

# For some shippers, pool distribution becomes e-commerce solution

William B. Cassidy, Senior Editor | Dec 01, 2016 5:35PM EST



Old-school pool distribution combined with tracking technology provides some shippers the responsiveness they need to respond to changes in demand.

E-commerce is breathing new life to an old transportation strategy as shippers and their customers demand greater supply chain visibility and time-sensitive fulfillment of sales orders.

Retail shippers are taking a closer look at pool distribution as a means of gaining greater control over their freight and as an alternative or supplement to less-than-truckload service. The goal is precise, carton-level control over shipments, said Terri Reid, director of supply chain and transportation for Famous Footwear, a retailer with approximately 1,200 US stores.

Pool distribution is “the best kept secret for retailers out there, especially for specialty retailers” like Famous Footwear, which often have limited storage space at stores, Reid told JOC.com. Her company adopted pool distribution years ago when it retired its private fleet, but the distribution method is proving itself anew in the [age of e-commerce](#). By sending shipments to

regional pool sites for deconsolidation and delivery to stores, Famous Footwear is able to more tightly monitor inventory and replenishment needs.

“Every time there’s a touch,” from the pool site to the final delivery point, “we have visibility,” said Reid. “It’s conducive for retailers who have little space and need frequent deliveries.”

The concept of pool distribution dates back to at least the heyday of US railroads, but it has long been offered as a niche service by trucking companies, including many LTL carriers. The concept is proving its relevancy in the age of online shopping as precise fulfillment times, more frequent returns, and “buy-online, deliver-from-store” distribution models proliferate.

“I describe our niche as specialty retail pool distribution,” Jeff Berichon, senior vice president of product management for Descartes, which supplies transportation management software that supports the pool distribution operations of Famous Footwear and other shippers. “It’s unfair to keep calling it pool distribution,” Berichon said in an interview. “It’s getting so precise.”

Berichon is the founder of software company BearWare, [acquired by Descartes in 2015](#), which developed carton-level tracking technology. “The key thing is the accountability for each carton,” as opposed to pallets, he said. For a specialty retailer, “individual cartons go from the truck directly onto the sales floor,” rather than a storage area. “It allows for very rapid replenishment.”

For Reid, pool distribution enables more parcel-like control of freight shipped in LTL volumes. Famous Footwear’s distribution network in some ways resembles a hub and spoke LTL system. The retailer has distribution centers in Tennessee and California that send truckload shipments of cartons to 34 regional pool distribution sites. Those pool sites service stores in key areas.

Each carton contains several pairs of shoes, sometimes one type but often “mixed cases,” Reid said. “We consolidate cartons and ship to stores within those specific regions, making multiple stops,” she said. “Our average delivery is a cross between a parcel shipment and an LTL shipment. It’s handled like a parcel shipment, but it comes in quantity more LTL in nature.”

It’s important for Famous Footwear to know exactly what’s inbound to the store. “This is facilitated by the technology,” she said. “We scan when a carton comes off the line-haul trailer at a pool site, so we know it’s at the right site. We scan as the carton moves through the pool site, and then we scan when it’s loaded on the delivery trucks and when it arrives at the stores.”

That gives the retailer much more granular visibility into the location of its cartons or cases and its shoes as they move through Famous Footwear’s supply chain. “We don’t have the same touch-to-touch case level visibility with LTL,” Reid said, or the same ability to manage data and manipulate the flow of inventory. That visibility gives the retailer the chance to respond to any changes in demand — specific cartons could be rerouted to different stores in transit, for example, to ensure popular items are in stock on shelves. “That’s more efficient than having to send something back to the DC and then out to another store,” Reid said.

The distribution strategy also gels well with the drive to position retail goods closer to consumers propelled by online retail giant Amazon.com. It also helps retailers fulfill online orders from brick-and-mortar outlets. “A lot of people are working around that challenge,” said

Scott Dobak, CEO of Dicom Transportation Group, a Montreal-based transport operator that offers pool distribution along with truckload, LTL, last-mile, and package delivery services.

Dicom sees growing demand for pool distribution at the point where international supply chains merge with domestic delivery networks. “We’ll take a container full of less-than-containerload goods coming off the PacRim, strip that container, label each and every carton and set up final-mile deliveries,” Dobak said. Famous Footwear is one of his company’s retail customers.

But carton-level visibility also makes it easier for goods to flow both ways. Items returned by consumers to a retail store can more easily be sent back to pool sites or to other local stores where they’re needed once the return has been processed. And retailers can set up mini-DCs between a pool site and a subset of stores to better manage special sales, Berichon said.

“Retailers are now looking at the pool distributors to deliver to the post office for local e-commerce,” he said. “The pools can take to the precise 5 digit zip code by cutoff time.

Technology — transportation management systems, carton-level tracking capability, and near-real-time communications — is making control of inventory at a highly localized level possible to a degree unimaginable even a decade ago. “Technology itself drives the process and its consistency,” said Reid. “We wouldn’t be as cost effective and as precise as we are today without it.” That in turns demands more precision from trucking providers in a pool network.

Famous Footwear has 15 transportation providers in its nationwide pool distribution network, and demands 98.5 percent on-time delivery within a two-hour window, she said. “For the most part, we’re hitting that goal year after year, and sometimes exceeding that.” Motor carriers can’t hit that precise target without adopting more sophisticated technology themselves, she said.

Pool distribution is not a silver bullet for e-commerce delivery challenges. Big Box retailers, for example, are better able to take full truckload shipments at stores from DCs. As e-commerce-driven fulfillment demand becomes [more and more precise](#), however, more retailers, logistics operators and carriers may embrace it — or something much like it.

“We have a fulfillment network which takes advantage of our entire network of inventory, which is massive,” Reid said. “I think that’s very similar to what a lot of retailers are trying to do.”