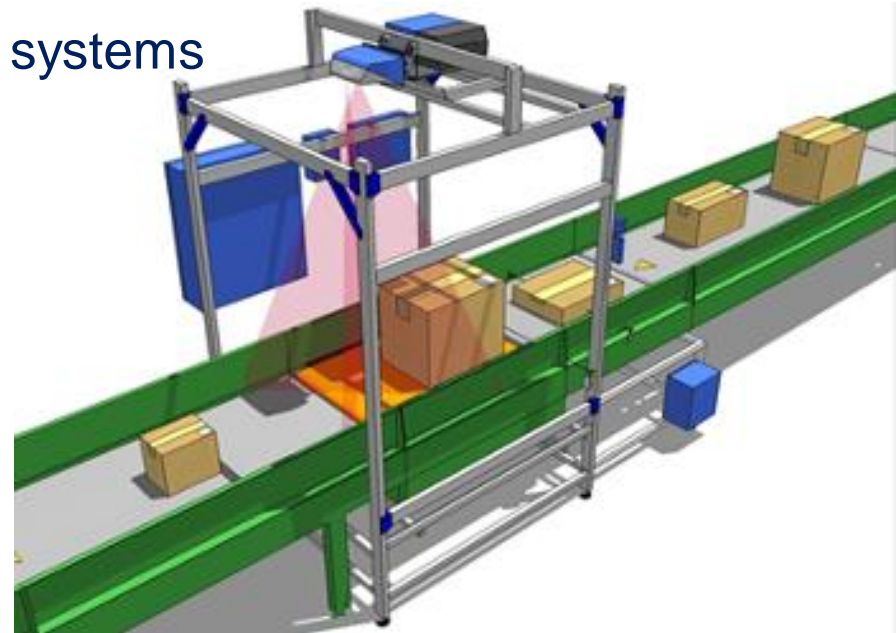
- Large variation in sizes and weights
- Small envelopes and cartons up to 76" long
- Try It: Pilot project to test automated shipping
- Plan for max capacity of 1,500 cph (25 cpm)

Core Needs

- Eliminate processing issues due to manual operations
- Address consumer demand for direct shipping

How Dim-weight comes into play

- Formula for combination of volume and weight determines charges
- Different versions depending on shipper: UPS, FedEx, USPS.
- For customers who require free shipping, lowering this cost is key, especially where dim/weight doesn't apply.
- Equipment needed to address this:
 - DWS (Dimension/Weigh/Scan) systems



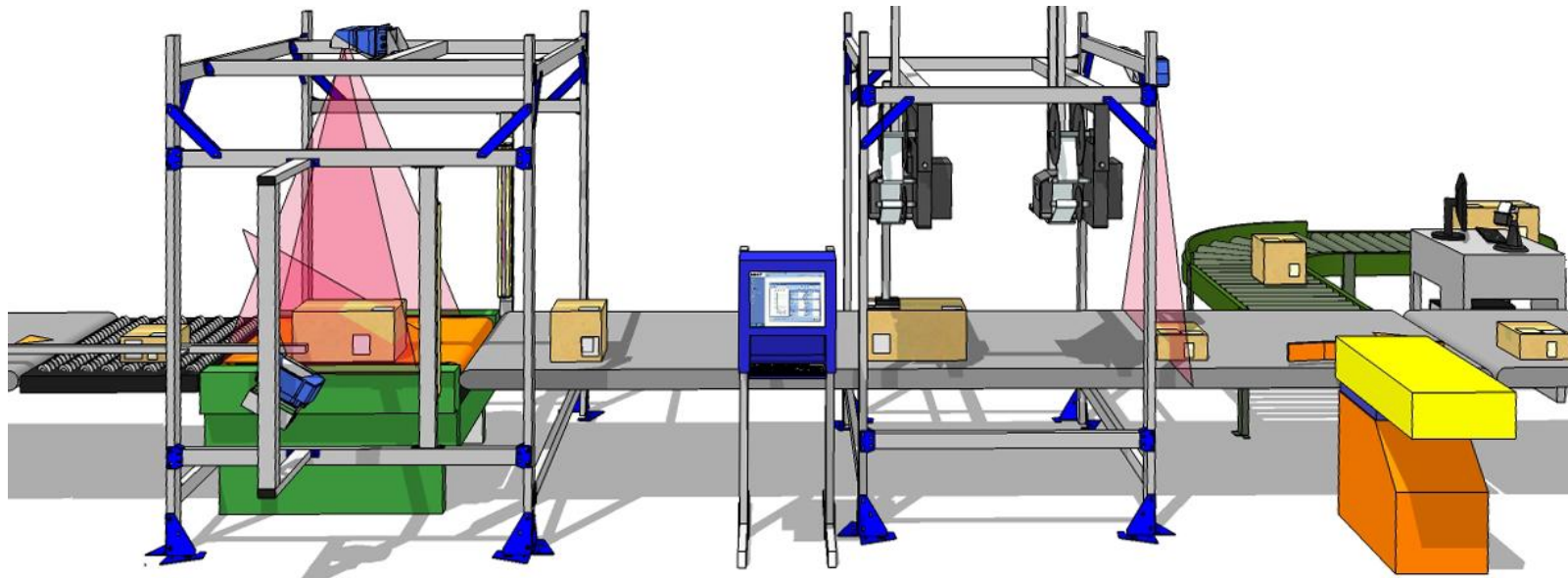
“Free shipping is the new standard”

Overnight parcel company

- 52% of all e-commerce transactions in 2011 included free shipping
- 75% of consumers are likely to abandon their carts without free shipping



- Dim/weigh (in-motion Dimensioner/scale/scan)
- Coordinate with rate shopping software to find lowest rate for desired service level
- Apply and verify appropriate label information on outgoing parcel
- Sort cartons to appropriate shipper location and verify



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The Solution

High volume, automated shipping needs:

- Dimensioning, Weighing, Scanning (DWS) of cartons
- Manifesting (rate shopping) for UPS/FedEx/Postal, etc
- Automated labeling of cartons with shipping label
- Conveyor and controls to get cartons to shipping doors quickly and accurately

The Solution

- Turnkey FAST Label automated system.
 - DWS (Dimensions/Weights/Scans) each carton.
 - Integrated rate shopping
 - Automated shipping label print and apply
 - Proper divert of cartons to exception processing and correct shipping lanes.
 - Confirmation of shipping information and carton tracking.
-
- ***ROI of <1 year on operation.***



- Prepare for the increased volume of ecommerce
- Automate when possible, consider a pilot line to test concepts
- Go for a flexible automated design, to accommodate variations in size and weight
- Choose a partner with a solution that can grow with you without starting over



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