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Newegg's Goods-To-Person Fulfillment Wins

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E-tail giant Newegg relies on goods-to-person order picking technology to exceed customer expectations and to help grow its \$2.5 billion annual revenue.

BY ERIN HARRIS

Tech enthusiasts flock to Newegg's e-commerce site to purchase items from its 17 million-strong product line. Newegg's pursuit of operational innovation and efficiency has been a key factor in the company's success, specifically in order fulfillment. Kunal Thakkar, senior VP of global operations at Newegg, explains how cutting-edge goods-to-person automation and an unshakable commitment to stellar customer service help this traditional e-retailer deliver a forward-thinking omni-channel shopping experience.

Newegg may not have brick-and-mortar stores, but it operates multiple fulfillment centers globally, four of which are strategically located throughout the U.S. Multiple fulfillment locations allow Newegg to be in close proximity to its customers while remaining as operationally cost-effective as possible. Seamless order fulfillment is a critical component to Newegg's operations, and according to Thakkar, the company needed order picking technology that can scale with its recurring exponential growth. "From RF scanners to pick-to-light to voice-to-pick, we use a variety of picking technologies in our fulfillment centers," explains Thakkar. "We use a hybrid model of these technologies depending on the combination most suitable to deliver the highest level of efficiency and productivity at a controlled operational cost." But, with a new, 400,000-square-foot Indianapolis, IN-based fulfillment center in operation, Newegg needed to pick more orders at a higher level of accuracy with fewer people.

Goods-To-Person Best Option For Material Handling

With the help of Bastian Solutions, Newegg found and ultimately implemented OPEX Perfect Pick®, a robotic goods-to-person order picking technology into the Indianapolis fulfillment center. Perfect Pick's design is based on the iBOT®, a single automated component. Perfect Pick does not require lifts, conveyors, or multiple transfer points. Instead, iBOTs have 100 percent access to the inventory and deliver directly to the workstation located at one or both ends of their storage aisle. "We did our due diligence before choosing Perfect Pick; not only did we compare this technology to other technologies associated with shuttles, we also compared it to other material-handling equipment vendors," says Thakkar. "We selected Perfect Pick for multiple reasons, but the most important reason is scalability." Indeed, because Perfect Pick is vertical, Newegg is able to store and stock more SKUs without occupying precious real estate on the fulfillment center floor. Further, Perfect Pick helps Newegg to control labor and operational costs and affords the company higher throughput and productivity. "Because we're a top-notch technology company, we invest in innovative and advanced solutions that allow us to process orders as effectively and efficiently as possible," he says. "Perfect Pick saves us time, and as a result, we save costs. Because Perfect Pick processes orders faster and more accurately than other warehouse technologies, our customers get their orders sooner. And, it's accurate, because the iBOT has been programmed to pick the right SKU from the right location. We are truly able to get the right product at the right time at the right place."



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Kunal Thakkar
senior VP of global operations at Newegg

E-Tailer Caters To The Omni-Channel Customer

Newegg understands the critical importance of catering to the omni-channel customer. In addition to state-of-the-art fulfillment centers, Newegg has launched new services to accommodate its customers. "We've opened will-call centers where customers can pick up their merchandise within four hours of placing the order," explains Thakkar. The company is also piloting a same-day delivery program in Southern California whereby Newegg-branded trucks deliver the product within a 50-mile radius of the fulfillment centers. Similarly, returns may be made to both fulfillment centers and will-call centers. "We are committed to giving our customers options; in time, customers will be able to pick up their orders before or after hours from a centralized, secure drop box." "We may not have a retail store, but we're committed to offering the omni-channel options our customers want." ■

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