



CASE STUDY

OBJECTIVES Improve accuracy in the supply chain, guarantee traceability and improve customer experience

SOLUTIONS A track and trace and Proof of Delivery solution from Zetes

RESULTS

- Elimination of manual data entry
- Signature data capture for proof of delivery
- Greater accuracy and productivity

IKEA IMPROVES SUPPLY CHAIN ACCURACY WITH TRACK AND TRACE SOLUTION

ePOD (ELECTRONIC PROOF OF DELIVERY) CONFIRMS CUSTOMER RECEIPT AND IMPROVES THEIR BRAND EXPERIENCE

COMPANY OVERVIEW

IKEA Distribution Services Limited is the sole distributor for IKEA in the UK. Since its foundation in 1943 in Sweden, IKEA has offered stylish, functional and well-designed furniture at highly competitive prices. Today there are more than 250 IKEA stores in 35 countries. In 2006, IKEA began to roll-out an e-commerce platform in selected areas across the UK.

IKEA'S CHALLENGE

With rapid expansion plans and strong expectations to more than treble volumes over the next five years, IKEA constantly works to adapt and improve its distribution processes. IKEA identified the need for a track and trace solution in order to provide increased visibility of the stock from the time it leaves the Central Distribution Centre (CDC) in Peterborough to its arrival at the customer's home. Central to achieving this was an integrated electronic proof of delivery, or ePOD system, providing customers with a printed receipt as they take delivery of their goods.



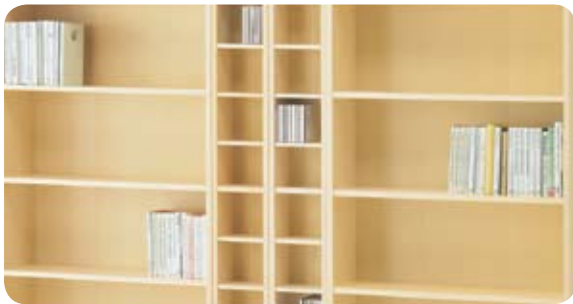
Additionally, IKEA wanted to improve the information that the customer-service team provides to their customers regarding the status of their deliveries and reduce the time taken to resolve customer issues.

Don Marshall, Deputy Customer Distribution Manager, at IKEA Distribution Services Limited said, "Even before we began our e-commerce roll-out in 2006 we felt we could improve the accuracy and quality of our deliveries to customers. Our paper-based system was wholly inadequate and resulted in large numbers of errors. Errors would occur throughout the process, from the loading of items onto the delivery trucks to drivers failing to process visits. As stock got mislaid or returned to the warehouse undelivered we found ourselves replenishing large volumes of stock without understanding why and how data became increasingly inaccurate."

IKEA'S SOLUTION

Today, IKEA deploys Zetes' advanced data capture solution - Nucleus IS - on a range of wireless handheld devices. A combination of mobile computers and printers interface directly with IKEA's existing Home Delivery Management system (Axida HDi) to provide up-to-the-minute information on every item that leaves the CDC. These rugged computers, from Motorola's MC9090 Series, are mounted in the delivery trucks using Motorola cradles and chargers.

At the start of a driver's shift, the mobile computer retrieves route data from Axida's HDi system and presents the driver with a list of visits. For each visit the mobile computer shows the customer details, the address and any additional notes stored against the visit. When the driver arrives at the customer address he uses the mobile computer to scan all the items marked for delivery or collection from the customer and checks that the correct items are delivered or collected. Exceptions are recorded against any items that cannot be delivered or collected. Once all the items are accounted for a summary is displayed on the screen and the customer is requested to sign the screen. A customer receipt is then printed from a mobile printer and the signature and visit result is sent back to HDi, via GPRS.



The in-truck printers enable drivers to label damaged and returned goods with a warehouse barcode as they are loaded back into the truck. This information is then immediately transferred to HDi ready for the vehicle to be unloaded back at the warehouse. This allows stock to be processed more quickly and efficiently when it is returned to the warehouse.

A significant feature of the system is its ability to capture a range of delivery data, including items that cannot be delivered or returned and damaged items, and send the information immediately back to the HDi system. This allows IKEA customer services to proactively make alternative arrangements with the customer or arrange for replacement items to be shipped; all before the truck arrives back at the warehouse.

"For the first time we are able to create an audit trail of every item loaded onto a truck," says Marshall. "At any point in the day we are now able to say which products have been successfully delivered and which require further administration. Because our drivers constantly refresh delivery information the customer helpdesk is able to view missing items and pro-actively inform the customer of when they can expect to receive them."

The solution was implemented in April 2006 and IKEA began to process approximately 400 customer deliveries a day, which equated to roughly 120,000 per year. In 2007, this figure dramatically increased when the company launched its Internet shopping facility in specific parts of the UK. Currently, IKEA processes more than 900 customer deliveries per day, which equates to approximately 325,000 deliveries per year. With the completed rollout of e-commerce nationwide, IKEA hopes to increase this to one million deliveries per year within five years.

THE BENEFITS- IMPROVED DELIVERIES AND INCREASED VISIBILITY OF THE SUPPLY CHAIN

After the implementation of the ePOD solution, IKEA observed a substantial increase in errors on delivery. But as Marshall explains this was merely highlighting the failings of their previous paper-based system, "It was only with the launch of the automated ePOD system that we began to see the true volume of our delivery errors. Fortunately, the detailed information we were now capturing at delivery allowed us to trace the issues back in the supply chain and resolve the problems quickly and efficiently."

This means that since the implementation IKEA has seen a huge increase in the number of correct deliveries and is benefiting from an increased visibility of the supply chain as well as happier customers.

"The accuracy of data and speed at which this data is available is saving many man-hours every day", explains Marshall. "Furthermore, it is enabling IKEA to be more proactive in providing information to their customers." It is now possible for IKEA to contact a customer within minutes of receiving their delivery in order to deal with any missing or damaged items that they may have. This proactive approach not only benefits the customer but also reduces the amount of contact between customers and IKEA and reduces the cost of call centres and after-sales administration.

The success of the project has led IKEA to review the ePOD solution at a global level.

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