

CUSTOMER CASE STUDY

Pioneering Advanced Supply Chain Integration and Fulfillment

COMPANY PROFILE

- Broadcasts live 24 hours a day, 364 days a year
- Introduces over 1,600 products every week to viewers in over 87 million U.S. homes
- U.S. distribution centers process up to 300,000 packages per day



A world leader in electronic retailing, QVC reaches approximately 96% of all U.S. cable homes, as well as nearly 21.5 million satellite homes. In 2004 alone, QVC handled over 192 million phone calls and shipped over 137 million units worldwide. Meanwhile, the retailer's online commerce arm, QVC.com, is one of the largest and most profitable general merchandisers on the Web.

Managing the flow of goods throughout the QVC supply chain to meet customer expectations is a massive undertaking.



CHALLENGE

- QVC mandate: ship at least 95% of orders within 48 hours of receipt
- QVC had to fax pack-slips to its suppliers each night
- QVC manually processed inventory updates to take out-of-stock items off the site

As the convergence of e-commerce and television commerce began in 1997, QVC was experiencing difficulty in managing the volume from its large universe of suppliers. With QVC.com putting hundreds of thousands of new products into inventory, the process became especially cumbersome and error-prone.

The in-house EDI (Electronic Data Interchange) system worked well for its traditional business but proved to be too heavy when QVC moved to a pure drop ship fulfillment model for e-commerce. The benefits of drop shipping were clear to QVC.com, but the processes to support it were manual, unauditable, and unscalable.

SOLUTION

- Better integration and more efficient communication with its suppliers
- CommerceHub provides a single platform to seamlessly integrate all supply chain partners
- CommerceHub Drop-Ship Master solution offers complete control and visibility of fulfillment process

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QVC.com realized that its manual system needed to be upgraded to an enterprise, exception-based platform that would provide better integration and more efficient communication with its suppliers. At the end of 1998, the company began its quest for such a system and soon found CommerceHub.

CommerceHub provided integration and fulfillment management solutions with a single platform for retailers to seamlessly integrate all of their supply chain partners

By providing real-time visibility into the supply chain, CommerceHub helps retailers maintain control of the order fulfillment process and ensure top-level customer service. With exception-based management, the CommerceHub platform enables retailers to focus on what's going wrong, not on what's already going right.

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QVC.com implemented CommerceHub's hosted Drop-Ship Master solution within its organization and tested the system with six of its most challenging suppliers during the holiday season of 1998. After a successful test run, Drop-Ship Master was then rolled out to the rest of QVC.com's supplier base.

CommerceHub solved the QVC pack-slip challenge by providing suppliers with QVC.com branded packing slips through the Web or alternatively into the supplier's warehouse management system. CommerceHub's advanced integration technology enabled QVC.com and its suppliers to better communicate by translating electronic messages into the formats understood by both sides. To receive orders from QVC.com, suppliers simply downloaded orders via the Web or had orders piped directly into their own information systems. Suppliers then communicated shipping and invoice information to CommerceHub, at which point CommerceHub translated the information into QVC.com's format. Tight electronic integration provided enhanced visibility with insight into all exceptions, enabling QVC.com to increase the number of products it drop shipped and improve customer service.

“It quickly became clear to us that there was no one else like CommerceHub providing such an advanced solution for connecting retailers and suppliers.”

Bob Myers, VP, Interactive Merchandise,
Marketing & Business Development

RESULTS

- Supplier on-boarding time reduced from 120 days to less than 7
- Reduced average time to confirm orders by 33% and shipping time to the customer by 48 hours
- Improved orders shipped on time to 96% and reduced backorders by 78%
- Expanded drop ship business dramatically and doubled overall business in less than three years
- Since implementing CommerceHub technology, QVC.com transactions have grown more than 300%
- Increased efficiency of operations staff by 26%

Most importantly, QVC achieved the same levels of brand management, fulfillment performance and customer service with CommerceHub's Drop-Ship Master that it had with products shipped out of its own warehouses.

“The implementation of CommerceHub was such a success that we immediately stopped using our EDI solution.”

Seeing the gains made by its .com division, QVC's main television business began to explore the idea of CommerceHub becoming its standard supplier integration solution. Once the CommerceHub solution was implemented within QVC.com, it was rolled out to QVC in early 2000. The online arm of QVC has since expanded its use of CommerceHub technology to include applications that facilitate reporting on how supplier performance compares to corporate standards. If the report cards indicate sub-par performance, appropriate action is taken to address the issue.

As a partner of CommerceHub for more than seven years, QVC is looking to build on the success of its technology investment by exploring new capabilities the solution provider is bringing to market, including an in-home delivery tracking system, reverse logistics management, multi-warehouse capabilities and returns liquidation.

QVC has found that by advancing its supply chain management capabilities with CommerceHub, it can advance its business even more significantly — both online and off.

