



UPS Supply Chain SolutionsSM

case study

Nikon Focuses on Supply Chain Innovation — and Makes New Product Distribution a Snap

Top consumer goods manufacturers now recognize that success requires more than just making market-leading products. Having the right distribution network is just as critical. Nikon Inc. is the world's leader in precision optics, 35mm and digital imaging technology. So it's no surprise that when the company saw the next big trend in photographic technology — digital cameras — they were ready to deliver with some of the most advanced product designs in the marketplace. But to ensure that retailers could meet the demand of tech-hungry consumers and professional photographers, Nikon, with the help of UPS Supply Chain Solutions, reengineered its distribution network to keep them well supplied.

Client Challenge

To support the launch of its new digital cameras, Nikon knew that customer service capabilities needed to be completely up to speed from the start and that distributors and retailers would require up-to-the-minute information about product availability. While the company had previously handled new product distribution in-house, this time Nikon realized that burdening its existing infrastructure with a new, demanding, high-profile product line could impact customer service performance adversely.

“In our business, it's not enough just to produce leading-edge products,” said Arnold Kamen, Nikon's Vice President of Operations and Customer Service. “Having the ability—and visibility—to predict how much merchandise is available and when it can be distributed makes the difference in staying ahead of customers' needs.”

For Nikon, that meant applying its well-known talent for innovation to creating an entirely new distribution strategy and taking the rare step of outsourcing distribution of an entire consumer electronics product line. With UPS Supply Chain Solutions on board, Nikon was able to quickly execute a synchronized supply chain strategy that moves product to retail stores throughout the United States, Latin America and the Caribbean, and allows Nikon to stay focused on the business of developing and marketing precision optics.

Nikon Consumer Goods

GEOGRAPHIC AREA SERVED

United States, Latin America and the Caribbean

CHALLENGE

Design and implement new distribution strategy to introduce Nikon product line.

SOLUTION

Integrated system for managing inbound air and ocean freight, repackaging and kitting products for final distribution.

RESULTS

- Significantly shortened Nikon's supply chain
- Increased speed to market
- Enabled higher level of service to retailers
- Improved product visibility across the supply chain

Our Solution

Starting at Nikon's manufacturing centers in Korea, Japan and Indonesia, UPS Supply Chain Solutions manages air and ocean freight and related customs brokerage. Nikon's freight is directed to Louisville, Kentucky, which not only serves as the all-points connection for UPS's global operations, but also is home to the UPS Supply Chain Solutions Logistics Center main campus. Here, merchandise can either be "kitted" with accessories such as batteries and chargers, or repackaged to in-store display specifications. Finally, the packages are distributed to literally thousands of retailers across the U.S., or shipped for export to Latin American or Caribbean retail outlets and distributors, using any of UPS's worldwide transportation services to provide the final delivery.

With the UPS Supply Chain Solutions system in place, the process calibrates the movement of goods and information by providing SKU-level visibility within complex distribution and IT systems. UPS also provides Nikon advance shipment notifications throughout the U.S., Caribbean and Latin American markets. The result: a "snap shot" of the supply chain that rivals the performance of a Nikon camera.

Nikon has already seen the results of its innovation in both digital technology and product distribution. The consumer digital camera sector is one of Nikon's fastest growing product lines. In addition, supply chain performance and customer service are measurably improved. Products leaving Nikon manufacturing facilities in Asia can now be on a retailer's shelf in as few as two days. While products are en route, Nikon also has the ability to keep retailers informed of delivery times and to adjust them as needed, so that no retailer needs to miss sales opportunities due to lack of product availability.

UPS Supply Chain Solutions is forging a broad spectrum of creative solutions to support the Nikon supply chain, including logistics, transportation, freight and customs brokerage services. Synchronizing those pieces to work together gives Nikon a significant advantage in leveraging the competitive strengths of UPS Supply Chain Solutions.

"Through a combination of UPS services, we have been able to greatly shorten our supply chain," Kamen said. "Although we are achieving greater speeds, we have better visibility of our products, which enables us to provide a higher level of service to retailers and ultimately, the final customer." Once again, Nikon leads the market in leveraging the latest developments in technology.

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*—Arnold Kamen,
Vice President of Operations and
Customer Service,
Nikon Inc.*

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