

# Logistics and Operations with Style

Fashion Days Group - member of [NASPERS](#)





WE ARE THE  
**#1** FASHION  
DESTINATION  
IN CENTRAL AND EASTERN EUROPE

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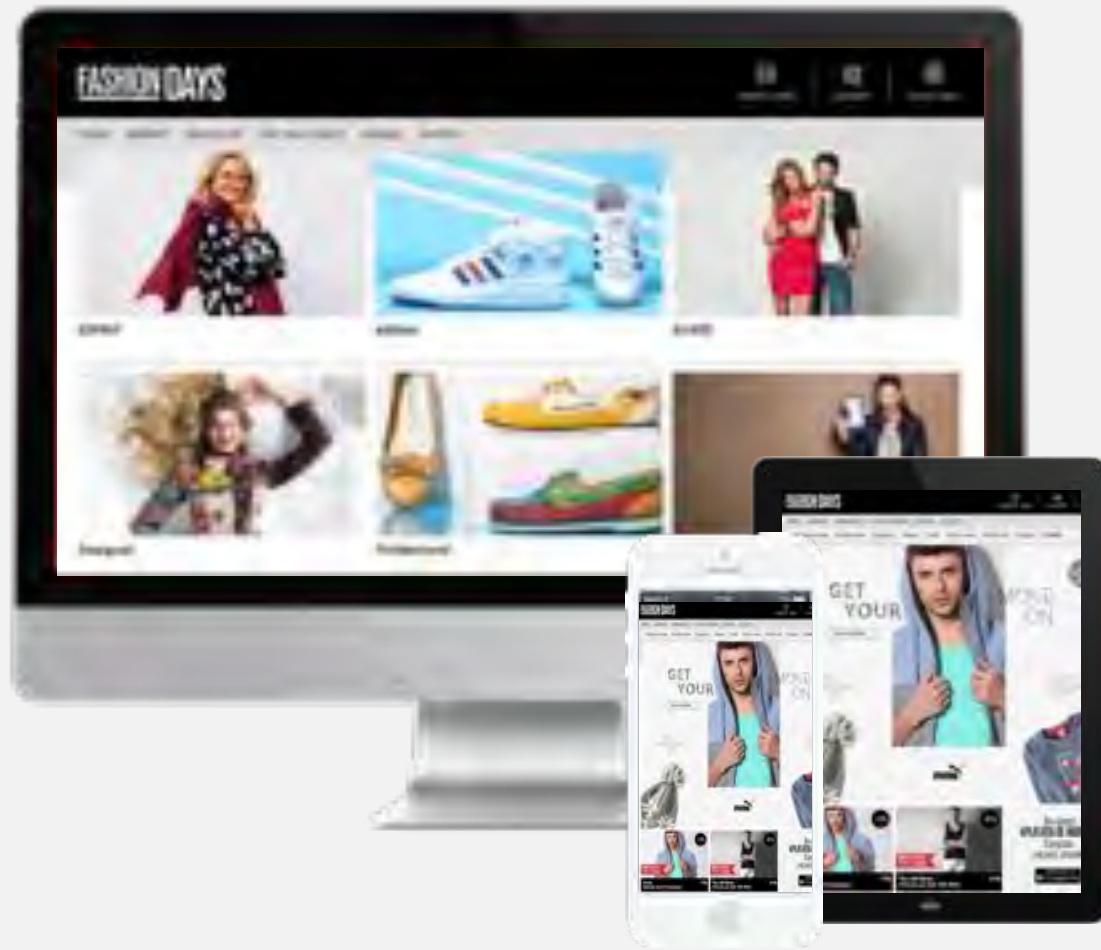
# About Fashion Days

One stop shopping for CEE



1,000

brands



7,5M

members

800,000

products

30%

mobile

HELLO, WE ARE  
FASHION DAYS.

With more than 7,5 million members, we are the leading online fashion destination in Central and Eastern Europe, operating in Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.

Phone, tablet, laptop... but also Social Media and Blog-zine. Think of any device or platform: we are already there reaching our fashion-focused customers.

WHAT WE SELL

A well-balanced assortment of trends and styles makes our shop worth visiting every day. Contemporary, trendy, basic and classic items cover the dressing code of every single occasion providing our customers with the best outfit solutions.

## AN ULTIMATELY ENGAGING SHOPPING EXPERIENCE

We are pioneers in the introduction of fashion brands in Central and Eastern Europe. As fashion developers, we bring these brands into the countries for the first time.

Our customers are just not only shoppers: they are a key part of Fashion Days! This is what makes us their preferred fashion destination for shopping.

Each one of our more than 7,5 million members matters to us. We ensure that their shopping experience is unique and completely personalised by being available for them 24 hours a day, 7 days a week, every day of the year.

We bring them the best customer care in town in 7 different languages, and they can decide on how to contact us: phone, email, chat or social media. You name it, we are there!

### OUR CUSTOMERS

Mid-up class fashion-minded individuals who are passionate about shopping and who aspire to get access to new and exclusive brands.

### PRODUCT CATEGORIES

Commercial Fashion, Designer Lines, Classic Fashion, Shoes, Bags, Denim, Eyewear, Jewellery, Watches, Swimwear, Underwear, Sports, Accessories



# About Fashion Days

The road so far

founded by Swiss  
entrepreneurs

**FASHION DAYS**



**1,6 M**  
sold products



mobile app iOS

**7,1 M**  
sold products

2009

2010

2011

2012

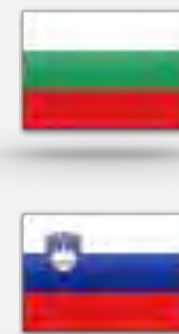
2013

2014



**1 M**  
members

expansion to  
CEE Region



**5 M**  
members

Acquired by



**7,5 M**  
members

mobile app Android

The following slides will show the full story.



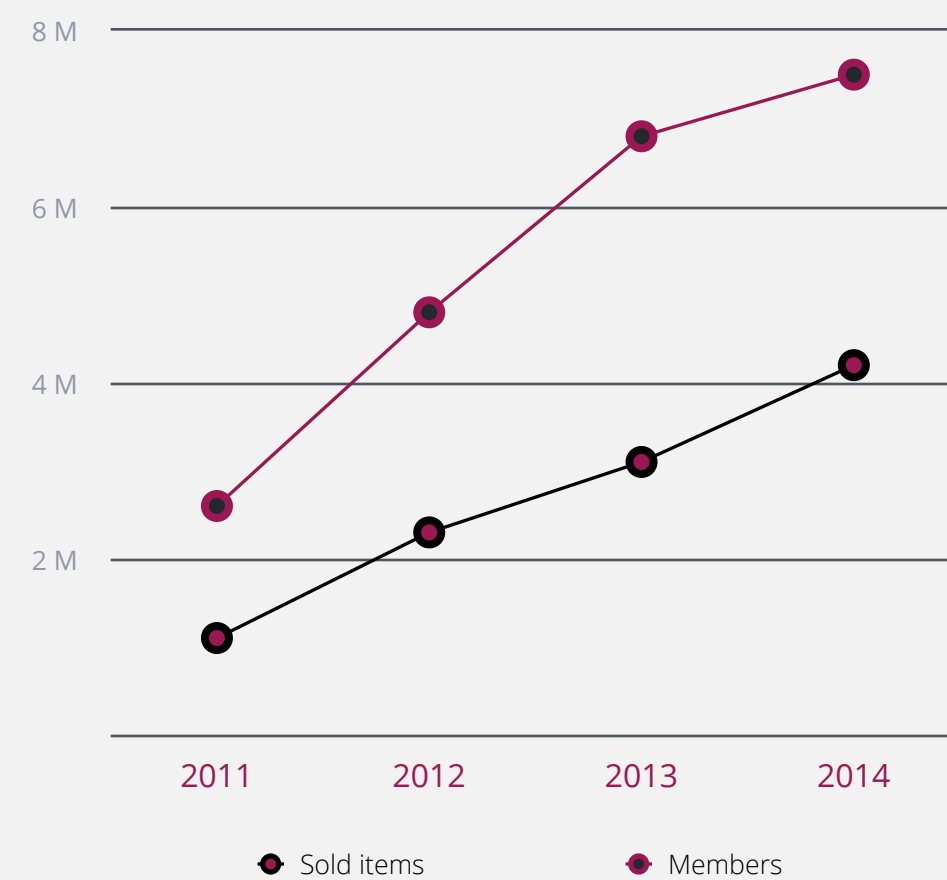
# The objectives and challenges

Overview on the environment and evolution

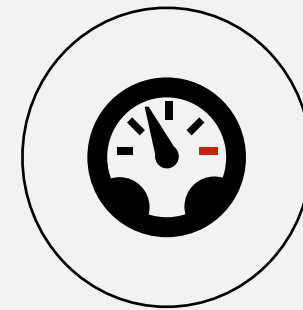


## Business growth

The CEE Region expansion boosted the sales and number of members, soaring percentages YoY

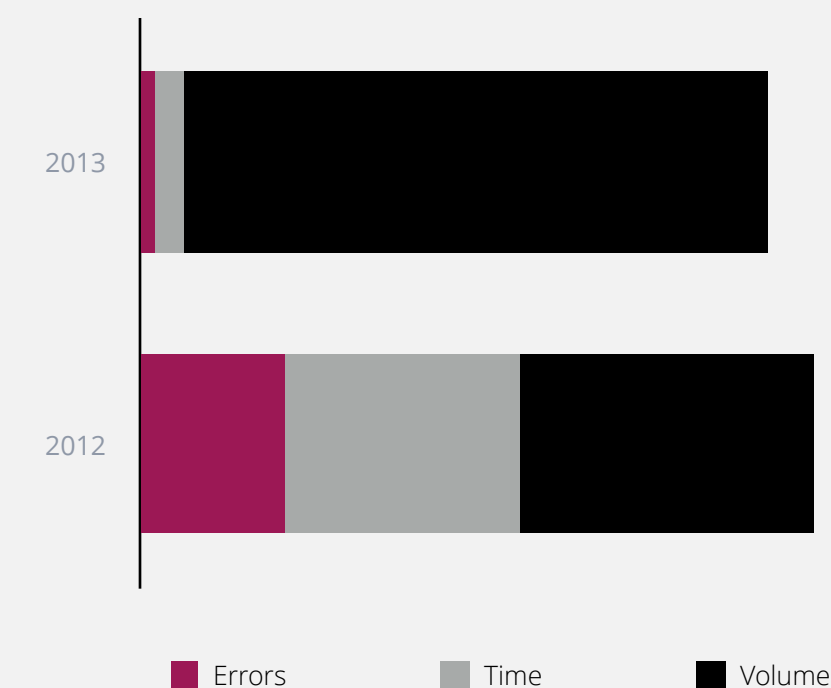


Business Trend



## Distribution Center output

The Warehouse In/Out processing time had to be reduced from over 24 hours to less than 3 (reception, order picking, packing and shipping) with handling errors down from 7% to 1% while the volume was projected to +100%

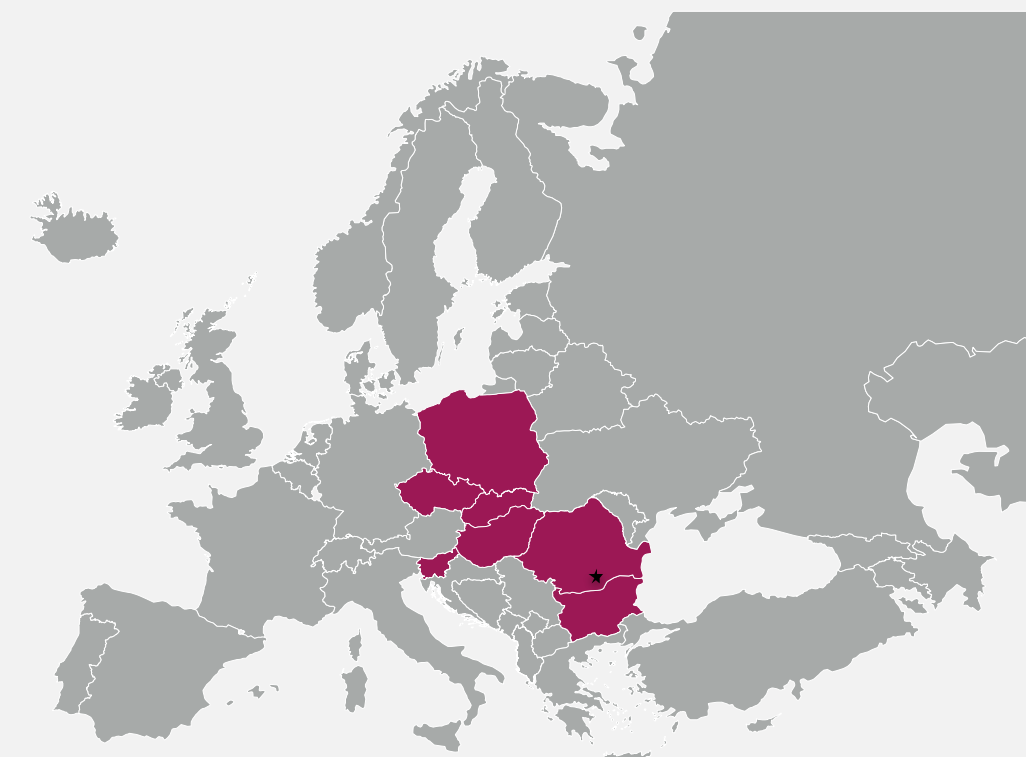


Distribution Center Goals

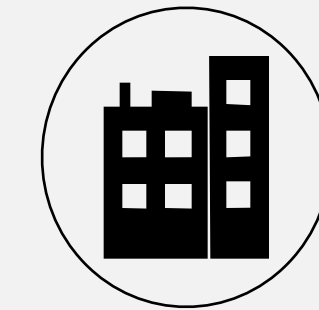


## Incoherent B2C Delivery System

In 2012 Fashion Days had high transit time between Bucharest DC and its countries, using different courier companies with non-unified reporting system. This affected the cashflow, traceability and the service levels

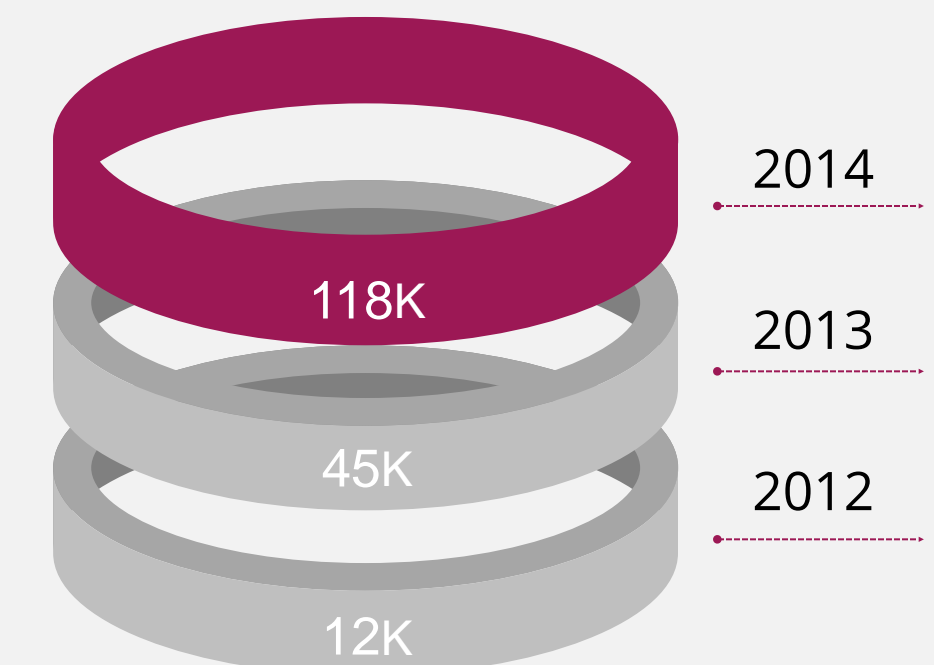


Fashion Days Markets



## Increase of Retail Stock

The increasing customers demand for stock availability and diversity shifted the business from flash sales towards retail



Retail Stock Evolution in SKU



# Taylor made solutions for Operational Excellence

The reward for work well done is the opportunity to do more



## Automatisation

A new fully-automated conveyor line was installed and synced with the WMS. While using internal barcoding system and redundant stream scanning, the speed was improved by 700% while the FTE was reduced with 65% and the error rate dropped to surgical performance.

**1,500**  
orders / hour



## Smart Storage

Using a chaotic storage system, the reception and picking time improved with a handling capability per FTE of 400%. One square meter of shelf can hold up to 500 products and the entire stock is available in real time for our shop.

**1,2 M**  
products in stock



## One Partner

Fashion Days build together with DPD an unitary framework of deliveries across CEE, reaching customers in 7 countries and handling 6 different currencies, with full tracking capabilities for parcels and returns. Moreover, the system can be easily extended to all Europe.

**24 Hrs**  
delivery time CEE



## Controlling

Each single step of the process is fully monitored and controlled. Several systems are working harmoniously to provide state of the art bird-eye views of processes, financial drill-downs or customers' feedbacks. The BI Platform stores all the data for reporting purposes.

**1 M**  
transactions / min



## Complete Makeover

The Operational Process was fully redesigned to accommodate the business change from flash to retail. The implementation of a custom-build WMS ensures stock controlling and full traceability from samples in Content Production to customer returns.

**0,01%**  
processing errors



# Automatisation

High reliability solution with reduced operational costs

In order to increase the capacity of processing customer orders at the same time decreasing the error ratio in the Distribution Centre, a project was started to automatise the delivery process. At that time, the order picking process relied 100% on human interaction and it was prone to errors, wrong deliveries and customers complaints.

The implemented solution has the following process flow: each product goes through a quality checkpoint (size, color, composition, etc), then it is placed on the conveyor line in blue plastic crates, all crates having their serial barcode label on each side. Using a mobile terminal running the WMS, the operator scans the item's label and, if a valid customer order exists in the system, scans a plastic crate and links them in the system, creating a correlation product-order-crate. The crate is then placed on the conveyor belt and will go through a barcode scanning checkpoint where the WMS determines if that order is ready to go for packing (single-line order) or if it is yet incomplete (multi-line order). In the case of a multi-line order, the crates are automatically diverted to several temporary storage areas and are placed in a waiting state until the other crates containing the remaining lines are arriving in the exact same location, following the same process.



Once the orders are fulfilled, the conveyor will guide them to the packing stations where the operators will identify, confirm and validate the processing of the customers' order through a series of barcode scanning with the mobile terminals. At this point, there is no room for errors: the system compares the scanning sequences with the order placed. If any difference (different product, wrong quantity) is detected, the processing stops and the order is blocked. Orders successfully processed are packed, labeled with DPD's AWB of its corresponding country and sent to shipping area. Here, each parcel is weighted and its AWB scanned while being consolidated into special containers for international transport. The containers are barcoded and a packing list is automatically generated and sent to DPD containing all the information needed for delivery and tracking. The containers are loaded into the international delivery shuttles, country-based with designated cut-off time.





# Automatisation

High reliability solution with reduced operational costs

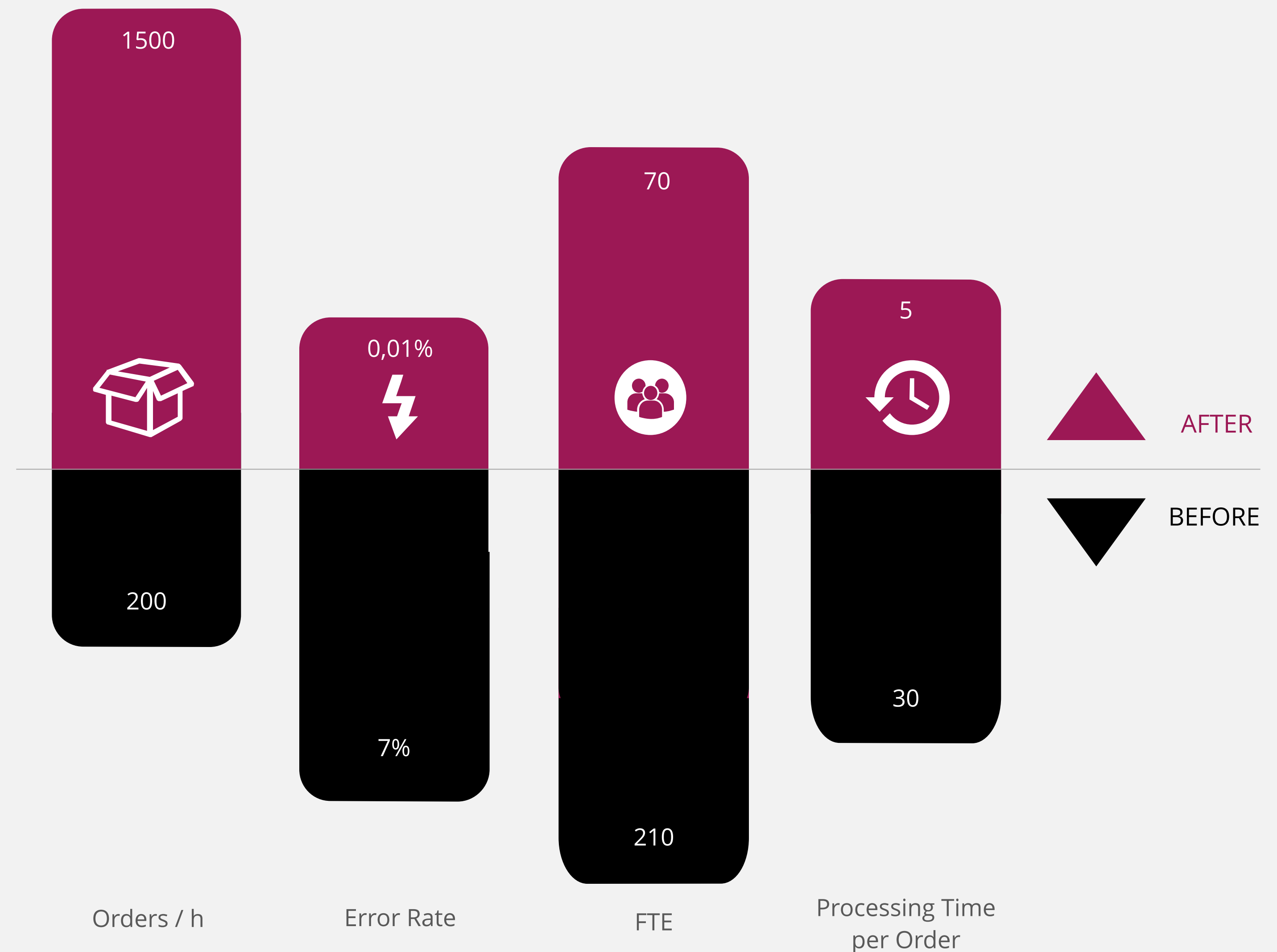
Before automatisation being implemented, in the Distribution Centre, were working 210 people in three shifts, each shift with 70 people, reaching a maximum of 200 orders / hour with an average processing time of 30 minutes per order. Currently, there are only two shifts, each with 35 people and the output capacity increased up to 1,500 orders / hour with an average processing time under 5 minutes per order.

In addition, even if the processing speed has increased enormously the errors decreased from 7% to less than 0.01%.

In case of sales peaks, the system prove its flexibility allowing an increase of processing capacity by installing additional packing stations or extending to the third shift. The conveyor itself can be upgraded and extended easily thanks to its modular build. Moreover, the additional personnel does not require an extended specialised training - everything can be learned in maximum 4 hours.

The system also offers a full product traceability, showing what operator did the quality check, packing or shipping, which driver and what truck carried a specific parcel and how much it weighted, etc.

In terms of quality issues, the checking process still has some limitations dictated by the efficiency but these issues are extremely rare, for the simple reason that Fashion Days is currently working only with suppliers with high standards of quality, quick delivery and on time, which led to a significant decline of the number of canceled orders.



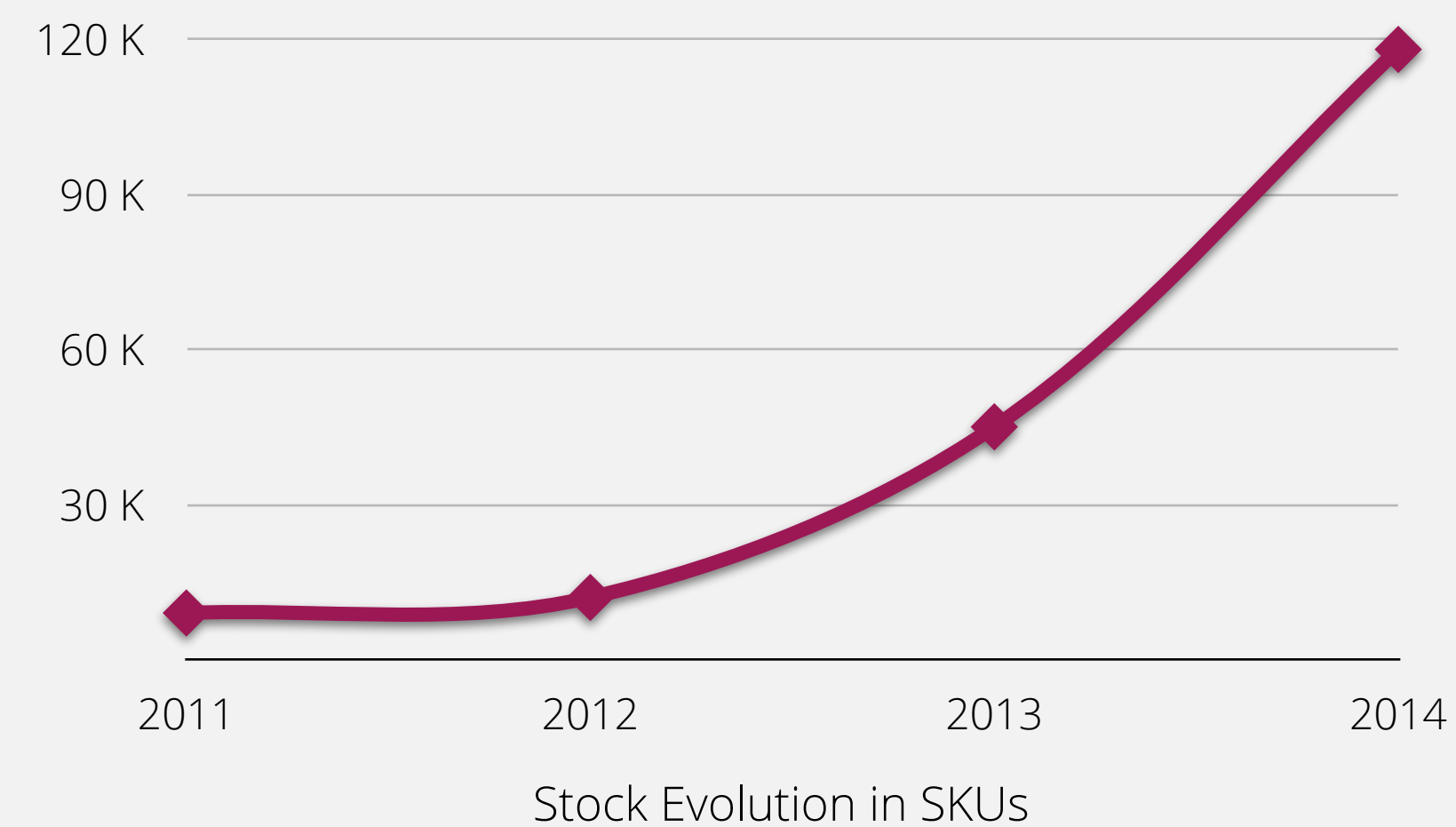


# Smart Storage

Flexibility and Optimisation

The business model adopted by Fashion Days in the early days did not require stock existence, everything sold in the shop was stored in the suppliers' warehouses. However, the delivery time was exceeding 2-3 weeks. But as retailers readjusted their output and market conditions improved, acquiring quality inventory became a serious issue. Customers were demanding a wider variety of products and faster delivery. It became clear that the logical move was towards retail.

The increasing stock count and huge diversity of SKUs rose several challenges: storage space, picking accessibility, quality throughout the processes (reception, picking, inventory counting), product traceability and security of expensive goods.





# Smart Storage

Flexibility and Optimisation

To cope with storage space efficiency and picking accessibility the solution implemented was not to store physical items by what they are as SKU, but rather by where in the warehouse they can best fit to minimise wasted shelf space and picking efforts. For example, 1,000 pairs of a specific shoe model, same size and color, are not stored all in one location together. Instead, the reception operators distribute the shoes to different areas of empty shelf space where their location is recorded in the WMS. The finite amount of shelf space optimised by storing things in this “chaotic” way gave us in 10,000 sqm warehouse a capacity of 6,000 linear meters of shelves with 78,000 storage locations which hold 1,2M items.

Once storage space efficiency was achieved by allowing the operator to store the product wherever it fits, for picking speed and accuracy at highest level, a set of rules were applied in the WMS: different sizes of the same product cannot be stored in the same location and each location is limited to 25 items.

The picking process is managed by the WMS through batches allocated to picking operators, in such manner that each of them will follow the shortest and most efficient route with evenly distributed picking effort. All in a paperless process with a simplicity that allows even an inexperienced person to perform.





# One Partner for CEE Deliveries

Delivering Happiness



Fashion Days values its customers' experience and looked for a strong partnership with a **courier** company that is able to fulfil its needs and share the same **vision** and beliefs. With more than 40 years experience and over 3M parcels delivered per day, DPD is that partner.



## Challenges

- High transit time between Bucharest DC to DPD CEE hubs
- Non-unified Reporting System
- Delays in the data flow
- Decentralised distribution system with local couriers
- No consolidation of returned parcels
- Different Service Levels between countries
- Different tracking & IT systems for each country

## Solutions

- Same operational standards in CEE
- Unified system for consolidated returns processing
- Standardised processes and optimised reporting
- Unique IT & labelling & tracking system
- One billing system
- Real time reporting
- Dedicated team 24/7
- Unified value added services to customers

## Benefits

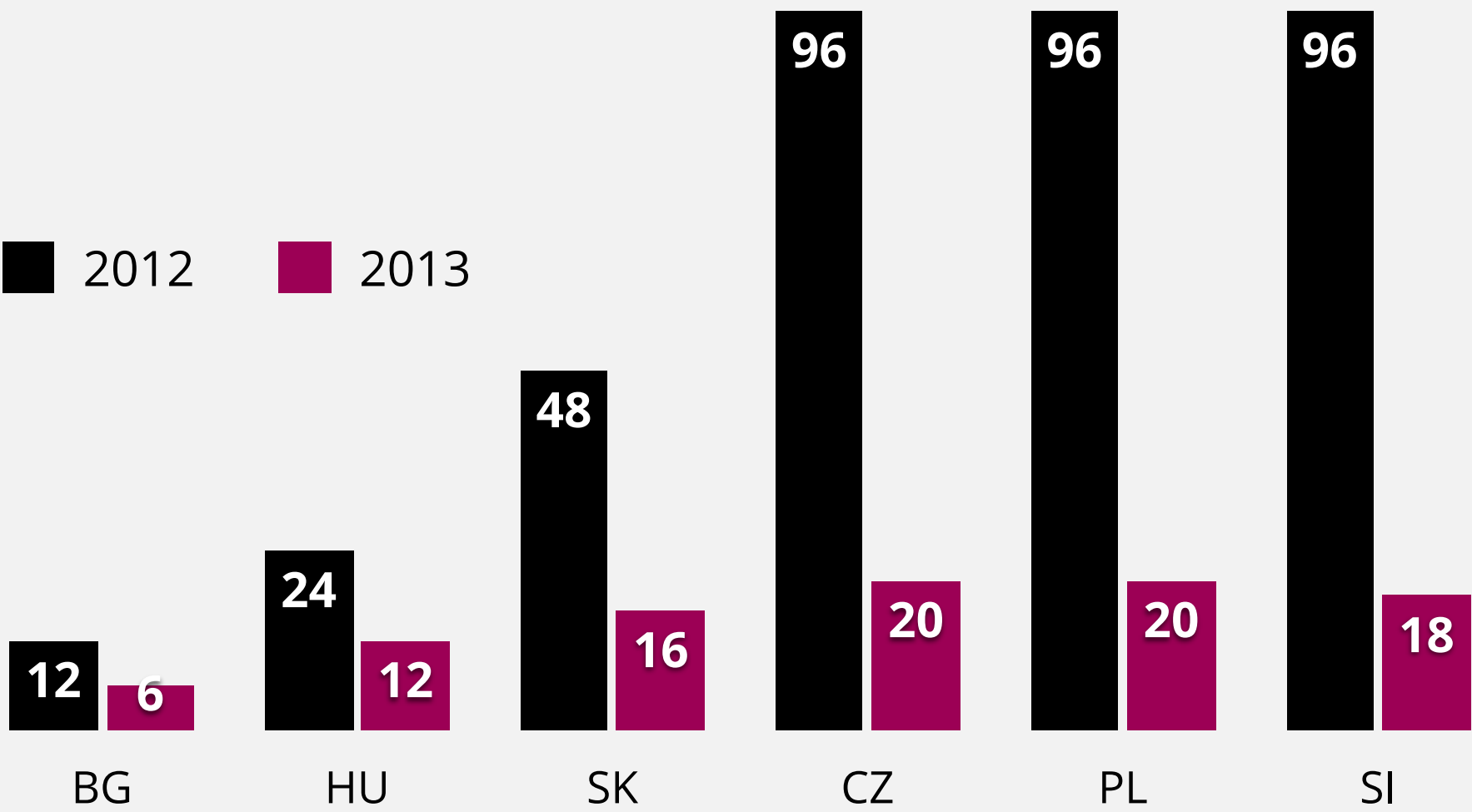
- Shorter transit times
- Accurate invoicing, statistics & reports
- Forecasting and budgeting accuracy
- Flexibility and adaptability to new business challenges
- Flexibility in planning outgoing goods
- Cash handling in multiple currencies
- Higher flexibility for customers during delivery process



# One Partner for CEE Deliveries

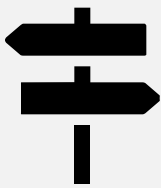
Delivering Happiness

Alongside the DPD partnership, Fashion Days defined and implemented its own Direct Injection Line-haul between Bucharest DC and all DPD CEE hubs with shorter lead time and flexibility in planning outgoing goods (shuttles for just in time delivery). Our dedicated fleet handles the delivery of customers' parcels in DPD Hubs with Swiss watch precision. Everything is managed and tracked through our WMS: loading times, weights, transit, arrivals and routes. The proper planning and scheduling ensures a faster delivery to our customers.



Transit Time (hours) Bucharest DC to local courier hubs

Not delivered parcels  
in 2013 vs 2012



- 16,5%

Number of parcels  
delivered (2012-2014)



> 40M €



in 2013 for Cash on  
Delivery parcels

+200%

1 System  
7 countries



DPD is fully integrated  
with our WMS and the  
data is transferred  
seamlessly.





# Controlling

Keeping an eye on Operations

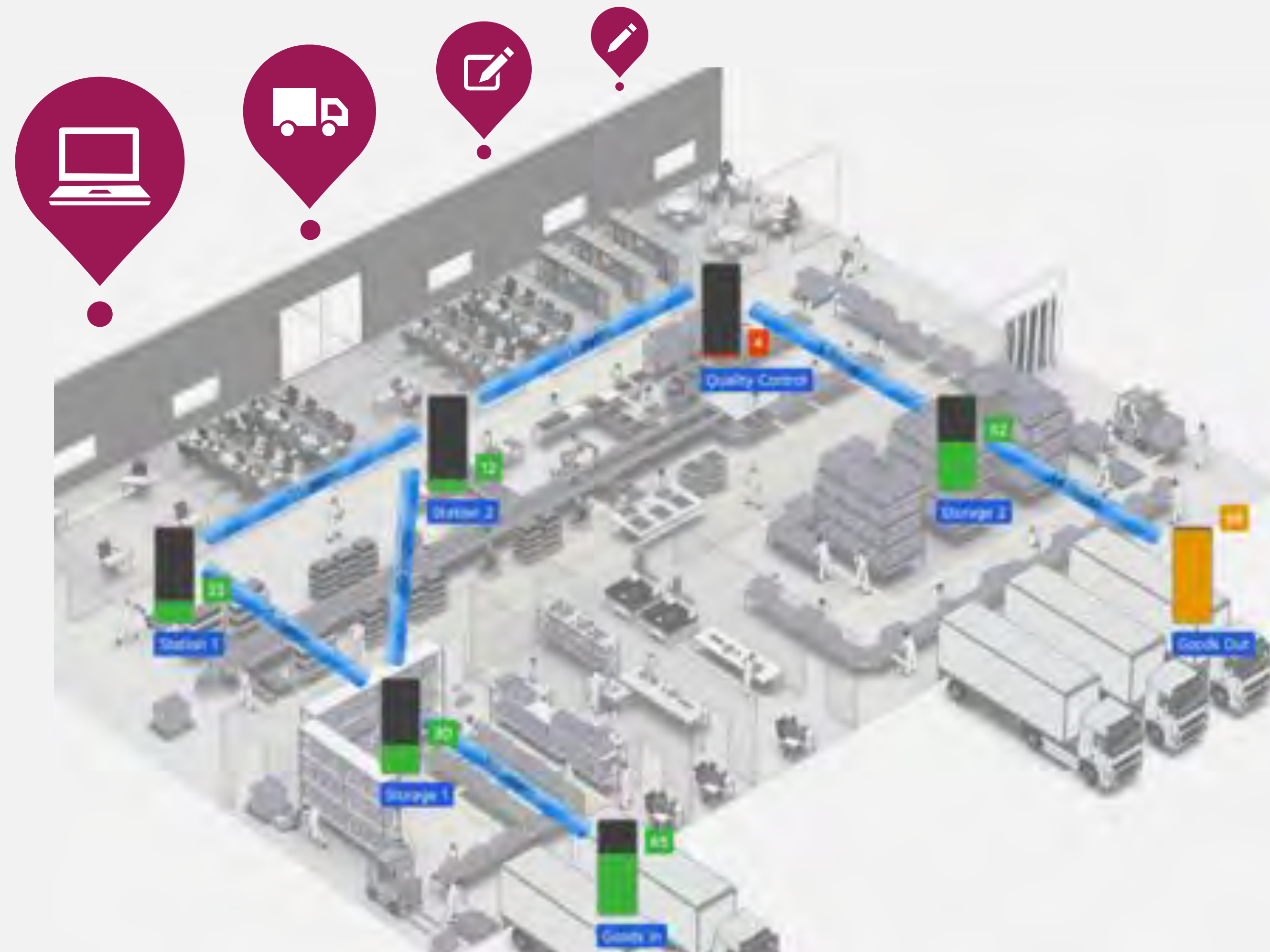
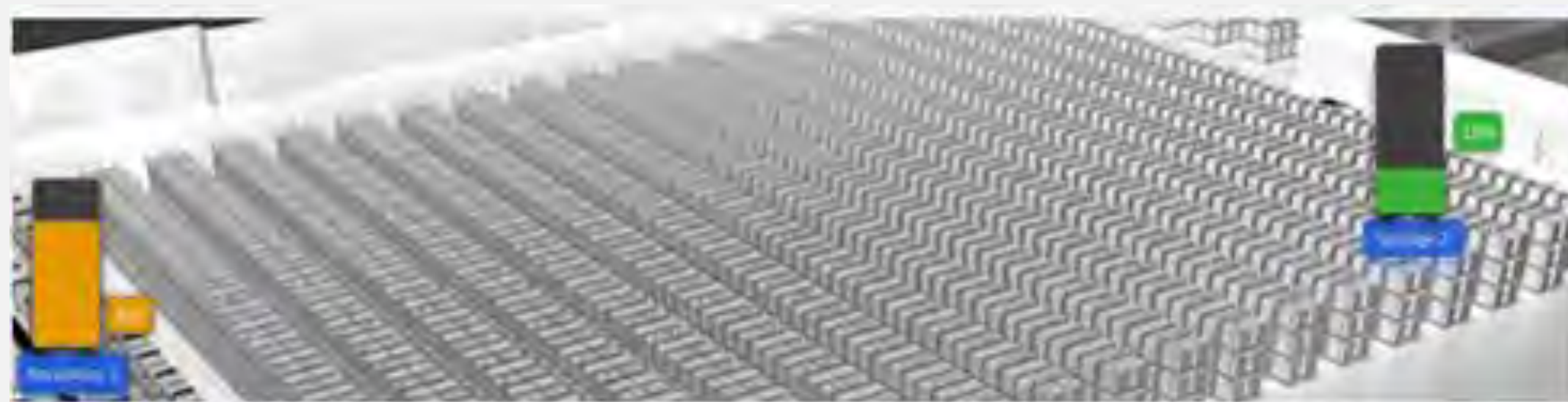
Fashion Days is monitoring all processes through several systems. The productivity of the DC is supervised in real time with Caduceus App, customers complaints and parcels statuses are tracked in Zendesk and the IT infrastructure is carefully overseen by a highly skilled technician team in a dedicated platform. All the resulted data is stored and analysed in our internally developed BI Platform.



Caduceus is a tool monitoring in real time business processes and workloads within any system or step of a process. Fashion Days Operations uses it in the warehouse to monitor the workflows there. Peaks can be visually displayed and resources allocated according to the real business demand.

Caduceus is situated between technical system logging and business intelligence systems. The tool is offering agents for many different applications and feeds the results into a server storing and indexing these events. Through Web UIs, like dashboards, reports or search fields, these results can be seen and analysed.


The system and its monitoring reports were successfully used to track in milliseconds the printing time required for each parcel (invoice and AWB).



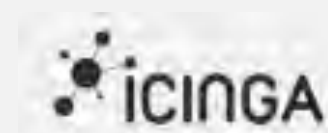


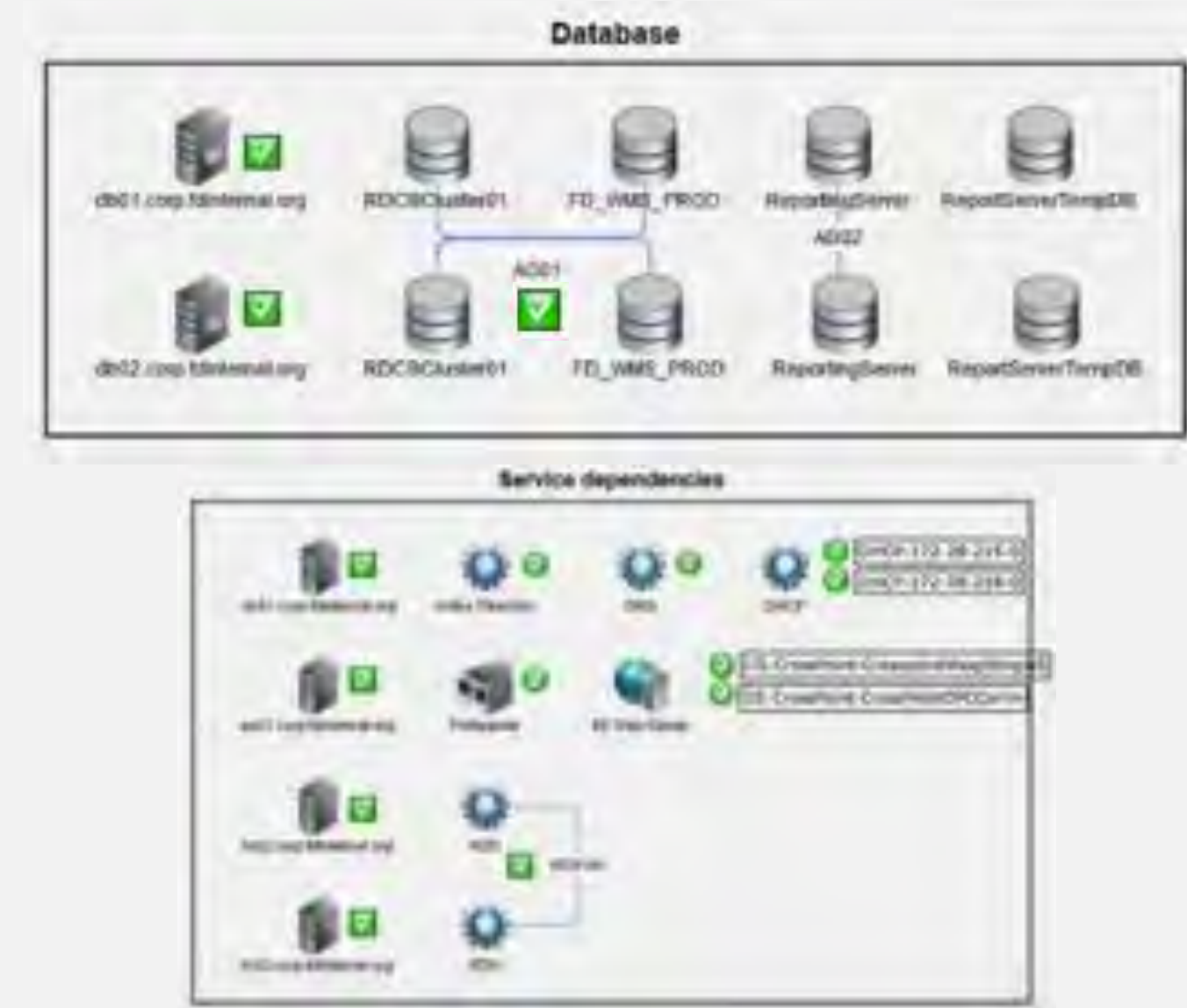
# Controlling

Keeping an eye on Operations

 Zendesk is a very powerful ticketing system used in 7 countries by our Customer Support Team 24/7. It provides valuable feedback and allows Operations Department to continuously improve the quality of services. The DPD delivery data is automatically fed into the customers' accounts and realtime information about customer orders are available with a single click.

**BI Platform** The Fashion Days Business Intelligence platform connects to all data-generating systems (WMS, ERP, Zendesk, Shop) and extracts relevant information. This is stored in a Data Warehouse (DW), aggregated and displayed in an intuitive matter from which the user has access to all the individual services of the DW/BI system, reports and other analytical functionality.

 IT is always a key component of a successful project. Our state of the art IT monitoring systems allows our specialist to assure a full redundancy in all of our 3 Data Centres (RO, PL, CH). All operational systems (WMS, conveyor, Zendesk) and each running service are monitored ensuring no downtimes for a continuous workflow.





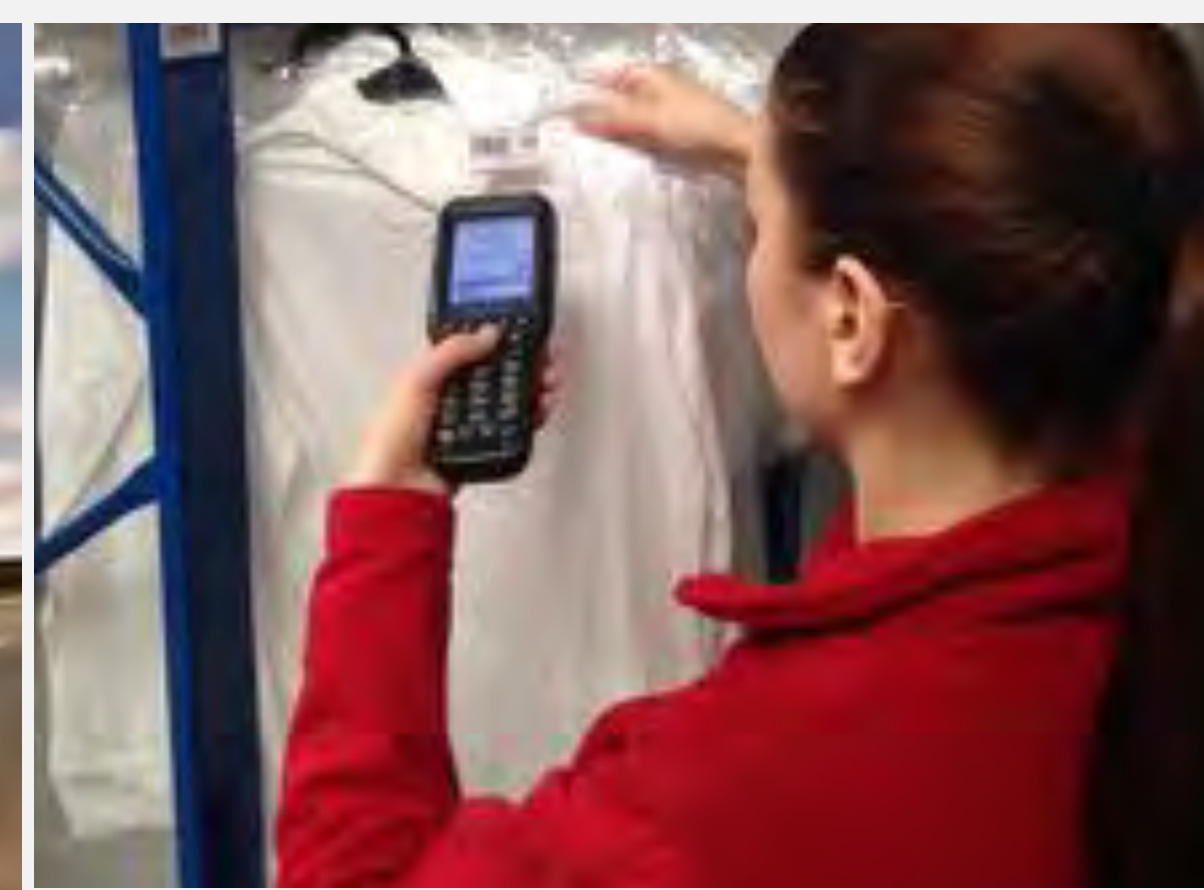
# Complete Makeover

Worth 1000 words



Then

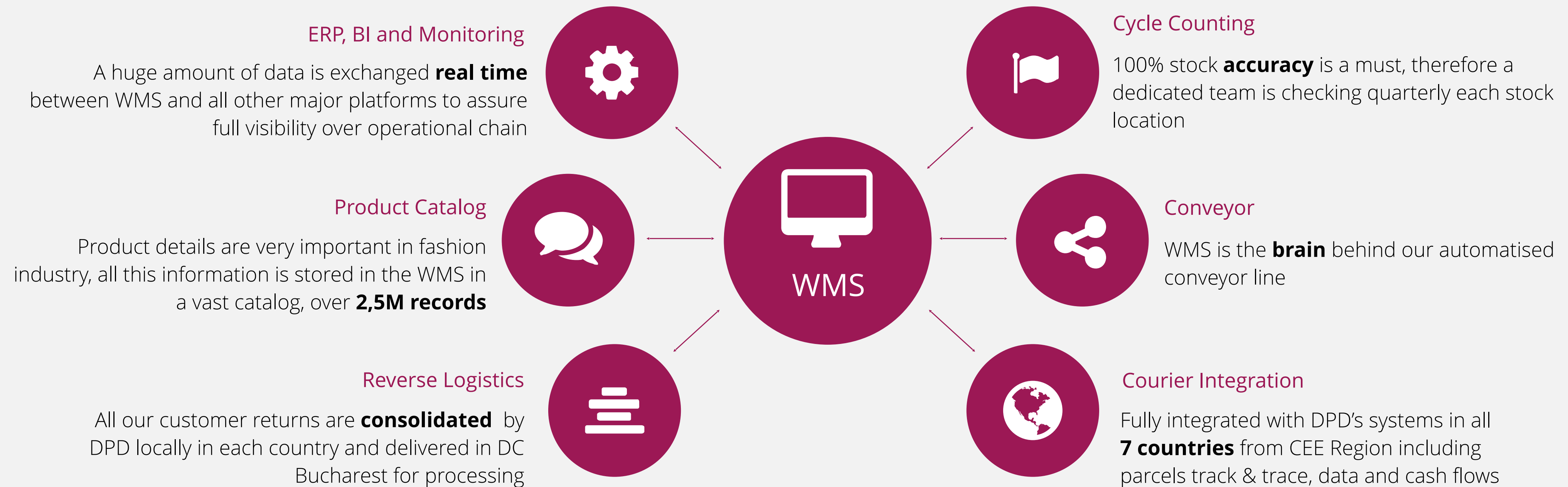
Now





# Complete Makeover

Custom WMS





# Glossary



**AWB** - Air Waybill, air consignment note is a receipt issued by an international carrier for goods and an evidence of the contract of carriage

**B2S** - Back to Sender, a parcel which did not reached the customer for delivery

**Batch** - method of pulling inventory which pulls stock to fill multiple orders simultaneously. The orders are batched together to reduce the number of trips to the same locations within the warehouse to retrieve product.

**BI Platform** - is the primary access interface for Data Warehouse (DW) and Business Intelligence (BI) applications

**Bucharest DC** - Fashion Days Distribution Centre located in Bucharest, Romania ([map](#))

**Content Production** - department within Operations responsible with photo shooting and product description

**DPD CEE Hubs** - the DPD injection warehouses located in: Bucharest (RO), Veliko Tarnovo (BG), Budapest (HU), Bratislava (SK), Mysłowice (PL), Olomouc (CZ), Ljubljana (SI).

**DW** - Data Warehouse, a system used for reporting and data analysis.

**Flash Sales** - is an e-commerce business model in which a website offers a single product for sale for a period of 24 to 36 hours. Potential customers register as members of the deal-a-day websites and receive online offers and invitations by email or social networks.

**FTE** - Full Time Employee

**NASPERS** - is a global platform operator with principal operations internet services, especially e-commerce ( i.e. classifieds, online retail, marketplaces, online comparison shopping, payments and online services) pay television (direct-to-home satellite services, digital terrestrial television services and online services) and print media. [www.naspers.com](http://www.naspers.com)

**Regular Return** - a parcel with one or more products returned by the customer for various reasons

**Sample(s)** - a product selected by Content Production used in photo shooting and displayed in the shop

**Single / Multi Line Order** - a differentiation made between customer orders based on the number products selected

**UI** - The user interface, in the industrial design field of human-machine interaction, is the space where interactions between humans and machines occur





# Project Team



**Paul Copil**

Head of Operations



**Peter Rohn**

Chief Operational Officer



**Bogdan Babiciu**

Logistic Manager



**Adrian Androne**

Business Developer



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