

Case Study



Enhanced Logistics for Direct-Store Delivery of "Trash and Trinkets" Spells Serious Success for Novelty, Inc.

It's the eye-candy, impulse-buy merchandise you see every day in convenience stores, from poker chip key chains and movie promo air fresheners to biker sunglasses and rhinestone lighters. Altogether, they fall into a retail category called "novelties." While these items could be dismissed as tacky or trivial by some, they add up to big business for Novelty, Inc.

Launched by founder Todd Green in 1980 when he was just 16 years old, Novelty Inc. has matured into a retail powerhouse, increasing in size fourfold in just the past five years and servicing 11,000 convenience stores across the U.S. and another 800 in Canada. As remarkable is the company's approach to product

sales. Novelty's direct-store delivery (DSD) business employs a unique Guaranteed Sale program that does not require individual C-store owners to carry any cost of Novelty's products, but simply provide in-store display space in order to share in the profits of sales. What's more, says Novelty's Routing Manager Scott Ward, the company provides a complete turnkey merchandising solution for what the company affectionately calls its "trash and trinkets."

"We do all of the management—the marketing, in-store display, everything," says Ward. "The store owners never have to touch our product unless they're selling it." Ward also notes that Novelty sales representatives (called "route profes-

sionals") revisit every store in their territory on a 1- 4 week cycle, rotating out products quickly if they're not selling and replacing them with newer items. "That's our drive," says Ward. "If it doesn't sell, we're not making money."

Novelty manages its distribution logistics through a two-tier process, where product is transferred by truck from the company's two distribution centers in Greenfield, IN and Phoenix, AZ to nearly 200 self-service warehouses, which in turn serve individual territories managed by route professionals. Each of Novelty's route professionals is responsible for servicing the C-stores in his territory, adding, replenishing, and removing merchandise on a constant basis.

Quick Facts

NOVELTY, INC.

Location

Greenfield, IN (Headquarters)

Industry

In-store novelty items

Service Areas

U.S. and Canada

Delivery Method

Direct-Store Delivery (DSD)

Vehicles

15 Semi and Box Trucks
150 Customer Delivery Trucks

Solutions

Roadnet®
Territory Planner®
Roadnet Info Center®
MobileCast®

Results

- 19% reduction in miles
- Possible missed time windows cut by 50%
- Savings in route consolidation
- Significant reduction in miles
- Enhanced customer service



With its drivers and route professionals in almost constant motion, Novelty knew that it needed, in Ward's words, "a solution to manage our territories and routing for us, while cutting our transportation costs." Initially, the company selected a third-party solution, but quickly found that the software was unable to adapt to the variables and scope of their business practices. "That's the reason we ended up going with Roadnet Technologies," says Ward. "They have the whole soup-to-nuts solution to meeting our growing needs."

Novelty chose to implement the entire Roadnet® Transportation Suite, including Territory Planner®, Roadnet®, Roadnet Info Center®, and MobileCast®. "Balancing territories in terms of each route professional's number of customers and weekly miles allow us to better manage

mileage costs," says Ward. "In addition, routing individual days in advance for the route professionals, especially those working in larger geographic areas, ensures that we provide the best customer service. So that's where Territory Planner and Roadnet are especially important to our operations."

Ward notes that the deployment of MobileCast and Roadnet Info Center has brought an additional level of value. "With MobileCast, we can make sure the route is being pulled the way we say it needs to be by the route professional," he says, "while Roadnet Info Center gives greater overall visibility to our routing day."

One of Novelty's concerns was being able to better manage the rising mileage costs of their route professionals. By using Roadnet Technologies' integrated suite of solutions, Novelty

has been able to better understand and identify their actual costs, how many stops are being made per mile, and how much time is being spent servicing their customers.

"We needed to determine how to help our route professionals work more efficiently so that they're happier and have more time to service their customers," Ward says. "Now that's starting to happen." While initial results-based data is still being gathered, Ward points out that in just one of their newly optimized territories, the company has realized an 8% reduction in mileage costs.

"My experience with Roadnet Technologies has been excellent," says Ward. "It's like night and day when compared to the previous software we used."

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Routing Manager
Novelty, Inc.



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