

CASE STUDY

A National Furniture Retailer Uncovers a Crucial Shipping Mistake

Furniture retailers know the drill; shipping heavy and bulky items involves unique challenges, increasingly higher costs, and hidden fees. One retailer uncovered a crucial mistake. Their experience shows how to get ahead of the game.

The national furniture retailer was no stranger to high-volume and high-frequency shipping. With hundreds of brick-and-mortar stores spread across the country and a thriving e-commerce site, the company's distribution centers were always busy. Store replenishment operations and a thriving e-commerce site ensured that a continual stream of products moved through the company's warehouses.

Notably, the brand's shipping profile was diverse, encompassing not only the heavy and often bulky furniture items which comprised its core business, but also much smaller decorative products and accessories for the home. Importantly, its strong relationships with its carrier partners also reflected an effective and collaborative approach to fulfillment honed over decades.

By all accounts the shipping operation was efficient and effective. Patrons received their online orders on time, as did in-store shoppers who wanted to purchase items temporarily out of stock or those customized by color, fabric, and other options.

From a distance, everything looked great, but the shipping executive wanted to do more. He surmised there were opportunities to negotiate more favorable terms and conditions with carriers, lower costs, and improve shipping processes. Drawn to Reveel by the promise of the powerful data science in its platform, the retailer quickly moved with its implementation and within days began drawing on the actionable insights it delivered.

It immediately gained detailed visibility into its shipping vital factors, the key metrics of any

shipping operation. Traditionally, such information was only retrievable through the time-consuming analysis of carriers' invoices and spread sheets well after the fact. Now, with Reveel, the retailer had real-time visibility into its own shipping vital factors, and the ability to immediately make decisions based on them. These factors included:

- **Service spend:** The total amount spent with a carrier annually, it includes accessorials and other line items from shipping invoices.
- **Surcharge Spend:** Total surcharge spend is crucial to track as new surcharges, and increases to them occur often and encompass everything from fuel to package dimensions and delivery areas.
- **Average Cost-Per-Shipment:** Whether referred to as average cost-per-package or average cost-per-parcel, the average cost of shipments should be closely watched, as carriers strive to increase it in their effort to grow revenue-per-package, or RPP.
- **Minimum Charges:** Failing to keep track of the percentage of shipments that meet or exceed the minimum charges agreed on with the carrier can negate all other negotiated savings, discounts and exceptions.
- **Shipping Weight:** The average weight of parcels and the percentage of packages that hit or exceed the dimensional weight threshold should be tracked at all times.
- **Average Zone:** Knowing the distance travelled by your packages is crucially

important to fine tune distribution networks and when shipments can be sent more economically, for example when costly express services can be fulfilled with less expensive ground services.

- **Carrier Performance:** How often is a carrier late with deliveries? Shippers must know at all times if carriers are meeting guaranteed or agreed upon service levels. More than 75% of U.S. businesses unbelievably do not file for the refunds they are entitled to when packages are delivered late or damaged.
- **Time in Transit:** How long the process is taking from the moment parcels are picked up to the time they are delivered is an important carrier performance metric shippers should track.

On average, organizations that use Reveel see their parcel shipping costs decrease by 22%, with many securing far greater savings. The furniture retailer used their newfound capabilities to exceed the average almost immediately.

Using the simulation capabilities in the platform the retailer was able to quickly create models that applied all of the changes in proposed contracts and the carriers' General Rate Increases, or GRIs, to actual shipments it made the previous year. In this way, it was able to know definitely how new fees, rules and terms would impact its costs and what the resulting shipping budget would actually look like. Reveel's carrier contract analysis capabilities also enabled it



to compare the impact of different carriers' proposals and drill down into their relative merits and weaknesses.

Not only did the platform identify areas where even minor changes to contracts and shipping processes delivered immediate gains, but Reveel's shipping experts reviewed the data and worked with the shipping team to identify specific areas for negotiation with carriers. The company subsequently secured its most favorable agreements ever, generating over \$7m of dollars in immediate savings on its shipping costs.

DELIVERING INTELLIGENCE FOR OPERATIONS AND FINANCIAL DECISION MAKING:

The shipping department was just getting

started. Later, with enhancements that comprise Reveel's Parcel Spend Management 2.0 (PSM 2.0) technology, including its Analytics Hub – a fully embedded business intelligence environment that features powerful drill-down analytics – the executive knew that the platform could also greatly benefit the retailers' operational and financial leaders. Specifically, shipping intelligence could be made available across the business through Reveel's seamless integration with enterprise resource planning, customer relationship management, and transportation management systems. Two of many examples included:

- **Expansion strategies:** Insights on customer buying habits illuminated ideal locations for new brick-and-mortar stores; and
- **Real-time financials:** With GL coding that

immediately inputs accruals into the general ledger – rather than after invoices are received by the carrier – finance gained an in-the-minute view into outlays and the financial health of the commerce operation where shipping costs have a dramatic and material impact.

PSM 2.0 also gave the furniture retailer unprecedented visibility into its shipping data at the SKU level, a sea change that upends the historical view of shipping performance based on aggregated results. As the furniture retailer learned, this new level of insight had significant ramifications.

SKU-LEVEL VISIBILITY UNCOVERS A CRUCIAL AND COSTLY MISTAKE:

The retailer's initial view into shipping costs at the SKU level revealed the unthinkable. A new product line, just introduced, inadvertently triggered a carrier's maximum oversize charge. The fee was more than \$1,400 per item – a jaw-dropping amount that would render every sale of the new furniture item a costly, and significant loss.

Reveel's PSM immediately flagged the anomaly and the furniture retailer changed the terms of sale on the item to only include at-store pick up for online purchases. But many other retailers, unfortunately, are not so lucky.

"The reality is that most omnichannel retailers

and e-commerce companies continue to look at shipping costs and results in the aggregate," says Josh Dunham, co-founder and CEO of Reveel. "When you are shipping thousands or millions of items, that big picture view can hide instances when entire product lines are regularly shipped at a loss, sometimes for years. In a big company, this can easily translate into many millions of dollars being lost needlessly. And even in great partnerships, carriers often overlook this obvious mistakes."

Josh cautions that this issue is particularly problematic in the furniture industry. This is because heavy, cumbersome and bulky items are particularly at risk.

"It is absolutely crucial that furniture manufacturers and retailers have real-time visibility into their shipping data, be able to proactively manage it, and know what actual shipping costs are at the SKU level," he adds. "Carriers are increasingly demonstrating in no uncertain terms that large and bulky items are particularly susceptible to new rules, extra fees and constantly changing surcharges as they penalize shippers for items they are no longer eager to move in their networks. Shippers must be vigilant and have the systems in place to know when changes impact the items they ship, when it's time to use other carriers, and when last-mile delivery simply doesn't make sense."

For a demo of Reveel's PSM 2.0 and free GRI analysis visit reveelgroup.com/get-a-demo.



Reveel is the leading Shipping Intelligence™ Platform that enables companies to level the playing field with FedEx and UPS. With over 17 years of parcel agreement management expertise and over \$8Bn spend under management, 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.

[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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