

# E-COMMERCE FULFILLMENT

Warehousing, order fulfillment solution brightens holiday for leading toy retailer

## Challenge

Take back ownership of Web site  
Improve customer online experience  
Capitalize on peak shopping season

## Solution

Redesign customer's online business platform  
Provide warehousing and fulfillment services  
Build parallel distribution systems  
Use mechanization for speed and efficiency  
Develop data and process interface with Web/call center provider  
Efficiently ramp-up and train associates

## Results



Full control of online operations



Improved online experience for customers



New facilities and processes operational ahead of schedule

Holidays can make or break a year for most retailers. Nowhere is this peak season more dramatic than in the toy industry. One of the nation's leading toy retailers generates as much as 50 percent of its sales in the fourth quarter alone, and a growing percentage of that business is being done online. When the third-party provider for this company's online store began reducing the prominence of its products and promoting rival retailers, this industry leader knew it had to make changes to its online channel.

A new approach would not only give top billing to the retailer's highest demand products, it would also provide the opportunity to significantly expand the online offering and extend the ordering window to allow customers to order online as late as December 23. Achieving revenue and service objectives meant the retailer needed to gain more direct control of its Web ordering, customer service and fulfillment operations.

To that end, the company terminated its third-party relationship and launched an aggressive seven-month effort to create a completely new infrastructure to support its online business. The high-profile break-up created extra pressure, as the transition was being closely monitored by management, investors, analysts and the media.

## → The Challenge

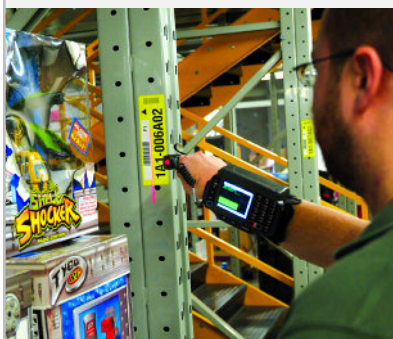
The plan, in short, was to redesign the retailer's online business platform. Exel was called on to provide warehousing and fulfillment services as part of that plan, as well as play a crucial role in the development of the data and process interface between the customer and its Web/call center provider.

The plan and schedule would need to include co-location of partner resources to ensure a smooth and quick integration. The build-out plan would need to minimize both start-up and test time and allow for a large-scale deployment of human resources. With diverse product sizes, fast-moving items and dynamic order profiles, headcount demand would change quickly, too.

Exel also needed to provide for the immediate transfer of inventory from the previous fulfillment provider. Most importantly, the new warehousing and fulfillment operations needed to be ready for business prior to the holiday peak season.

## → The Solution

"A typical solution would have involved a serial approach to build a single distribution facility," noted Adrian Kumar, senior director at Exel. "However, such an approach would not allow for an almost immediate transition from the previous service provider."





Retail

#### E-Commerce Fulfillment

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-Patrick Kelleher,  
senior vice president of  
Exel’s Retail business unit

Exel’s approach was to build the distribution center in two phases. Two parallel distribution systems would allow for smooth and efficient handling of the customer’s high-volume order fulfillment.

Exel designed, located and implemented the customer’s fulfillment operations in two buildings totaling 850,000 square feet within a campus of dedicated and shared e-commerce operations in central Ohio. The first site utilized a customized warehouse management system (WMS) to handle approximately 4,000 of the retailer’s most popular stock keeping units (SKUs). The second handled more than 16,000 additional SKUs that the company added to its new Web site as part of its expanded offering to online customers.

This heavily mechanized parallel operation was designed to process the bulk of the volume going through the peak heavy-load season. The WMS was also tasked with “talking” to the conveyor management system that ran the pick process to ensure highly accurate order processing.

“Critical to the transition was a rapid ramp-up and training process for a significant number of associates and managers in a short timeframe,” said Patrick Kelleher, senior vice president of Exel’s Retail business unit. “Exel’s access to qualified resources and the attention of top management helped make this implementation a success.”

#### → The Results

With Exel’s leadership, the fulfillment operation transitioned on time and on target. The WMS and the interface between the Web fulfillment center and the retailer were completed in less than 90 days. The mechanization and sortation installation were completed 30 days later, and both facilities were fully operational and fulfilling 100 percent of online orders from the retailer’s Web sites in less than six months — just in time to capture holiday season revenue.

The customer’s new e-commerce operations provided an improved online experience for its customers. The solution allowed it to offer a larger number of items and an expanded ordering window, providing more flexibility to its customers and creating a competitive advantage for the company. The efforts were so successful that the customer named Exel its “Logistics Provider of the Year.”



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