

RETAILER'S SWITCH TO ASSET-BASED PROVIDER YIELDS IMPROVED COMMUNICATION AND CAPACITY MANAGEMENT

BACKGROUND: SPECIALTY PRODUCT RETAILER SEEKS CONSISTENT TRANSIT TIMES, INCREASED CAPACITY AND MORE CONTROL

A national retail chain offering quality home and apparel products at discounted prices operates 544 stores in 44 states and Puerto Rico. It also offers a variety of designer and name brand merchandise at reduced prices, in addition to staging several widespread promotions each year.

Capacity needs surge during these promotions and throughout the retailer's peak season from August to December. In addition to promotional surges, it sought a transportation provider that could move product from main distribution centers to department stores all over the country in a timely and efficient manner year-round.

SITUATION: NON-ASSET-BASED PROVIDERS HANDLE ALL TRANSPORTATION DECISIONS AND MARK UP PRICE FOR BROKERAGE FEE

For more than 10 years, the retail chain worked with non-asset-based providers whose business model involved sourcing transportation companies for deliveries and charging a brokerage fee.

As a result, the retailer missed out on having a valuable, direct relationship with the carriers transporting its products from main distribution centers to regional distribution centers and, finally, to retail stores. Since this retailer was not the beneficial cargo owner, it could not control the movement of freight from distribution centers to pool providers, where shipments for final mile delivery to stores were consolidated.



To inform a carrier of a capacity surge, for example, the retailer had to contact the non-asset-based providers, who in turn relayed the message to carriers, who in turn relayed the message to pool providers. This lack of direct communication and cumbersome dispatch process resulted in inconsistent transit times that hindered the company's ability to stock its stores, especially during peak season and special promotions.

The retailer decided to switch to an asset-based provider model that could not only deliver more productive direct communication but also potentially reduce overall costs by streamlining the process and avoiding stock-outs.

SOLUTION: ASSET-BASED PROVIDERS CUT OUT THE MIDDLE MAN

Though the retailer evaluated many potential carriers, Schneider's commitment to building direct customer relationships and huge capacity base with multimode capability stood out. As a result, it awarded the majority of its shipping business to the Big Orange.

Schneider provided a solution that included both intermodal and truckload services.

Most importantly, Schneider delivers consistent, direct communication. In addition to having an actual person who answers the phone responding to the large retailer's needs – a rarity in this day and age – Schneider provides the retail chain with a dedicated customer service representative and account manager. This team knows the ins and outs of the customer's business and is always on hand to work through increases in capacity needs as they arise. It also provides the retail chain more control and consistency in the transportation process.

Furthermore, the retailer was especially pleased by the fact that Schneider's asset-based solution offers a price based on an initial capacity commitment of several thousand loads, with no brokerage fees, reducing its transportation costs.

RESULTS: EXCELLENT COMMUNICATION PROVIDES RELIABILITY AND DEPENDABILITY

Impressive results were delivered in Schneider's first year on the job, including:

- Provided 100 percent coverage on the 16 original lanes awarded
- 3,635 orders delivered
- On-time pick-up rate of 96 percent
- On-time delivery service of 98 percent
- Shipper turn time average of 28 minutes
- Successful management of spikes up to 30 percent in volume during nationwide promotions and peak season

**DIRECT COMMUNICATION
+ DEDICATED TEAM
= MORE CONTROL**

The retail chain is thrilled with Schneider's ability to go above and beyond its expectations. In fact, it was so impressed with Schneider's performance, price and service that it awarded an additional six major lanes, increasing the total from 16 to 22.

Though communication is often cited as the key to personal relationships, Schneider's work with this retailer has proven that communication is also the key to a healthy, prosperous transportation relationship!