

# FROM DC TO D2C

Logistics' evolution from 'distribution centre' to 'direct to consumer'



# EDITOR'S INTRODUCTION



**LIZ MORRELL**  
Research Editor

The direct to consumer trend is one that has grown hugely and it's easy to see why. It offers multiple benefits for those brands and manufacturers that are looking to extend their customer reach beyond their traditional wholesale and retail outlets.

As well as potentially cutting costs, it allows these businesses to build a more direct relationship with their customers through an online presence which not only allows them to directly connect with customers but also lets them learn more about their individual buying habits and spend.

But for the warehouse and logistics side of such brands and manufacturers, the move from the bulk/batch approach of wholesale to individual order dispatch isn't an easy change to make. After all, many warehouses have been optimised for the wholesale market.

In this white paper, produced in association with our partner SnapFulfil, we look at what the move to direct to consumer (D2C) selling means for the distribution centre and logistics side of a business and why the change is happening.

In our first section on intralogistics, we look at the art of managing material, product and information flow within the walls of the distribution centres. We then move on to look at the challenge of materials handling and how this is best done at the more granular level that the D2C model requires.

Finally, we explore the role of automated storage and retrieval systems (ASRS) in enabling efficiencies, as well as how automation can help. Throughout all of this, having the right warehouse management system to efficiently manage operations is key.

As ever, our examination of these issues is supported by expert comment. We have conducted in-depth interviews with those for whom the D2C model is an increasingly important part of their business in order to understand how they as brands and manufacturers have managed change.

This white paper also includes our survey of InternetRetailing readers, which reveals the issues they face. Whether the D2C journey is one that you are already undergoing, or one that you are considering in order to widen your brand reach, we hope that you find this white paper helpful. ■

**Editor:** Liz Morrell  
**Editor-in-Chief:** Ian Jindal  
**Design:** Julia Webber  
**Managing Director:** Chris Cooke  
**Commercial Director:** Andy James,  
andy@internetretailing.net  
**Group Creative Solutions Director:** Marvin Roberts  
marvin@internetretailing.net  
Tel: 020 7062 2525  
**Cover:** Julia Webber  
**InternetRetailing Media Services Ltd,**  
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For circulation enquiries contact:  
Internet Retailing Media Services Ltd,  
123 Cannon Street,  
London, EC4N 5AU  
Tel: 020 7062 2525  
internetretailing@circdata.com

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# SPONSOR'S INTRODUCTION

After more years than I care to remember in software development, one of the most important lessons I've learned is that leaders and managers need tools. While there are many management tools out there designed to overcome day to day business challenges, those that offer the features and flexibility to tackle a rapidly changing market are few and far between.

This white paper not only provides detail and insight into the journey businesses must take to move from wholesale to D2C but also focuses on the solutions and tools to ease that transition. Taking a warehouse or distribution centre from B2B to D2C requires operations-supporting software applications to innovate and improve – to offer value, flexibility and responsive support options.

Data analysis drives much of the decision making in business, which is why it is so important for companies to understand their past and current performance and challenges in order to succeed in the future. Any warehouse management system (WMS) worth its salt must be able to deliver those key business metrics while at the same time enable operations to evolve in a fast-moving environment. It must provide flexibility, stable integration and a pace of implementation that doesn't require lengthy, expensive and risky development cycles.

D2C operations are in stark contrast to bulk or retail-based shipping. Furthermore, no two warehouses or distribution centres are the same so there is no such thing as a "one size fits all" WMS. Each challenge requires its own solution. Few businesses have the luxury of being able to design a series of bespoke solutions and so the challenge for leaders and managers is how best to make a holistic response.

A technology partner needs to have put proper forethought in to the tools it offers. Traditional WMSs come with the most recent version or release at the time of installation but frequently require significant time and investment to modify that version in the face of new challenges.

More nimble, configuration-based applications, such as SnapFulfil, don't restrict creative solutions. They support change management by allowing the flow of data and order of operations within the application to be changed – empowering management to easily store, organise, deliver, and track the accomplishment of work throughout a facility.

I hope you find this white paper both informative and useful in gearing up for D2C. Getting your order fulfilment right first time is more critical than ever to the success of your business in the modern "post-Amazon" era. The rewards are there for the taking, but the technology you opt for will have a direct impact on the consumer experience, so choose wisely. ■



**TONY DOBSON**

Managing Director, SnapFulfil

## ABOUT SNAPFULFIL



SnapFulfil is a highly configurable, cloud-based warehouse management system (WMS) developed by Synergy Logistics – one of a handful of companies to be positioned in the Gartner® Magic Quadrant. SnapFulfil combines market leading technology and functionality to optimise the warehouse environment.

# THE MOVE TO DIRECT SELLING AND WHAT THIS SHIFT MEANS FOR BRANDS AND MANUFACTURERS

How brands and manufacturers sell their products has undergone a radical shift in recent years. Many have moved away from a reliance on selling wholesale through third-party retailers to selling D2C – whether that’s through their own physical retail stores or online via their own websites.

There are many reasons for the shift to direct selling. Firstly, if it’s successful, the financial and brand benefits are huge – although so are the risks if such strategies fail. Brands are better able to control how their product is portrayed, meaning a better brand and customer experience. They are able to build relationships directly by gathering and owning all their customer data. This allows them to build additional sales in the future through targeted marketing based on an informed view of each customer’s purchasing history.

For a brand such as Nike, the draw is huge. Nike’s D2C approach is said to be driving 70% of the company’s growth, since the company complements D2C with additional options such as exclusive member benefits and brand experiences. Nike aims to drive direct to consumer sales to \$16bn by 2020.

Hugo Boss has also been driving its direct to consumer business, recording a currency adjusted growth of 26% for its online business in its latest financial first quarter results (published May 2019) and with its wholesale business declining as customers shift to the D2C model.

## WHAT THAT MEANS FOR LOGISTICS AND THE DISTRIBUTION CENTRE

The cost benefits of the D2C model for brands that move to selling directly online can be substantial. “There’s the savings associated with not needing a high street store, the ability to service multiple customers simultaneously and recognition that time is a valuable commodity for the average shopper,” says Mark Dean, account manager at SnapFulfil.

Yet it may require a dramatic retooling of operational expertise – from customer service and experience to returns management, direct merchandising, direct delivery and, of course, warehousing and logistics.

Jason Thornton, head of operations at VisionDirect, says that the warehouse side of a business needs to be managed carefully if opportunities are to be maximised at lowest cost. “Availability of product and the real estate to hold the stock – each one comes with a high premium if not managed,” he says. “To achieve a high service, and at the same time not tie up ‘cash’ with too much stock or empty locations, is not done by best judgement. It’s optimum all the way through the supply chain these days.”

## THE NEED FOR CONTROL

Brand and manufacturers looking to sell online need to exert powerful control of their warehouse operations in order to ensure efficiencies within their D2C model. According to Dean, the increased power offered by warehouse management systems is helping to fuel change. “As website software improves its capability to integrate directly to warehouse management system (WMS) software, more and more companies are eliminating the profit-reducing stages of using a retailer and setting themselves up in a way that facilitates supply direct to customers,” he says.

At VisionDirect, a WMS controlling the stages of each task and maintaining the ability for ‘in-flight’ realignment has been key, says Thornton. “VisionDirect’s



Image: © en.fotolia.com/Studio Dagdagaz

investment in a WMS was a long journey as we did not want to replicate what we were doing already, but instead use the new technology to improve our services from the outset. We are consistently and effectively working with the SnapFulfil team on a regular basis to maintain our best in class processes and updates,” he says.

As Thornton implies, brands adopting the D2C model have to rethink their models. Simply trying to pick small orders in the same way as they previously picked multiple-pallet orders will quickly prove inefficient. “Without changes to process that take account of the lower order size, the cost of picking will be disproportionate to the order value,” notes Dean.

As they move to direct to consumer models, brands need to look at three areas of potential change within their warehouse operations. These are: intralogistics – the art of managing the flow of materials, products and information within the walls of the distribution centre; materials handling – how they pick, protect, store and control products as they select, collate, pack and prepare them for dispatch; and ASRS (Automatic Storage and Retrieval Systems) – computerised systems that not only optimise the storage of products but also ensure that they are ‘under the fingers’ of the picking staff who need to collate orders. We explore each of these in more detail in the following sections. ■

# HOW INTRALOGISTICS NEEDS TO BE CAREFULLY MANAGED IN THE D2C MODEL

Intralogistics is defined as the art of optimising, integrating, automating and managing the logistical flow of information and material goods within the walls of a fulfilment or distribution centre. This doesn't happen by accident. Like any art, it requires a careful hand and management, largely driven by the warehouse management system within the fulfilment or distribution centre.

In the past, storage optimisation was the priority for the warehouse and therefore the WMS, yet this has changed with the move to a D2C model. "With relatively slow-moving pallets this was a must," says Tony Dobson, managing director of SnapFulfil. "What has turned this on its head is the order demand management and how to efficiently pick the stock for a higher volume of smaller orders for the ever-decreasing [timespans for] next day deliveries."

As a result of this shift, the demands placed on the WMS for movement of stock are now greater than ever, since the ability to be agile and flexible is more crucial for brands working in the more unpredictable world of D2C.

"A highly configurable WMS is a must because the competing demands of efficient storage versus variable order pools is no longer a wave planned task but a fully tasked-based interactive interleaved puzzle," says Dobson.

## WHY PLANNING AND FLEXIBILITY ARE KEY

Rachel Glynn, head of ecommerce at Scottie dog inspired handbag and bags brand Radley, says that in the D2C model, joined-up planning and flexibility across the business are key. "These have to be across all areas – finance, merchandising and the different channels," she explains. "Logistics needs planning holistically so that there is enough flexibility to accommodate different peaks in trading. You need to build in as much flexibility as possible, constantly look at adjusting your plans and stay close to the commercial teams. Transparency on capacity is the most undervalued metric in most businesses but too much stock can be as damaging as too little."

Mastering the art of intralogistics is also about perfecting the flow needed and knowing what information to give and when. "The information flow should be managed as almost mirroring a 'need to know' in the sense of – does the required audience need all this?" says VisionDirect's Thornton. "A picker just needs to know a location, what to pick and how many. A packer just needs to know what to pack and where it's going. Having a system in place that drives these decisions will remove any 'personal interpretations' and ensure a quick prompt flow through the DC."

To enable that prompt flow, having the right WMS is vital, says Dobson. "A good WMS will optimise operations and staff by controlling every movement on handheld devices in prioritising sequence. It will juggle and interweave movements, order pick optimisation, route optimisation and carrier pick-up cut-off times to get the most efficient use of precious resource."

Making the business case for such investment is simple. "Make your storage, picking and staff optimisation the most efficient you can and the savings will roll in," he says, noting that a good WMS can deliver savings of around 20% in most areas. ■

# UNDERSTANDING THE IMPORTANCE OF MATERIALS HANDLING AT A MORE GRANULAR LEVEL

Understanding the importance of materials handling at a more granular level is vital for brands and manufacturers moving to a D2C model. “Stock flow is the number one retail skill and materials are no exception,” says Radley’s Glynn.

“The devil’s in the detail, and to have trusted software goes with that,” says VisionDirect’s Thornton. “Breaking down and understanding data to determine ‘what we need to do’ can only be achieved with the right tools for the job. Getting this wrong will quickly reduce any margin, while getting it right will provide much more data quality, resources allocation and process flow.”

Even in B2B fulfilment, the concept of pick areas and demand-triggered replenishment has long been recognised as providing efficiencies over high level rack-picking where part pallets are required, says SnapFulfil’s Dean. “Therefore, the first required change in materials handling, to pedestrian or at least ground-level picking, has already been established in many warehouses.”

## DRIVING FURTHER EFFICIENCIES

To achieve further efficiencies and enable the picking of smaller D2C orders, the next step to be considered is simultaneous order-picking, according to Dean. However, systems for this must ensure that pick tasks are only added to the picking ‘well’ once the stock has been confirmed as being in place to be picked.

Efficiencies can also be driven from segregating single-item orders, since these can be picked into a single tote, cage pallet or trolley. “For these, the task of allocating the items to individual orders can be carried out at the pack stage,” says Dean.

Finally, brand and manufacturers have to consider their multiple item orders. “Even if these are picked efficiently, it’s vital that the time saved is not then eaten up having to sort through jumbled stock which has been picked by the same picker for multiple orders,” explains Dean. “The solution to this is a segmented pick trolley, though what that looks like is very much determined by the nature of the client’s products. It can range from a contact lens distributor which utilises up to 40 individual mini-shoe-box sized totes arranged systematically on a trolley, to a carpet warehouse that uses cage and stillages with adjustable shelving, facilitating ‘compartments’ which vary in size according to the quantity required,” he says.

“In all SnapFulfil solutions, the pickers’ hand-held device first provides full direction to the picker, in terms of what ‘containers’ are required for the pick. During

### ADVANTAGES OF OPTIMISING MATERIALS HANDLING

1. Combined pick tasks means up to 40 orders can be picked by a single picker in one pick walk. That’s many times more efficient than the same picker picking single orders, even if the orders are not grouped logically.
2. Grouping of orders by volume, weight, number of items and warehouse region assists with further reducing the average distance covered by a picker picking multiple orders. A warehouse picking 10,000 orders per day with an average quantity of fewer than four items per order could reduce the distance covered by 80% compared with what would be required if the orders were grouped randomly.
3. Orders with items that need to be picked from multiple warehouse regions can be split or identified as exceptions so those tasks can be shared fairly.
4. Operator performances can be measured and compared much more accurately in the knowledge that like is being compared with like.



Image: © eni.fotolia.com/kinwun

the pick itself, scanning is required for each SKU to be picked, with each order's quantity directed into its allotted compartment. Where multiple compartments are in use, each deposit is confirmed by a tote scan to avoid errors," says Dean.

Once picked, the trolley or cage moves onto the pre-packing area and is scanned to bring up relevant details and automatically print a carrier label where required. "This drastically reduces the time required to match up picked stock with customer orders and eliminates mistakes," says Dean.

He notes that the business case for investment is simple. "The improvements in pick times are usually measured in hours per day, so the decision is rarely a difficult one," he says. ■

#### HOW VISIONDIRECT HAS IMPROVED ITS MATERIALS HANDLING

At VisionDirect, materials handling has been key to improving productivity in its D2C business picking operations, with the company removing a number of tasks from its process thanks to its work with SnapFulfil. "Order sortation by pick route is now a distant memory for us, as we used to have a person just manually sorting orders into pick routes in a step towards productive picking," says VisionDirect head of operations, Jason Thornton.

He says the company's operatives now complete 45+ orders in a single run in the shortest distance, without any manual intervention based on pre-set algorithms around the picking area. Better handling the priority of orders has also helped the retailer to reduce costs and effort. "Order priority has been a huge labour saving for us, avoiding the last-minute rush as we approach a shipping cut-off, promoting any orders close to a cut to the top of an operatives pick task's avoiding delay," he says.

The company has also been able to better communicate with its customers around their deliveries, improving the customer experience as a result. "This year, we have been able to introduce a 'ready for shipping' notification to our customers with the enhancement of the Snap process. This alone has reduced the need for customer contact by over 20%, since the customer is now updated that their order is on its way," says Thornton.



# HOW THE GROWING IMPORTANCE OF ASRS SYSTEMS IMPROVE EFFICIENCIES

The role of automatic storage and retrieval systems (ASRS) has grown hugely in recent years because they enable computer-controlled systems to automatically place and retrieve stock quickly and easily from within the warehouse environment, which improves efficiency.

According to a study published in June by Markets & Markets, the ASRS industry will be worth US\$7.6bn by 2019 and \$11bn by 2024. This report notes, "There is a tangible shift of focus towards alleviating operational issues and improving performance of warehousing functions, which is prompting the adoption of automated storage and retrieval systems across diverse sectors."

## ASRS ENSURES THE RIGHT PRODUCT IS IN THE RIGHT PLACE

Items are retrieved by specifying what and how many need to be retrieved – functionality that is controlled by the WMS within the warehouse. This enables optimised and space efficient storage solutions in a better organised warehouse.

It can also help to reduce labour costs, since picking roles can be freed up and resources allocated instead to more productive functions. "Just looking at carton or tote-sized ASRS systems, they can be brilliant at storing large volumes of small or similar products in high density," says Tony Dobson, managing director of SnapFulfil.

However, he advises brands consider what they are using it for. "It's a fantastic way to store lots of products in high density with a reasonable throughput but this has to be balanced carefully with the product mix otherwise it can become inefficient." He advises D2C businesses to carefully consider the putaway and retravel time since such systems are usually a single entry and exit point per aisle or system.

"This means that fast-moving special offer products are not suited," he says. "The right product stored in the right place is always a good thing and accuracy is very high. Being automated, the 24/7 nature has got to be a massive win. We have a well-known phone provider who exclusively uses ASRS to store all their phones – a perfect example of right product, right use."

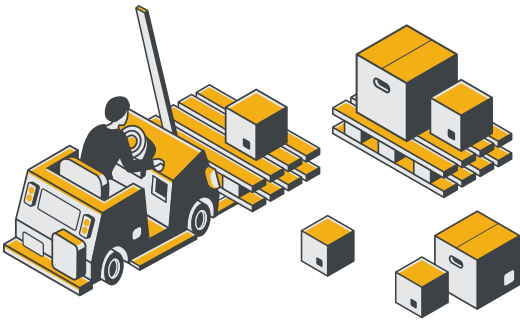
## CONTROL VIA AN INTEGRATED, ADVANCED WMS IS VITAL

The cost of such systems are high, which means that investment must be carefully considered. "The business case is very strong with the right product mix and the right product profile," says Dobson. "If you get it right, the return on investment is fantastic in terms of staff and space saving."

However, get it wrong and the substantial cost can result in an expensive mistake. "It has to be controlled by a fully integrated, advanced WMS. The WMS needs to bring it all together so is a must," he says.

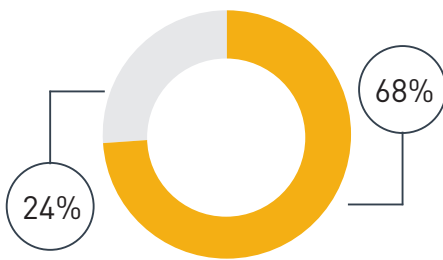
VisionDirect's Thornton believes that such technology is now crucial since it can help reduce the footprint required for storage, cut travel time and allow the capability to operate over longer periods with minimal supervision. "The integration and advancement of this technology and systems within warehousing now go hand in hand," he says. ■

**SURVEY RESULTS**



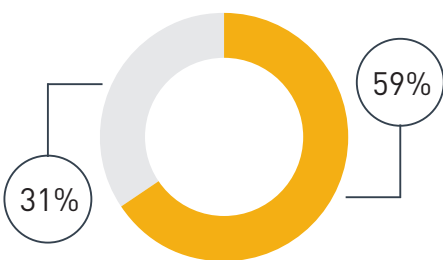
**WHAT DO COMPANIES WANT TO OFFER THEIR CUSTOMERS IN THE D2C MODEL?**

To provide customers with post order information such as confirmation of pick and dispatch



Seen as very important by customers by 68% of respondents and important for a further 24%

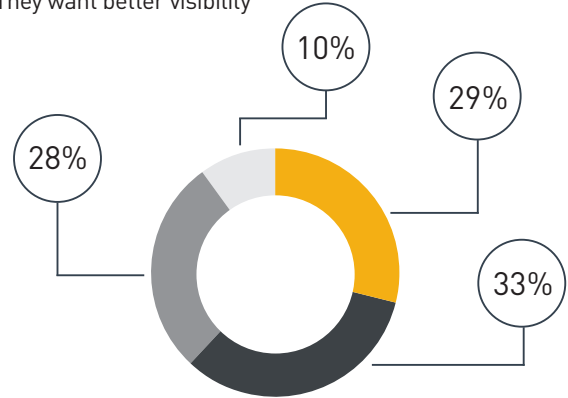
To be able to provide visibility of cut-off times for order to dispatch for customers in the sales process



More than half 59% said this was very important and 31% important

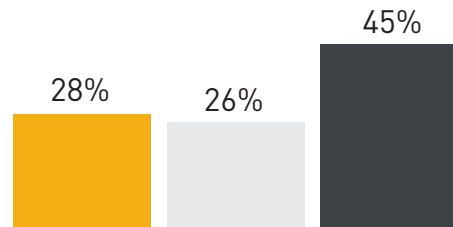
**HOW HAPPY ARE THEY WITH CURRENT CAPABILITIES?**

They want better visibility

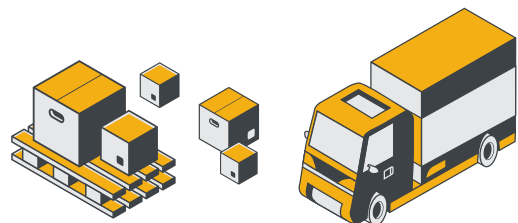


Less than a third (29%) said they were very happy with information on stock availability within their supply chain at a product level. 33% were happy, 28% somewhat happy and 10% were dissatisfied

And to be better than their peers and competitors in terms of warehouse and supply chain capabilities



Nearly a third (28%) said their current capabilities hold them back. Only 26% said they gave them an advantage over their rivals. Just under half (45%) said that their capabilities were similar to their peers.



**WHAT ONE ASPECT OF WAREHOUSE AND STOCK MANAGEMENT THAT WOULD IMPROVE THE ABILITY TO SELL EFFECTIVELY AND AT HIGHEST MARGIN DID OUR RESPONDENTS WANT TO CHANGE/IMPROVE?**

- AI in warehouse and stock management
- Tracking system throughout the factory
- Finding stock quicker
- Increase dynamic views and be able to move stock
- Visibility
- Automation
- Staffing
- Consumer-centric, not retail big batch
- Quality control on pick/pack
- Faster picking and packing

## SURVEY RESULTS

### HOW RESPONDENTS MEASURE SUCCESS WHEN LOOKING AT THE PICK/PACK/DISPATCH CYCLE, AFTER THE CUSTOMER'S ORDER

- Time to complete
- % out against SLA
- Order fulfilment lead time and accuracy
- Reduced complaints
- Order to delivery timescale
- Sent out on time with no upgrades
- Measure pace and accuracy
- The speed in which an order has come through to our system to it leaving the door
- SLAs including number of contact centre calls
- Time and ability to give constant and correct updates
- The number of sales returns and the time to delivery from placement of sales order
- Time taken for each pick/pack/dispatch
- The number of customers that call regarding their order.

### THE KPIS TO WHICH WAREHOUSE AND SUPPLY CHAIN COLLEAGUES WORK TO

- Accuracy
- Turnaround time
- Perfect orders % order fulfilment lead time
- Number of units per hour shipped
- Inbound and outbound SLA /OTIF
- Target delivery date achievement
- Bin count / pack count / upgrades / stock availability
- Pace and accuracy
- Orders picked per hour and stock availability
- Multiple KPIs - key is speed / accuracy
- Time for batch to pack
- Perfect order measurement and cash to cash cycle time
- Cancelled before dispatch

### HOW THEY WOULD PERSUADE THEIR BOARD OR INVESTORS TO MAKE THE CHANGE

- Increase in orders and increase of profits
- Enhanced customer service
- Cost savings
- Increase in sales and decrease in mark-downs
- Reduction in phone calls or emails from customers unsure if the item is in stock
- Improved efficiency
- Productivity gains
- Increase in stock turn and availability
- More sales and happy returning customers
- Reduce customer complaints, higher AOV and more orders

### WHAT BENEFITS DID THEY FEEL THE CUSTOMER WOULD NOTICE AS A RESULT?

- Faster shipping time with more updates
- Less out of stock
- More delivery options
- Reliability
- Better choice
- Full stock visibility on the site so that availability is clearer



## RETAILER FOCUS

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www.vax.co.uk

**VAX: CLEANING UP WITH ITS D2C BUSINESS**

WWW.VAX.CO.UK

Floorcare specialist Vax has more than 40 years of experience. It was formed in 1977 by British entrepreneur Alan Brazier after he won a contract to clean Newport Pagnell service station and realised that the carpet cleaning equipment available to him wasn't up to the job. He developed a three in one machine that could wash, suck up spills and vacuum carpets, then manufactured it himself.

Today, Vax is a global market leader in floorcare selling in nearly 50 countries by 1995 and becoming part of the TTI Group in 1999.

As well as selling through numerous retailers, the brand also has a D2C business, with its website selling cleaners and accessories. "We have two divisions – the FMCG business selling directly to business and our D2C ecommerce route," says Suki Lotay, European business systems lead at Vax. However historically it was the B2B business that was larger with the business predominantly selling to the likes of Argos and Currys. "We shipped them large pallets into their distribution centres and then they would send them onto their fulfilment centres. We originally brought on a WMS from SnapFulfil to handle the inventory side of that," he says.

But the last four years or so has seen a huge growth in the D2C business – thanks in part to a growing presence on the internet for advertising its product as well as easier payment options allowing customers greater access to premium products within the range.

"The D2C ecommerce channel is a key channel for us. It has very low overheads to run and gives us the biggest margins as we don't have to ship product to customers to then ship on to other customers."

However, because the brand is now competing with its retailer base too he says a good customer experience from start to finish is vital. "We've evolved and started to offer things like free next day delivery, timed delivery and have opened the gates for nominated delivery."

Customer communication is also key, he says. "If a customer does come to the site we will ensure they get the full story from start to end – when it's been picked, when dispatched and when signed for."

The business has moved from packing pallets to picking items, increasing its item pick areas and introducing pick face packing allowing operatives to pick from ground level fast with forecasted replenishment ensuring high success rates. "The system makes sure it's done everything it can to ensure the pick is in place and the first time pick is successful. It's about a quick pick, pack and dispatch," he says.

The introduction of pick waves, managed by the SnapFulfil system, have also helped the company to reduce warehouse labour.

Vax also uses SnapFulfil's cross docking functionality so that the WMS can identify when product is to go directly to the pick face for an order, rather than being put away. "Cross docking, replenishment and pick facing are some of the tools we use to ensure we are always meeting the customer's SLA (eg of next day delivery)," he says.

"Customers expect the delivery to be clean, efficient and trouble-free – that's where the power of the WMS comes into play and why we need best in class systems to deliver that for us," says Lotay. ■



www.visiondirect.co.uk

## VISIONDIRECT.CO.UK: A WATCHFUL EYE ON MAINTAINING SERVICE AND EXPEDITING ORDERS

WWW.VISIONDIRECT.CO.UK

VisionDirect.co.uk claims to be Europe's largest online contact lenses supplier, offering savings for customers who want to buy leading brands lenses directly online rather than through their opticians. As long as a customer knows their prescription details, they are able to order online, with savings of up to 45% on major high street opticians thanks in part to the company's D2C model.

Being able to control how it serves its customers is the ethos on which the business has grown, says VisionDirect.co.uk head of operations, Jason Thornton. "Our reputation has been built up through our service levels," he notes.

But good service relies on having a lean infrastructure that enables speedy turnarounds, fast delivery and a great customer experience. Distribution is handled from three distribution sites in UK, Netherlands and Spain, all of which are serviced by SnapFulfil end-to-end solutions. The leanness of these operations is vital. "VisionDirect has adopted a lean approach with our infrastructure and we are continuously reviewing our process order expediting effectiveness," says Thornton.

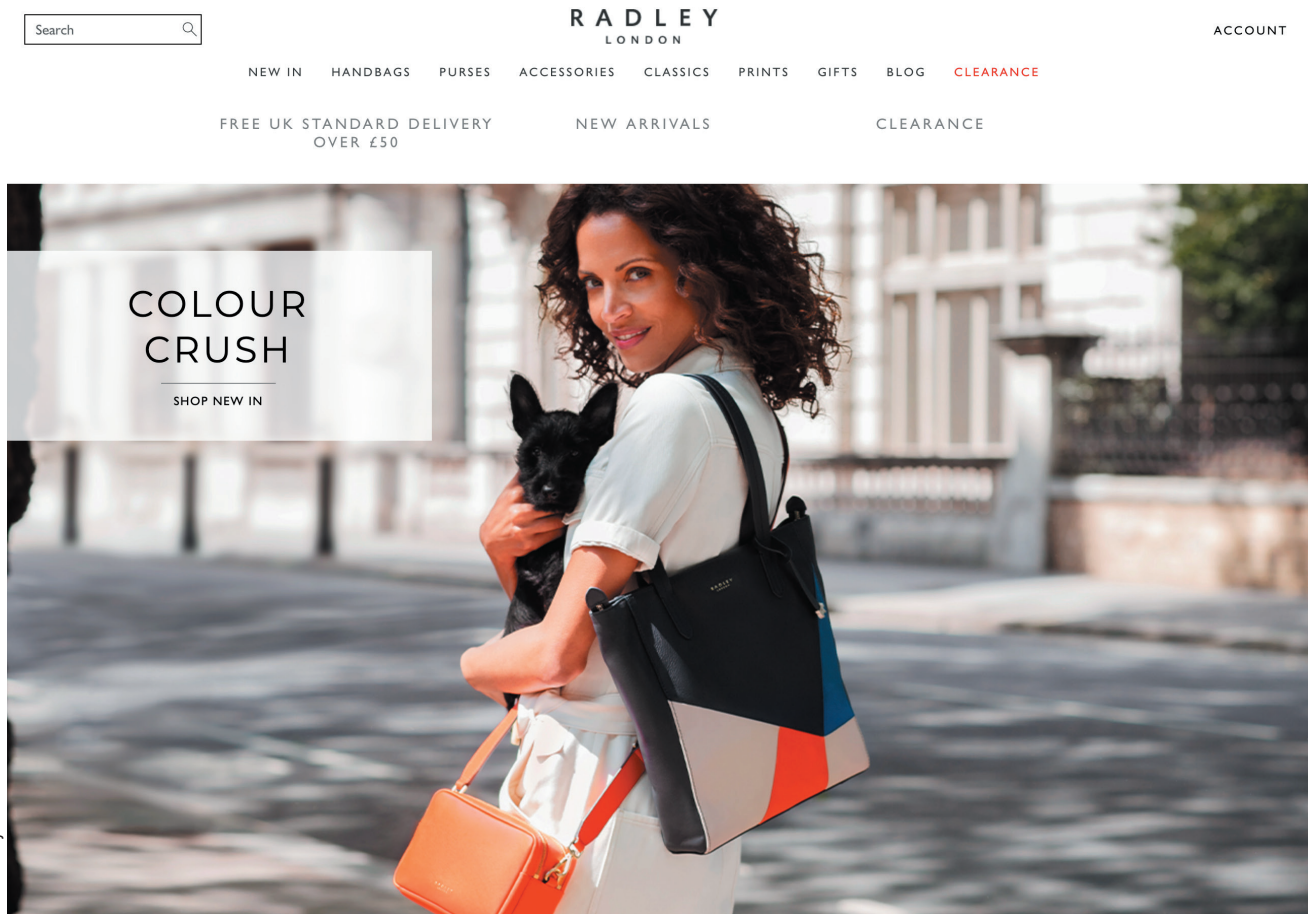
Managing the flow of a wide range of contact lenses coming in and out of the warehouses is also crucial. "Our aim is to maintain our next day service (subject to shipping region)" says Thornton. "To do this, we are consistently monitoring the order flow and the allocation of the teams to fulfil the demand."

This means expediting customer orders as quickly as possible but without impacting quality or accuracy of service. "On our standard shipping days, we're handling around nine to ten thousand consignments per day, for same day shipping, so we need a smooth end-to-end process," he says. Communication – and learnings – are two way between SnapFulfil and VisionDirect, enabling both parties to ensure continued optimisation of the warehouse.

"The VisionDirect application to improving a process never stops," he says. "We are consistently challenging ourselves to refine the expedition of orders. Let's not forget that without the stock in the right place at the right time, the whole process falls over."

To this end, the two companies have worked together to remove what Thornton describes as 'old' or 'previous' now unnecessary tasks. Order sortation by pick route has been replaced by operatives completing multiple orders within a single pick run, thanks to pre-set algorithms. VisionDirect has also introduced order priority handling as well as shipping notifications to customers, which Thornton says have reduced customer contact by more than 20%.

His advice for companies looking at the D2C model and needing to adjust their warehouse and logistics operations to cope? "Know the market, gather data intel to provide robust decision making material. Try not to adopt a 'we have always done it like this' mindset." ■



## RADLEY: BAGGING THE POWER OF THE D2C MODEL

WWW.RADLEY.CO.UK

At handbag business Radley, selling direct to the consumer is crucial and is the company's most powerful tool in brand awareness and control, according to Rachel Glynn, Radley's head of ecommerce.

The brand's roots lay in a wave of new creatives setting up businesses in Camden market in the mid 1980s. By 1998, Radley was firmly established, represented most vividly by the iconic Scottie dog at the heart of its brand.

"The story and heritage is a lot of what makes us a brand, so selling direct is the main way to ensure the authenticity of the story and the organic evolution of the brand," says Glynn. "Retailers and wholesalers naturally have their own identities which can be complementary but the brand DNA comes from us and selling direct is the most organic route to maintaining that."

Glynn believes the biggest warehouse and logistical challenges of selling direct to the consumer come from shipping – especially to international markets. "I would always say costs into new markets where there aren't always the efficiencies of scale," she says. "Even in established markets, it's a challenge because shipping is expensive. But there is a culture that means people want low cost convenience from online, which comes at a financial cost to the business."

The advantage of selling direct is control throughout the process. "The flip side is we can control the packaging and customer experience right into the hands of the consumer," she says. In an age where she says it is becoming more and more about lifetime value rather than just each individual sale, she believes this is vital. ■

# CONCLUSION

Our exploration of the changing role of the distribution centre has shown that brands and manufacturers need to rethink their business models when moving from traditional wholesale into direct to consumer.

There are many business opportunities for them to grasp but none will be realised if they don't adapt warehouse operations to better meet the needs of the D2C model. The big batch picking approach is no longer appropriate and tasks need to be tightly managed and controlled in order to ensure the efficiency, flexibility and adaptability that is required.

Operations need to be carefully thought out in terms of what works for the products and the customer base. The flow of information throughout the warehouse needs to be flawless, matching the management of product within it.

At the heart of all this lies the warehouse management system. The different focus required of the D2C model places greater demand on the need to have tighter control of exactly what's going on within the warehouse and to be able to react accordingly to customer and business change. ■

## 10 KEY LEARNINGS

- 1 The direct to consumer trend will continue to grow
- 2 Brands are increasingly realising the potential of D2C and taking advantage
- 3 Models need to change, particularly in the warehouse or DC environment
- 4 Brands need to look at the flow of materials, product and information
- 5 Giving the right information when and where it's needed, to the right people in the warehouse, is vital
- 6 Materials handling needs to be done at a more granular level
- 7 Big batch picking is no longer appropriate, so systems are needed to manage the smaller picks
- 8 Improvements in pick times can be significant, making a strong case for business investment
- 9 ASRS can help to increase efficiency but must be done for the right products
- 10 Control via an integrated, advanced warehouse management system is key





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