

Fostering Increased Customer Satisfaction and Loyalty Through Voice: The London Drugs Story

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Objectives and Key Takeaways

- Understand how voice can be used for multiple distribution workflows beyond picking
- Understand the value of voice in building and sustaining customer satisfaction and loyalty at London Drugs



Why Voice Technology?



Reasons You Might Consider Voice



GROWING BUSINESS

- Increase throughput
- More output from existing operations
- Improve processes



GOVERNMENT REGULATION & TRACEABILITY

- Compliance with requirements
- Tracking
- Supports Produce Traceability Initiative (PTI) and other standards



MARGIN PRESSURE

- Competitive market forces
- Increased costs



SCALABILITY

- Online business
- Line item order fulfillment
- Changing and expanding product mix



MORE VALUE FROM IT INVESTMENT

- Greater outputs without risk
- Extend value



ACCURACY

- Providing "perfect orders"
- Shipment accuracy and timeliness of delivery



TRAINING TIME

- Seasonality
- Streamline on-boarding process
- Reduce training time



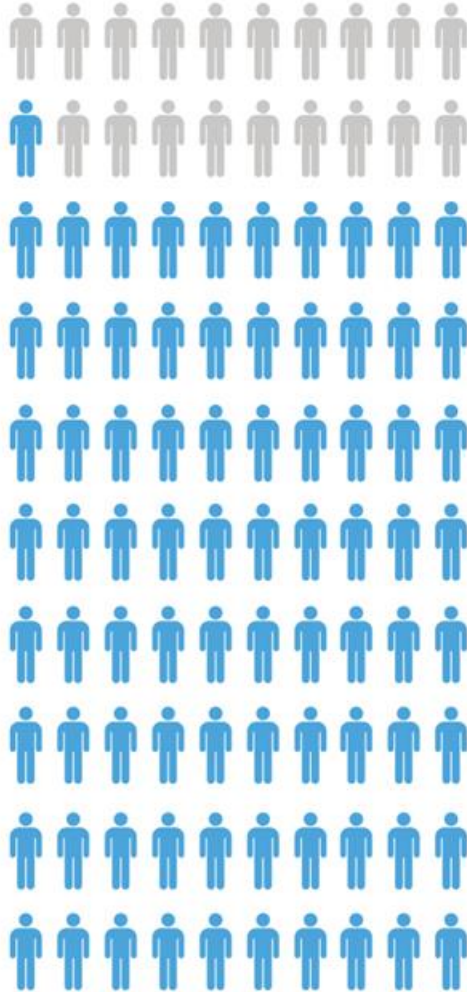
CUSTOMER SERVICE

- Providing "perfect orders"
- Shipment accuracy and timeliness of delivery

Warehouses Using Voice Are More Satisfied With Their Operations

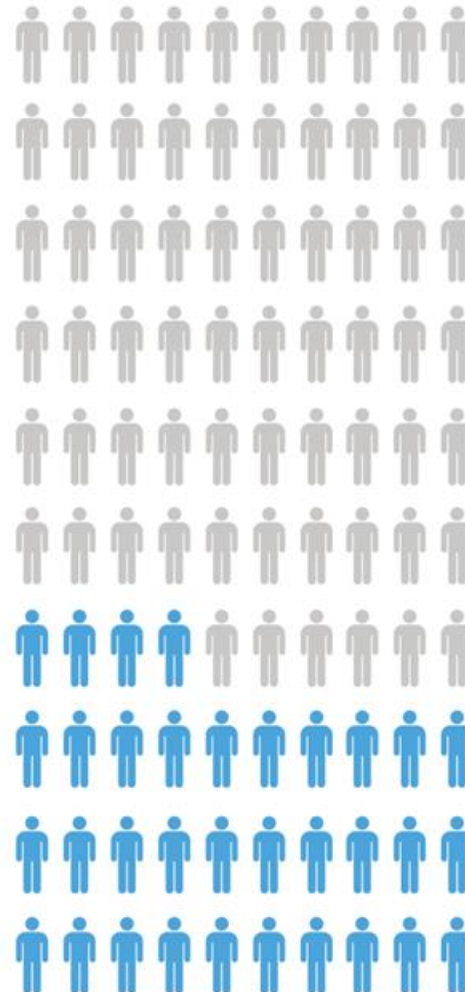
81%

of Warehouses
Using Voice
Are Satisfied



34%

of Warehouses
Not Using Voice
Are Satisfied



Source: Supply Chain Insights LLC, Power of Voice

Value Proposition of Voice

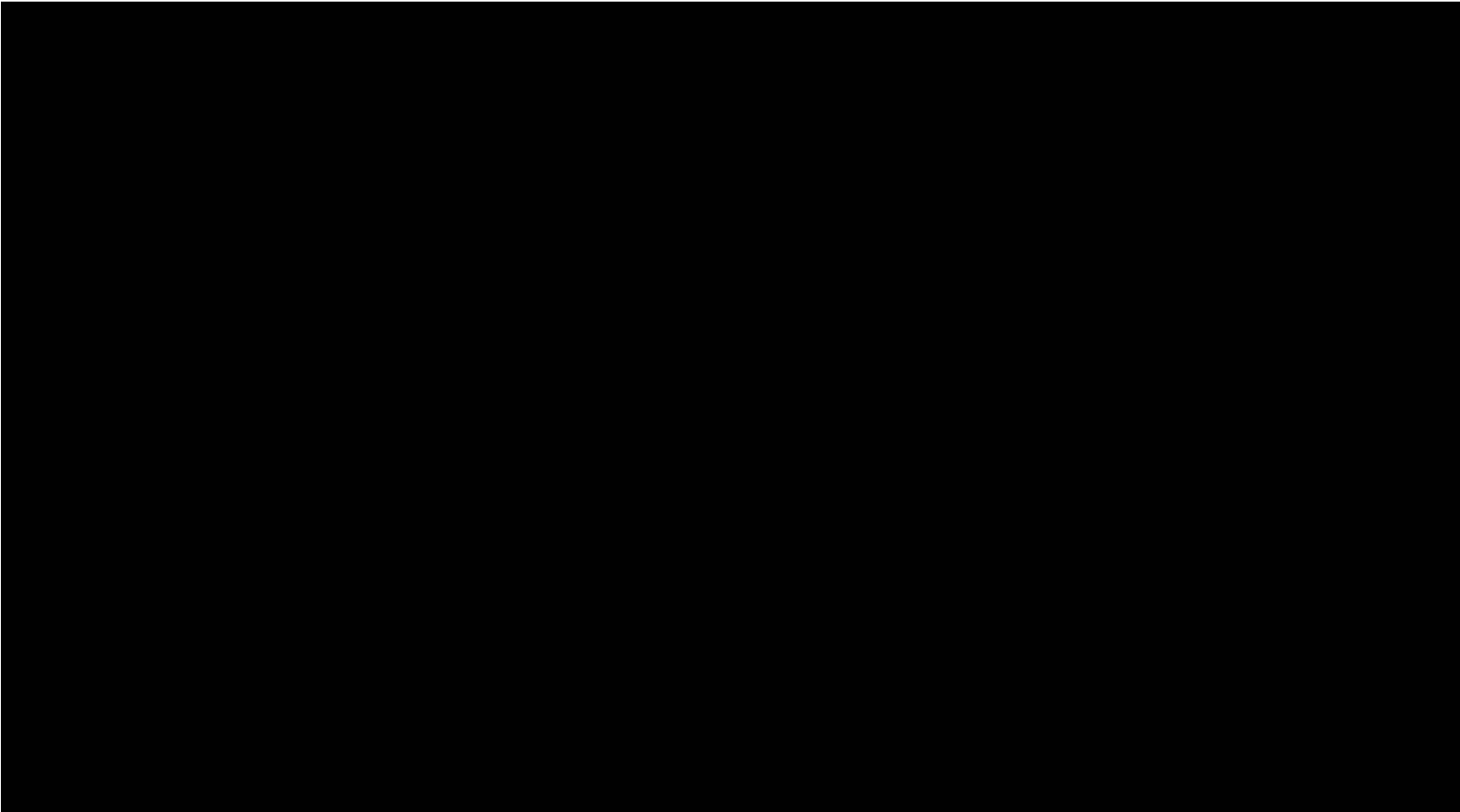
- **Business Innovation** – Providing customers with highly differentiated, innovative offerings for incremental business opportunities
- **Business Transformation** - Allows the distribution center worker to perform their job more accurately and with greater productivity
 - ***Average productivity improvements – 35%***
 - ***Average accuracy improvements – 25%***
- **High ROI** - With a fast payback
- **Scalability**
- **Improved Safety** – Use voice to maintain visual awareness
- **Higher Employee Satisfaction** – Ergonomic design and ease of use



How Does Voice Work?

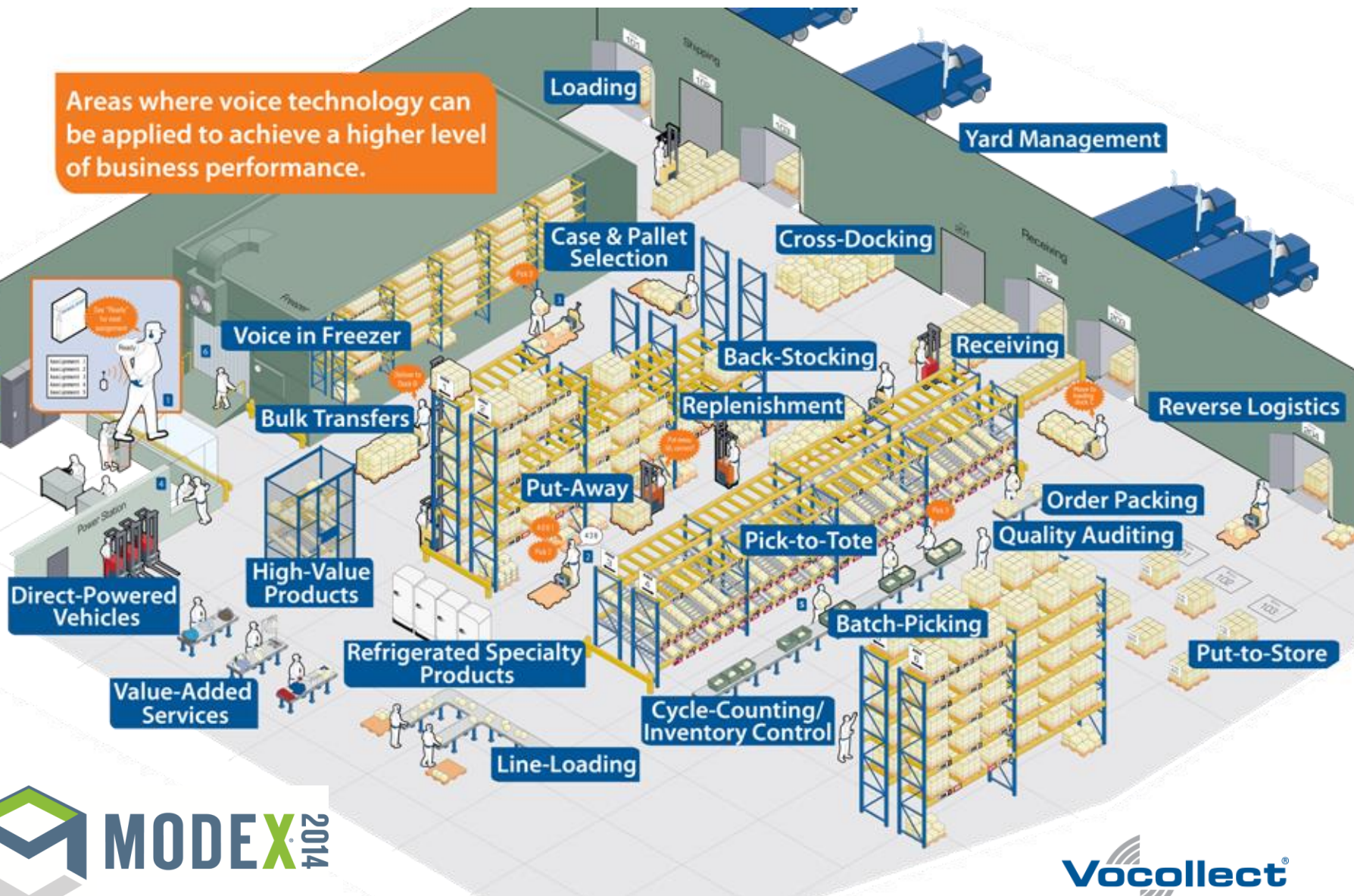


Taking a Look at Voice in Use



Exploring the Possibilities

Areas where voice technology can be applied to achieve a higher level of business performance.



**LONDON
DRUGS®**



About London Drugs

- Founded in 1945, headquartered in Richmond, BC
- More than 7,000 employees
- One of Canada's largest retailers focused on local customer satisfaction
- Wide range of products -- from pharmaceuticals and over-the-counter drugs to cameras, televisions, custom computers, and refrigerators
- 78 stores operate in 35 major markets across Canadian provinces of Alberta, Saskatchewan, Manitoba and British Columbia



Business Challenges

- Managing steady growth
- Less-than-perfect order accuracy beginning to erode trusted relationships with retail locations
- Just-in-time issues (*right product on retail shelves at right time, every time*)
- Order velocity issues
- Rising cost of paper labels
- Leveraging/extending functionality of existing legacy warehouse management system (WMS)



Operations Overview

- Two Distribution Centers (DCs) with combined space of 585,000 sq. feet
- Three (3) picking shifts per day/Six (6) days per week to ensure round-the-clock distribution
- 30-35 pickers per shift; full-case and split-case picking
- Process more than 240 regular store orders per week, with over 1,000 lines per order
- More than 75 pharmacy department orders shipped each day of work week



Life Before Voice

- Less-than-perfect order accuracy was eroding our trusted relationships with retail locations and customers
- Rising cost of paper labels affected bottom line
- Large-scale order-picking operation across multiple facilities -- difficult to manage workflows to meet outbound deadlines
- Time-consuming manual verification for each pick assignment



The Path to Voice

- London Drugs investigated voice technology improvement options in 2006
- Tested products and services of three voice solution providers as proof of concepts in small sections of warehouse under real-life operating conditions
- A voice solution was unanimously chosen based on positive user feedback regarding voice clarity and ease of use and usefulness of supervisor work assignment screens



The Solution and Deployment

- Voice used for full-case and split-case picking
- Recently replaced handheld terminals by implementing voice-enabled replenishment, put-away and inventory count workflows

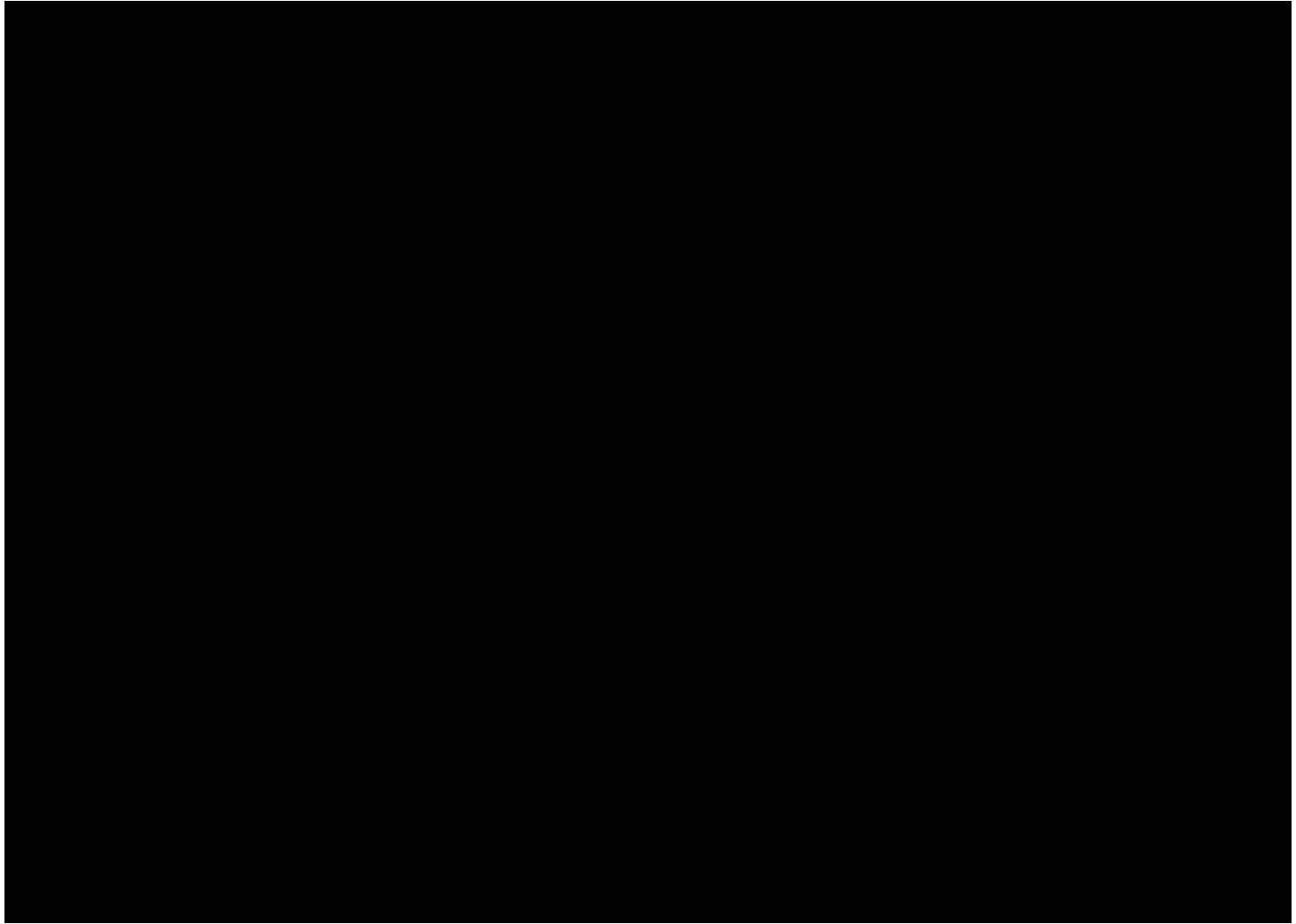


The Results to Date

- Order errors reduced by 70%
- Productivity improved by 10%
- Training time significantly reduced
- Paper/printing costs reduced by 50%, saving more than \$100,000/year
- Customer satisfaction boosted



Using Voice at London Drugs





Easy Deployment



- Users record a personal voice template profile so the computer can identify and understand each user and how each pronounces numbers and words
- Users are functional in 2 hours and get up to full speed after 8 to 16 hours
- When users include their spoken voice while performing tasks they stay more engaged and alert to quality, safety and the full work process

If I Could Begin Again, I Would...

- Involve a greater number of operations leadership and supervisory team members alongside the project support team and task experts (*proof-of-concept test user teams*) to improve synergy and faster deployment of the voice system



Lessons Learned

- Voice can have a strong and positive impact on your brand and overall customer satisfaction
- Choosing a solid technology partner ensures you get the full value from using voice

Future Plans



- Conveyor Case Picking, Batch Mode
 - *Planned for 2014 to improve pick accuracy in our final case-pick area to be converted to voice picking*
- Small Lots Put-Away from Receiving
 - *Under review to potentially start in 2014; using voice with scanning to improve speed and accuracy*
- Receiving with Voice
 - *Proof of concept to be evaluated in 2014*

Key Takeaways

- Voice can be used for multiple distribution workflows beyond picking
- Voice has helped to build and sustain customer satisfaction and loyalty at London Drugs



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