



Case Study: Supply Chain

Myer: Major Australian Department Store

Adapting to the growth of online retail, exacerbated by the global pandemic.

PROJECT SUMMARY

LOCATION

Oceania

INDUSTRY

Merchandise & Apparel

TMX delivered a comprehensive future network strategy, enhancing store service, cost, and gross margins with approval to commence Myer's new DC design.

Client Challenges

Myer was operating in a highly competitive environment, with retailers globally facing ongoing profitability issues due to declining retail volumes. Additionally, competition with online pure plays has disrupted the retail landscape and is eroding margins.

Myer designed and operated one of the most efficient and low-cost supply chains in the country, however this resulted in lower replenishment capability than retail best practice. The global pandemic accelerated growth in online, placing further pressure on store capacity and their gross margins.



Approach

The feasibility of establishing an efficient and centralized unit picking capability for online order fulfilment and store replenishment was required to optimize the current network. A number of actions were carried out to establish a feasible network strategy:

- A detailed flow path analysis was executed to determine the optimal mix of online fulfilment methods.
- A comprehensive detailed margin and cost-to-serve analysis to determine optimal range to be held in a central DC.
- Modelled costs and benefits of an optimally designed central fulfilment DC.
- Produced a high-level project costing, including CapEx and OpEx.

Solution

TMX were able to generate significant results through the identified tactical approach, including:

- Endorsement of network strategy completed by TMX and approval to commence DC design.
- Future network improved store service, cost and gross margin enabling ~15% net benefits in design year.

Transform your supply chain

TMX Transform is an end-to-end supply chain consultancy, providing expert advice and practical, innovative solutions to businesses globally.

