

# Super-Pharm Shifts **90% of Home-Delivery** to Micro-Fulfillment With Fabric

Through Fabric's micro-fulfillment services, **Super-Pharm scaled next-day e-commerce order volume** while gaining more inventory visibility and predictive planning capabilities.

## Super-Pharm looked for a solution

that would enable it to quickly and efficiently scale its e-commerce business and partnered with Fabric to help achieve these goals. Fabric's micro-fulfillment solution has enabled Super-Pharm to fulfill a much larger number of orders per day.

Fabric's solution has resulted in a reduction in fulfillment time, and an overall increase in the efficiency of the fulfillment processes.



Super-Pharm is the **largest drugstore chain in Israel** with 260 stores nationwide and 70 stores across Poland. Super-Pharm's focus is on health & beauty products and is the leading place for consumers for all categories related to pharmacy, cosmetics, and personal care.

Super-Pharm has **annual sales of \$1.2 billion** and is constantly looking for new ways to create value to their customers, offline or online, via new tools, brands, and products.

## Challenges & objectives

As a digital innovator, Super-Pharm recognized **the importance of e-commerce** several years ago and was committed to getting ahead of the curve. Super-Pharm saw early on that e-commerce was going to increasingly become a desired shopping experience and that customer expectations around delivery speed and experience would become increasingly challenging to meet.

Super-Pharm quickly realized that the manual solutions available were not cost-effective or scalable, and would not enable them to offer the speedy experience their customers expected. Super-Pharm decided to look for efficient solutions that would lay the groundwork for quick expansion and scale, yet was a long-term and sustainable solution. **They looked for ways to:**

- 01 Super-Pharm has **scaled next-day delivery**
- 02 Seen up to a **250% increase in the number of orders** being fulfilled in response to Super-Pharm's dramatic and unplanned increase in demand due to the Coronavirus pandemic
- 03 **Shifting 90% of home delivery** to micro-fulfillment (fulfilled by Fabric)
- 04 Maintained very high stock accuracy during the height of COVID sales peaks
- 05 Achieved ability to adjust to peak demand and low demand with **minimum labor cost**

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## Key Highlights

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## Challenges & Objectives

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- 01 **Reduce fulfillment costs:**  
Manual picking was proving very costly, and Super-Pharm identified early on that it was not a scalable solution in terms of costs and labor availability, and that in-store picking would quickly disrupt the in-store experience due to Super-Pharm's high volume of click & collect orders.
- 02 **Increase speed of fulfillment and delivery:**  
Super-Pharm could see that manual fulfillment would not be fast or flexible enough to scale their next-day offering. Having labor on standby for anticipated peaks was proving costly and inefficient, and understaffing during unplanned peaks was a risk to the consumer experience and their ability to meet demand. Additionally, Super-Pharm understood that as their e-commerce volume grows, labor challenges would only become more costly and complex.
- 03 **Ensure the ability to scale as the demand for online services increases:**  
Super-Pharm has a very large peak to average order volume range, and needs to adapt their inventory level and SKU range constantly, and therefore requires a dynamic and flexible fulfillment solution. Additionally, because they were at the beginning of their ecommerce journey, they wanted a flexible solution that could scale quickly with them, but didn't require them to overcommit to capacity.
- 04 **Ensure a high-quality experience for Super-Pharm's customers:**  
Manual solutions do not update the website with a real-time stock snapshot which meant customers would be notified post-purchase of stockouts. Additionally, picking errors were a concern.





## The Solution

Super-Pharm partnered with Fabric to use its micro-fulfillment services and launched operations in Fabric's micro-fulfillment center in Tel Aviv in October 2018. The site is 6,000 square feet, was built to support hundreds of orders per day, but now serves over 1,000 orders a day, and supports up to 10,000 SKUs.

The micro-fulfillment center is located in the Tel Aviv metro area, positioned in a densely populated urban area in close distance to Super-Pharm customers in order to enable short delivery distances. The micro-fulfillment center is operated by Fabric.

The micro-fulfillment center fulfills orders for Super-Pharm both on a direct-to-consumer and a hub-and-spoke model. For direct-to-consumer home deliveries, Fabric fulfills on-demand, same-day, and next-day deliveries. For orders being dispatched to Super-Pharm's stores for pickup, orders are fulfilled same-day.

## The Results

Through its use of Fabric's micro-fulfillment services, Super-Pharm has seen a direct impact on its business results and dramatic improvements to its customer proposition. Some of the benefits Super-Pharm has seen are:

### 01 The ability to scale next-day delivery

With Fabric's robotic goods-to-person systems and intelligent software, Super-Pharm has been able to increase fulfillment efficiencies and scale the volume of next-day deliveries. Due to Fabric's flexible solution design, it is able to meet Super-Pharm's demand curves efficiently and has therefore dramatically reduced Super-Pharm's reliance on labor hired to wait on standby in preparation for potential demand peaks. Over time Super-Pharm has shifted more volume to Fabric, and Fabric will fulfill 90% of Super-Pharm's home delivery orders.

### 02 Ensure a high-quality experience for their customers

Fabric's automated picking solution ensures a 99% pick accuracy for orders and 99.9% real-time stocktake accuracy for Super-Pharm. Due to automation, Fabric's stock accuracy levels remain at scale, and Super-Pharm was able to maintain very high stock accuracy during the height of their COVID sales peaks.

03

### Up to a 250% increase in the number of orders being fulfilled in response to Super-Pharm's dramatic and unplanned increase in demand due to the Coronavirus pandemic

Fabric's uniquely modular solution design enabled the company to quickly add an extra picking station in order to increase the site's throughput without the need for construction or site closure time. Fabric's ability to more than double its fulfillment capacity with little notice allowed Super-Pharm to continue serving their customers at scale during the height of the pandemic, despite the unplanned spike in demand.

04

### Inventory visibility, stock optimization, and predictive planning

Through data collection and analysis, significant insights were generated that made it possible for Super-Pharm to optimize inventory management and adjust demand. Through Fabric's reporting, Super-Pharm gains insights and suggestions for inventory management such as what stock isn't moving, what is moving and is close to out of stock, and more. Super-Pharm has achieved lower stockouts due to the ability to gain insights on which stock in the site is low and therefore prioritize decants in order to ensure all inventory is in stock.

## Moving Forward Together

With a strong focus on providing the best possible customer experience, the expansion of the partnership will enable the health & beauty retailer to ensure very high order accuracy, provide a real-time stock snapshot for customers, and increase the speed of deliveries - all while ensuring profitable unit economics as the business continues to scale its online presence.

Following the success of the partnership over the past two years and in order to support soaring demand for Super-Pharm's e-commerce offering and same-day delivery, Fabric will more than triple the number of orders it fulfills for Super-Pharm through its micro-fulfillment services. In order to support this increase in volume, Fabric will build and operate a second micro-fulfillment center that will fulfill thousands of orders a day to provide Super-Pharm with on-demand, same-day, and next-day delivery nationwide.

SUPER-PHARM

