



PROMAT

2015

McCormick Place South | Chicago
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promatshow.com

***The Savvy Shipper:
Practical, Yet
Commonly Overlooked
Ways to Reduce
Freight Costs***

Sponsored by:



Presented by:
Bob Fischer, CEO

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Smart Shipping Made Easy

- Make it easy to make the right decisions for every order shipped
 - The right box size
 - The right address
 - The right delivery method
 - At the right freight rate



Topics

- Dimensional rating changes
- Who is impacted
- Three approaches to accurate dimensional rating
- Additional tools to minimize transportation costs
- Carrier considerations



Dimensional Rating Formula

- $L \times W \times H$ – divided by dimensional divisor
 - UPS, FedEx divisor is 166 for domestic, 139 for international shipments
- UPS & FedEx new pricing applies to all ground packages
 - In past, applied to packages over three cubic feet
 - UPS effective December 29, 2014
 - FedEx effective January 1, 2015



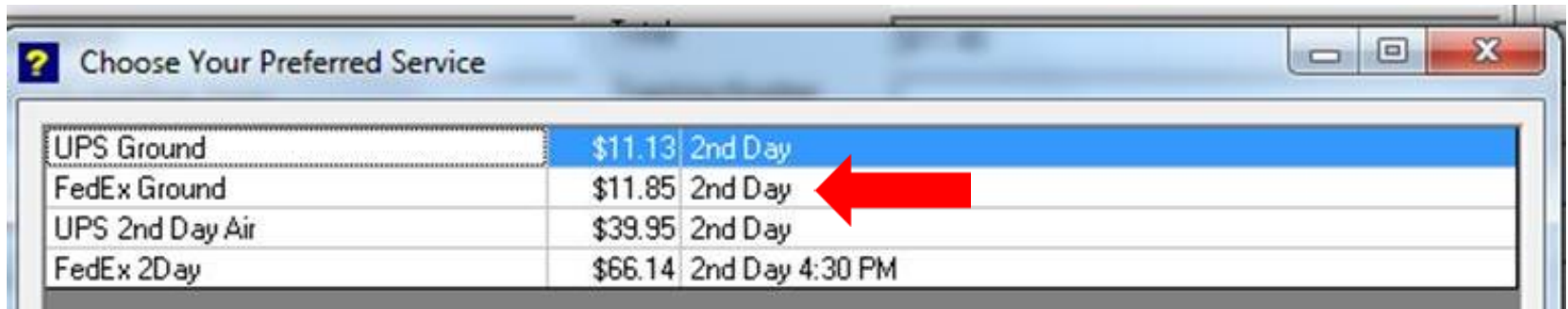
Implications?

- A package measuring 12"x12"x12" but weighing only 5 lbs would be billed at the 11-lb rate:
 - Significant increase over previous rates
 - A 5-lb package of toilet paper from Amazon could be priced as a 20-lb shipment*
- One-third of all ground packages are impacted
- Lightweight, non-dense shipments will have the greatest cost increase
- E-Commerce companies already forced to reduce transportation costs due to "free freight" initiatives & Amazon prime are ...

*"Tough love" or power grab? FedEx's shift to dimensional pricing is in eyes of the beholder," DC Velocity, May 12, 2014.

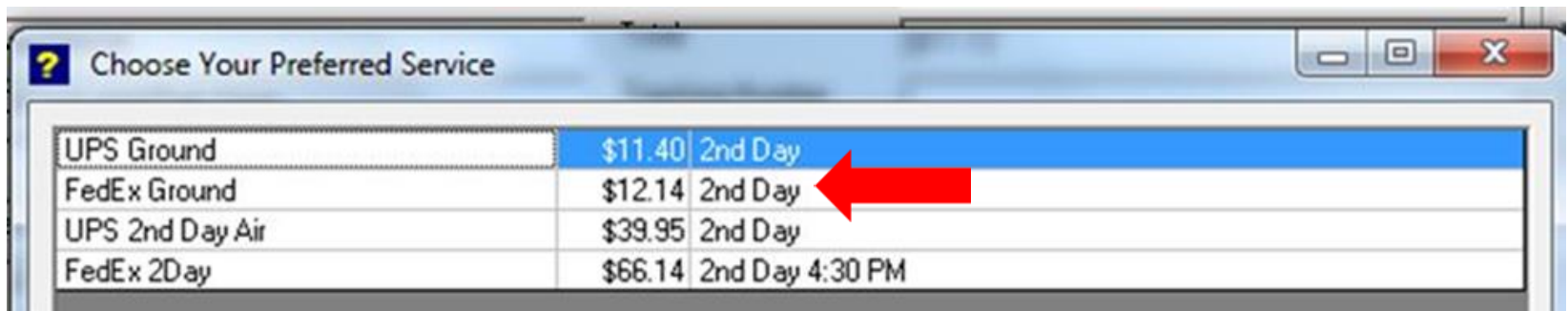
Example Comparison

Today's rates: 5-lb, 10x10x10 box



Service	Rate	Delivery
UPS Ground	\$11.13	2nd Day
FedEx Ground	\$11.85	2nd Day
UPS 2nd Day Air	\$39.95	2nd Day
FedEx 2Day	\$66.14	2nd Day 4:30 PM

New rates: 5-lb, 10x10x10 box



Service	Rate	Delivery
UPS Ground	\$11.40	2nd Day
FedEx Ground	\$12.14	2nd Day
UPS 2nd Day Air	\$39.95	2nd Day
FedEx 2Day	\$66.14	2nd Day 4:30 PM



Five Ways to Capture Dimensional Measurements

1. Barcode scanning to capture measurements via box codes or scan box code at shipping station
2. Dim weight mobile measurement tool
3. Add static dimensioning machine to shipping line
4. Implement an inline dimensioning solution
5. Programmatic integration between host system and shipping system

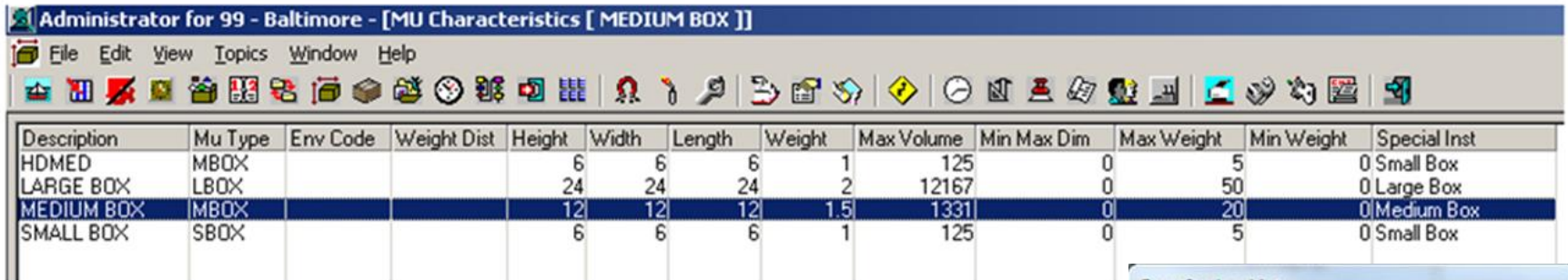
1. Barcode Scanning



- Barcode scanning integrated to shipping system:
 - Cost-effective
 - Easy to deploy

Packaging Detail Sources

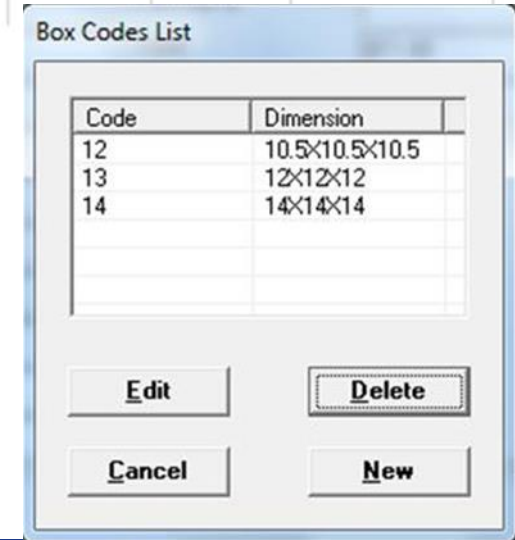
1: Pass dimensions or package type from Cadence



Administrator for 99 - Baltimore - [MU Characteristics [MEDIUM BOX]]

Description	Mu Type	Env Code	Weight Dist	Height	Width	Length	Weight	Max Volume	Min Max Dim	Max Weight	Min Weight	Special Inst
HD MED	MBOX			6	6	6	1	125	0	5		0 Small Box
LARGE BOX	LBOX			24	24	24	2	12167	0	50		0 Large Box
MEDIUM BOX	MBOX			12	12	12	1.5	1331	0	20		0 Medium Box
SMALL BOX	SBOX			6	6	6	1	125	0	5		0 Small Box

2: Scan box codes from list:



Box Codes List

Code	Dimension
12	10.5x10.5x10.5
13	12x12x12
14	14x14x14

Edit Delete
Cancel New

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2. Mobile Dimensional Weight Calculator



3. Static Dimensioning



Variable sized cartons

- Make cartons to size to fit the shipment

Systems are fairly expensive

Not always fast and efficient

4. Inline Dimensioning



- For high volume shipping
- Print and apply
- Unattended and operatorless
- Expensive



5. Integrated Cartonization Tool

- Automatically compute the right box or boxes for each order
- Optimize box selection with cartonization software

Box List

Number of boxes: 12

Box#	Description	Int. Length	Int. Width	Int. Height		
A	A	8.5	8.25	8.25	Delete	Edit
B	B	13	10	5	Delete	Edit
C	C	18	10.25	8.25	Delete	Edit
D	D	18	12	16.2	Delete	Edit
E	E	12	12	12	Delete	Edit

Add Box

Item List

Number of Items: 10

Item#	Description	Shipping Type	Qty		
5036	5036	Nest	5	Delete	Edit
3280	3280	Individual	10	Delete	Edit
1002	1002	Combine	100	Delete	Edit
9329	9329	Nest	3	Delete	Edit
5033	5033	IndividualC	2	Delete	Edit

Add Item



Other Tools to Eliminate Chargebacks

- Address verification:
 - Eliminate chargebacks of \$12 per package
- Carrier comparison tools:
 - Best rate, according to delivery requirements



Address Verification Tools

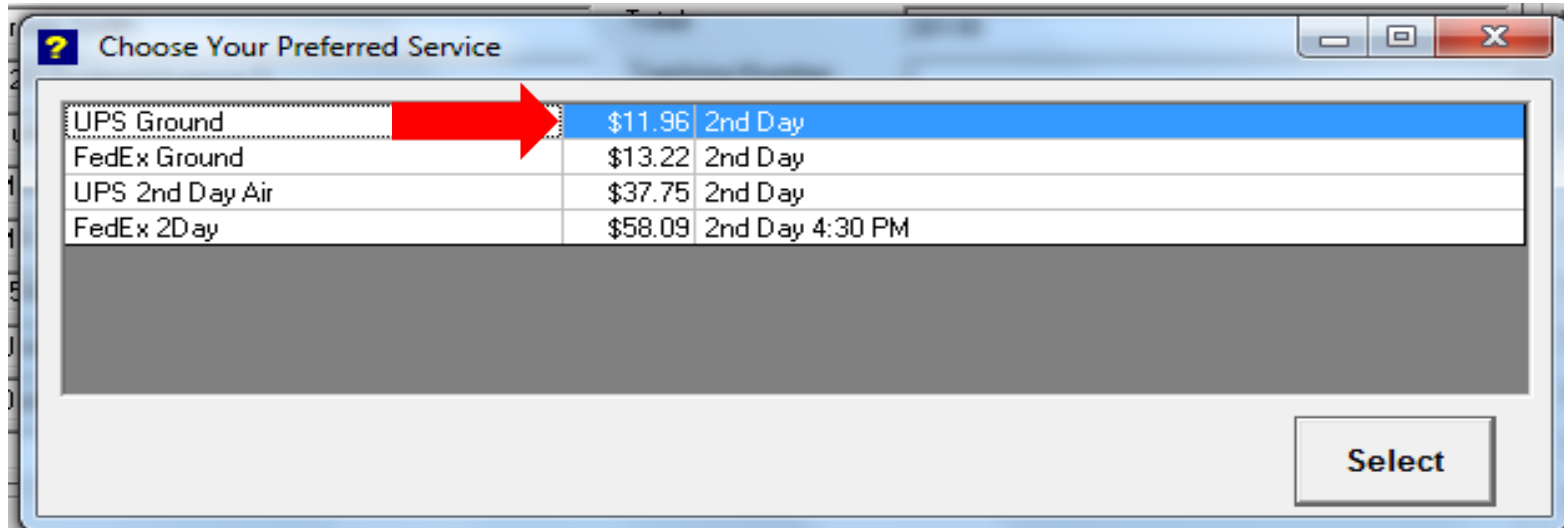
- Detect and auto-correct errors before shipping
- Prevent incorrect address charge of \$12.00 per package

ADDRESS VERIFICATION INFORMATION

Address1:	955 N Plum Grove Rd	City:	Schaumburg
Address2:		State:	IL
		Zip Code:	60173-5190
		RDI:	False
Confidence Level:	98		
Status:	Missing Apt/Suite Number		

The ShipTo address has been validated against national databases. Please review the results and make a selection to continue.

Automate Carrier Service Selection



- Choose the least cost delivery option to meet your customer's needs
- Commitment-based, arrive by date, automated decision
- Logic embedded into shipping system
- \$11.96 vs \$58.09 – Significant savings opportunities



Residential Delivery

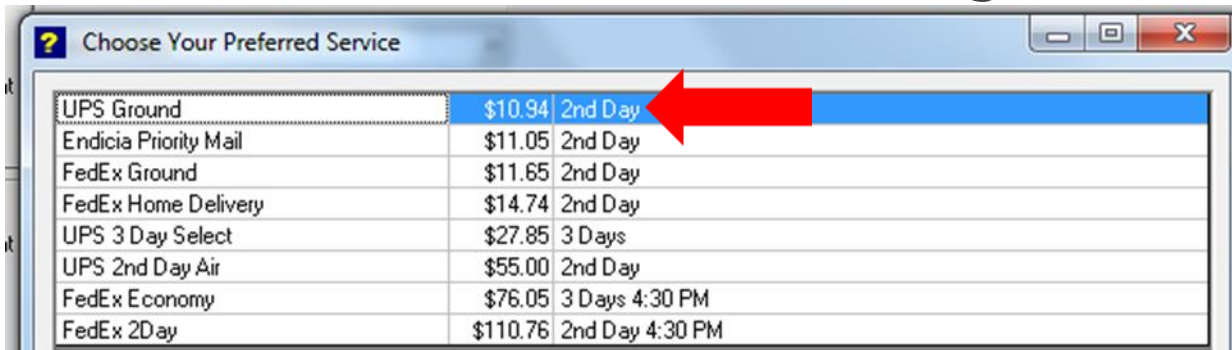
- Impact of not selecting a residential address correctly

ADDRESS VERIFICATION INFORMATION

Address1:	1511 Crowfoot Cir N	City:	Hoffman Estates
Address2:		State:	IL
		Zip Code:	60169-2385
		RDI:	True
Confidence Level:	100		
Status:			

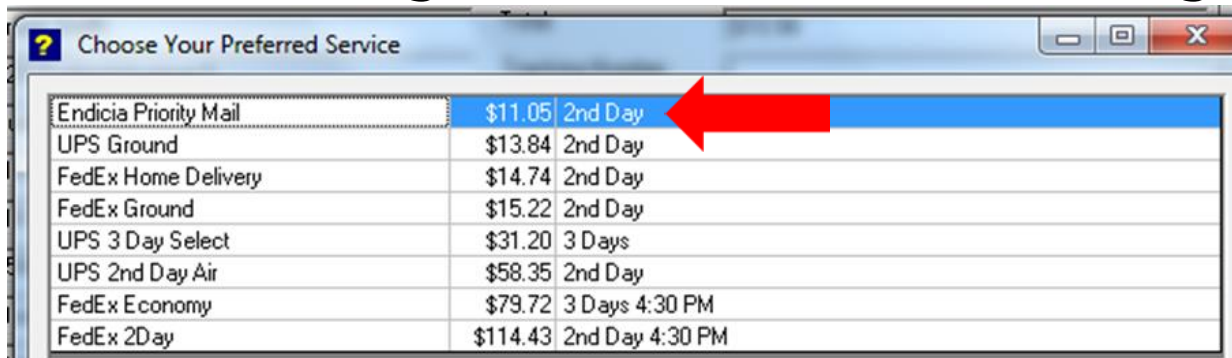
Residential Flag Not Set Correctly

- Lower rate returned if residential flag not set



Service	Rate	Delivery
UPS Ground	\$10.94	2nd Day
Endicia Priority Mail	\$11.05	2nd Day
FedEx Ground	\$11.65	2nd Day
FedEx Home Delivery	\$14.74	2nd Day
UPS 3 Day Select	\$27.85	3 Days
UPS 2nd Day Air	\$55.00	2nd Day
FedEx Economy	\$76.05	3 Days 4:30 PM
FedEx 2Day	\$110.76	2nd Day 4:30 PM

- Actual rate is higher – result in carrier chargeback



Service	Rate	Delivery
Endicia Priority Mail	\$11.05	2nd Day
UPS Ground	\$13.84	2nd Day
FedEx Home Delivery	\$14.74	2nd Day
FedEx Ground	\$15.22	2nd Day
UPS 3 Day Select	\$31.20	3 Days
UPS 2nd Day Air	\$58.35	2nd Day
FedEx Economy	\$79.72	3 Days 4:30 PM
FedEx 2Day	\$114.43	2nd Day 4:30 PM

Back billing by carrier to shipper is difficult to collect from customers



Carrier Considerations

- Regional carriers
 - May have more price-friendly dimensional factor and lower rate structure
- U.S. Postal Service shipping
 - Do analysis of existing shipments to identify savings opportunities
- Negotiate, negotiate, negotiate



Suggestions

- Negotiation tactics:
 - Modified dimensional divisor
 - Cubic threshold modifications
 - Grandfather in existing cubic threshold
 - Phased-in approach to cubic increase
 - Offsetting incentives
 - Modifications to fuel surcharges, rates, address correction charges
- Review your carton sizes and make adjustments based on dimensional implications

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Thank you for your time!
Questions?

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Or visit ProMat 2015 Booth 4170