CASE STUDY

Online Direct-to-Consumer Beverage Distributor Secures More Than $1 Million in Initial Savings With Active Shipping *Management*

One of the largest online direct-to-consumer beverage distributors in the nation wanted to optimize its multi-carrier fulfillment operation by gaining greater visibility and control over its parcel shipping spend. Using Reveel's Shipping Intelligence™ Platform, the company was able to secure more than $1 million in savings out of the gate, while gaining the ability to identify and act on additional cost-saving opportunities.

The executive overseeing the company's parcel shipping and fulfillment operations was a veteran operations expert with significant experience in senior-level roles at well-known brands. With a keen focus on innovation, the company recently completed a significant redesign and deployment of its core operations and online ordering platform, a development that promised not only to improve the customer experience, but also to provide greater operational intelligence to various business functions throughout the enterprise.

Despite the company's emphasis on best-in-class and innovative technologies and tools, its

fulfillment operation was constrained by the largely reactive approach to parcel shipping common among most organizations that do business online. More specifically, the executive was keenly aware of the problematic nature of parcel shipping: while leaders have significant visibility into other business functions, parcel shipping is an anomaly.

Not only are parcel shipping costs governed by complex web of variables in lengthy carrier contracts filled with numerous fine-print details – but each shipment is in effect an ad hoc event. Sent to different locations and including different products, each package is subject to

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a litany of surcharges, rules, and fees impacted by numerous factors, including the weight and dimensions of the package being sent.

As result, parcel shipping is in effect the last frontier of spend optimization. Most organizations have no real time visibility over their shipping activity, let alone the ability to proactively take steps to lower their costs. It is for that reason that most base their efforts to better manage and lower parcel shipping costs on data gleaned after the fact either from carrier invoices or from parcel shipping consultants that broadly apply best practices, but who themselves have very little real visibility into clients' shipping data.

What's more, the factors that influence parcel shipping costs – from general rate increases to zone-specific rules – are constantly changing. Highly complex, it is impossible for any one person to know how the innumerable terms and conditions will impact each and every shipment an organization makes.

For the beverage distributor, this reality was particularly salient because the company provided full-service direct-to-consumer fulfillment services to its clients, beverage manufacturers. This included not only giving customers the choice of which carrier to use, but also providing them with better shipping prices than they could get on their own. The shipping mix is also diverse and includes ground and express shipments, as some beverages are sensitive to environmental conditions like temperature and must be delivered quickly.

To do this, the company employed a shipping consultant. The veteran operational executive knew this was not ideal, as the consultant's services were expensive and typically were reactive after additional carrier costs were assumed. The executive was also well aware of the value of business intelligence, and how the effective use of data makes it possible to make sound, accurate decisions, but no such solutions existed for the parcel shipping function. That's why everything changed with the introduction of Reveel's Shipping Intelligence Platform.

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ACTIVE SHIPPING MANAGEMENT WITH REVEEL'S SHIPPING INTELLIGENCE PLATFORM

The executive was intrigued by Reveel's Shipping Intelligence Platform, but reserved judgment until trying it. The onboarding process was exceptionally easy and he was immediately impressed by the fact that it enabled him to access the company's shipping data in near real-time for the first time ever – a stark departure from status quo in which shippers and parcel consultants typically rely on their ability to analyze spreadsheets and invoices from carriers to gain a basic understanding of their shipping activity after the fact. What's more, it was historically a time-consuming process that often missed important context and by its very nature was reactive.

It quickly became clear that Reveel's platform would enable the company to approach tasks more effectively, and with greater specificity, than ever before – enabling it to move from rudimentary and reactive shipping management to active shipping management in which data is used to identify ways to save money right now and in the future.

The transformative impact of the platform became immediately clear when the company put it to work and began to draw on the capabilities it gave the executive and its shipping department to plan, measure, optimize and monitor.

PLAN – REVEEL'S SHIPPING INTELLIGENCE™ PLATFORM ENABLES SHIPPING OPERATIONS TO:

- Forecast shipping expenses and budget;
- Support strategic decision making;
- Perform data-driven financial planning and analysis; and
- Execute SKU-level analysis of product profitability.

Executives know you must have data and be able to manipulate it to determine how various actions will impact your operations, but for shippers, that data historically was not available. Something as fundamental as making a parcel shipping budget is a perfect example.

The most basic prices, the carriers' annual general rate increases (GRIs), are an example. The carriers' rate cards and GRIs do not include the surcharges, new rules and fees that radically impact costs, leading many shippers to set inaccurate budgets each year. For example, for 2023 FedEx and United Parcel Service (UPS) introduced a record GRI – 6.9% – but a shipper who simply increased their budget by 6.9% would be sorely disappointed.

Indeed, Reveel showed even before the 2023 GRI went into effect that less than 5% percent of customers would see their shipping costs increase by 6.9% percent or less. Reveel's data

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scientists found that on average, U.S. businesses would pay 10.2% more to ship via UPS and FedEx customers would pay 9.1% more in 2023.

Reveel's platform enabled the distributor to take the new GRI and all of the new rules, new fees and new surcharges, run a model that applies them to its actual shipments from the previous year, and have an-apples-to apples comparison that enables it to formulate budgets with unprecedented precision. This analysis is also down to the SKU level – something that benefits departments outside of shipping.

For example, if the marketing department wants to run a promotion on a particular beverage, it can run a SKU-level analysis to see exactly how much shipping will cost on average – information that can be used to determine if there is room to offer 'free' shipping. And perhaps even more importantly, it can provide its clients, beverage manufacturers, with factual, data-based insights when they inquire about their fulfillment costs.

MEASURE – REVEEL'S SHIPPING INTELLIGENCE™ PLATFORM ENABLES SHIPPING OPERATIONS TO:

- Optimize operational efficiency;
- Compare your operational performance to peers;
- Report on vital factors; and
- Assess budgetary impact of carrier rate changes.

The executive was well aware that you can't manage what you can't measure.. But with Reveel's platform the right information is immediately available. The platform's strong data visualization capabilities enable the distributor to immediately pull reports that show in an instant where opportunities to save money were missed, what's required to get to the next volume discount, and even how its shipping operation and costs compare with other organizations.

Those capabilities include what Reveel calls

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shipping vital factors, the fundamental indicators of parcel shipping success that are immediately accessible when using the platform. They include total shipping spend, surcharge spend, average cost-per-shipment, average weight per shipment, minimums and average zone – all insights that should be measured in any organization.

Reveel's data scientists found that on average, U.S. businesses would pay **10.2% more** to ship via UPS

The powerful algorithms in Reveel's platform also enable shippers to gauge their performance with the Reveel Peer Index, (RPI), the industry's first objective operational performance metric of its kind. It lets shippers know if their operational key performance indicators are on par with with other organizations that have a similar shipping profile.

The company can even measure how seemingly small changes will impact it. For example, if a carrier introduces a new fuel surcharge, the executive simply runs an analysis through Reveel that shows how it will impact total shipping costs. "That's something that in the past would have taken days of time-consuming calculations and more than a little guesswork," says the executive.

OPTIMIZE – REVEEL'S SHIPPING INTELLIGENCE™ PLATFORM ENABLES SHIPPING OPERATIONS TO:

- Know which areas to focus on - follow the money

- Optimize operational efficiency

- Understand where your leverage lies

- Compare agreements side-by-side.

The distributor is using the access to shipping data the platform provides to continually optimize its multi-carrier operations and use the shipping intelligence it possesses both to refine its shipping operations and ask for specific things when working with with both FedEx and UPS.

Even if the company signed a carrier contract for three years, they can add addendums to the contract before it ends. Using the data they now have, the executive and the shipping department are constantly looking not only at what they can do better to save money, but also where they can be very targeted and specific in their discussions with carrier partners –something that is only possible when it is clear exactly how and where money is being spent for parcel shipping.

"Now we ask for very specific concessions in our negotiations – for example changing the dimensional divisor, adjusting particular surcharges and other perimeters that will

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"After drawing on these capabilities, the executive has a recommendation for all shippers: "It's important to monitor the things that impact your business most, but one thing all shippers should do is to continually look at the average cost-per-package. It's a particularly valuable metric because it is the culmination of many different things – the service level you are using, the average zone you are shipping to, the surcharges you are paying and other perimeters. That's why it's a great benchmark to monitor to gauge the overall performance and health of your shipping and fulfillment operation.""

directly impact our costs, but which might not overtly impact organizations with a different shipping profile."

Reveel's Shipping Intelligence Platform also enables the operation to quickly compare carrier agreements side-by-side. It's functionality that lets it instantly see which carrier will work best for a particular customer or product segment.

Every shipper knows what it feels like to look at a shipping contract that includes many pages of fine-print details and feel overwhelmed because they know that even one seemingly insignificant detail might have the potential to radically impact their profitability. The advanced data science Reveel brings to the picture completely eliminates that fear.

MONITOR – REVEEL'S SHIPPING INTELLIGENCE™ PLATFORM ENABLES SHIPPING OPERATIONS TO:

- Track expiring surcharges and revenue band changes;

- Monitor for discounts and agreement compliance;

- Recover refunds for late shipments and billing errors; and

- Monitor for security and fraud.

For years, shippers have literally left money on the table when carriers failed to meet their service-level guarantees. For example, a parcel that doesn't arrive on time entitles the shipper

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to a rebate, but far too many never act on that information because collecting data – in essence auditing their own shipping activity – is something they can't easily do.

Surcharges are another example of why it's absolutely crucial for shippers to monitor their shipping activity. Many times carriers will put a time limit on various surcharges so they expire before the contract does. And all too often the shipper only realizes after the fact and after the damage has been done. In contrast, Reveel's platform provides alerts on those changes proactively.

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MORE THAN $1 MILLION IN INITIAL SAVINGS AND COUNTING…

In the first year of using Reveel's Shipping Intelligence Platform the online direct-to-consumer beverage distributor secured more than $1 million in initial savings. With the current perimeters in place, the company will also save $943,264 annually – all while simultaneously uncovering emerging opportunities to achieve additional efficiencies and savings.

"With the shipping intelligence we now possess, we have the ability to make significant operational improvements in our fulfillment operation, work closer with our carrier partners to find optimal solutions for our customers, and provide our customers with more focused recommendations on shipping," says the executive. "We are just getting started and plan to use the shipping intelligence we now have to make a number of improvements."

Request a demo today to see how you can leverage automation to synthesize your data, ship more for less, and reduce the time needed to identify issues and action items.

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Reveel is the leading Shipping Intelligence™ Platform that enables companies to level the playing field with FedEx and UPS. With over 16 years of parcel agreement management expertise and $400M+ in savings for its clients, the company provides actionable insights to help customers make smarter business decisions and have peace of mind. Reveel helps shippers leverage the power of data science and peer comparison data to capture significant ROI and improve their competitive advantage.

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