

DISTRIBUTION CENTER BYPASS IS THE REMEDY FOR GROWING PHARMACEUTICAL RETAILER

BACKGROUND: GROWING RETAILER RECOGNIZES THE VALUE OF CONVENIENCE

A leading provider of pharmaceuticals and wellness products with retail stores across the U.S. carries seasonal merchandise as well as pharmaceuticals, over-the-counter medicines and other core products. Although the retailer is focused on providing health and wellness products, it recognizes customer demands for convenience, meaning shelves need to be stocked with a variety of merchandise on time, all the time.

SITUATION: STORES AND BUDGETS SUFFERED DUE TO OVERCAPACITY DISTRIBUTION CENTERS

The pharmaceutical retailer was experiencing what many growth-oriented retailers experience: distribution centers at or overcapacity. Shipments were falling behind, yards were full and congested and conditions at the distribution centers (DC) were unsafe. On top of the mounting DC problems, per diem and demurrage charges were negatively impacting the bottom line.



The retail stores were suffering as a result. Store managers didn't know when to expect shipments. They were spending time worrying about getting seasonal products on the shelves to meet ad dates rather than focusing on the stores' core products and customers.

SOLUTION: SCHNEIDER IMPLEMENTS A DC BYPASS TO SPEED THE SUPPLY CHAIN

The retailer turned to Schneider Port Logistics to smooth out its supply chain. Schneider proposed adding a DC bypass solution to the retailer's current network, where the retailer ships seasonal products directly to its retail stores.



Schneider configured a solution using five warehouses to implement the DC bypass solution. By eliminating one shipment leg to the DC and another to the stores, the solution saved time in the supply chain by speeding store fulfillment and allowing the DC to focus on the retailer's core products. The DC also no longer had to shift its core inventory to find space for the seasonal inventory. Productivity at the DC increased, congestion in the warehouse and the yard loosened and conditions became safer and ran more smoothly.



RESULTS: OVER-RUN COSTS ARE ELIMINATED AND DCS AND STORES RUN MORE EFFICIENTLY

Three years and counting, Schneider has been running the DC bypass solution for the retailer demonstrating great success, which includes:

- Zero per diem costs
- Zero demurrage costs
- 100% on time delivery for seasonal products



The DCs are running more efficiently with lower cost overruns, store managers know the exact day and time the seasonal product is coming so they can staff accordingly and store customers shop confidently knowing products are on the shelves during the promotions. Schneider's DC bypass solution has relieved supply chain pain for this retailer.

