

## BLOOMEX.CA LOGISTICS OPTIMIZATION

Bloomex.ca was a leading Canadian floral company offering various floral and gift arrangements throughout Canada via its online computerized sending system. The Bloomex website acted as a storefront that allowed consumers worldwide to place orders online for delivery in Canada, chat with a live agent, or place orders through a toll-free number. Bloomex was the only floral company that offered same-day delivery to almost any location in Canada, and orders could be placed 24 hours a day and were 100% satisfaction guaranteed.

Bloomex's business model was based on operating a network of small- to medium-scale warehouses and production facilities in seven major Canadian metro areas: Vancouver, Calgary, Winnipeg, Toronto, Ottawa, Montreal, and Halifax. Bloomex imported the majority of its fresh-cut flowers directly from growers in South America, Southeast Asia, and Florida as well as local growers in Ontario. It also sourced product from global wholesalers in Holland.

As one of the options for optimizing Bloomex's logistics, the company's owner, Dimitri Lokhonia, was considering a possibility of opening a logistics facility in Miami. Three out of eight of Bloomex production facilities could then operate as transshipment centers: Miami (when opened), Toronto, and Vancouver. This meant these facilities could receive flowers from local growers or other growing locations and send them on to various production facilities. **Exhibit 1** provides the data on the transportation costs per standard box from each origin or transshipment center to each production facility; **Exhibit 1** also provides data about the available supply at each origin and projected demand at each facility per week.

At the time, Bloomex was shipping all flowers first to Toronto and then to each facility at a total cost of (Canadian dollars) CAD23,095.50 per week. Toronto and Vancouver were already available as transshipment centers. Lokhonia wondered what the cost and savings would be if Miami were opened as a transshipment center. What shipment plan would be optimal?

Additionally, Lokhonia knew there would be occasions when it was possible to source additional flowers from some of the growing locations. What would be the gain from finding additional supply (and how much supply?) from these growing locations? What might be the best location from which to acquire an additional supply of flowers, assuming flower prices were similar at various sources?

Exhibit 1

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Shipping Costs (in Canadian dollars per box), Supply, and Demand

	Ontario (Toronto)*	Florida (Miami)*	Vancouver*	Calgary	Winnipeg	Ottawa	Montreal	Halifax
South America	14	9	20	n/a	n/a	n/a	n/a	n/a
Southeast Asia	35	20	35	n/a	n/a	n/a	n/a	n/a
Europe	30	15	35	n/a	n/a	n/a	n/a	n/a
Ontario (Toronto)*	0	n/a	15	14	13	3.5	3.5	4
Florida (Miami)*	5	0	10	10	10	7.5	7.5	10
Vancouver*	14	n/a	0	7	8	14	14	22

Supply (in boxes)	
South America	1,050
Southeast Asia	30
Europe	unlimited
Ontario (Toronto)*	100

Demand (in boxes)	
Ontario (Toronto)*	381
Florida (Miami)*	0
Vancouver*	191
Calgary	171
Winnipeg	64
Ottawa	127
Montreal	184
Halifax	64

\*Transshipment centers

Note: Supply and demand figures are for the off-peak, typical week.

Source: Created by case writer.