



# FARM Rio

## Fulfillment Optimization

How Shipware helped FARM Rio save over \$1M annually and cut 80% of U.S. duties and taxes

### Industry

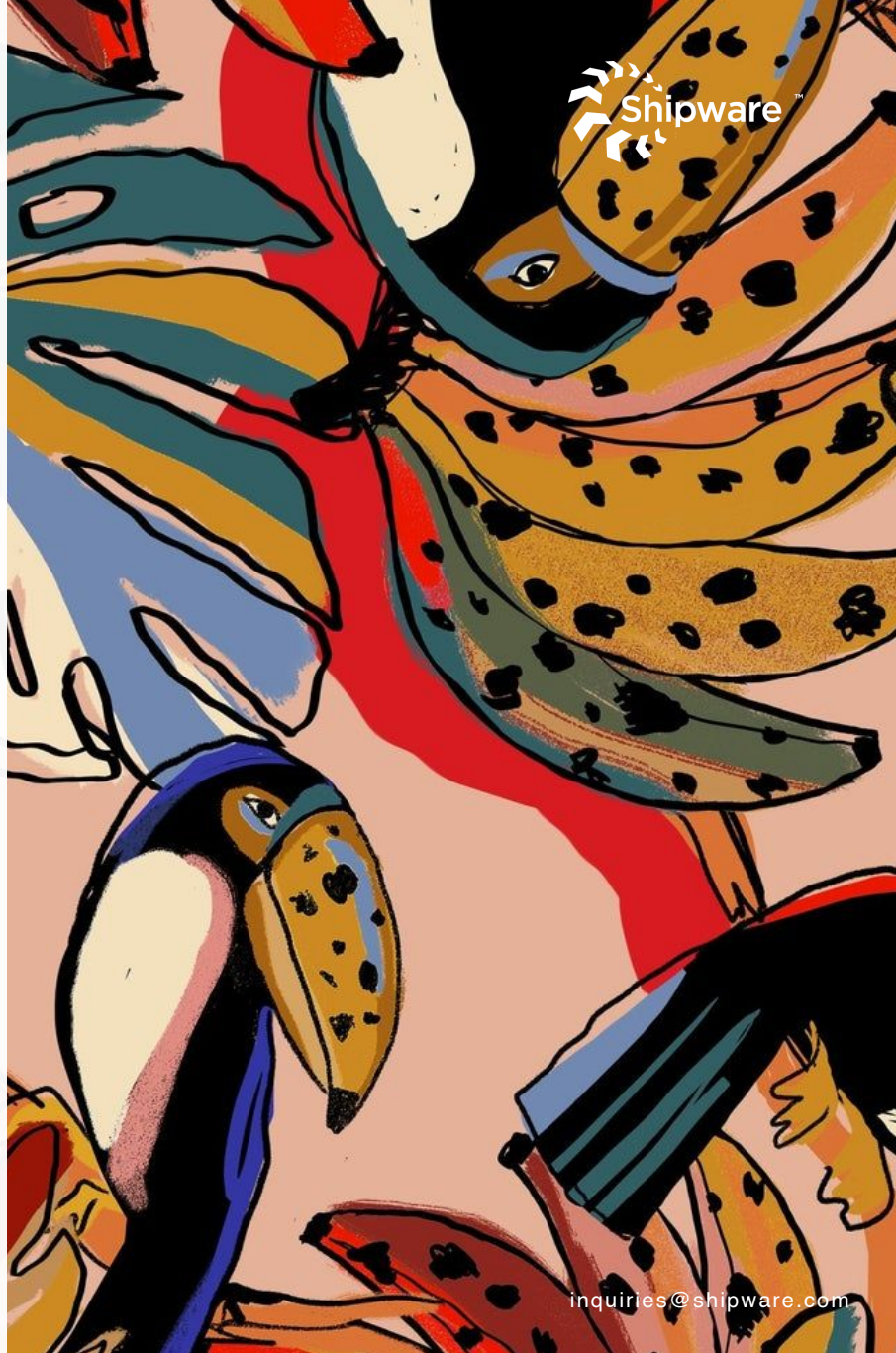
Retail & Apparel  
eCommerce

### Distribution

Direct-to-Consumer (DTC)  
Retail Locations

### Deliverables

\$1.1M in Cost Savings  
3PL Fulfillment Procurement



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## Who **is** FARM Rio?

Founded in 1997, FARM Rio is one of Brazil's most recognizable and beloved women's fashion and lifestyle brands. From its beginnings in Rio at a local independent fashion market called Babilonia Feira Hype, FARM Rio has come to embody the feminine spirit and vibrant colors of Rio.

FARM Rio's growth over the past three years has been a remarkable 50%. The brand distributes their products – dresses, jackets, accessories, and artisan collaborations – through both **direct-to-consumer (D2C) online sales and brick-and-mortar retail locations.**



## Challenges & Goal **Alignment**

Experiencing significant growing pains, FARM Rio approached Shipware with several challenges. The cost of their third-party logistics (3PL) support was rising while service from their incumbent provider was declining. With the care FARM Rio has for their customers, the most concerning issues were those impacting the Customer Experience:

- ✓ Inventory Management Issues
- ✓ Declining Turnaround Times/Slower Order Processing
- ✓ Inaccurate Orders
- ✓ No Contractual Service Level Agreements (SLAs)



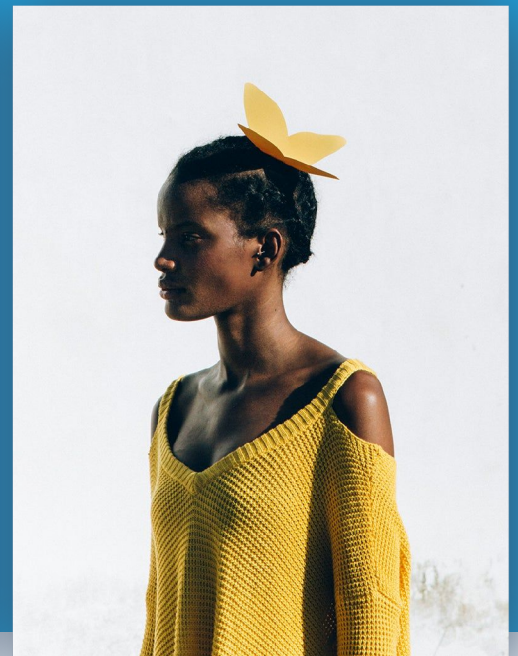
Attempting to resolve the problems on their own only delivered minimal improvements. Having leveraged the same US & European 3PL for several years, the FARM Rio team was unsure of alternative global 3PL options and had no access to 3PL pricing benchmarks. As a result, they came to Shipware to assess their fulfillment data, determine the right provider(s) and costs, and to craft and implement SLAs to ensure their provider is held accountable to service standards that would improve the Customer Experience.

## The Work

Shipware began with research and discovery, getting educated on FARM Rio's product lines, company values, short- and long-term goals, distribution strategy, and their existing 3PL relationship with its challenges.

Our team then performed a **comprehensive assessment of the current state of FARM Rio's fulfillment operations**, including:

- ✓ Reviewing operational issues and determining their root causes
- ✓ Evaluating FARM Rio's contract terms and pricing against our industry benchmarks
- ✓ Reviewing historical and anticipated growth rates and drivers



Once our assessment was complete, we **collaborated with FARM Rio's stakeholders** to define priorities, which were to:

- ✓ Eliminate service issues
- ✓ Improve the Customer Experience
- ✓ Reduce costs
- ✓ Develop and implement SLAs



# The Solution

With the assessment complete and an agreed upon direction, Shipware developed a **five-step optimization strategy**:

1. Explore service improvement solutions, contract renegotiation with FARM Rio's current 3PL and issue Requests for Proposals (RFP) for alternative vendors
2. Identify target pricing and SLA requirements
3. Identify a short list of potential global 3PL Partners
4. Develop RFP requirements unique to FARM Rio
5. Define FARM Rio's evaluation process and criteria



With a clear direction, the Shipware team **developed, issued, and managed the entire RFP process**. This completely removed the burden from the FARM Rio team, saving valuable personnel hours and sidestepping pitfalls that similar businesses fall into throughout the 3PL RFP process. Our 3PL Optimization team evaluated all vendor responses and options, then worked closely with Farm Rio to select finalists based on the requirements and criteria previously established with stakeholders.

Once evaluation was complete, Shipware and FARM Rio directly negotiated the Master Service Agreement (MSA) with the chosen vendor, **leveraging our pricing benchmarks and industry experience to attain best-in-class pricing, terms, and SLAs** – both best practice SLAs, and those developed specifically to meet FARM Rio's needs. With the agreement signed, we provided support throughout implementation of the new 3PL to ensure a smooth transition with minimal disruption.

## The Results

Our team delivered over **\$1.1 million in annual cost savings** to FARM Rio, a significant percentage of their annual fulfillment costs.

Shipware helped select a cross-border (Mexico) fulfillment partner with the necessary expertise in apparel to hit FARM Rio's turn time, accuracy, and inventory management targets. In addition, we substantially lowered transaction costs by **leveraging Maquiladora and Section 321 Programs** from the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) to eliminate 80% of U.S. duties and taxes.

**\$1.1  
Million**

Savings on annual  
fulfillment costs

**80%**

of U.S. duties and taxes  
eliminated

**New  
3PL**

Fulfillment partner procured  
and implemented



This solution not only reduces costs and enhances FARM Rio's current operations; it positions them for accelerated global growth while maintaining excellent customer experience standards.