



## Internet Retailer Optimizes Fulfillment with Zone Routing Conveyor Network

### Features and Benefits

Consumer electronics

337,000 ft. DC with 20,000 SKUs

Reduced order processing time

Replenish during picking (one shift)

**Industry Group:** Conveyor & Sortation Systems (CSS)



Newegg's growing business and focus on customer satisfaction required increased capacity and service levels for customers on the East Coast. The company invested in a new distribution center with a zone routing conveyor system to ensure that over 98 percent of Newegg customer orders will ship within one business day of ordering.

### Easy to Monitor System

For Newegg, being able to see on-screen their entire system and quickly locate bottlenecks makes managing the system very easy. "The easy to use software allows us to manage our automated distribution center by exception," said Bob Zelis, Chief Planning Officer of Newegg's logistics department. If things are working well, we don't need to spend time watching a well-running system. We can see where problems might arise, and more proactively address them, instead of reacting after something happens. This has made a huge change in our operation as we have already doubled our order processing capacity."

### Pick-to-Light and Zone Routing

Orders are tightly tracked throughout the conveyor system. All orders come in through the company's main server in California, and then get allocated to the closest DC location to where the ship-to address is located. Once an order gets to the New Jersey distribution center, it is assigned to a tote, which has a barcode on it. The tote routes through an automated zone-routing conveyor system, in combination with a pick to light order fulfillment

system. The zone-routing conveyor system directs the order totes only to the zones where there are picks. Therefore, order totes do not waste time going into zones where there are no orders to pick. In the pick-to-light system, the operator scans a bar-coded address label attached to a tote. Digital displays located in front of each pick bin tell the operator which SKUs to pick and how many.

### **Efficient Operation**

The conveyor system has the functionality to automatically turn itself off when it is not needed. This is a tremendous capability for energy savings. Compared to conventional conveyor systems, it reduces power consumption up to 30 percent, and conveys a wider variety of product.

System efficiencies are becoming clearly evident. "The time to process one order in the New Jersey DC averages 20 minutes," explains Ken Ruehrdanz Catalog & Internet Fulfillment Market Manager with Dematic. "Processing speed allows more orders to be shipped at ground rates, which is better for Newegg's customers. Also, the high-capacity design of the system means that order processing can occur on one shift, as Newegg is doing now, instead of being spread out into another shift. That reduces operating costs, and leaves a lot of room for expansion as volumes increase."

For Newegg, the focus is on superior service to its customers. This is central to the company's business success model. Its New Jersey DC, with its sophisticated automation systems, can only poise the company better to build its very unique Brand.



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