

AMWARE HELPS CHRISTMAS TREE MAKER MANAGE EXTREME SEASONALITY

Balsam Hill is the leading provider of high-quality, realistic artificial Christmas trees and related décor. All Balsam Hill products are shipped direct to consumers from one of 8 regional distribution centers in the U.S. Amware Fulfillment has operated the company's Southeast DC since 2007.

“For fulfillment partners, it’s difficult to manage highly seasonal distribution and do it profitably. We recognize this and manage the economics of the arrangement so that it’s a sustainable, ‘win-win’ partnership.”

Balsam Hill's fulfillment challenge can be summed up in one word: SEASONAL. While products ship all year round, 90% of the volume ships between October and January. According to the company's VP of Operations, Bernie Leas, that presents some real challenges.

“It wouldn't be economical for us to build our own warehouse network, and it's a challenge to find fulfillment companies willing to work with such a high degree of seasonality. But we've

developed a model with Amware and others that works.”

Containers destined for the Amware warehouse start to flow in from China in May and June via the Port of Savannah. Outbound shipments increase in September and October and orders spike severely in November and December.

Keys to Success

Several factors have contributed to the success of this unique fulfillment solution:

- **Variable Rate Structure.** Balsam Hill pays only for the space and services the company uses in a given month, so logistics costs parallel the company's revenue stream.
- **Pick Accuracy.** Artificial Christmas trees, although they last for a very long time, are used only for a short period. If a shipped order is incorrect, the customer will likely cancel the order. Amware's quality process includes a label scan to automatically validate that the product that is ordered is what ships.
- **Fast Fulfillment.** Orders received before 1 pm ship the same day. According to Leas, “Consumers

who click the BUY button have been conditioned by Amazon to expect a tracking number within 2 hours and delivery within 2 days. Amware's Atlanta location lets us hit the whole Southeast market in 1–2 days via economical ground transportation.”

- **Flexible Staffing.** When Balsam Hill orders spike, Amware makes strategic use of temporary labor and cross-trained staff from other accounts to assist.

Results

Balsam Hill estimates that its seasonal fulfillment solution with Amware saves the company well into 6 figures each year versus managing the project on its own.

“Because of our many years of experience with Amware,” says Leas, “we spend very little time prepping for the season. Balsam Hill provides the forecast and Amware ramps up space and labor to support the volumes. At this point, they really act like a seamless extension of our own staff.”