

CASE STUDY

THOMSON CONSUMER ELECTRONICS



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– Laura Berndt, manager of transportation in the Americas Thomson Consumer Electronics

PROBLEM/CHALLENGE

The nature of Thomson Consumer Electronics’ products has changed dramatically in the last few years to large-screen, high-value, damage-sensitive units. In addition, customer demands and buying habits have changed, including increased purchasing through catalogs and by Internet. Plus, the company has seen an increase in the number of internal plans with retailers designed to keep big, bulky inventories off retail floor spaces.

As a result, the company’s conventional distribution patterns have changed as more product moves directly to the ultimate consumers.

As Laura Berndt, Thomson’s manager of transportation in the Americas, explained, the need for “white-glove” delivery came about because of customer requests as television sets became bigger and heavier and were purchased by older, affluent customers who could afford them, but not carry or transport them.

SOLUTIONS:

MD Logistics, an independent contractor with global freight forwarder SEKO Worldwide, orchestrated a value-added delivery service to meet Thomson’s specific needs and became the exclusive “door-to-door, white-glove” transportation provider for Thomson.

Berndt explained that SEKO Worldwide makes residential deliveries to consumers of electronic product orders placed on the Thomson web site or through special promotions such as incentive programs various companies provide to their employees.

Berndt described SEKO’s service as direct-to-consumer home delivery of

typically higher-end, large-screen televisions, weighing some 250 to 400 pounds. She explained that SEKO handles nearly 600 shipments of this type per month. Berndt stated that other companies provide this “curbside delivery” service normally as LTL (less-than-truckload). “But, SEKO is more meticulous than LTL.”

Jerry Ingle, account engineer and liaison between Thomson and Schneider Logistics, explained that “LTL carriers said they wouldn’t handle the plasma TVs, as they were too expensive and too easily damaged. SEKO helped devise a solution for custom delivery... As a result, SEKO is delivering more than 7,000 TVs a year, including home deliveries, vendor pick-up and movement of product, and picking up displays from designer/builder and delivering them to stores.”

Ingle has long been associated with both Thomson and MDL. He explained that “we look for the kind of people who can do anything. We found that Mark and Dave at MDL have the flexibility to meet our needs... They had developed a niche providing people who could pick up merchandise from individuals and deliver it for repairs and replacement... Then email came along, and Mark and Dave were on top of it, providing conference call capabilities to keep everybody in the transaction informed. They made it easy to email them a list of displays or products with delivery instructions. They have adapted the current technologies, and can provide tracking of the deliveries.”

Ingle stated that “MDL became the people who could do anything outside the standard LTL and air mode... MDL as SEKO became specialty shippers. They’re like in-house, centralized, dedicated customer service for all shipments and all warehouses nationwide, even though they’re out-of-house.”



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Electronics and Schneider Logistics

One program SEKO has handled for Thomson is an employee purchasing promotion. SEKO created a value-added delivery program of product from stock to consumer by orchestrating delivery of three different models of HDTVs to employees of a large cable TV company in the New York metropolitan area. All orders originated through the Thomson web fulfillment center. SEKO arranged for a driver to deliver to the recipient's home, place the product in the homeowner's specified location, and de-trash all the packaging materials – and offered a complete landed rate per TV delivered.

Another value-added nationwide distribution program SEKO is providing to Thomson is the delivery of point-of-purchase displays to major electronic product retailers. SEKO provides a POD report at completion of delivery.

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Ingle stated that "MDL became the people who could do anything outside the standard LTL and air mode... MDL became specialty shippers. They're like in-house service even though they're out-of-house."

One program MDL has handled for Thomson is a consumer-related distribution on a volume-discount plan. MDL created a "white-glove" delivery

program of product from stock to consumer by orchestrating delivery of three different models of HDTVs for employees of Time-Warner in the New York metropolitan area – through a third-party in Tennessee. Thomson designated delivery within a two-hour window between 8 a.m. and 5 p.m. MDL arranged for a driver to deliver to the recipient's home, place the product in the homeowner's specified location, and de-trash all the packaging materials.

Another program MDL is providing to Thomson includes delivering all catalog purchases for an American Express earned-points incentive plan.

Also, MDL is handling the delivery of point-of-purchase displays to Home Depot stores. MDL provides a POD report at completion of delivery. MDL will be completing 26 such distributions in 2004.

RESULTS

Berndt commented that MDL is "competitively priced with very few delivery failures... and if there is a failure, they respond and solve it quickly."

Ingle stated, "I'm proud of what MDL does. Inside, MDL acts as a carrier. Outside, MDL acts as logistics."

BENEFITS TO THOMSON CONSUMER ELECTRONICS

Added Value: Berndt explained that the value MDL provides is a total service: "Two men take a TV into a home, uncrate it, set it in place, and remove the trash... This service makes Thomson look good. When those guys deliver a TV, that's an extension of the RCA reputation."

Creative Solutions: Ingle stated that "MDL provides creative solutions that fill voids in Thomson's system... activities outside the normal course of business." MDL's imaginative resolution of Thomson's need for individualized delivery and service provides peace of mind for the client and a glow of goodwill for the client by the recipient of the delivery.