



Fulfilment Analysis

Home Décor Store

Evaluated and identified key drivers of increase in shipping spend. Also, assessed the existing contract levers to identify negotiation opportunities

Shipping Profitability Analyses for Home Décor Store

Situation

- Client lacked visibility into the contractual terms offered by their shipping services provider and wanted to gain a better understanding of the potential levers for contract negotiations as well as opportunities to optimize the shipping spend
- Merilytics partnered with the client to evaluate opportunities to reduce their shipping spend and identify levers to control the same

Accordion Value Add

- Conducted a diagnostic on the current contract offered by the client's shipping service provider and identified clear levers for contract negotiation
- Assessed the existing e-commerce enabled network to identify opportunities for optimization pre and post addition of 78 e-commerce enabled stores to the existing network
- Conducted a split shipment analysis coupled with profitability analysis to identify key drivers of higher shipping spends and key SKUs/categories driving it

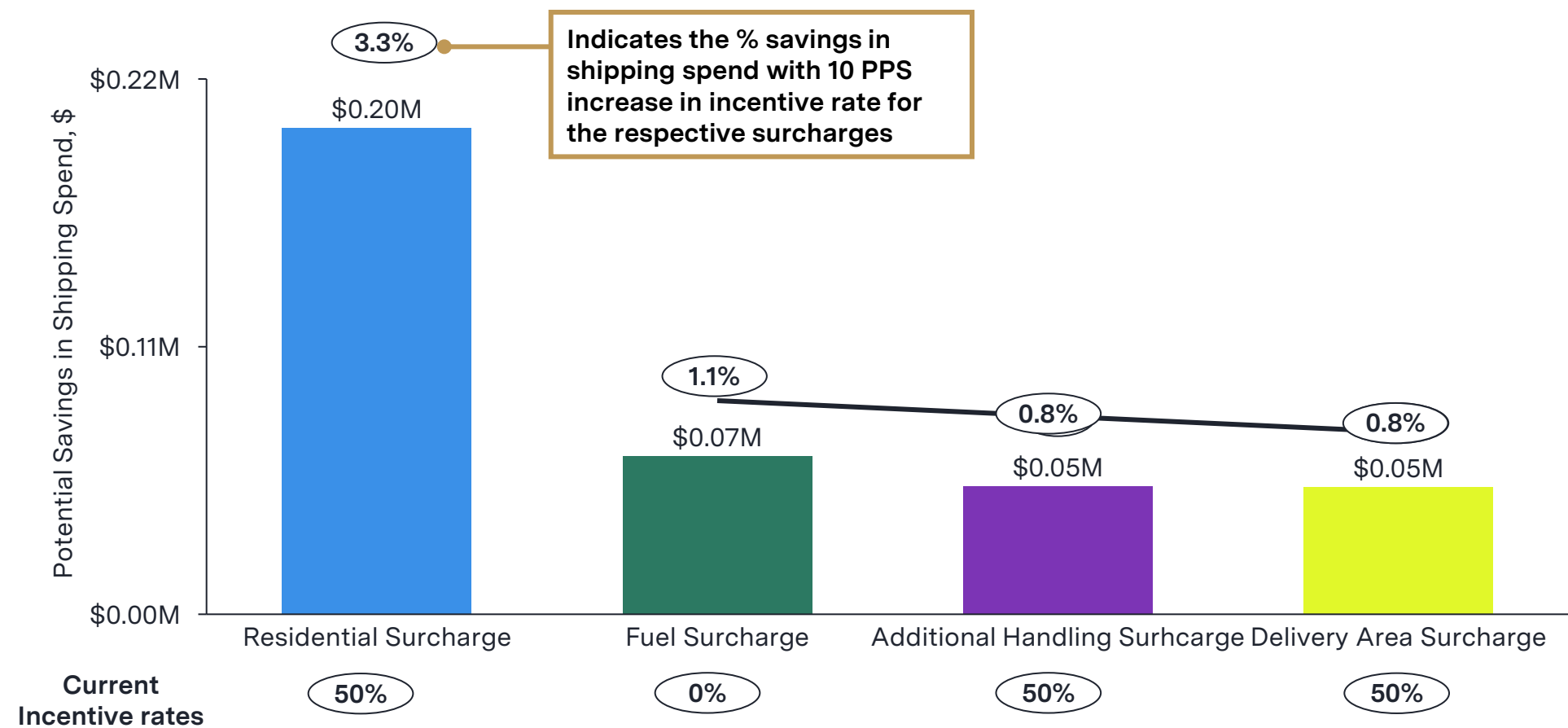
Impact

- Provided visibility into the key drivers of the higher shipping spends including order fulfillment type, shipping rates charged to customers and SKU combinations
- Overall, the optimization recommendations resulted in ~10% of potential savings on shipping spends by optimizing the network of stores

Shipping Spend Sensitivity to Surcharges

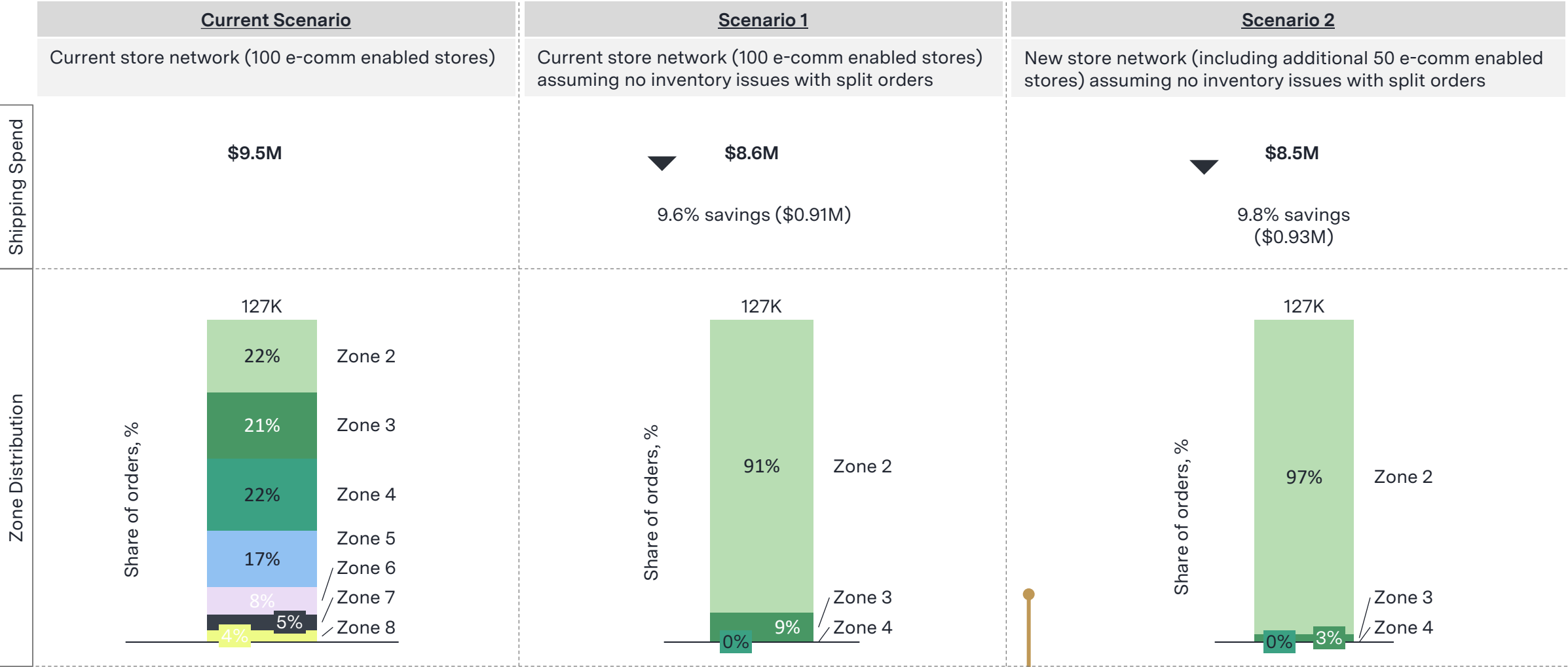
ILLUSTRATIVE

Impact on the Shipping Spend with 10 PPS change in incentives that were recommended for further negotiation with the shipping service provider



Potential Savings with Network/Inventory Optimization

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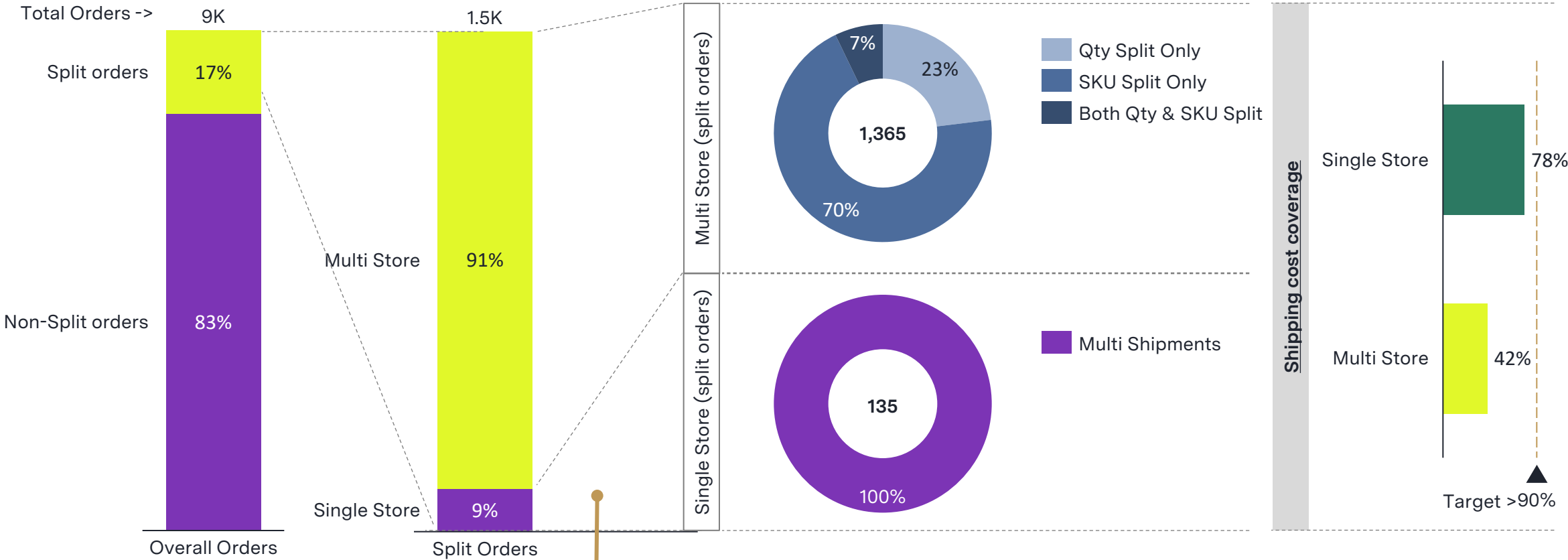


Identified potential savings of ~10% in the shipping spend by further optimizing the zone distribution as well as by adding inventory buffer in form of inclusion of additional 50 stores

Distribution of Orders by Fulfillment Type

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Distribution of orders, # by fulfillment type for orders



Identified the distribution of orders by fulfillment type and corresponding impact on profitability