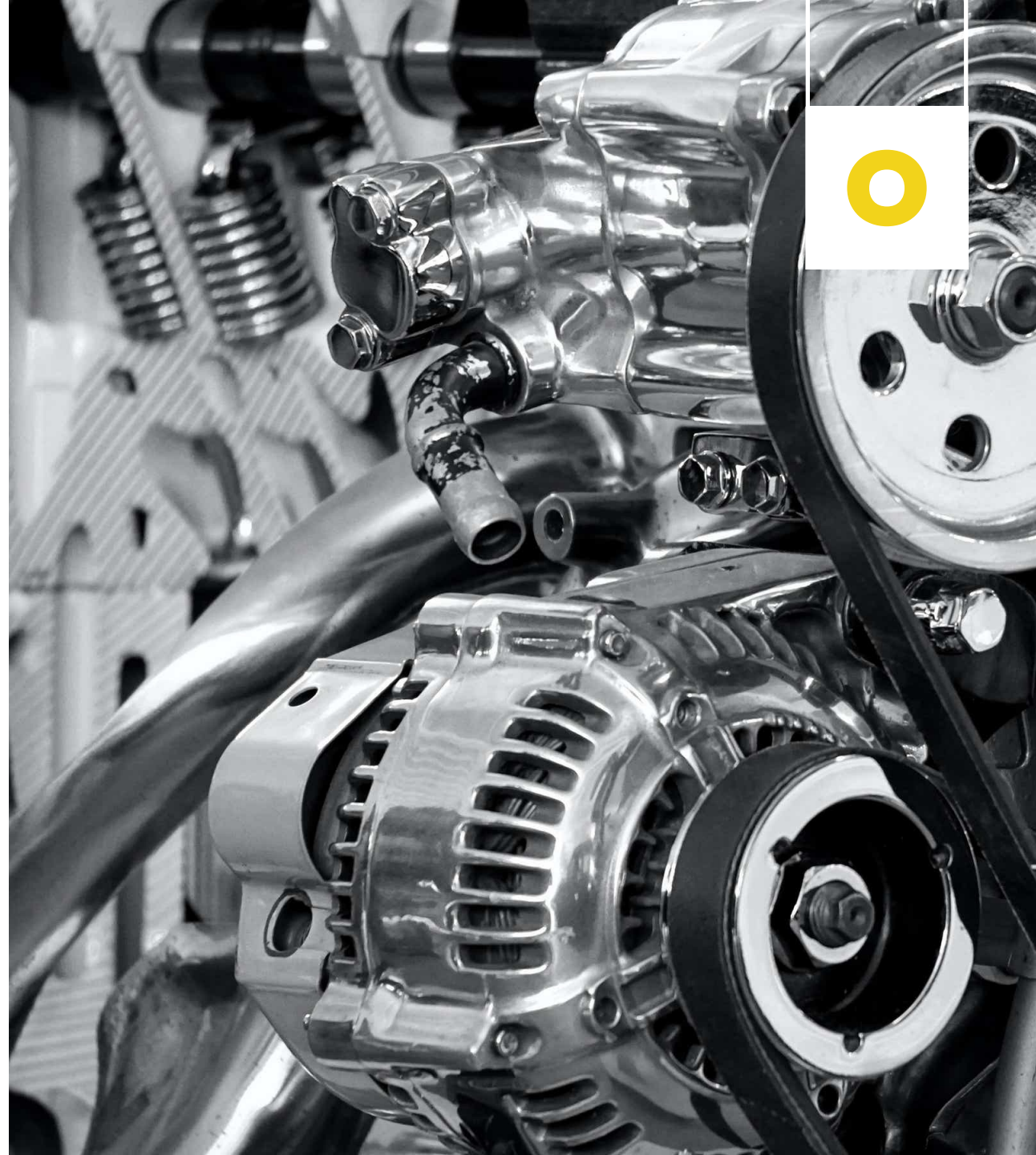Case Study

Accelerating digital connection across the first mile of the global supply chain.

Leading Global Autoparts Retailer

mercado

It's safe to say operations work best when they are aligned. But with 80% of the supply chain disconnected, there was no way for this global importer to accurately plan, buy, and move products from origin to destination.

Read on to discover more.

01

Understanding the limitations of the supply-side network.

The global microchip shortage has received a lot of attention and has even halted or delayed the production of vehicles and access to parts across the automotive industry.

Unfortunately, it has also obscured the fact that the critical base of auto suppliers is struggling with a whole range of other issues including material availability, extended lead times, sudden cost increases and an unprecedented shortage of labor. Vendors' supply of basic raw materials like steel, aluminum, rubber and thermoplastic resin has become unreliable and the prices are incredibly volatile, leading to material shortages that inevitably mean longer lead times – something the automotive industry's just-in-time supply chain is not well prepared to deal with.

And this is where the real problem lies for most importers in the industry. Supply issues are having visible consequences for already flawed supply chains not set up to weather such fluctuations in supply and demand, nor backed-up by contingency plans for when things don't go to plan.

At the heart of it all? A disconnected ordering process that has a knock-on effect for the 80% of supply chain operations that occur before an order is even placed onto shipping vessel.

From trade wars to global pandemics: the challenges fueling the industry.

The Challenge

Address fundamental first mile issues to drive greater supply chain resiliency, predictability, and visibility.

With a break-down in relationships between all parties across the first mile (the initial 120 days of the supply chain process), a leading global autoparts manufacturer wanted to address fundamental issues in how it placed and managed orders with vendors in order to get greater visibility, transparency, and resiliency into its end-to-end supply chain operations.

Key Importing Challenges

Supply-side Issues

From panic purchases of screwdriver sets, to backlogged vendors, supply-side issues were affecting the entire downstream operations.

And with existing commitments to fulfill for domestic retailers, there was virtually no ability to pivot or reforecast to mitigate delays.

No True Order Visibility

Irrespective of global fluctuations in supply and demand, a lack of visibility across the entire sourcing, buying, and production phases meant changes to an order couldn't be tracked or managed in real-time.

So, it really came as no surprise when incorrect orders popped up 5 months later in the DC.

Disconnection Across Network

With business units each focusing on their own area, cross-department collaboration was at an all-time low.

Order data was rarely communicated accurately, resulting in incorrect customs filings, non-validated commercial invoicing, and products loaded incorrectly onto containers.

Mercado provided the perfect partnership to address the core issues challenging the global importer, inspiring change through collective thinking and innovation to address issues facing the business in the short-run, but also helping them build future-proof operations.

Read on to discover more.

02

Implementing a first-to-final mile solution to improve operations.

The Mercado import order management system

The Proposed Solution

Designed by importers for importers, the Mercado import order management system connects and automates the global supply chain.

With 80% of the global supply chain "offline," Mercado makes it easier for importers to buy and ship the products they sell. With enhanced supplier collaboration, real-time production management, and production controls, Mercado's in-built features enable enterprises to re-prioritize supply chain convergence and harness the benefits of a unified business, including increased resilience, improved risk management, and accelerated innovation.

Creating real-time network connectivity

For the autoparts manufacturer, Mercado changes the game for managing international imports and creating a connected first-to-final mile solution.

Providing a neutral solution with maintained data ownership, the Mercado platform creates real-time network connectivity across internal business units and 3rd parties – including vendors and those offering point-solutions such as inspection companies – with flexibility to 'plug-and-play' with the right players by leveraging the Mercado marketplace ecosystem.

Addressing business-wide challenges

Forecasting

With demands for accurate forecasts coming from carriers, stores, and customers alike, Mercado provides accurate visibility into orders placed, manufactured, and shipped, allowing real-time and accurate planning across business units.

Change Management

Historically, changes to an order were poorly communicated between departments – leading to discrepancies across finance, brokerage, and other fundamental business units. Mercado creates a digital PO that can be amended and automatically validated.

Production Status

When shipments were running behind schedule, it was virtually impossible to understand why. Mercado not only sheds light on product status, but provides automated alerts when milestones aren't hit, allowing mitigation planning to occur earlier in the process.

Receiving & Planning

It wasn't unheard of for DCs to be hit by 15 containers at once – causing mass confusion and slow distribution of goods to retail outlets. Mercado provides real-time shipment tracking alongside automated packing lists created directly from the order. So, you know what you order, is what you get.

Customs Clearance

Errors generated by manually keying in order details incorrectly were rife across business units – from customs clearance to commercial invoicing. Mercado automatically creates e-documentation from the order itself and shares them with the relevant parties in one place.

Advanced Analytics

Planning, sourcing, buying, manufacturing, and shipping products is a constant cycle, and this customer had no way to dive into the detail at each stage. Mercado's Analytics function gave top-down and bottom-up information for every level of the organization. Enabling deep-level reporting across all business operations.

Addressing business-wide challenges

Common Language

Whereas logistics refer to shipments as containers, sourcing and procurement talk about product SKUs. Needless to say, discrepancies like this can cause headaches and confusion across an organization. Mercado brings everyone onto one platform, speaking one 'language.'

Demand Planning

DCs rarely see what's coming until it arrives in the warehouse, or at best, they are alerted when products are loaded onto a ship. Mercado provides real-time visibility into what's coming, when. Making capacity and demand planning easy for on-shore teams.

Event Planning

Seasonal and cyclical events can help make forecasting demand easier. However, if something goes wrong during the first mile, it can have catastrophic consequences further down-stream. Mercado's alerts and notifications mean any issues during the planning, buying, or moving of goods are flagged early in the process.

Accurate Lead Times

Lead times are typically calculated starting at the point a container is loaded onto a ship, plane, or train. With Mercado, time-to-market includes the production process – helping this autoparts retailer forecast and plan when products will arrive with greater accuracy.

Utilization & Optimization

Container space is expensive, and all international importers want to know they are fine-tuning their equipment for optimal efficiency. Mercado provides product-level data at the order level, equipping logistics teams to better maximize the equipment they use and ensure the right containers are in the right location for shipments to occur.

Network Compliance

Compliance across the supply chain is becoming increasingly important for importers – covering regulatory, social, and supply chain standards. Mercado Plan helps to vet new and existing vendors against pre-set criteria, ensuring they are (and remain) compliant with the necessary regulations.

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"Only Mercado could offer us the neutrality, privacy, and in-built supply network to address our first mile challenges.

—— *Director of Logistics*

Outcomes That Matter

In-built Resiliency

Gain end-to-end visibility and analytics across your entire value chain – from the moment an order is placed until it arrives in the DC.

Targeted ESG

Achieve Environmental, Social and Governance (ESG) goals across the organization and third parties through full transparency and supplier validation.

Final Mile Connection

Align the first and final mile with real-time updates to demand network tools, including ERP, WMS, TMS, and DPS – creating a fully connected, digitized supply chain.

Mercado offers savings from the outset, immediately implementing greater resiliency into the entire value chain alongside other great outcomes including ESG, final mile alignment, workforce satisfaction, increased sales, and reduced expenses.

Read on to discover more.

03
Realizing the value of a digital and connected supply chain.

Generating **savings of $5.4m** by analyzing and improving supplier performance.

Heavily reliant on a handful of suppliers, this retailer was unaware that one vendor was delaying production due to their raw materials provider only ordering goods once a PO was confirmed.

The result was an additional 2-3 week lead time costing the business $1.8m per day in inventory costs.

Through the power of Mercado Analytics – the world's leading first to final mile intelligence engine – the import team were able to identify the outlying supplier and introduce them to alternative raw material suppliers.

Cutting the total inventory time by 3 days and saving $5.4m in hidden costs.

Mercado helps international importers to digitally connect their supply chain network.

The platform connects and automates the 80% of the global supply chain that is currently offline, creating remarkable outcomes including ESG, resilience, and seamless alignment to the final mile.

Find out more at
mercadolabs.com

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Bring order to your imports.

Discover more at
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