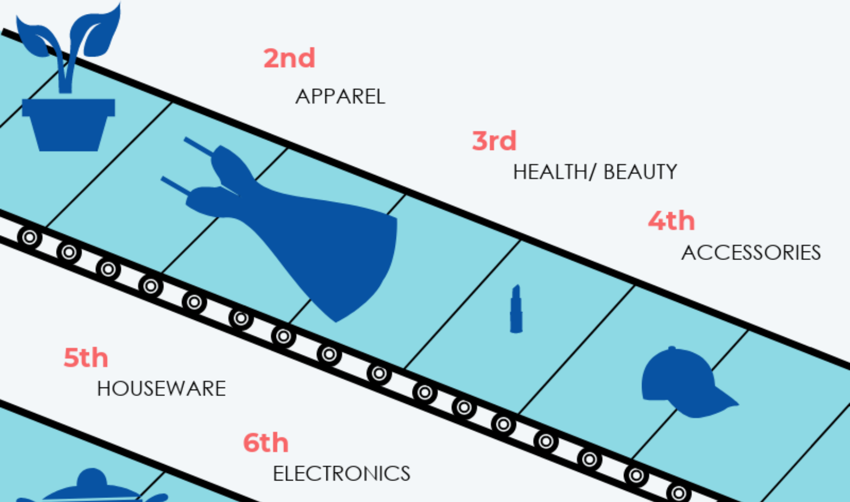
MAXIMIZING SPEED

HOW QVC CAN BOOST COMPETITIVE ADVANTAGE WITH E-COMMERCE

8 DEPARTMENTS WITH MOST ORDERS



1st
HOME DECOR

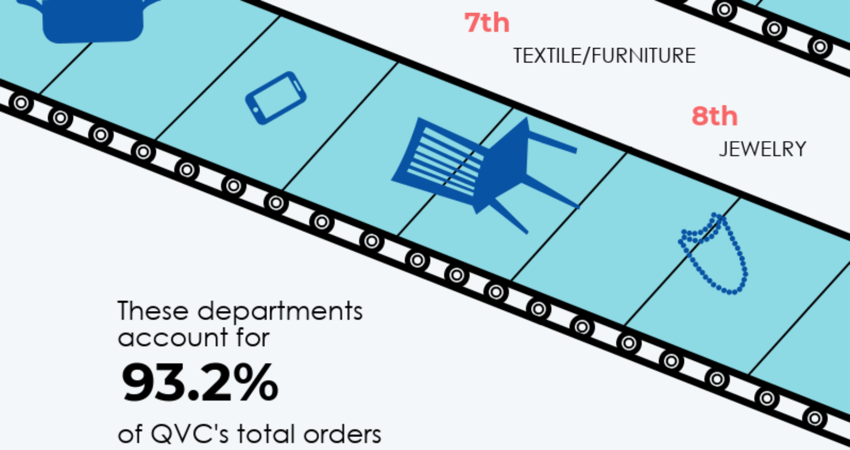
2nd
APPAREL

3rd
HEALTH/ BEAUTY

4th
ACCESSORIES

5th
HOUSEWARE

6th
ELECTRONICS



These departments account for

93.2%

of QVC's total orders

QVC IS FACING SLOW DELIVERY

which affects customer loyalty

13%

of QVC's total customers stop

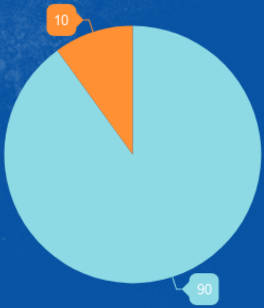
buying after their first purchases

90%

of those one-timers have their

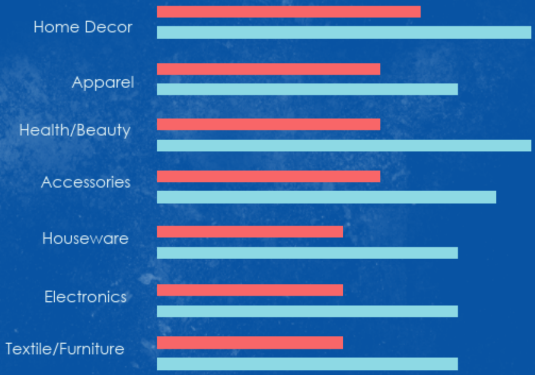
products delivered slower

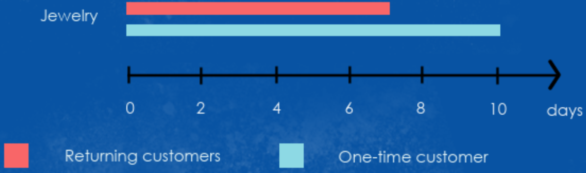
than average



HOW BAD IS QVC'S CURRENT DELIVERY TIME?

Average delivery time based on types of customers





On average, delivery time of one-time customers is

1.6x

longer than that of returning customers.

Customer retention rate can improve by

27%

should QVC reduce its current delivery time

Examining QVC's current distribution network, we found out two major problems that affect delivery speed

WHAT SLOWS DOWN SPEED?

Warehouses are being used to store products inefficiently

1762
Warehouses with **0** order

139
Warehouses with **1 - 1000** orders

6
Warehouses with over **1000** orders

Almost
92.5%
of total warehouses distribute no order at all

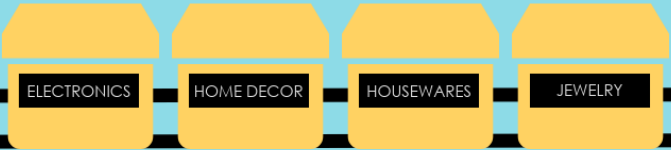
Only 6 warehouses distribute
93.5%
of total orders

Warehouses are not distributed effectively

We define

IDEAL DELIVERY TIME $\leq$ **AVERAGE DELIVERY TIME OF LOYAL CUSTOMERS**

WITHIN **8** CORE DEPARTMENTS



ELECTRONICS
HOME DECOR
HOUSEWARES
JEWELRY

The 4 departments Electronics, Home Decor, Housewares, and Jewelry have warehouses

EVENLY LOCATED THROUGHOUT THE U.S.

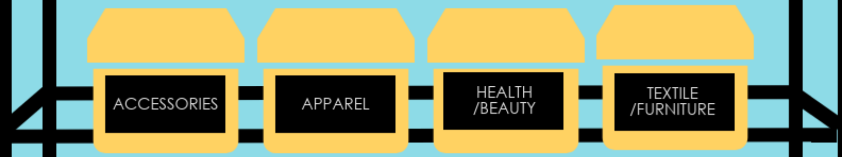
Therefore

75%

customers who buy products of the above departments

RECEIVE THEIR ORDERS WITHIN THE IDEAL DELIVERY TIME

But how about the other 4 departments?

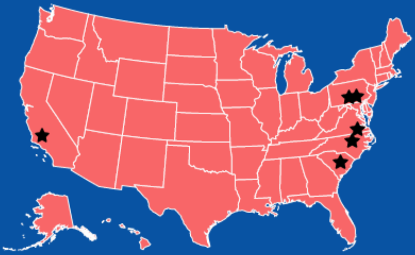


27%

customers who buy products from Accessories, Apparel, Health/ Beauty, and Textile/ Furniture departments

RECEIVE THEIR ORDERS WITHIN THE IDEAL DELIVERY TIME

The warehouses of these 4 departments are located mainly on the East coast



So QVC cannot ship orders to West coast customers within the ideal delivery time, which ultimately deters them from ordering again

SOLUTIONS

QVC can fix its inefficient warehouse and product distribution using these following strategies

1

PLACE THE RIGHT PRODUCTS IN THE RIGHT WAREHOUSES

ACCESSORIES & APPAREL

CA
0125
0111

On average, delivery time to

CA, WA, NV, AZ

will significantly improve

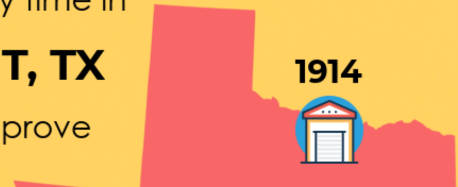
8.5 days → **5.5 days**

HEALTH/ BEAUTY

On average, delivery time in

CA, WA, AZ, UT, TX

will significantly improve



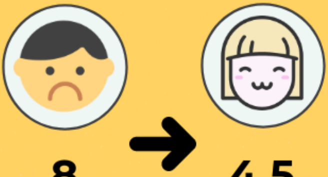
10 days → **5 days**

TEXTILE/ FURNITURE

On average, delivery time to

CA, UT, MN, IN

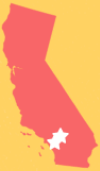
will significantly improve



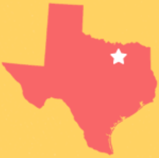
8 days → **4.5 days**

2

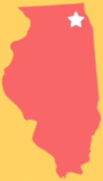
INCREASE CAPACITY OF WAREHOUSES THAT DISTRIBUTE MOST ORDERS



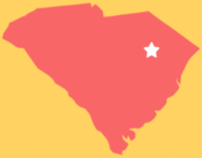
0111 & 0125 - CA



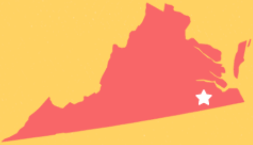
1914 - TX



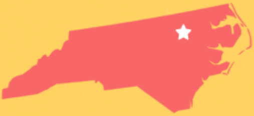
0674 - IL



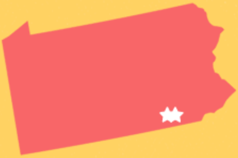
0150 - SC



0200 - VA



0540 - NC



0530 & 9999 - PA

Increased capacity can help QVC sufficiently store products to satisfy large demand

3

ELIMINATE WAREHOUSES WITH NO OR FEW ORDERS

By eliminating warehouses that poorly perform, QVC can cut down a huge amount of expenses

Salary & Wages Expenses

Plant, Property & Equipment

QVC'S SMALL DATA SET

SOURCE

QVC CHALLENGE

TEMPLE UNIVERSITY

CONG NGO | FOX SCHOOL OF BUSINESS
QUYEN LE | FOX SCHOOL OF BUSINESS
TUNG NGUYEN | FOX SCHOOL OF BUSINESS

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