



Retail

Outsourced Distribution Solution Paves Way for Shoe Retailer's Entry into Canadian Market

Kuehne + Nagel integrates warehousing, trans-border & domestic transportation solution to support retailer's Canadian store network

SITUATION

When a major, U.S.-based shoe retailer with 5,000 store locations decided to expand into Canada in 1997, it sought a partner to handle all its Canadian distribution requirements, including warehousing, trans-border and domestic transportation. The retailer chose Kuehne + Nagel because of its ability to provide an integrated logistics solution and strong Canadian market knowledge.

SOLUTION

Goods are shipped into Canada from the retailer's two prime U.S. distribution centers. Kuehne + Nagel arranges carriage from the DCs to Kuehne + Nagel-managed pool points in Toronto (Brampton) and Edmonton. As outbound loads are processed, Kuehne + Nagel works closely with carriers to ensure that empty trailers are on hand in the yard. Equipment availability is critical to prevent delays and minimize cycle time. From this point, shipments are closely tracked so the most efficient labor plan can be developed at the Canadian DC, based on the ETA of the shipment.

Kuehne + Nagel works with a customer-designated customs broker to clear Canadian Customs, then manages shipments into the Toronto and Edmonton DCs, which distribute to the retailer's entire Canadian network of nearly 300 stores. The DCs are used more as cross-docks than storage locations; product sits for no more than two days as Kuehne + Nagel readies goods for the Canadian market.

As shipments hit the DC, boxes are scanned and auto-directed to either a primary staging area or one set up to handle the special French-language ticketing requirements of the Quebec market. In the staging area, staff unpacks master cartons, then shoes from individual boxes, removing the stuffing from shoes and ticketing each box. Items are repacked into the master carton so they are ready for sale when they arrive at the store.

From the DCs, Kuehne + Nagel manages outbound shipments, which must arrive at stores within a two-hour delivery window. On-time delivery performance is at 99.7% across the network. Deliveries local to the Kuehne + Nagel pool points are done store-direct, when possible. To drive economies, shipments to outer regions are consolidated with other goods and broken down within region for local delivery.

RESULTS

Kuehne + Nagel assisted with the retailer's Canadian market expansion by providing a single-source distribution solution. From just seven stores in Canada in 1997, Kuehne + Nagel now supports close to 300 stores, processing 7.2 million shoes per year.

Logistics managers for the retailer send other logistics providers to Kuehne + Nagel-operated Canadian DCs. Kuehne + Nagel pool points are the only ones the retailer uses as demonstration locations.

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