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2015

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March 23-26, 2015
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The Building Blocks of Same-Day Order Fulfillment

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Presented by:

Marvin Logan, Director Bastian Consulting

Blake Bearden, Western Regional Director

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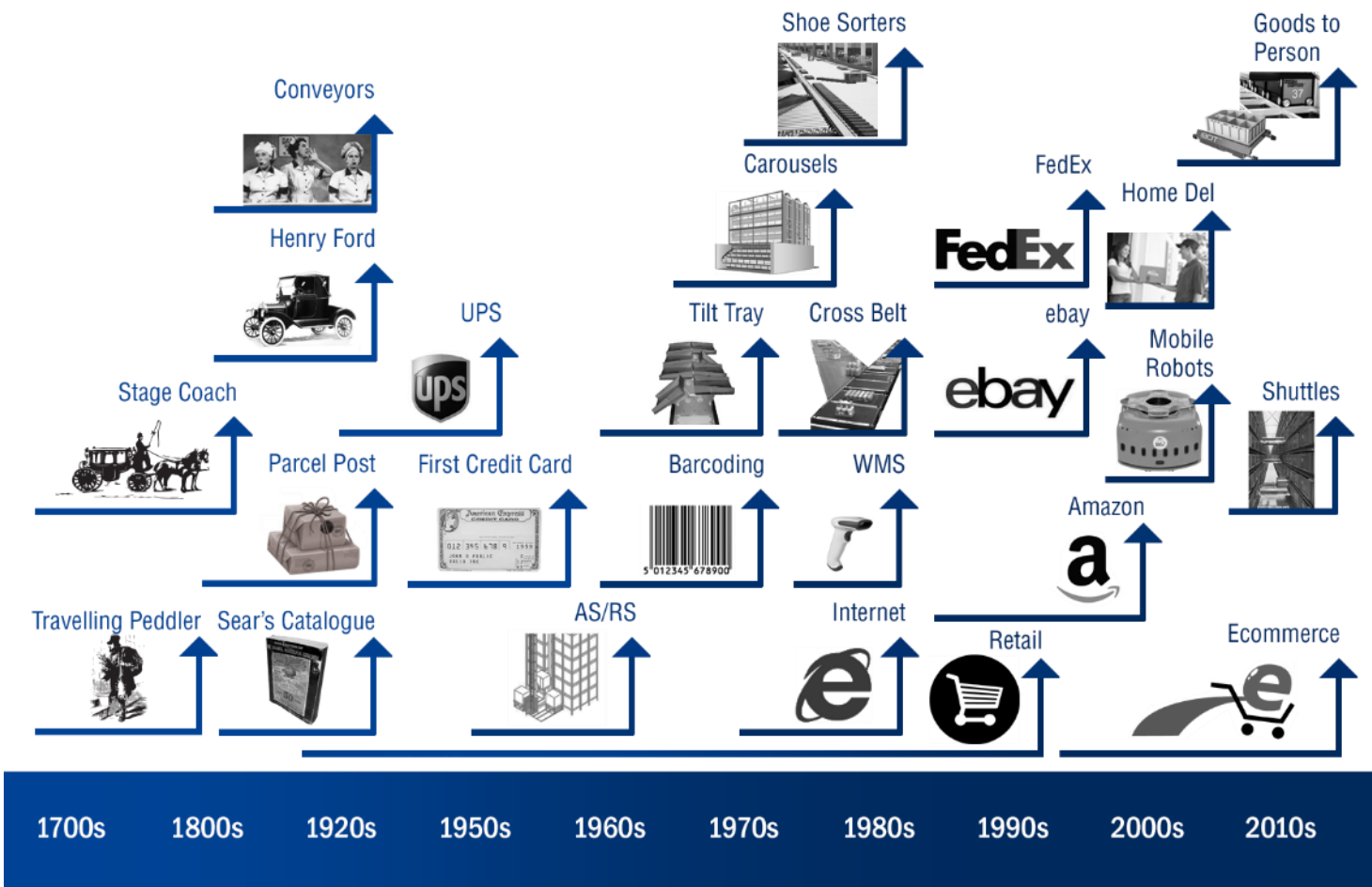


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History of Order Fulfillment



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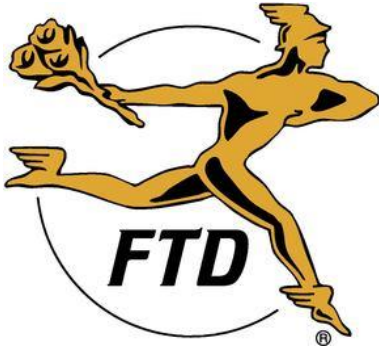
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Current Leaders in Same-Day Delivery



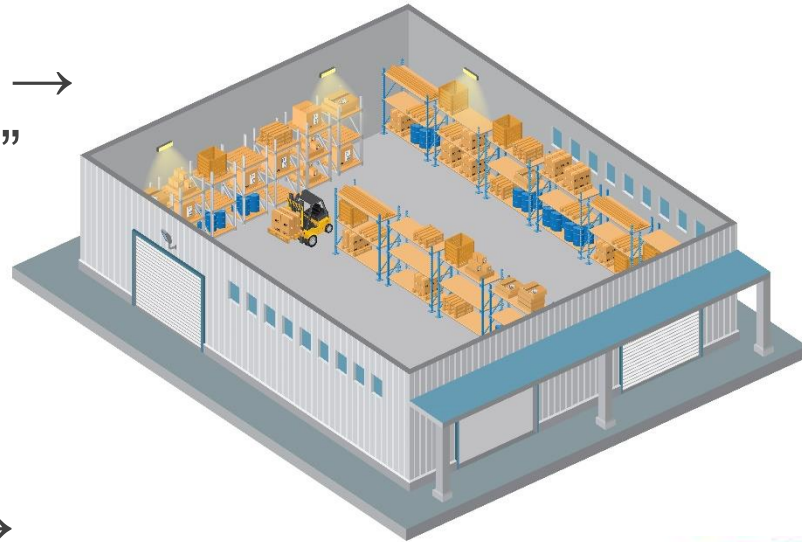
Better Ingredients.
Better Pizza.



THE INDUSTRY THAT MAKES SUPPLY CHAINS WORK™

Same-Day Fulfillment Vs Same-Day Delivery

- Same-Day Fulfillment → Inside the “Four Walls”



- Same-Day Delivery → Same-Day Fulfillment + The “Last Mile”
 - Exception is the preparation for shipping



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The Need for Same-Day Delivery

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Same-Day Delivery Demand Generation



Impatience



City Congestion



Convenience



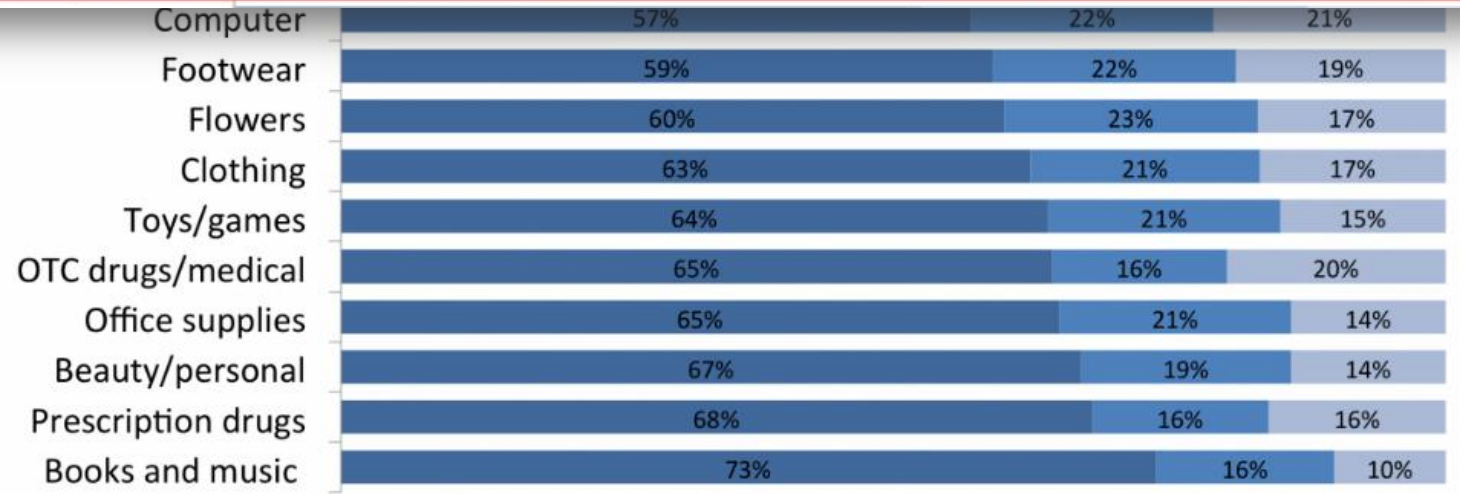
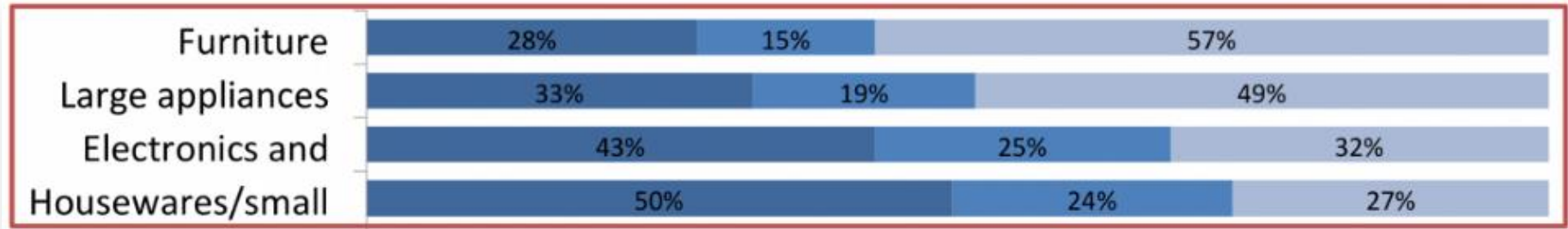
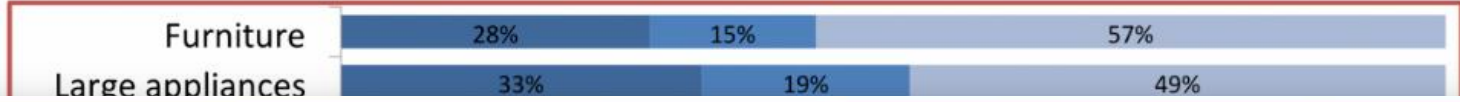
Technology



Same-Day Delivery – The Market

BI INTELLIGENCE

■ <\$5 ■ \$6-10 ■ >\$10



Source: Boston Consulting Group 2012; <http://www.businessinsider.com/e-commerce-and-same-day-delivery-2014-9>

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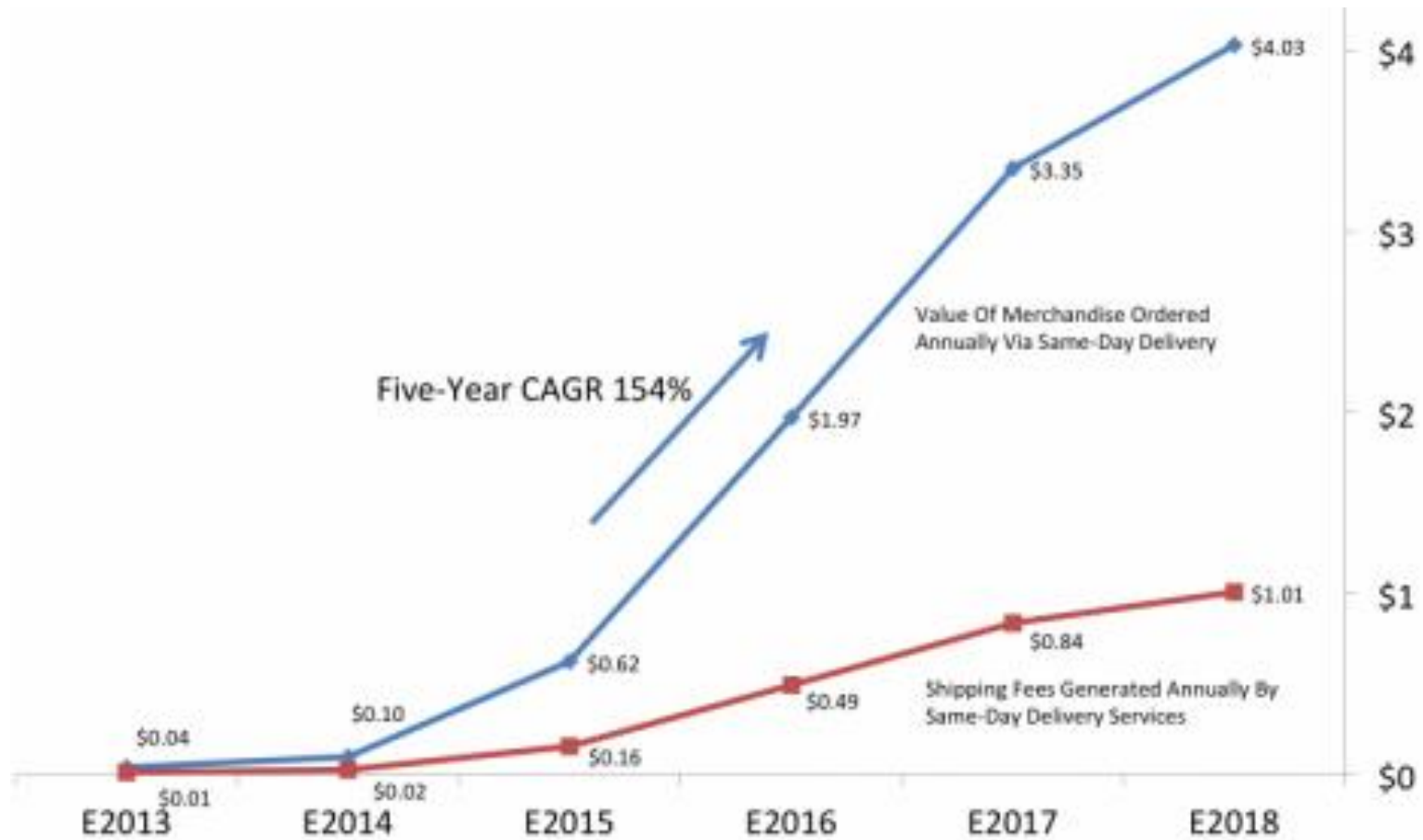


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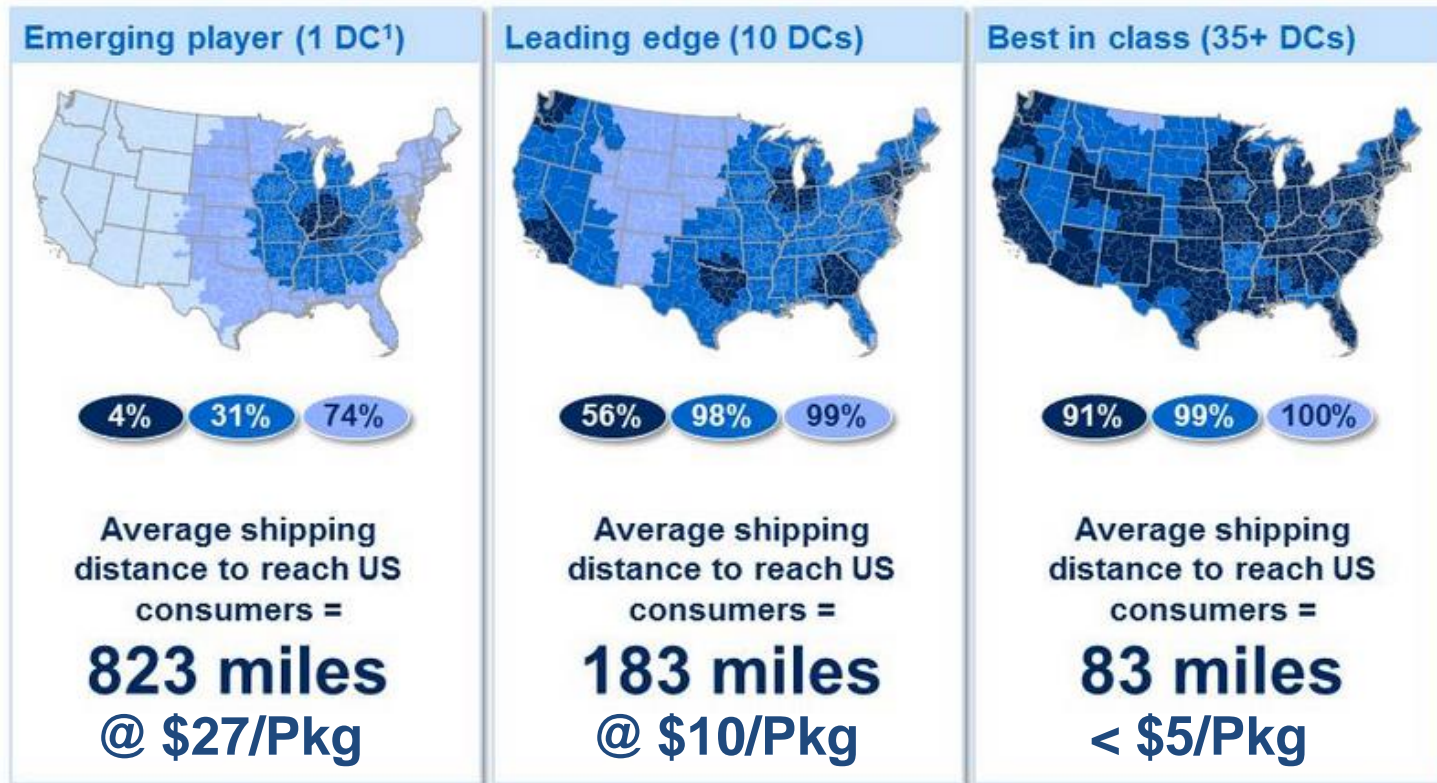
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Same-Day Delivery – Market Forecast



Source: BI Intelligence; <http://www.businessinsider.com/e-commerce-and-same-day-delivery-2014-9>

Same-Day Delivery Economics Number of DCs and Cost of Delivery



¹ Assumes demand distribution mirrors US population distribution

Source: US Census Bureau; <http://www.forbes.com/sites/mckinsey/2013/12/18/next-day-shipping-wars-can-etilers-compete-with-amazon/>

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Same-Day Delivery Economics Population and Number of DCs



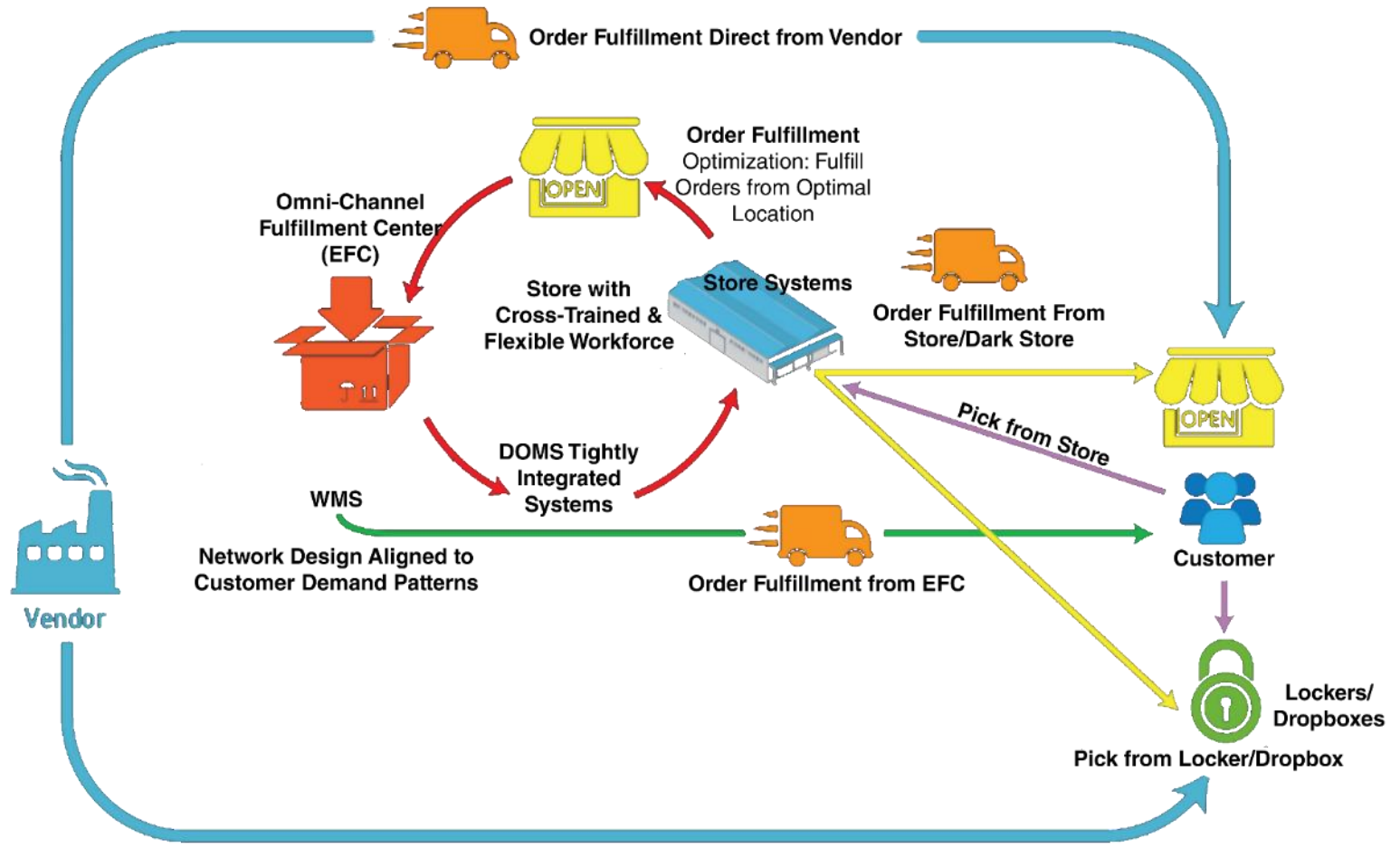
Source: http://www.scdigest.com/EXPERTS/WULFRAAT_13-09-03.PHP?cid=7366&ctype=content

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The Move to Same-Day Delivery



Same-Day Delivery – Last Mile Models



Source: Cognizant: 20-20 Insights: Same Day Delivery Surviving and Thriving in a World Where Instant Gratification Rules, April 2014

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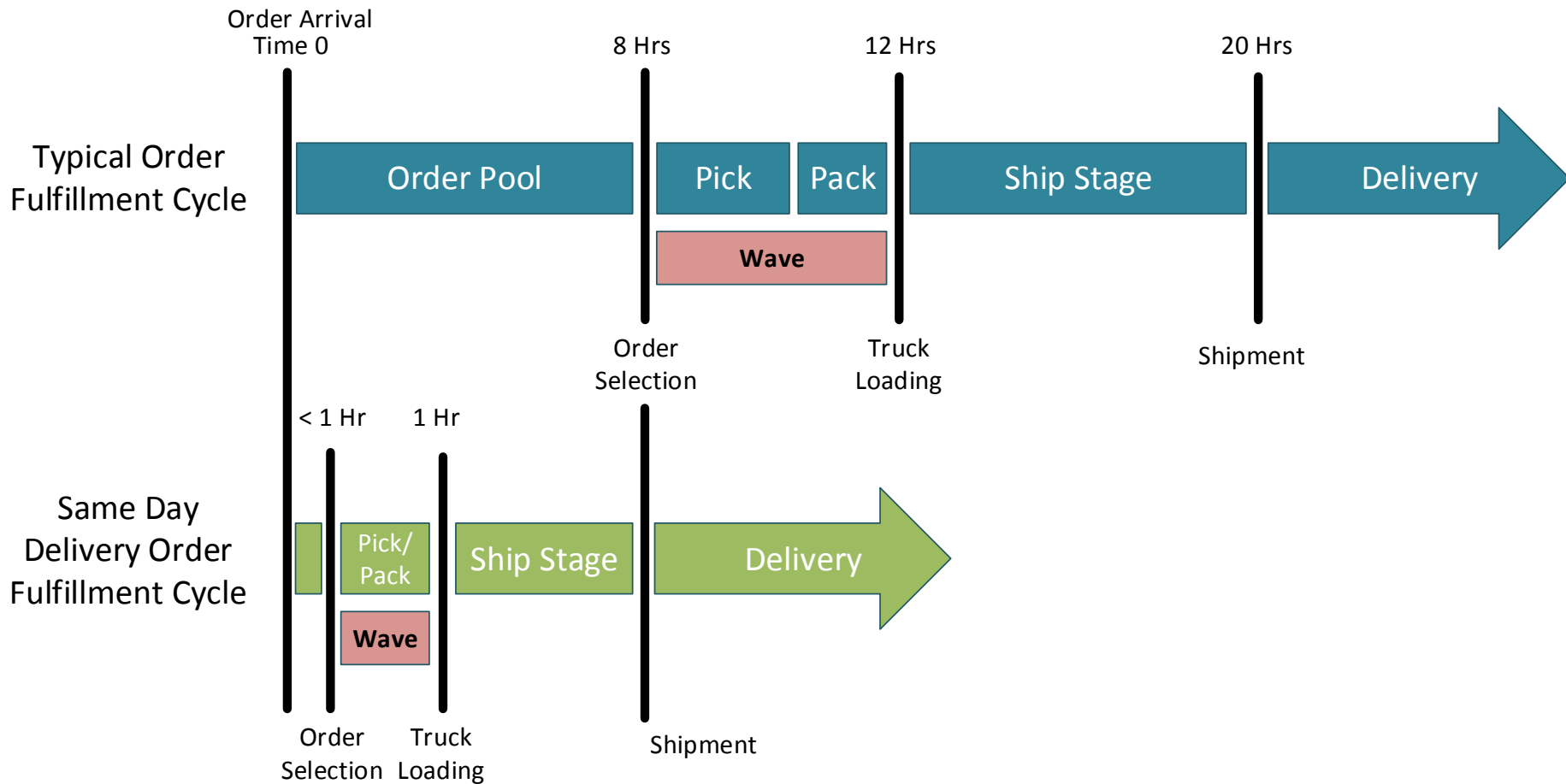


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Order Cycle Times



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Order and Information Flow





Same-Day Order Fulfillment - Tensions



Productivity

- Broader Planning Windows
- Large Waves
- Batching Picks



Order Cycle Time

- Order Flow Through
- Small Waves
- Order Picking





Organizational Alignment



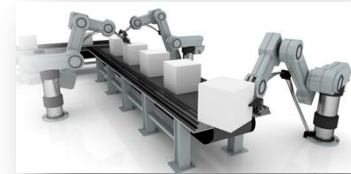
Corporate Alignment



Holidays/Seasonality



Demand Planning/Forecasting



Automation



Shipping Policy Alignment with Transportation Strategy



Incentive Structures

First Operational Step to Same-Day Fulfillment

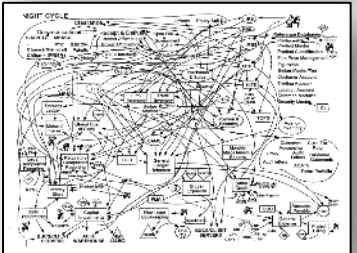
Evaluate each process to eliminate waste



Too Much Inventory Over Conveyance



Defects/Rework



Complex Processing



Waiting



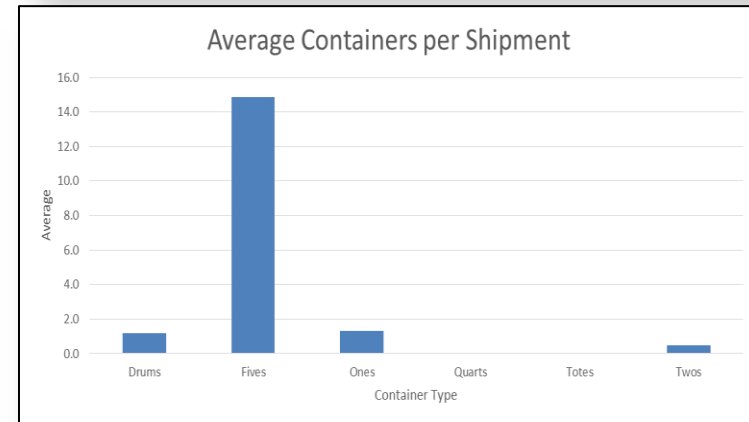
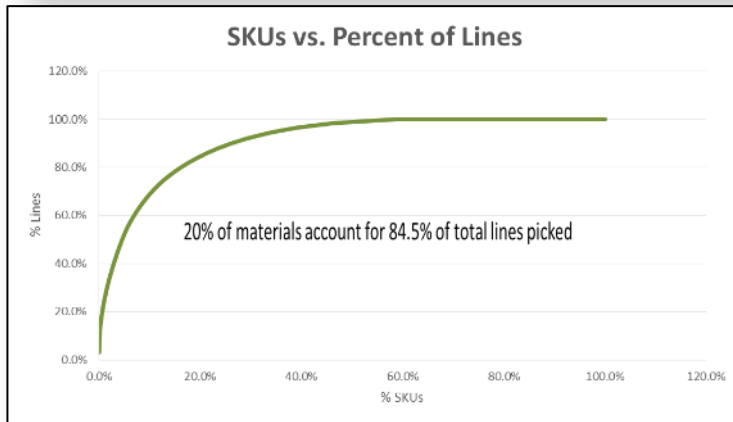
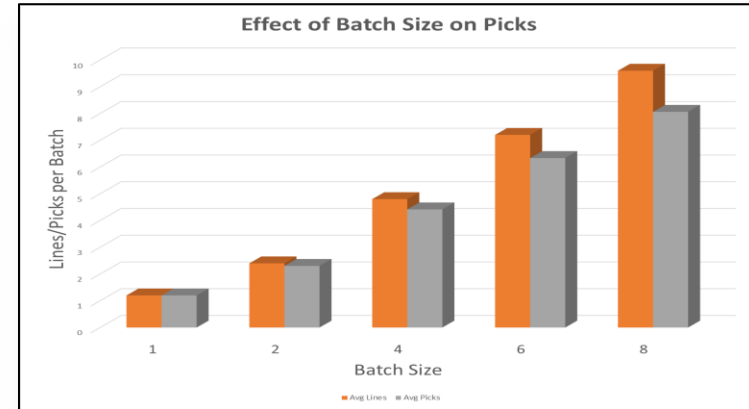
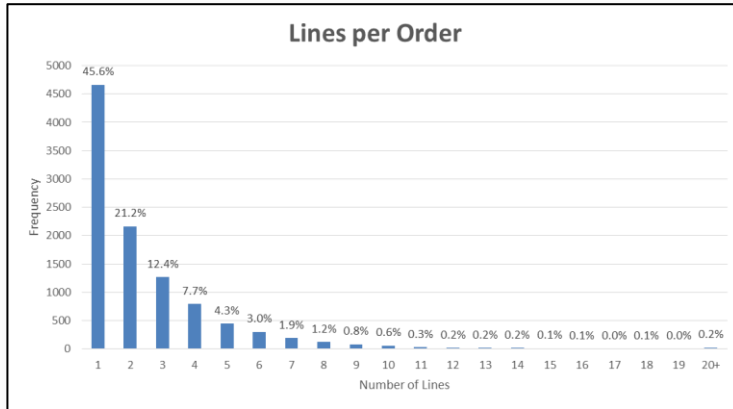
Excess Motion



Knowledge



Ecommerce Order Profiles



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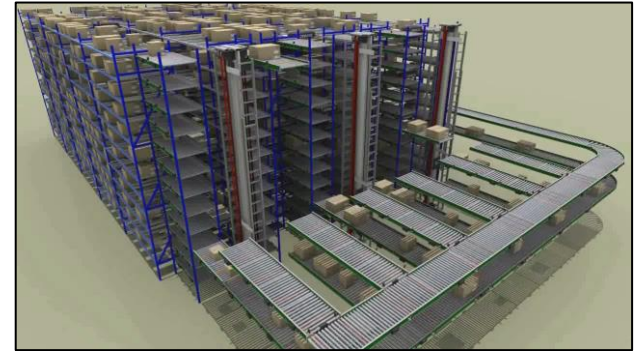


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Same-Day Fulfillment Automation

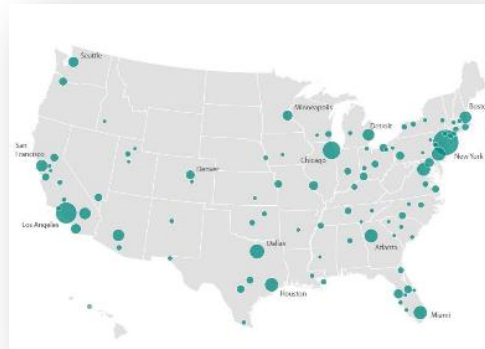


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Customer Expectations



Type of Product



Location



Customer Age



Order Timeframe



Price Point

Fast for 2014:
Next day to 2 days

Fast for 2015:
Same day to next day

Benefits of Same-Day Fulfillment



Higher Customer Satisfaction



Lower Inventory Cost



Competitive Market Advantage



Greater Profit Margins



Lower Shipping Costs



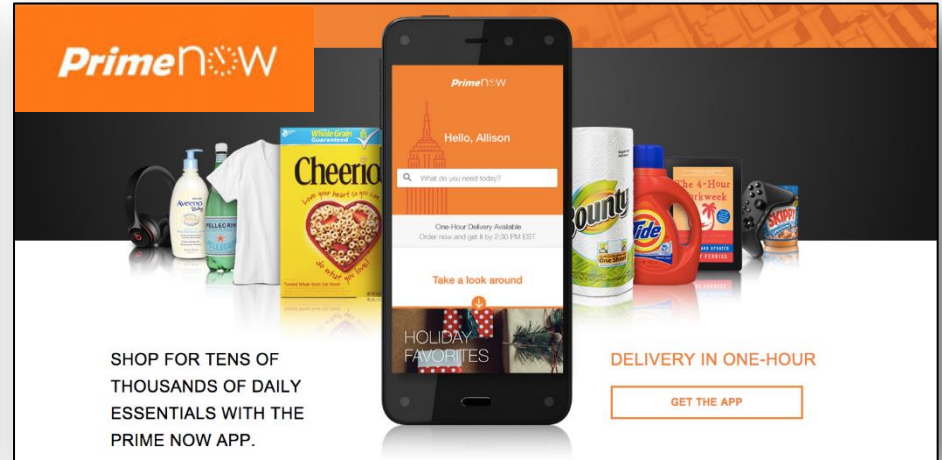
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One-Hour Delivery?



PrimeNow

Hello, Allison

What do you need today?

One-Hour Delivery Available
Order now and get it by 2:30 PM EST

Take a look around

HOLIDAY FAVORITES

DELIVERY IN ONE-HOUR

GET THE APP

SHOP FOR TENS OF THOUSANDS OF DAILY ESSENTIALS WITH THE PRIME NOW APP.



shutl

SAME DAY DELIVERY
IN MINUTES



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