

## You Should be Concerned about your eCommerce Operations Strategies

Last year, US eCommerce grew by **15.6%** the Most EVER  
Of that growth **66%** belonged to Amazon

### What was YOUR growth?

Are your customers pleased with your online order fulfillment?  
Are your customers pleased with your omnichannel operations?

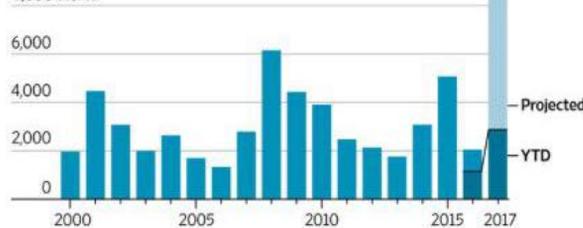
**32%** Of consumers have problems with their order timeliness and item conditions

Only **10%** of retailers profit from online orders

### Retail Reeling

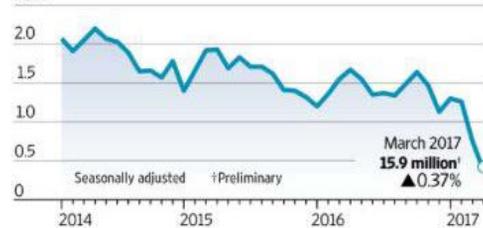
U.S. retailers are on pace to close the most stores in more than a decade...

**U.S. store closings**  
8,000 stores



...and they are adding fewer jobs.

**U.S. retail employment, change from previous year**  
2.5%



## Over the last four months a fire storm has occurred in the furniture category...

Amazon Makes Major Push Into Furniture  
*Furniture is one of the fastest-growing segments of U.S. online retail*  
March 2017: [www.wsj.com](http://www.wsj.com)

IKEA sets up shop on Amazon  
June 15, 2017: [www.retaildive.com](http://www.retaildive.com)

Ashley Furniture Sells Private Label on Amazon  
April 2017: [www.amazon.com](http://www.amazon.com)

Amazon hopes to dominate yet another market – Furniture *"Furniture is one of the fastest-growing retail categories here at Amazon"*  
May 2017: [www.latimes.com](http://www.latimes.com)

Wayfair Is Aggressively Expanding Its CastleGate Fulfillment Capabilities, Potentially Supporting Faster Growth. Wayfair Delivery Network (WDN) and CastleGate Are Differentiators in Small and Large Parcels.

May 2017: Wedbush Securities Equity Research [www.wedbush.com](http://www.wedbush.com)

# What is MonarchFx ?

**MonarchFx** is an **ALLIANCE** of the World's Leading Supply Chain, Logistics and Technology Firms. These companies have agreed to **COLLABORATE** to provide a superior fulfillment service for Retailers, Marketplaces, Wholesalers and Brands. The basis for **MonarchFx** is multi-tenant, Get Local, appropriate automated, multi-channel facilities. **MonarchFx** is **Smarter Logistics**

To understand the **MonarchFx** service offerings requires understanding the three components:

**Monarch:** A beautiful butterfly that has gone through the reinvention, the total metamorphosis, from an egg, caterpillar, cocoon, to a butterfly.

**Fx:** Has two meanings:

- ❖ A modern code that indicates something is new, smart, and innovative
- ❖ Solving the equation for “x”

## What are the MonarchFx Services?

The services of MonarchFx are to provide for the movement of inventory from the seller to the MonarchFx fulfillment centers, the picking and packing of orders and the delivery of what is picked/packed to the person/organization that placed the order.

The providing of these services is dependent upon two factors: **what** is ordered and **where** the product will be delivered.

The services identified as priorities at this point are:

### By What Is Ordered:

- ❖ MonarchFa – Apparel and Footwear
- ❖ MonarchFb – Big and Bulky
- ❖ MonarchFf – Furniture
- ❖ MonarchFg – General Merchandise
- ❖ MonarchFi – Industrial Distribution
- ❖ Monarch Fz – ZZZ as in Cold (refrigerated and frozen)

### By Where The Product Will Be Delivered:

- ❖ MonarchFa, MonarchFb, MonarchFf, MonarchFg, MonarchFz – to B2C customers in the US
- ❖ MonarchFi – to B2B customers in the US
- ❖ MonarchFc – to be inbound or outbound B2C cross border
- ❖ MonarchFs – deliver to stores
- ❖ MonarchFw – delivered to wholesale customer

# What is MonarchFf ?

The product category of “Furniture and Home & Office Furnishings” is expanding in eCommerce at a rate comparable to other consumer product demands.

The ordering of these products online has grown significantly over the past seven years. Some of the leading companies in this category, for example, are experiencing online orders at 50% or more of total sales. And, Wayfair – the Furniture eCommerce company – is growing at high rates, taking market share from many brick-and-mortar retailers as well as manufacturers.

The Furniture and Home & Office Furnishings industry overall is experiencing high costs of Product Distribution. Products are mainly sourced internationally, are packaged in multiple ways (ranging from parcels and cartons, to oversized), stored in Regional Hub facilities, and often require “White-Glove Deliveries” – all of which add costs.

Final delivery of products is very important to all companies. The home and office delivery process is characterized with several unique challenges for cost and speed, including:

- ❖ Preparing certain products for delivery (deluxe, boxing, wrapping, etc.)
- ❖ Installation inside the home and office (deluxing, un-boxing, unwrapping, removal of old items, etc.)
- ❖ Delivery appointments, contacts, and follow-ups
- ❖ Big box final deliveries
- ❖ High costs of storage (warehousing)
- ❖ Refusal of service, returns, accidents, etc.
- ❖ Reliability and capacity of specialized carriers

Companies use the “stick rate” as their measure of perfect deliveries. It is not uncommon for this rate (which includes cost and time targets) to be as low as 50%. MonarchFf understands these issues, and provides companies with lower cost distribution and faster deliveries.

The MonarchFf business model is built on sharing and collaboration. By providing Fulfillment Centers (FC) closer to consumers; with multi-tenant occupancy, and built-in efficiencies; and shared delivery carriers, MonarchFf will enable the Furniture and Home & Office Furnishings companies to better compete on costs and speed to market, and avoid the risks of product data breaches or uses.

This alternative to Amazon, and sharing of Distribution, which reduces your costs, will allow industry Retailers and Manufacturers to make more use of online ordering and help protect your businesses from further disruption.

## The pursuit process for MonarchFf has been:

- ❖ Understand eCommerce in the furniture category.
- ❖ Contact key Sellers at the C-level.
- ❖ Present concept and achieve overall consensus with taking the next step.
- ❖ Meet with 1 to 4 companies to brainstorm the concept.
- ❖ Develop a plan for pursuing Post-Click Collaboration of the 1 to 4 logistics networks.
- ❖ Implement the Post-Click Collaboration and achieve logistics synergy.
- ❖ Establish the Alliance with the 1 to 4 companies and MonarchFf each owning an equal portion of the new MonarchFf Alliance.
- ❖ MonarchFx pursue other Sellers in furniture. The founding collaborators would be reimbursed their cost for fulfillment and delivery, but the profits would flow to the new MonarchFf Alliance that would be equally split among the founding collaborators and MonarchFx.

## The benefits of joining the new MonarchFf are:

- ❖ Achieving scale and thus making your company more competitive with Amazon logistics without giving away your company's customer information.
- ❖ Reducing your costs of operations through scale.
- ❖ Owning a portion of a new company that should be very profitable going forward.
- ❖ Establishing your company as a leader in your sector and in providing Smarter Logistics.

## Next Steps...

MonarchFx has begun the pursuit of MonarchFf via an interaction with your company. The next step is to have an executive level discussion between your company and MonarchFx leadership.