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FedEx Fulfillment: Powering Ecommerce Growth for Brands

Customer demands and expectations don't seem to go anywhere but up these days. From fast delivery to free shipping to offering buyers choices like rerouting orders, retailers, manufacturers and brands need to be responsive and even proactive in anticipating needs in order to win new customers and keep existing ones loyal.

Major companies have a decided edge in terms of budget resources to tackle the fulfillment mandates required to meet these customer demands on their own. But for many others, the ability to execute the increasingly complex interplay of logistics, fulfillment operations and inventory management lies well beyond their in-house capabilities.

This leads many ecommerce companies to seek partnerships in order to meet customer expectations and fulfillment demands. Third-party logistics (3PL) has been growing in importance as merchants look to outsource critical operations and fulfillment functions like picking, packing and shipping, inventory management and reverse logistics.

Even if a company has the capabilities to handle their own operations in house, available commercial space for ecommerce fulfillment and distribution centers has grown scarce. As of December 2018, vacancy rates for industrial and logistics space, including ecommerce fulfillment, were at a historic low of 4.3% and new construction is constrained, leading to limited expansion options for warehouse occupants and higher rents, according to commercial real estate brokerage CBRE.

For all these reasons, a trusted 3PL partner helps free them up to focus on other aspects of growing and

managing their business. The benefits of selecting the right 3PL partner for your business are many. It can enable you to lower your per-order costs, smooth scaling during peak holiday season, save on capital outlays, cut back on shipping expenses and reduce time to customer.

The following case studies illustrate how two companies faced the operational challenges of a rapidly growing ecommerce business and found a solution through partnering with FedEx Fulfillment.

Revtown: Freed Up to Build a Great Brand

Apparel business veterans Henry Stafford, Steve Battista and Matt Maasdam, all most recently executives at Under Armor, launched Revtown in Pittsburgh in early 2018, with the goal of creating premium, performance jeans that were comfortable and affordably priced. Revtown is also a digitally native brand, going direct to customer via ecommerce.



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The company created a proprietary fabric from a mill in Milan, Italy and manufactures its jeans in Guatemala using a lean operating process to deliver a high-value product at a fair price point. But when it came to logistics and fulfillment, Revtown sought outside expertise.

Chris Lust, Revtown's Chief Operations Officer, explained how the company selected FedEx Fulfillment as a turnkey solution for fulfillment, transportation and returns management.

"In the world of ecommerce, outsourcing to experts is efficient, cost effective and the only way to scale quickly," Lust said. "We couldn't bring in 20,000 to 30,000 units of jeans to our offices in our first year. We needed someone that had the size and scale, the warehouse capability and more importantly, the automated fulfillment operations that FedEx had."

Stafford said Revtown's founders realized three things early on: They wanted to focus on building a great product and a great brand, they had to closely manage their cash as a startup, and they didn't have the in-house resources or expertise to handle their own warehousing, fulfillment and shipping.

"Fulfillment and shipping are very expensive and it's hard to get that infrastructure up and running, building the resources and systems, locations, space and expertise," Stafford said. "We knew we wanted to find a partner who's the best, and we had a very specific set of criteria which led to the reasons we chose FedEx Fulfillment."

Stafford said FedEx "has seen this movie before" in terms of the specific operational and logistics needs of an ecommerce startup. When he first visited FedEx Fulfillment's facility in Indianapolis, IN, he was duly impressed.



"We were in between some pretty popular up-and-coming brands, and sometimes the company you keep is very important, seeing who else they're working with," he said. "And from a systems and technology standpoint, their inventory management, SKU management and interfacing with our systems and partners like Shopify, was all there and top notch."

Having visibility to all of its ecommerce sales in one place is critical to Revtown's success. FedEx Fulfillment provides a complete snapshot of inventory, providing centralized information including SKUs, stock levels and reason for returns, helping Revtown unlock its maximum potential for growth. FedEx Fulfillment also allows Revtown to oversee inventory management, fulfillment, distribution, transportation and reverse logistics in one platform.

Because Revtown is built from the ground up as a digitally native brand, it's important that its customer experience has the same feel as someone would have in a physical store. FedEx Fulfillment enables Revtown to replicate an exceptional in-person brand experience by delivering orders in Revtown-branded boxes, leaving a memorable impression.

"We had opportunities to work with other logistics providers and decided to work with FedEx because of their ability to execute and scale," Lust said. "The geographic location of FedEx Fulfillment warehouses is great for us and allows us to reduce shipping costs."

As Revtown looks to the future, which will include retail partnerships like Nordstrom and a new women's line launching in the fall of 2019, the FedEx Fulfillment team is making itself available to line up its operational strategy to enable the upcoming growth.



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“Considering how we need to process and ship product based on what’s coming down the pike, we’re working closely with FedEx as we map out what the next six months, year or two years looks like,” Stafford said. “It’s not just in terms of volume but the increasing complexity involved, so they’ve been very helpful. For instance, as we launch the women’s line, we’ll be increasing our SKUs and bin locations. With all of these things, FedEx has been a true partner. We’re getting feedback from pros as we develop new processes, adjusting them to be more efficient. That’s what we look to do with every partnership we have.”

BAWLS: Fueling High-Energy Ecommerce Growth

BAWLS was created in 1996 as a highly caffeinated soda by college students as an alternative to coffee, before energy drinks hit the mainstream. It quickly became popular particularly in the video game industry in the late 1990s, both in the U.S. and internationally.

BAWLS, acquired by its current owners in 2010, primarily targets consumers looking for a lift or a kick, generally 18-34-year-olds, college students, gamers and techies. The highly caffeinated soda is flavored by the guarana berry, providing natural fuel.

“You don’t get the crash you get off of other energy shots or drinks,” said John Gunnerson, CEO of parent company BAWLS Acquisition. “It’s remained a staple of folks who want to stay fueled and stay up.”

BAWLS has developed a loyal customer base in the U.S. and in 2018 started expanding into Canada, in grocery and convenience stores and even electronics stores where gaming enthusiasts buy computers and gaming systems.



In 2014 BAWLS recognized the growing importance of direct to customer and launched its ecommerce channel, rapidly expanding online sales ever since. In addition to its own ecommerce site BAWLS sells its products on Amazon and has experimented with eBay and Google Shopping.

As the online business grew, Gunnerson said, BAWLS found it needed more capacity to meet the demand, and to get product to customers faster. The company started using FedEx Fulfillment in mid-2017, giving it the ability to handle all of their new ecommerce orders, which wasn’t possible with their existing retail distribution center. Utilizing FedEx Fulfillment, BAWLS was able to handle the increased volume of orders, especially at peak times.

“With FedEx we cut out two to three times when the package is touched from the warehouse to the end customer,” Gunnerson said. “That makes a difference when you’re trying to ship 10 oz. bottles or 16 oz. cans – you want it to get there as safely as possible.”

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He said BAWLS used to find holidays and promotions periods challenging in terms of fulfillment. “Now we feel confident all of our orders will get out on time and to the customer on time,” Gunnerson said. “We just communicate information about our events ahead of time to FedEx Fulfillment so they’re prepared with pre-built packaging so it’s all ready to go, we just label the box and it goes out the door. It allows us a lot more flexibility to take advantage of opportunities. There are no complaints or delays, everything goes smoothly and efficiently.”

Gunnerson said BAWLS’s ecommerce channel is small compared to its retail sales, but growing at a 3-4x clip by comparison, and FedEx Fulfillment is helping them get there. It’s also helping BAWLS as it expands into the Canadian market and ship product beyond the lower 48 states into Alaska and Hawaii.

“(FedEx) is allowing us an opportunity to grow right along with the industry,” Gunnerson said of BAWLS’s ecommerce channel. “We feel very good, looking

around at the landscape of what’s going on, that kind of growth is the trend. While we’re not a big player in direct, we’re in a number of grocery chains like Kroger and Safeway, and we’re starting to rapidly expand online. If one of our customers sees us and buys online, they may start to add BAWLS to their grocery list as well.”

How FedEx Fulfillment Works

FedEx Fulfillment provides ecommerce customers inventory and order visibility through its commerce platform. It’s a cloud-based platform that integrates with marketplaces, ecommerce platforms and channel management providers to receive orders across multiple channels and fulfill orders from a consolidated inventory view. The platform provides integrations with top ecommerce platforms including Shopify, Magento and Big Commerce. It also helps customers connect with many top marketplaces including Walmart, eBay, Etsy and Newegg.

FedEx Fulfillment utilizes a tier-one warehouse management system (WMS) and order management system (OMS) that provide inventory visibility at the SKU level into merchant products across all of its fulfillment locations. With this functionality merchants have visibility into the on-hand, sellable and in-transit inventory that can enable merchants to make informed decisions regarding purchasing, sales, and returns strategies

SKUs and related product information (product name, description, category, type, UPC number, dimensions and weight) can be added to a company’s product catalog via APIs, bulk upload or manual entry in the FedEx Fulfillment platform. Host systems such as SAP and NetSuite can connect to FedEx Fulfillment APIs to leverage existing functionality.

FedEx Fulfillment receives and dispositions consumer returns on behalf of its ecommerce clients by enabling them to configure their own return business rules at the SKU level based on product attributes and condition. FedEx has a portfolio of returns products that can also be leveraged to optimize returns, including a suite of return transportation options, returns technology for intelligent disposition and routing, and a vast network of retail locations with select locations enabling in-store return processing for customers.