



Fulfillment:

The Benefits of Multiple Locations

The benefits of multiple-location fulfillment apply to companies in many industries, but this white paper will specifically consider companies in the wine industry.

Fulfillment is of course a critical part of any order, and undergirds the entire order life cycle. It's a deceptively simple concept: an order comes in, it's then packaged up and shipped out. In practice, of course, fulfillment is a highly complex and precise operation, rife with potential pitfalls and room for error. At scale and with high volumes, these potential problems can significantly affect both the fulfillment company's overall efficiency as well as the customer perception and hard-earned brand equity of the products being fulfilled.

In the world of beverage alcohol fulfillment, there are several factors that must be considered for all orders. These include things like:

- Packaging material
- Collateral inserts
- Special packaging (tissue wrap, gift cards, ice packs, etc.)
- Courier service level
- Insurance
- State-specific compliance reporting
- Country labels/documentation if international
- Legally mandated warnings/disclaimers on package
- Shipment channel (daily, club/batch, trade)
- Shipment type (D2C, B2B, 3-tier, etc.)

While fulfillment warehouses are generally well-equipped to manage various requirements like these, it can nonetheless be challenging for a fulfillment team to provide different sorts of information and handling for different types of orders.

Many wineries, for example, have several different kinds of order data that routinely get sent to a fulfillment house for packing and shipping. These include:

- Daily website orders
- Tasting room orders

- Club or batch orders
- Zone-skipped orders
- 3-tier D2C orders
- Trade (B2B) orders

Fulfillment houses that utilize platforms that can automate the routing and fulfillment for these various types of orders have a distinct advantage, but automation does not eliminate all complexity and potential for error.

That potential is magnified, however, if a fulfillment house is using a manual system, or a system not able to efficiently handle so many variables.

Fulfillment houses that utilize platforms that can automate the routing and fulfillment for these various types of orders have a distinct advantage, but automation does not eliminate all complexity and potential for error.

To understand the kinds of issues these fulfillers can face, let's consider a sample of orders from a winery on a given day. The winery might send the following kinds of orders through to the fulfiller:

- Trade order for 10 cases to a wholesaler on the east coast
- Daily D2C order for 6 different bottles to a consumer in NH
- Club order to a member in CA
- 3-tier D2C order for a consumer in NJ
- High value library wine order for an investor in WA

While these orders may seem fairly straightforward, the reality is that each of them requires certain specified processes and reporting on the back end, and a good portion of that needs to be managed by the fulfiller.

Fulfillment by its very nature defies a one-size-fits-all approach. Each order type has its own set of detailed checklists, along with a slightly different priority scale.

For example, one thing that is very important to producers and other sellers who ship directly to consumers is the “wow factor.” This is the first impression the recipient has when opening the box, and there is only one chance to get it right. With B2B orders, however, the wow factor does not often play a role. The most important area of focus there is consistency, accuracy, and timeliness. As long as the buyer gets exactly what they ordered and it’s delivered in good shape when they expect it, the fulfiller has done its job.



While some fulfillment teams are able to switch back and forth easily between the various requirements for each order type, these differences can be helpful to include when considering the question about whether to route certain order types to different fulfillment locations.

A recent case study helps to highlight why utilizing multiple locations can be a helpful strategy in some cases.

A major producer was sending 100% of its orders to a large fulfillment house, and overall, the fulfiller did an excellent job with each order type. But one of the producer’s most important order types was called “Library Selections,” which were older vintage, ultra-premium wines generally not offered on the website. The recipients of these shipments were long time customers and investors, and the “wow factor” was critical for these shipments. Each package needed to follow strict guidelines, including:

- Tissue wrap for each bottle
- Parchment and ribbon overlay
- Personalized letter placed on top of the center of the parchment
- Occasionally a wooden box inside the outer cardboard package

The producer had a small number of control orders that would come to employees, and over time it became clear that these high-value orders were not being given the attention they deserved. Packing slips were sometimes inserted instead of the personalized letter, tissue wrap and parchment were often missed, etc.

These Library Selection orders accounted for less than two percent of the overall order volume from the producer, so rather than trying to clamp down on the fulfillment team

to take more care in the fulfillment of these orders, they decided to fulfill them directly from the winery.

Once that decision was made, the solution was easy to implement. The winery itself was added a fulfillment location, and all Library Selection orders were automatically routed to that location, bypassing the general fulfillment team entirely.

This single change had three immediate benefits:

- The main fulfillment team was able to focus on the higher volume “meat and potatoes” packages and not worry about the personal touches required for these orders
- The winery could manage its most important direct shipments itself, and ensure that all necessary personal touches were added to every package
- The high-value customers receiving these packages were ensured of the refined, curated customer experience so important for the winery to maintain

The winery assigned a single manager to the fulfillment role for these Library Selections, who was able to manage fulfillment easily in just a few minutes for each order, while ensuring that the requisite attention to detail and presentation went into every package.

The key takeaway here is to make sure your fulfillment system is flexible enough to accommodate many different kinds of solutions. If your fulfillment partner is generally doing a good job but consistently encounters problems with certain order types, it might be helpful to consider an alternate fulfillment location solution.



FORT SYSTEMS