

## CASE STUDY

## The Grommet



The Grommet, a product launch platform and marketplace that works with more suppliers than Ford Motor Company or Walmart, relies on a hybrid fulfillment model of 3PL and drop shipping to reach customers around the world. As the company grew, its drop ship management software couldn't scale. Working with Ingram Micro Commerce & Lifecycle Services and leveraging technology-driven solutions, The Grommet's sales increased by 450%.



## Why Ingram Micro Services:

- Built a custom Dropship for Retail Solution
- Uses the Shipwire Platform to manage 3PL fulfillment and drop ship channel growth
- APIs integration seamlessly with The Grommet's existing business systems and processes

## Outgrowing Old Solutions

It was 2012 and at the time, The Grommet shipped about 40% of its marketplace orders, relying on drop shippers to fulfill the rest. "We're a product launch platform and it (order fulfillment) just wasn't what we should be doing," said Todd Mannherz, Senior Software Engineer. "The idea was we get rid of our fulfillment center. We outsource that. It's way more efficient." The company chose Ingram Micro Services as its fulfillment partner, which eased some of its work. However, within a year, the drop ship component of The Grommet's business expanded to a point where the existing software in use could not scale. A solution was needed to manage thousands of drop ship suppliers, in addition to the order fulfillment Ingram Micro Services was providing.

## Trust and Technology

The Grommet asked Ingram Micro Services to customize a scalable Dropship for Retail solution that enabled easy supplier onboarding and management. The Shipwire Platform technology is critical to the solution and appealed to the The Grommet because of its easy integration with Magento, which The Grommet uses, and because "On the technology side, we needed a portal that our makers could log into - one that gives them full visibility to all the shipments they need to send in a given day or a given week," Todd said. The Shipwire Platform enabled just that. When asked about The Grommet's confidence in Ingram Micro Services' ability to deliver a solution that worked, Jules Pieri, Founder and CEO, said, "What I saw was this sort of nimble, software-oriented company that didn't come at logistics with a conventional point of view, and I knew if I came in and slammed them with amazing growth - which I fully intended to do, and we did - that it wouldn't rattle the company."

## Challenges to Overcome

Ingram Micro Services worked with The Grommet to resolve critical pain points around drop shipping:

## 1. Order tracking and supplier management issues

With so many drop shippers, The Grommet had difficulty managing order information. This led to issues with tracking numbers, and without accurate tracking, the company couldn't monitor the performance of its suppliers. "Suppliers would be posting tracking numbers manually into our system and a customer might receive their item before they even received their tracking number. It was a real problem for us," said Jason McCarthy, Director of Grommet Wholesale.

## 2. Challenges with inconsistent customer experience

The checkout experience varied depending on whether an item was drop shipped or fulfilled by The Grommet (via Ingram Micro Services). "It needed to make sense and be a clean experience," said Jason, reflecting on the variance in shipping rates customers would previously see as a result of the mixed fulfillment model. Not only were shipping rates different, but orders arrived with inconsistent branding, which impacted the company's image. Standardization was becoming increasingly difficult as the number of suppliers grew.

## 3. Multiple shipping accounts prevented access to clean data

When shipping, suppliers often used their own accounts, which meant The Grommet couldn't aggregate order volume. This made it impossible to receive volume-related shipping discounts or to accurately calculate shipping costs and profit margins. "We didn't have any cost data, so when we would do our financial reporting, we essentially had to estimate what it cost us to ship all of our packages. That was just not a sustainable solution," said Todd.

## The Solution and Results

Ingram Micro Services helped The Grommet implement a custom Dropship for Retail Solution that seamlessly integrates suppliers with The Grommet and its customer base - all through the Shipwire Platform. It includes a drop ship vendor management portal that relies on Shipwire APIs, making The Grommet's order fulfillment operation more efficient.

## 1. An Order Management System enables more control over supplier performance

Through Shipwire APIs, shipping labels are automatically available for every order. "Suppliers log into their drop ship vendor interface, they can print out all their shipping labels and it's all saved back to us, so that gives us a lot more visibility into the entire fulfillment process," Todd explained. "By using Shipwire's API to generate labels, we know what the tracking number is immediately, we know when an order has been shipped and we're able to send that information to the customer. It makes for a much better customer experience," said Jason.

## 2. Customer experience has improved

In addition to consistently receiving accurate tracking information, The Grommet's customers now see one shipping rate at checkout. "The Shipwire API is able to rate every single shipment that's in an order, so if a customer orders from five different suppliers, that could be five shipments coming from five places, but on the front end, the customer is just seeing one order, one shipping rate, and everything is accurate," said Jason. "We're now able to generate branded packing lists, too, so if you're getting a drop shipped shipment from a supplier, you're getting the same experience as if the order was shipped directly from Ingram Micro Services, and the packing lists are branded from The Grommet, which has been a great win for us," he said.

## 3. Shipping costs were reduced, a result of aggregating order volume

The vendor management portal allows all of The Grommet's suppliers to ship from the same account. Previously, the company was missing out on shipping discounts for more than half of its orders. The new solution is a lot better, Todd said. "One, we ship a lot more against it, so we get much better rates. Second, it gives us insight into who is shipping what, so we really have the control. This was a huge problem with our old solution." Leveraging Ingram Micro Services' shipping discounts, "We're able to show a cheaper cost to the customer, which helps our conversions, so we're seeing an increase in sales. It's a win for everybody," Jason said.

## Looking Ahead

The Grommet's drop ship operation is expanding rapidly. "We're adding vendors everyday. When we first migrated to Ingram Micro Services, we had about 600 and now we're well over a thousand and it's all scaled very well with us," said Todd. He added, "We need just a hundred percent uptime from those APIs and that's been consistently delivered." The Grommet has aggressive goals and is on target to meet them. "Ultimately, by 2020 we expect to be a billion dollar business," said Jules. "We're doing that with this continued base of really interesting small suppliers who don't understand logistics, and we needed to take that problem away from them. Doing that with Ingram Micro Services has turned out to be a really smart decision."