

Direct Sellers' Guide to Choosing a Customer Service Provider

HOW TO OPEN A SUCCESSFUL LOCAL PICK-UP CENTER

GUIDE 2017



About This Guide

Why did we write this guide? To help direct- and e-sellers make smart decision about when, why and how to introduce a physical location into their channel mix.

This short manual offers a framework to assess your current operations, understand your options for building a local pick-up center, and prepare your company for a successful launch.

Maybe you've been thinking about opening a local pick-up center for a while, or maybe you're just starting to consider the possibilities. Either way, this guide can clarify key issues you need to keep in mind.

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Introduction

In the future, all retail sales will happen in “connected stores,” a seamless customer environment across online and brick-and-mortar locations. Consumers already expect free shipping, immediate delivery and free returns. And they elect to spend their money in stores that offer personalized service and a cohesive, consistent, branded experience.

For e-commerce and direct sellers, local pick-up centers will become the norm, not the exception – especially in major metropolitan markets. Some direct retailers are already winning by partnering with experienced logistics companies to build, staff and operate sales centers that meet and exceed the expectations of their hard-working, multi-cultural, entrepreneurial distributor base.

Why should you seriously consider adding local pick-up centers to your distribution model?

- Retail is evolving at lightning speed; e-commerce is becoming local commerce.
- Customers want easy access to products, fast delivery and convenient returns; they don’t care where or how that happens – in stores or online.
- Brands need to be everywhere their customers are.
- Neighborhood locations simplify transactions for customers and give direct sellers a human face.
- Local distribution gets your hottest products to your customers and distributors faster.
- A physical service center helps solve delinquent credit problems (via cash transactions), mitigates last-mile delivery problems, and brings “undeliverable” customers back into the fold.

Interested? Read on for more helpful information to get you started on your own local retail journey.

Set Your Goals

How do you know if your business needs a local pick-up center? Start by asking yourself these five questions:

1. Have you outgrown your existing sales channels?

If your current sales model isn't meeting the needs of a significant number of customers, maybe it's time for a new model.

2. Does the potential to grow your business in "undeliverable" markets seem out of reach?

If you're avoiding certain cities or neighborhoods because they're too hard to service, you're leaving money on the table.

3. Are many of your customers concentrated in hard-to-serve urban locations?

If you already have good customers in urban markets but it's getting too costly to deliver their orders, you should be thinking about local distribution options.

4. Does it take too long to get hot products into customers' hands?

Most direct-to-consumer sellers know that 20% of their products represent 80% of their sales. If your customers can't get the products they want, then *their* customers can't get them either.

5. Is your competition more visible than you are in your most important markets?

You have to be noticed before you can be a leader. Solidify customer relationships by providing pick-up and return options in an exciting physical environment where they live and work.

A brick-and-mortar location in a high-volume area serves as a local distribution point, a fully branded sales and training center, and a place where your customers come to you to pick up high-turnover items.

Do the Math

Key Performance Indicators	
Chargebacks	Weekly/monthly thresholds for % of sales charged back due to fraud or reversed transactions
Customer density	% of customers living in or near a particular zip code; # of customers required to cover fixed costs of a brick-and-mortar location
Fulfillment & transit times	% of packages delivered on time; average turn-around time for deliveries or returns
Customer retention	% of customers retained month to month
New customer growth	# of new customers acquired; new customers as a % of existing customer base
Customer feedback	Customer satisfaction survey scores & verbatim comments
Employee feedback	Employee satisfaction survey scores & verbatim feedback

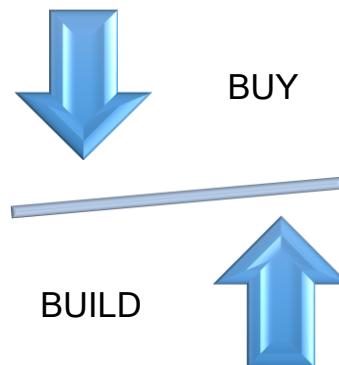
You should be clear about what's working (and what's not) in your current business model *before* you open your first customer service location.

- **Look at your chargebacks.** There's a cost to sellers with credit card transactions. When packages are stolen or someone uses a fraudulent account, the claim comes back to you. A brick-and-mortar location mitigates last-mile delivery loss and lets you set your payment terms, including cash for in-store pick-ups.
- **Map your customer base.** Do you know where the majority of your most profitable customers are located? If many of them live and work in densely populated cities, a centrally located pick-up center may be beneficial for you – and for them.
- **Analyze fulfillment and transit times.** Your customers don't want to wait for inventory. Can you improve your average turn-around times, especially for fast-moving products? And what about your return process? If you're letting another company process returns, you're letting unused products sit in your supply chain. And if they're sitting, they can't be sold.
- **Take cues from customer and employee feedback.** If your customers are telling you it takes too long to get the products they want, then it probably is. If your customer service representatives are getting lots of complaints or seeing a high volume of cancelled orders, you might need a local distribution point to supplement your national warehouse and shipping operations.

Consider Your Options

Should you build your own local pick-up centers? Or should you buy the services of an experienced logistics partner? Your best outcome depends on:

- ✓ Resources
- ✓ Skills
- ✓ Time
- ✓ Money



Ask yourself:

- Do you already have the resources and skills needed to build, operate and manage a physical location?
- Will a major new project with lots of moving parts distract you from day-to-day operations?
- How much extra bandwidth does your team have to tackle a new real estate venture, and do you even know where to start?

If you're already at full capacity managing the business you have, consider the benefits of "buying" the expertise of a full-service supply chain firm. The right partner can save you time and money as you expand your business to physical locations, without a traditional investment in real estate and location development. An experienced team of logistics professionals can take your facility from idea to fully operational in less than six months.

Choose a Partner

Choosing the *right* partner can make or break your local pick-up center strategy. You want them to be there from start to finish, concept to execution, site selection to grand opening. The right partner will stay with you after the doors open to supervise staffing, manage local operations, and help you promote new locations. Here's what to look for:

Experience: You may be an innovator, but this isn't an area where you need to break new ground. Look for a partner who already knows the ropes. Ask about the partner's track record building and managing local-pick up centers for businesses like yours.

Custom, tailored solutions: You might need a fully branded, members-only, fee-based destination. Then again, a multi-vendor quick package pickup station might suffice. Your partner should help you arrive at the most appropriate, affordable solution for your business.

Flexibility & speed to market: Your customer service partner should accelerate the research and planning stages of your real estate investment to get you into the right markets faster than you could on your own. Inquire about their process, tools and systems; dig into how much time they spend with your managers to expedite a successful team effort.

One-stop shop (contracting to employment): A superior logistics partner will have all the knowledge and resources needed to build, operate and manage any local sales center, in any city, in any configuration. Need bi-lingual customer service teams? 24/7 lockers for after-hours pickups? Local customer events and promotions? It shouldn't be a problem for a full-service, turn-key logistics expert.



Prepare Your Team

Launching a new channel is a total company event. Even with an experienced logistics partner, almost every department will have a role to play. Use this checklist to establish a successful working team early in the planning process.

Department	Responsibilities
<input type="checkbox"/> Real Estate	<ul style="list-style-type: none">▪ Site selection▪ Construction & project management
<input type="checkbox"/> Distribution	<ul style="list-style-type: none">▪ Inventory management▪ Shipping
<input type="checkbox"/> HR	<ul style="list-style-type: none">▪ Staffing & training▪ Payroll & benefits
<input type="checkbox"/> Marketing & Sales	<ul style="list-style-type: none">▪ Brand guidelines▪ Sales support & collateral▪ Field marketing & promotions
<input type="checkbox"/> Legal	<ul style="list-style-type: none">▪ Contracts & leasing
<input type="checkbox"/> Customer Service	<ul style="list-style-type: none">▪ Retail operations & procedures
<input type="checkbox"/> Finance	<ul style="list-style-type: none">▪ Invoicing▪ Billing & collections
<input type="checkbox"/> IT	<ul style="list-style-type: none">▪ Install/extend legacy systems▪ APIs & plug-ins▪ POS integrations

Expect Great Results

Congratulations – your new pick-up center is humming! Sales are growing; inventory turnover is faster; chargebacks and returns are lower; and customers are happier.

But that didn't just happen.... Before you started, your customer service partner researched the market, identified 3 - 5 potential sites, and prepared preliminary layouts, cost comparisons and a proposed fee schedule.

Upon your approval they negotiated the lease, built out the location, installed the signage, hired the employees, and made sure all the systems were up and running.

Today they're managing your POS system, keeping shelves stocked, monitoring distribution, running local ad campaigns, and hosting customer events.

They're keeping overhead and labor costs contained and supervising your bilingual customer service teams to keep distributors coming back.

They're more than a vendor; they're a valuable extension of your business. And they're there – every day – to solve costly delivery problems and help you capture all the opportunity in every market you serve.

If your customer service provider *didn't* do all of that, they're not the partner you need!

About Cura Resource Group

Cura Resource Group is a full-service supply chain firm with expertise in building and managing local sales centers. Our firm facilitates expansion into physical locations without the traditional investment in real estate and location development. By providing a local pick-up option for customers, we enable our clients to address costly delivery problems and capitalize on missed opportunities in major urban markets.



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