

Local Pickup

Situation

When UPS, our primary shipping provider, discussed capping the number of packages it would be able to ship for Scentsy in a given month, we diversified our shipping options and upgraded our system to include a Local Pickup option, benefitting nearby Consultants and customers with lower costs and faster deliveries.

Finding creative solutions to meet demand

Prior to Scentsy's hypergrowth in 2020, online orders through scentsy.com and Consultants' Personal Websites (PWS) averaged between 110,000 and 130,000 orders per month. By 2021, with the dramatic global shift to ecommerce, we began often receiving more than 600,000 online orders per month — a trend we knew we'd need to support long-term.

When such a large domino falls, others begin to topple. As we ramped up internal orders for raw materials, increased manufacturing and hired hundreds of new employees to meet such incredible demand, UPS, our primary shipping provider in the U.S., struggled with its own challenges in trying to keep up with the growing volume of small package orders.

It wasn't long before alarming questions began rising to the surface:

Would UPS be able to keep up with Scentsy's new demand?

Would Consultants and customers have to wait longer or pay more for their shipments?

Our team knew it was time to take action when our partners at UPS began suggesting that they may need to cap the number of packages it would be able to ship for Scentsy in a given month. If the Scentsy team was able and willing to make such monumental investments in infrastructure to produce enough products to meet demand, we needed to ensure we could actually get them into the hands of customers who wanted them!

To take control of the situation and relieve our dependence on UPS, we opened a new distribution center in Rock Hill, South Carolina, to better serve Consultants and customers on the East coast, and we implemented a new Local Pickup program to alleviate shipping costs and delivery concerns throughout the U.S.

Strategy & Tactics

Ensure we could deliver increased order volumes — accurately and on time

What is Local Pickup?

Local pickup is a new delivery method that allows customers and Consultants to pick up their orders from a local Scentsy distribution center with a reduced handling fee and potentially faster delivery than standard shipping methods — as early as two days after the order is placed.

Local pickup is available to customers and Consultants who have shipping addresses within a 50-mile radius of Scentsy's three distribution centers in the United States: Coppell, Texas; Rock Hill, South Carolina; and Meridian, Idaho.

Customer benefits:

- Local pickup orders of \$199.99 USD and less have a \$4 fee, (a \$4 to \$25.99 savings compared to standard shipping).
- Local pickup orders over \$200 USD have no fee.
- Faster delivery than standard shipping methods.
- The local pickup facilities at our distribution centers are open from 11 a.m. to 8 p.m. local time Monday through Friday.

Integration into the checkout process

Local Pickup was added as a shipping option to the checkout process on scentsy.com, Consultants' Personal Websites and the Consultant Workstation. Once a shipping address is entered, the system determines eligibility by confirming a 50-mile or less travel radius to one of Scentsy's distribution centers. If selected, the order is processed as normal but is then picked and packed for the Local Pickup facility. From there, an automated email is sent to notify the Consultant or customer that their order is ready for pickup.



Local Pickup



Expanding distribution through Rock Hill

At 460,000 square feet, the new Rock Hill, South Carolina, distribution center is our largest in the U.S., allowing us to alleviate the growing volume of orders being shipped from our Meridian, Idaho, and Coppell, Texas locations, and offering another Local Pickup facility for nearby Consultants. In redistributing the volume, we were also able to lessen our reliance on UPS and other shipping providers by region.

Results

Lower costs and faster deliveries

With the development of the Local Pickup program and the addition of the Rock Hill, South Carolina, distribution center, we not only lowered shipping costs and sped up delivery timelines for Consultants and customers — we also prevented potential price hikes and delays.

The addition of our Rock Hill distribution center in September 2021 helped us spread the weight of our increased volumes and prepare for continued growth. Now, **32%** of Scentsy orders run through Rock Hill.

Since launching the program in July 2021, we have processed approximately **16,000 orders** for Local Pickup.

The overall adoption rate for eligible orders within the 50-mile radius is about **14%** — dramatically reducing our reliance on outside shipping providers. And the adoption rate in Meridian, Idaho, is **27%** — more than one in four orders there are picked up instead of shipped!

Consultants and customers love that their orders are typically **ready to be picked up within 1-2 days** — sometimes even the same day an order is placed! In contrast, our typical shipping window is up to 10 business days.

Lower shipping fees = increased sales: The average value of a Local Pickup order is 34% higher than orders shipped through traditional methods — about a \$27 USD difference per order!

We also have a lower order cancellation rate through Local Pickup — only about 3% of orders aren't picked up, relieving strain on our warehouse teams.

