

MERCURY FUELS DIGITAL BUSINESS GROWTH

with Manhattan

OPERATIONS

50,000 m2 distribution center in
Shanghai, China

MANHATTAN SOLUTION

Warehouse Management System



CHALLENGE

Booming ecommerce demand was driving up Mercury's orders rapidly, resulting in the need for a comprehensive upgrade of automation, as well as streamlined the process and data management.

SOLUTION

Mercury and Manhattan are cooperating on construction of an intelligent logistics distribution center which will leverage highly efficient automation and precision. The goals are better response times and enhanced shopping experiences.

PROGRESS & RESULT

With Manhattan WMS, the inventory error rate has dropped from 0.05% to 0.003%, the returns can be confirmed by the warehouse within 48 hours, shipping time has shortened from two days to the next day, and inspection capacity has increased from 3,000 pieces/day to 6,000 pieces/day.

"Manhattan's supply chain technology has been credited in our organization for efficiency, professionalism and compliance."

YAO FENGSHUN, DEPUTY DIRECTOR OF INFORMATION MANAGEMENT DEPARTMENT, MERCURY CHEN XUAN

MANHATTAN AND MERCURY

APPLYING MANHATTAN'S SOLUTIONS TO CREATE BUSINESS UPGRADES

Founded in 2000, Mercury is a leading domestic textile company in China with two major brands, i.e. "Mercury" and "Bliss". It has more than 2,600 specialty stores in China and hundreds of joint venture stores throughout Europe, the Middle East, North America and Southeast Asia. After tireless effort for nearly 20 years, Mercury is well known and loved through its slogan "LOVE YOUR BED, LOVE YOUR FAMILY", making it among a leader in the China bedding market.

In recent years, with more and more home textiles used in household and emerging fabric decoration culture in China, the industry has developed rapidly in terms of product development, industrial support, operation, brand building, and more. With the rapid development of ecommerce and new retail channels, home textiles sales enjoyed robust online sales while traditional sales rebounded. Mercury has the highest proportion of ecommerce sales, with RMB \$953 million yuan in 2017, accounting for 38.7% of its business and becoming the No.1 brand in single product sales though ecommerce.

In 2018, Mercury and Manhattan embarked on a strategic initiative to improve warehouse operations with highly efficient automation

and precision, and by building an intelligent distribution center (DC). That included integrating third-party storage, distribution and logistics capacity with a comprehensive deployment system to shorten supply chain response times and enhance shoppers' experiences.



GUARANTEEING DELIVERY EFFICIENCY AND REDUCED LABOR

With the growth of ecommerce, Mercury's number of orders has risen, resulting in the need for a comprehensive upgrade of automation, processes and data management. Especially with China's "Single's Day" online shopping madness, the order surges put tremendous pressure on inventory planning and management, supply chain distribution and transportation.

"Manhattan's business structure and technical architecture are perfect with rich and flexible features, especially because they can be customized for high concurrent complex services. As an extended platform, it can be connected seamlessly with Mercury's digital system to achieve standardization, online realization, and collaboration of business processes in digital form."

YAO FENGSHUN, DEPUTY DIRECTOR OF INFORMATION MANAGEMENT DEPARTMENT, MERCURY

According to Meng Yuanyuan, CIO of Mercury, the reason for choosing Manhattan as a partner was because of its wealth of experience working with many top brands, and its mature solution.

"We need to carry out a comprehensive upgrade of warehouse automation equipment. Manhattan has the experience and solutions in practice, and its team is very practical and professional." Yuanyuan mentioned that during the one-year project with Manhattan, the efficiency of Mercury's home textile business has improved significantly.

Since Manhattan WMS was deployed, the inventory error rate has dropped from 0.05% to 0.003%. Returns can now be confirmed by the warehouse within 48 hours. Shipping time has been cut from two days to the next day. And quality inspection capacity has increased from 3,000 pieces/day to 6,000 pieces/day. In terms of cost control, staffing a 50,000m² warehouse was reduced from 430 people to only 50 people. Labor hours have also been reduced with assured shipping efficiency.

During the "Single's Day" online shopping madness in 2018, Mercury reached RMB \$238 million yuan sales with more than 200,000 orders. Manhattan WMS was able to process these orders in just three days compared to the seven days it formerly needed.

Thanks to its accurate inventory count and significant improvement in warehouse management efficiency, Mercury enjoyed an outstanding performance in 2019. Its semi-annual financial report for 2019 showed that operating income in the first half of the year was RMB \$1.275 billion yuan, with a yearly growth of 9.93%; its net profit was RMB \$135 million yuan, with a yearly growth of 12.47%; and earnings per share was RMB \$0.5 yuan. Not only did profit growth continue to be higher than revenue growth, the main financial indicators also improved with business growth, profitability continued to increase, and the gross profit margin rose to 37.59%, with a yearly growth of 1.72%.

Yao Fengshun, the Deputy Director of Information Management Department in Mercury said, "Manhattan's business structure and technical architecture are perfect with rich and flexible features, especially because they can be customized for high concurrent complex services. As an extended platform, it can be connected seamlessly with Mercury's digital system to achieve standardization, online realization, and collaboration of business processes in digital form. It is worth mentioning that the Manhattan service team members have been great mentors and friends with their high standard, efficiency and professionalism."

Chen Xuan, Manhattan's general Manager of the Greater China, said, "The cooperation with Mercury is immensely rewarding. With the expansion of platform applications, Mercury will be able to organize and optimize operations with high proficiency to speed up its circulation of products and information and improve its execution ability in inventory, labor and space."



In response to the development and popularization of new retail in the Chinese market, Manhattan has even launched the first IoT store inventory and fulfillment solution for the all-channel stores to improve operations. The store inventory tracking and order selection functions can be enhanced through RFID technology, thus significantly improving the accuracy of store inventory and the efficiency of store order fulfillment.

Needless to say, Manhattan has been at the forefront of digital transformation, new retail channel upgrades and development of new technologies. In today's increasingly competitive market environment, the win-win cooperation between Mercury and Manhattan is a formula for success.