



Creating Cost
Effective and
Visible Fulfillment
Network



### **Panelists**





Mary Kaufman
Senior Director, Operations
Product Innovation
Wayfair



Michelle Covey: Moderator VP, Retail Apparel & General Merchandise GS1 US



Sean McCartney
Executive Vice President,
Global Operations
Radial



Bill Connell
SVP, Transportation,
Reverse Logistics, and
Collaboration
Macy's



# Session Agenda & Takeaways



# Agenda

- Speaker presentations
- Panelist Q&A session

### Takeaways

- Importance of customer satisfaction as the center of fulfillment strategy
- Understand fulfillment strategies that can increase operational efficiencies



# Building Wayfair's Fulfillment and Delivery Network



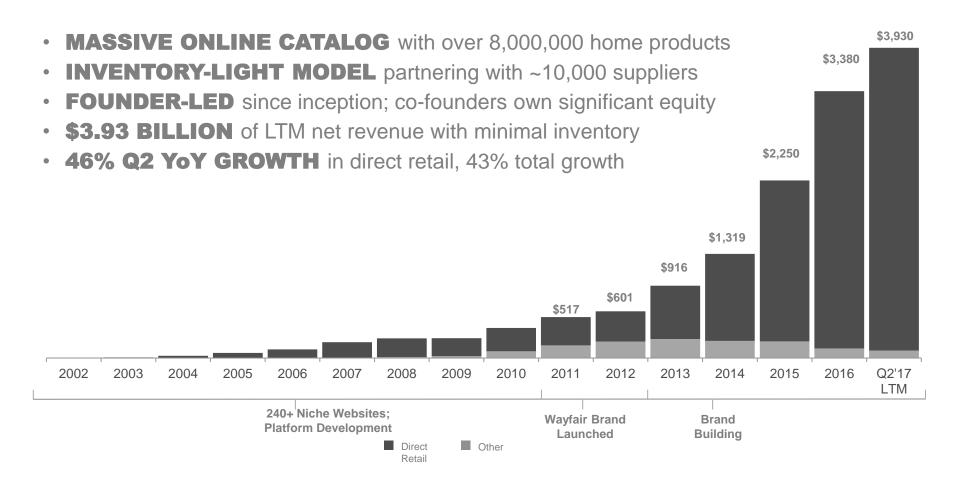


Mary Kaufman, Product Owner for Wayfair Global Transportation Systems



# Wayfair: A Clear Online Leader in Home Goods



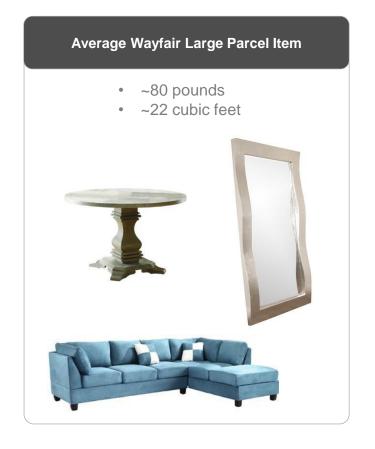




# Home Category Characterized by Heavy, Bulky and Damage-Prone Items









# Our Supply Chain Vision



Dramatically improve the customer experience by taking a hands on role building unique physical logistics operations

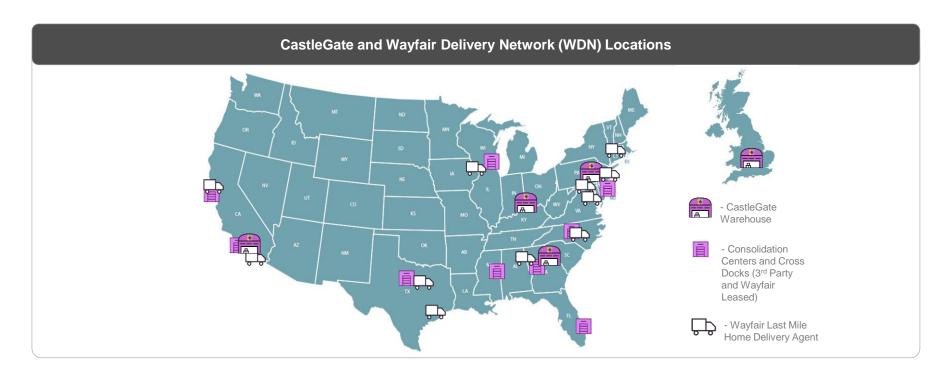
Do this by **partnering with our suppliers** in a way that **makes our customers happier**, and **grows profits for our suppliers and for us** 



# Investing in Proprietary Logistics Network Purpose-Built for the Home Category



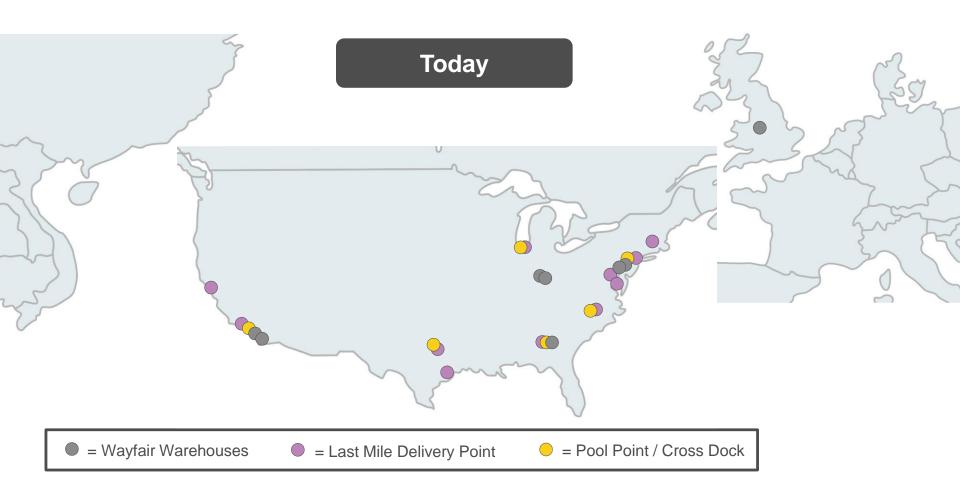
- Traditional drop-ship network leverages technology integration into supplier warehouses
- CastleGate warehouses forward-position supplier inventory to create very fast delivery for small parcel (1 – 2 day) and large parcel (1 week plus)
- Wayfair Delivery Network (WDN) directly manages Wayfair's large parcel deliveries via consolidation centers, cross docks and last mile home delivery facilities, thereby speeding up deliveries, reducing damage and improving the customer delivery experience





Rapid expansion has us now at 7 million square feet over 15 buildings with an ambitious plan in place to scale operations

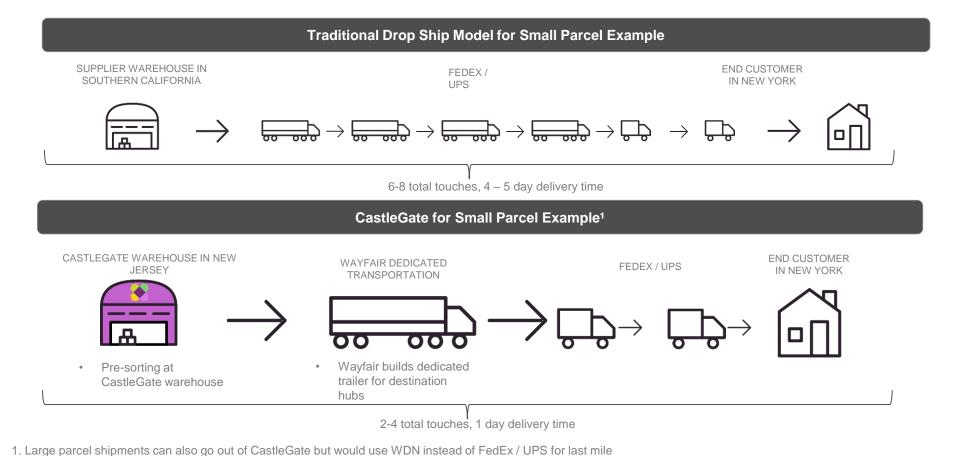






### CastleGate Warehouses Enable Next-Day & 2-Day Delivery for Small Parcel<sup>(1)</sup>



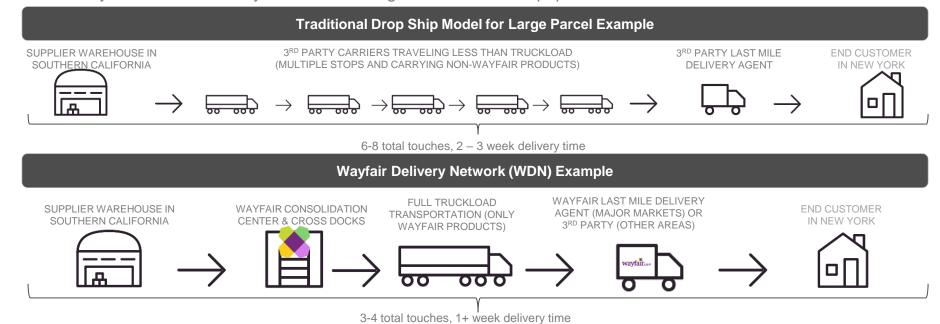




# Wayfair Delivery Network (WDN) for Large Parcel Deliveries



- Wayfair Delivery Network (WDN) describes several areas of our large parcel network where we are taking direct operating control instead of relying on contracted third party operators
- Enables scheduling delivery in cart, faster delivery speeds, increased customer satisfaction, reduced damage and costs
- By end of 2017, expect to have virtually all large parcel shipments flowing through Wayfair-controlled "middle mile" and Wayfair last mile delivery facilities covering 50% 60% of US population





### Large Parcel Home Delivery



 Wayfair employees inside the four walls of the last mile home delivery facility; highly trained drivers running trucks out to the customer's home

• Feedback loop and incentives consistent with our brand, including bonuses based on the NPS score provided by the

customer post-delivery







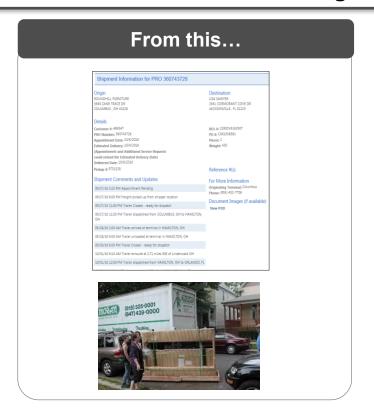


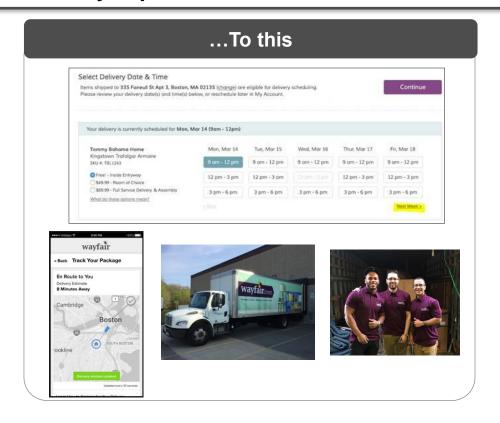






### **Evolving home delivery experience**

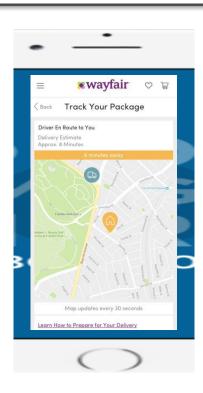








#### Day-of-delivery delivery tracking



On the day of delivery, we are providing customers with real time delivery tracking and notifications:

- How many stops between the current delivery and your stop
- Find out in real time when the driver is en-route to your stop
- Get real-time information about what was delivered and when – especially important for outdoor drop-offs





# Creating a Cost Effective & Visible Network via 3PLs





**Sean McCartney**Executive Vice President, Global Operations
Radial

### Radial at a Glance

- Leading independent eCommerce fulfillment network in North America
- Leader in omnichannel commerce technologies and operations, orchestrating an eCommerce logistics and technology ecosystem

#### **Toolbox**

- ✓ Value-Added Warehousing & Fulfillment
- **✓** Transportation Management
- Customer Care
- Omnichannel Technology
- Payments, Tax & Fraud management



25 Fulfillment Centers



295 Million Units shipped



21 Million Customer service contacts



\$6.2 Billion In orders processed



\$60 Million In prevented fraud



### Commerce Operations & Logistics

#### Value-Added Warehousing and Fulfillment



- Over 13mm square feet of fulfillment capacity
- Inbound, outbound and reverse logistics
- Central, regional and multichannel fulfillment options
- Optimized for multiple industry verticals including apparel & footwear, health & beauty, sporting goods, general merchandise and others

#### 295 million units shipped in 2016

### 50 million

peak units shipped

#### ~80%

shipped same day

### **Transportation Management**



- Leveraged scale for competitive rates
- Extended order cutoffs with proprietary shipping options = Shorter Time in Transit
- Experienced logistics team provides ongoing support
- Continuous focus on cost savings and network enhancements

<b>72</b>	mill	lion

packages shipped

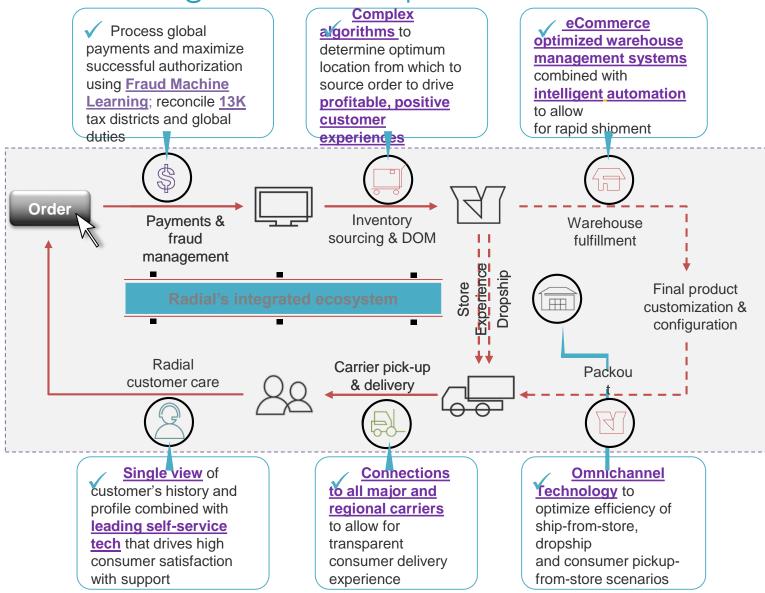
#### 2,4

average days in transit

#### ~90%

of North American orders delivered in three days

# Example of Logistics and Technology Ecosystem to Deliver Leading Customer Experience





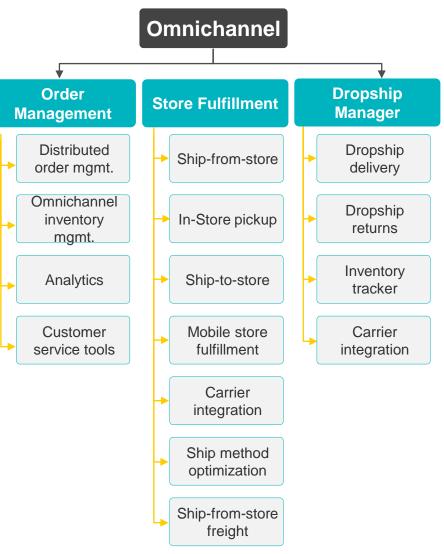


# Omnichannel Technology – Having Capabilities to Leverage Networks





- Fast time-to-revenue OMS to leverages existing IT investments with no capital expenditure
- Drives a rapid customer experience
- Minimizes markdowns by 20-30% and drives lower fulfillment costs
- Real-time data analytics and prescriptive guidance to manage an eCommerce operation





# Omnichannel Technology suite: All orders + all inventory + all fulfillment channels = one seamlessly coordinated experience



A standalone, enterprise grade, retail optimized, cloud-based platform designed to deploy in weeks, and perform at scale

#### **Integration Framework**

work with any commerce front-end webstore, POS, Payments, Tax, Fraud, CRM, WMS, 3PL, or dropship network

Pre-configured and customizable reports accessed via real-time dashboards, with ability to conduct comprehensive data modeling for actionable insights



# Order Management Distributed Order Omnichannel Management Inventory Management



Enterprise Inventory
Visibility consolidates all
fulfillment channels to give
an accurate view of
Available to Promise
inventory at any point in
time



Pre-integrated tool

Note: Management exploring strategic path forward for Radial Order Management (ROM)



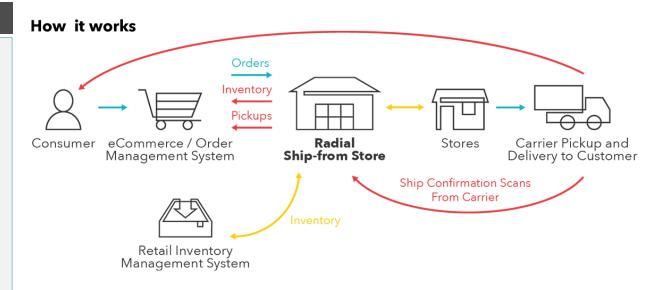
# Store Fulfillment: Fulfill from any store, direct to consumer, no matter where they buy, with Ship-From-Store, BOPIS, Dropship



#### Store Fulfillment Solutions

#### Leveraging Stores:

- Allow for same day pickup (BOPIS) and delivery (through courier integrations)
- Enable next-day delivery at lowest costs
- Make everything "in-stock"
- Leverage fixed costs more efficiently
- Markdown less inventory



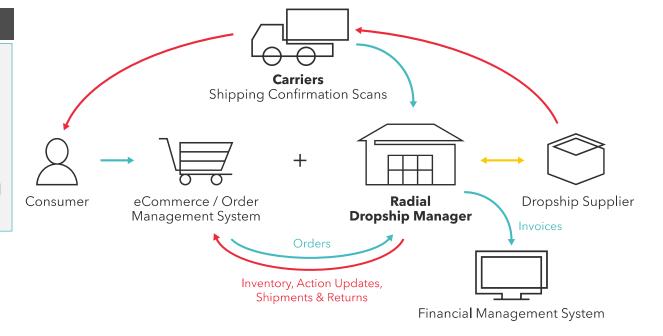


### Dropship: Expand your inventory with a webbased, host system agnostic dropship application with client-defined workflows and add-ons



### Dropship

- Expanded inventory
- No working capital
- Faster revenue recognition
- No manual processing

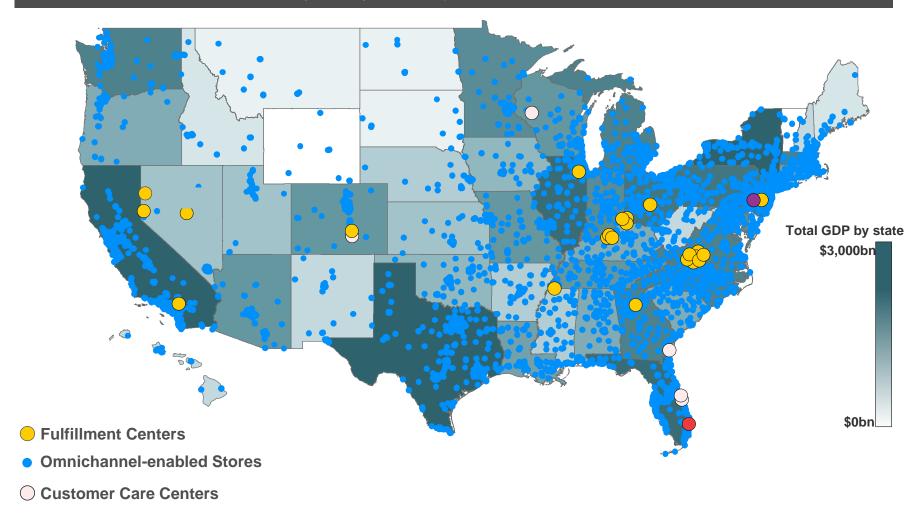




# Enabling the Best-in-Class Customer Experience – Creating a Multi-Node Fulfilment Network



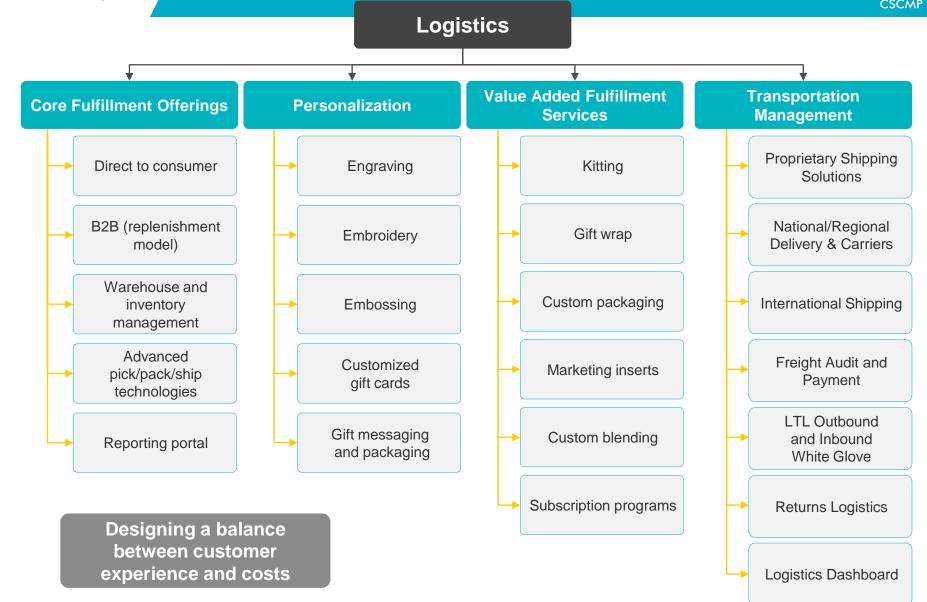
Fulfillment centers cover nearly all key consumption centers across the US from zero to 48 hours





### Fulfillment & Transportation Solutions – Core Capabilities to Create Customer Experiences

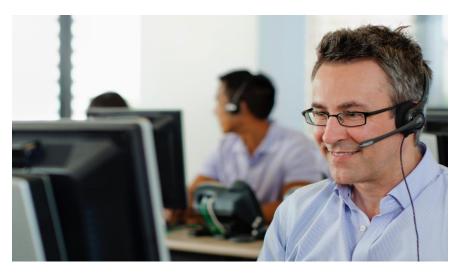




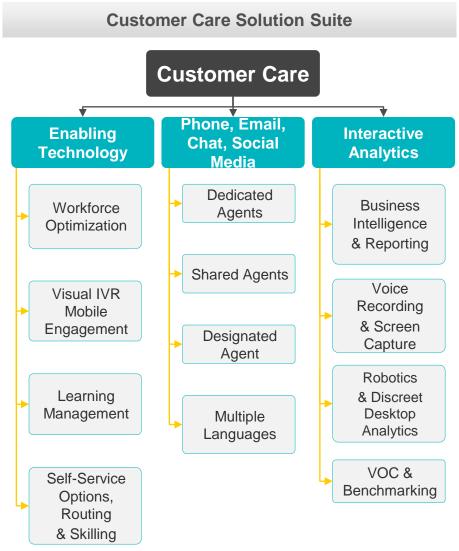


# Customer Care – Overview of Core Contact Capabilities





- eCommerce requires a strong contact strategy to support post-order service
- Multiple Common languages
- Business intelligence, voice to text analytics
   & reporting to optimize service
- Innovation with integrated technology (e.g. Mobile Messaging – Track & Trace, Order Status, etc..)





# We are Macy's, Inc.





★ Our Brands

Macy's Bloomingdale's Blue Mercury
Macys.com Bloomingdales.com Bluemercury.com
Macy's Backstage Bloomingdale's Outlet

- ★ 800 Stores in 45 states, the District of Columbia, Guam and Puerto Rico
- ★ Direct to consumer delivery across the U.S. and over 100 countries worldwide
- ★ Our Support Network
  - Logistics & Operations
  - Corporate Services
  - Credit & Customer Service
  - Systems & Technology

A Team of 140 Thousand - Driving \$26 Billion Annual Sales







# **Omnichannel Retailing**





A Unified Network
A Single Agile Inventory
Flexible Fulfillment

The Seamless Shopping Experience



# The Role of RFID at Macy's





**Inventory Accuracy** 

Pick to Last Unit

**Display Audit** 

Back to Front....Sales Floor Replenishment

RFID empowers our inventory in the dynamic store environment



# Together We Win



# RFID Enables Opportunities to Greatly Enhance the Overall Customer Experience and Grow and Improve:

- Market Share
- Sales
- Gross Margin
- Mobile Engagement







### Panelist Q&A





Mary Kaufman





Sean McCartney





Bill Connell





# Questions





# Don't forget to fill out the session evaluation on the Conference App

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"I shall participate, I shall contribute, and in doing so, I will be the gainer."

Walter Annenberg



