

EXPEDITORS RETAIL

Innovative Processes for Global Retail Distribution Operations

A Seattle-based luxury fashion and accessories retailer needed help managing their flow of imported private-label products coming through the West Coast. They were looking for ways to improve efficiency in their distribution center network and support new store expansion into Canada. They turned to Expeditors looking for an optimal streamlined process in managing the flow of their distribution centers. We were prepared to utilize our global network and warehouse operations to assist.





OPPORTUNITY

The fashion retailer was importing products for multiple distribution centers (DCs) in consolidated containers. They needed to deconsolidate from a single point to respective DCs (11 DC locations). The imported products needed to be unloaded, segregated by DC, palletized according to receiving requirements, and scheduled for outbound pick up to their DCs.

OUR SOLUTION

Considering all inbound containers for the West Coast were routed via Seattle, the deconsolidation operation was set up in our Kent, WA facility. As containers were received at the facility, they were unloaded, and cargo was segregated based on the appropriate destination DC. The cargo was floor-loaded into waiting trailers to maximize space, and their domestic network was notified for outbound pickup. Additional services performed include:

- EDI connectivity to the retailer to feed inventory and shipping reports.
- Reallocating and relabeling point of sale, as needed.
- Quality control inspection and scrapping, if necessary.
- Additional short-term storage space when customer DCs exceed capacity.

When the retailer began expanding into Canada, they had insufficient volumes to support shipping full containers directly. Instead, we worked with them to establish a Foreign Trade Zone (FTZ) within the same facility. This process enabled the customer to consolidate cargo for the U.S. and Canada in the same container and, when received, transfer the Canada-destined cargo to the FTZ. The cargo was then exported directly from the facility to Canada without Customs entry or duty payment in the U.S.

RESULTS

For almost 20 years, there has been a great benefit of delivering trailers to the customer DCs with cargo ready to be received and stocked in inventory. This strategy enabled the customer to streamline their receiving processes, saving considerable time, labor, and floor space. The ability to consolidate cargo for multiple DCs and maximize container load factors has contributed to significant annual cost savings of:

- Estimated \$250-\$350,000 in Merchandise Processing Fee savings at entry.
- Over \$130K in freight charges, including products for their Canada operations.

Additionally, the use of the FTZ for receiving and transferring cargo to their Canada operations allowed them to gain advantages in shipping schedule and cost by consolidating for full containers while also avoiding payment of \$4M-\$5M per year in U.S. import duty that would have had to be reclaimed through drawback once exported.

Through a collaborative partnership that has spanned almost 20 years, Expeditors developed a strategic innovative program. This program enabled our customer to manage their inbound flows better, improve efficiency and cost within their supply chain, and support expansion into a new market.

Ask your Expeditors representative how we can help you.