

Internet Retailer Outsources Logistics to Sustain Success



ASOS.com

Industry Sector

Internet Fashion
Retail

Issue

Need to keep pace with 80% growth and reduce costs

Solution

Transfer fulfilment operation to Unipart Logistics

Benefits

Increased capacity from same site and staff, cost per item reduced 32%, operations run during warehouse repairs.

The Buncefield oil depot explosion damaged the ASOS warehouse so badly it had to be shut and the web site stopped taking orders. The devastation happened in a Christmas peak while the company was

facing rapidly growing demand for their high fashion. With sales up around 80% each year, CEO Nick Robertson stated; "Logistics was the biggest drain of effort and worry."

The ASOS.com

web site is acknowledged to be at the leading edge of performance. So the company called on outside expertise to bring the fulfilment operation up to the same standard and spoke to Unipart Logistics. "From the early discussions it

became obvious that this could be an ideal partnership," commented Robertson.

That fulfilment operation is located in a 52,000 square foot warehouse in Hemel Hempstead and Unipart Logistics took over the running of the facility. This included transferring the workforce under TUPE, giving them access to new levels of training and expertise.

"The staff have been very positive. It has been an instant win for them," added Robertson. "Within one week, all negative thoughts had disappeared. Many of the staff have been with us since day one and now they really see a difference in their lives and think they've got a saviour."

Using tools and techniques developed as part of the Unipart Way, operational improvements started with high level process mapping. Monitoring through Key

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UNIPART
LOGISTICS



Performance Indicators (KPIs) and regular communications were also started, to drive continuous service improvement.

Elements of the Unipart Way have been enthusiastically taken up by both the staff transferred and other parts of the ASOS.com business. "One change has been the introduction of project management," observes Robertson. "Unipart Logistics has shown us the value of it and given us the people to do it. This skill set is absolutely vital."

Quick wins were identified in inbound goods and customer returns, both of which were quickly remodelled to deliver significant improvement. Unipart Logistics worked with people in the wider ASOS.com company, incorporating buyers

and merchandisers into the planning process. The summer sale was also changed when Unipart Logistics identified a need to reduce warehouse inventory.



All this had to be achieved while repairs continued at the operating warehouse. The roof, for example, had been badly damaged and a phased scheme was devised to ensure that both repair and fulfilment activities could continue simultaneously.

"I have been bowled over by Unipart. We think we have a partner for life."

With sales continuing to increase, the operation is now managing a greater level of sales than the year before. During the summer months of 2006, sales were regularly higher than the peak week in 2005. The reorganisation has also led to efficiency gains, including a 32% reduction in costs per unit, even before a new warehouse management system was installed. Robertson added; "Everything started working a lot more smoothly."

Receipt to location times have been reduced by approximately 80%, including confirming that goods received exactly match the images on the web site. Once picked, goods are checked against the customer order; packed and ready for delivery in time to meet the

Next Day promise. Handling of returns and crediting customers is now a same-day operation, whereas previously two to three days was the norm. Also, a saving of 5% on transport and delivery costs was achieved.

"They have brought a new culture and we will get where we want to be a lot quicker."

Robertson concluded; "I have been bowled over by Unipart. We think we have a partner for life."

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