



Case Study

# HOME AND BUSINESS DELIVERY

A delivery model that flexes with demand enables a global office products supplier to reduce costs, continue national delivery coverage and better serve customers — even during an economic recession

Exel Direct

### Challenge

- Escalating costs per delivery
- Delivery scheduling for residential customers
- Constrained market expansion opportunities

### Solution

- Hybrid dedicated and network delivery
- Variable cost model
- Enhanced tracking technology

### Results

- Average stops per truck
- Redelivery costs
- Total fulfillment costs
- Delivery service area

In an increasingly competitive and volatile economy, controlling costs has never been more difficult. But, the real challenge comes when companies need to reduce costs while simultaneously increasing value and improving the end-customers' buying experience. For a global supplier of office products and services selling through stores, a contract sales force, e-commerce channels and direct marketing catalogs, an innovative and efficient delivery supply chain was vital to achieving financial objectives and exceeding customer expectations. The company soon discovered that a new home and business delivery strategy would allow it to realize these goals.

### → The Challenge

Like many successful retailers, this leading office supply retailer found itself in unfamiliar circumstances as the economy slipped into a recession and volume and revenues began to decline after consecutive years of growth and strong financial performance. These macroeconomic conditions directly impacted the office retailer's delivery supply chain, which was burdened with heavy fixed delivery costs.

Delivery volume declined consistently with the economic downturn, reducing the number of stops per truck by more than 25 percent. With fewer stops and a fixed cost structure in place, the average cost per delivery increased dramatically. This challenged the sustainability of a dedicated delivery solution, which the retailer believed to be vital to the customer delivery experience.

To improve financial performance and continue dedicated delivery, the retailer considered options such as extending delivery cycles, increasing prices and reducing service offerings — each of which could be detrimental to short- and long-term business goals and adversely affect its customer service and retention for repeat buyers. It was also necessary to maintain cost-effective national delivery service to reach key business objectives.

### → The Solution

The company required a new solution to reduce costs without compromising customer service. It also needed to increase competitiveness and help buffer the effects of market volatility. Exel Direct, which had been managing the retailer's dedicated home and business delivery solution for several years and understood the company's business model, proactively brought a new solution to its customer.

Exel Direct recommended a hybrid solution utilizing both dedicated and network delivery components providing centralized delivery management and customer service, and a variable cost structure to accommodate demand highs and lows.

"The hybrid solution enabled the retailer to capitalize on the benefits of a dedicated delivery model in markets where demand was high," said David Vieira, president of Exel Direct. "In markets with lower demand, our nationwide network of cross-dock facilities enabled the retailer's shipments to be combined with those of other retailers to create density — thus allowing the retailer to continue to maintain its cycle times promised to retail partners and customers." This hybrid solution met the retailer's goals to reduce costs, maintain superior service and adapt to fluctuations in demand.





Exel Direct

## Home and Business Delivery

**“The existing dedicated service became too costly and severely limited our customer’s delivery markets. Exel Direct’s flexible solution is consistent across the United States, regardless of varying volumes in diverse markets, and continues to provide a great experience for our client’s customers.”**

- David Vieira,  
president, Exel Direct

Efficiencies were gained by centralizing delivery management and customer service. The new solutions brought full visibility to increase scheduling and routing efficiencies. Exel Direct’s proprietary order management system, iDirect, also significantly enhanced delivery tracking. Through a web-based portal, end customers could view order status, product information, and delivery date and time window.

Lastly, Exel Direct suggested a number of service adjustments, including two-day deliveries with two-hour pre-calls for residential customers to enhance customer service. This replaced next-day deliveries that came with an eight-hour delivery window and allowed customers to receive a more precise delivery timeframe and better plan their days.

### → The Results

Exel Direct’s solution provided the retailer with a predictable cost-per-delivery that was less impacted by external variables and continued to deliver a positive customer experience. The results of working with a premium service partner were noticeable throughout the business:

- More precise delivery times reduced re-delivery costs associated with customers not being home.
- Lowered fulfillment costs by moving to a two-day delivery model versus a next-day model.
- Increased the delivery service area exponentially — including into new lower-demand territories — by utilizing the Exel Direct network that already had assets available for these markets.



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Raising expectations.

**As businesses continue to manage unpredictable economic demand fluctuations, a flexible supply chain model can help meet the needs of your business – without compromising the value of your brand.**

**Contact Exel Direct today to help improve your home and business delivery supply chain.**