



News Story From Wednesday, July 1, 2009

## Fulfillment tools help customers help themselves at igourmet.com

Online food retailer igourmet LLC keeps call center costs down by reaching out to customers via e-mail when orders are completed and shipped, and even notifies them that their shipment is sitting by the front door. "We don't want cheese sitting on the doorstep all day," CEO Spencer Chesman told attendees recently at the Internet Retailer Conference & Exhibition in Boston. "We send an e-mail that says 'go look on the porch.'"

Igourmet.com has scrutinized its whole operation, looking for ways to cut costs as sales fell 12.7% in 2008—to \$12 million from \$13.75 million the prior year—after years of double-digit annual growth, Chesman said. The 2008 sales fall-off caused igourmet.com to lay off 27 members of its 47-person workforce.

Fulfillment has been a fertile area for budget trimming at igourmet.com, No. 447 in the [Internet Retailer Top 500 Guide](#). In addition to providing what Chesman calls such "self-help" tools, the company also has automated the process that generates the pick ticket for assembling a gift basket, along with the packing list and shipping label. He told attendees that another way to cut costs is by taking advantage of freebies offered by shipping companies such as UPS which can provide labels and printers.

Another cost-saver was reducing space needed to store inventory by developing strong partnerships with major suppliers that would provide products on a just-in-time basis, Chesman said.

Renegotiating supplier contracts also is fair game in today's economic climate and is something everyone has come to understand. And although the departure of DHL as a shipper didn't help, e-retailers still can approach existing shippers about reworking their agreements, he said.

Web retailers also can practice self-help techniques by evaluating their order management needs honestly to determine the most efficient way to get products into customers' hands, Brad Eickmann, vice president of business development at fulfillment services company FFP Global, told attendees. Eickmann joined Chesman on the fulfillment right-sizing program and noted that e-retailers can shape their fulfillment strategies based on shipping volume. "If you're shipping five orders per day, do it yourself," he advised. "If you ship 50 per day, it's a good time to look at outsourcing. If you ship 200 to 600 per day it's more about efficient systems than facility size."

Even in a down economy growing e-retailers can find bargains in the marketplace, Eickmann said. "Right now warehouse space is readily available at great prices," he said. And for those retailers looking to "grow up"—toward the ceiling in their facilities—it's a good time to find bargains in lift trucks.

It takes flesh and blood to deploy new fulfillment tactics and make them work, so e-retailers need to focus on fulfillment and warehouse staff, Eickmann said. "Pick the best people, treat them well and they will do same for you," he added. "The best managers are those who have run systems bigger than yours. If you can't find one, outsource." •

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