

GROWING RETAILER WORKS WITH SCHNEIDER INTERMODAL TO MEET DELIVERABLES AT MARKET-DRIVEN PRICING – ALL WHILE GROWING ITS OWN BOTTOM LINE

BACKGROUND: A NATIONWIDE ELECTRONICS AND APPLIANCE RETAILER NEEDS A LONG-TERM, RELIABLE CARRIER SOLUTION

A nationwide electronics and appliance retailer was experiencing supply chain growing pains in channeling product for its online and brick-and-mortar stores. It was critical to meet on-time delivery needs from its West Coast distribution center to more than 20 company and vendor destinations nationwide and cross-border Mexico.

To add to the complexity, the loads were comprised of high-value product, making security a serious priority. In order to get the capacity needed to meet deliverables, the retailer knew it needed to form strategic relationships with a core group of reliable carriers it could rely on to deliver its product securely, and on time, as promised.

SITUATION: STRATEGIC RELATIONSHIPS WITH ASSET-BASED MULTIMODAL CARRIERS NEEDED TO DELIVER ON HIGH EXPECTATIONS

Every minute product wasn't on the shelf or at a vendor on time, the retailer's bottom line dropped. The company needed a reliable carrier that could keep up with its exponential growth, safely, securely and at a fair market price.

From past experience, the retailer knew it would not meet those deliverables through the spot market, so decided to form relationships with core carriers instead.



CORE CARRIERS

The retailer turned to Schneider, a carrier with multimodal capabilities, a footprint throughout North America and significant cross-border expertise. As most of the transportation distances were long and security was of utmost importance, Schneider's Intermodal service made for a perfect fit.

SOLUTION: SCHNEIDER INTERMODAL OPTIMIZES RETAILER'S NETWORK TO MEET DELIVERABLES AT MARKET-DRIVEN PRICING

Schneider delivered not only superior intermodal service, but also worked with the retailer in three key areas to assure it met the retailer's deliverables with market pricing:



STRATEGIC NETWORK ALIGNMENT



SHIPPER OF CHOICE GUIDANCE



STRATEGIC PURCHASING EXPERTISE

STRATEGIC NETWORK ALIGNMENT

Schneider’s intermodal network strategically aligned with the retailer’s distribution centers and major vendor locations to increase efficiency and offer better pricing while flexing to the capacity and timing needs of the retailer. Additionally, its multimodal network options and transportation expertise assured the retailer that when capacity was tight, it could count on Schneider to guide it to do what was best to deliver on — and beyond — expectations.

As a result of analyzing freight and market characteristics to align its unique network, the retailer opted to use supplemental Van Truckload and Brokerage services when necessary to ensure reliable capacity at market-driven pricing.

ANALYZE FREIGHT AND MARKET CHARACTERISTICS WITH CORE CARRIERS TO STRATEGICALLY ALIGN NETWORKS

SERVICE OFFERINGS	On time over 95%	100% Acceptance*	Trailer Pools	Restricted Appts.	Market Capacity Constrained	High Variability or Seasonality	Length of Haul		
							<250 Miles	250 - 1000	1000+
Intermodal	B	B	A	B	A	A	C	B	A
Dedicated	A	A	A	A	A	C	A	C	C
Van Truckload	B	B	A	C	B	A	A	A	B
Brokerage	B	A	C	A	A	A	A	A	A
Expedited Teams	A	B	A	C	B	B	C	B	A

A denotes best fit *Acceptance for all freight on a lane

SHIPPER OF CHOICE GUIDANCE

Being a Shipper of Choice is another element that guarantees receipt of reliable capacity at market-driven pricing. The retailer worked with Schneider to employ a variety of Shipper of Choice tactics to make freight more attractive, drive efficiency, provide a better experience for drivers and reduce overall costs.

- Having open pick-up and delivery times
- Preloading trailers and containers
- Developing efficient check-in and check-out processes
- Being open to different service offerings
- Shipping at off-peak times
- Providing driver-friendly facilities
- Planning ahead for accessorial charges

After converting all new distribution centers to drop and hook configurations, the retailer reduced drop times from three-plus hours to less than one hour – saving its bottom line while providing a better experience for drivers.

\$\$\$ STRATEGIC PURCHASING EXPERTISE

The relationship between the retailer and Schneider resulted in the adoption of strategic purchasing method. Though the retailer was usually required to conduct an annual bid, Schneider's deep knowledge of the retailer's network and needs – as well as the retailer's Shipper of Choice characteristics – enabled the retailer to bypass its traditional pure bid scenario. By working with Schneider, the retailer worked through a pre-negotiation bid, in which Schneider combined pricing and performance up front – saving time and cost for both parties.

By following this method, the retailer stabilized its carrier network and knew that the right carriers were providing the best fit for its requirement while being held accountable to providing market-driven pricing.

NEGOTIATION WITH CORE CARRIERS BALANCES THE TRADEOFFS BETWEEN COST, CAPACITY AND SERVICE

			PURE BID	POST-BID NEGOTIATION	PRE-BID NEGOTIATION	NO BID
		BID TACTICS	Multiple rounds, award on bid pricing and capacity estimates.	Negotiation with larger carriers after the initial bid round.	Negotiation with core carriers on the 20% of lanes that represent 80% of volume. Bid out remaining 20% of volume.	Ongoing review of lanes that have lower acceptance, service or are outside of market pricing.
PRIORITY	COST Relative to Market	Short Term	Market	+1-2%	+1-3%	Market
		Long Term	+ 2-3% due to reduced carrier acceptance	+1%	Market	-3 to -1% of Market
	CAPACITY Tender Acceptance	Short Term	92%	93-95%	95%	95%
		Long Term	85%	90-93%	93-95%	98%
	SERVICE On-Time Delivery	Short Term	93-95%	93-95%	95-96%	95%
		Long Term	90-93%	90-93%	94-97%	98%
ADVANTAGES			Gives confidence that pricing is competitive.	Gives confidence in gap between larger carriers and market.	Stabilizes carrier network yet allows external network changes.	Stable network allows carriers to build network and lower empty miles.
DISADVANTAGES			Carrier "drift" due to network changes and better alternatives.	Carrier "drift" mitigated but still probable.	Minimizes perception issues.	Perception of not being price competitive.

RESULTS: RELIABLE CAPACITY AT MARKET-DRIVEN PRICING AND A SUPER-CHARGED BOTTOM LINE

With more than 10 years of working together, the retailer and Schneider have developed a deep strategic relationship — and the retailer has complete confidence in Schneider's ability to meet capacity needs. With any relationship, communication and trust are key to longevity. The retailer continues to receive consistent and timely communication from its Schneider account and customer service associates – many who have been with the company for the tenure of the relationship. And, the relationship goes beyond Schneider associates, extending to the company's rail vendors that regularly meet with both parties through site visits.

Other key results include:

- Shipper of choice efficiencies through drop-and-hook capabilities
- Network development efficiencies
- Multimodal service expertise
- Quick creative solutions for any and all network problems
 - New vendors
 - Freight storage in the midst of a natural disaster
 - Spontaneous, time-sensitive capacity requests
- Strategic purchasing expertise resulting in:
 - 5% better on-time delivery
 - 100% claims-free
 - Market-driven pricing
 - Nearly perfect tender acceptance rate
 - Reduced distribution center driver drop times from three-plus hours to less than one hour on average



The retailer has developed total trust in Schneider's capability to meet its deliverables at market-driven pricing – all while growing its own bottom line. With a successful track record across Intermodal, Van Truckload and Brokerage services, the companies continue to work together to optimize service and costs for the retailer.

Does the idea of your organization forming a strategic relationship with a core carrier with a broad portfolio of services sound appealing? Contact us at solutions@schneider.com or 844-701-LOAD to learn more.