

A SWEET SOLUTION

FOR JUST-IN-TIME INVENTORY NEEDS.

DECEMBER 2009

CASE STUDY

Since 1941, M&M's® Chocolate Candies have been loved the world over by people of all ages. This iconic candy comes to life through M&M's World®, a retail store offering a unique chocolate and brand experience. In 2005, Mars Retail Group opened M&M's World Orlando. To ensure the store remained well stocked, they needed a warehousing and fulfillment partner they could depend on. Graebel was selected then – and in 2006, when M&M's World New York opened in New York City's Times Square, Graebel was once again called on as Mars' long-term warehouse and distribution partner.



Storefront of M&M's World New York in Times Square. Photo courtesy of Mars Retail Group.

THE CHALLENGE

Meet Mars' strict standards for warehousing merchandise with secure, clean, and climate-controlled warehouse facilities, and deliver just-in-time inventory on an ongoing basis. Facing limited storage capacity, especially in the New York location, Mars Retail Group requires a partner that is capable and willing to track and deliver merchandise on an "eaches" level. Based on the volume of business conducted at both stores, daily deliveries of approximately 400 different products, in varying quantities, must take place.

THE CUSTOMER

The Mars Retail Group, which is owned by Mars, Incorporated, operates M&M's World, retail locations that specialize in everything M&M's from candy to merchandise.

PROJECT SCOPE

Provide pick and pack, just-in-time inventory delivery and warehousing services for more than 2,000 separate Mars SKUs to the M&M's World New York and M&M's World Orlando stores.

PROJECT GOALS

Address Mars' storage and merchandise needs with world-class warehousing facilities, flexibility, and daily, on-time deliveries to both stores.

WHY GRAEBEL

Graebel has the flexibility to react to changes in Mars' needs, as well as a high-level of commitment and service that other third-party logistics companies are either incapable of or unwilling to offer.

(continued on reverse)

“Over the years, Graebel has shown a true willingness to roll-up their sleeves and work with us to meet our needs,” explains Eric Bomsta, director logistics and planning, Mars Retail Group. “This flexibility is the number-one characteristic I look for in a third-party logistics company.”

– Eric Bomsta, Director Logistics and Planning, Mars Retail Group

THE SOLUTION

To meet these needs, Graebel has partnered with Mars Retail Group to develop a combined knowledge in distribution center best practices. Graebel established best practices for receiving merchandise daily, pick and pack inventory processes, preparing inventory for delivery by palletizing and shrink-wrapping merchandise, and making daily deliveries. Special attention is paid throughout all processes to ensure individual items are accounted for, properly protected during transit, and delivered on time at the stores’ request.

Graebel delivers merchandise to the Orlando store five days a week and to the New York store seven days a week. Due to the higher volume and smaller storage space of the New York store, Graebel assists by picking up candy from the cold-storage warehouse every Friday, and making deliveries on Saturday and Sunday. This process enables M&M’s World New York to meet weekend customer demand, as it does not have the storage capacity to accommodate the quantity needed.

Graebel’s flexibility throughout the partnership has been a major benefit to Mars Retail Group. When, after reviewing internal processes, Mars determined nightly deliveries were too costly, Graebel adjusted the schedule accordingly.

Additionally, Graebel willingly converted from its proprietary inventory management system to Mars’ JDA system. While it was a huge undertaking, efficiencies have been realized on both sides. Mars is now able to see real-time inventory, accurately place in-bound and out-bound merchandise orders, and reduce costs. By consolidating to the JDA system, Graebel eliminated the need to duplicate entries in both systems, thereby streamlining efforts and increasing accuracy and real-time visibility.

Fill rate scores, a measurement that quantifies the ability to fill orders, provide excellent proof that Graebel is committed to customer satisfaction and continual improvement. When the partnership began, fill rate was at 73-percent. Graebel and Mars worked together to develop better processes and educate each other on expectations and requirements. A month-and-a-half later, the fill rate increased to 96-percent. After Mars Retail Group requested an escalation in fill rates in October 2009, Graebel’s fill rate percentage reached 98-percent.

THE RESULTS

Graebel’s commitment and flexibility to Mars has resulted in a long-term, mutually beneficial relationship. In the spring of 2009, Graebel and Mars entered into a new three-year contract for both stores. And Graebel is investing in bringing

cold storage facilities to its service center in Randolph, New Jersey. This capital investment will allow the center to distribute and warehouse both candy and merchandise for the New York store, enabling Mars Retail Group to consolidate its third-party logistics to one vendor.

“I love our relationship,” states Bomsta. “Graebel has proven to be a cost-effective partner, but their flexibility is the one characteristic that truly stands out. They’re willing to learn new processes, work with us, and make operational adjustments as needed. While our partnership continues to be a work-in-progress, Graebel has definitely become a trusted, long-term, mutually beneficial partner.”



M&M’s Chocolate Candies of every color are available through the Colorworks Wall at M&M’s World Orlando. Photo courtesy of Mars Retail Group.