



## **USPS VALUE-ADDED PARTNERSHIP (VAP)** A CASE STUDY



### **SWITCHING TO USPS SAVED THIS COMPANY 33%**

#### **Client Characteristics**

Client is a nutrition products manufacturer and distributor with an annual shipping spend of \$250,000. Client's shipping mix includes air and ground freight with roughly 99% shipped through FedEx and 1% through USPS. Client ships approximately 75% residential with the majority of packages weighing 4 lbs. or less. Due to Client's large proportion of FedEx shipments, most of Client's shipments were subject to added surcharges for fuel, residential delivery and delivery-area surcharges.



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### Objectives

Client was looking to expand its reach with new customers and was interested in leveraging lower costs to optimize its position within the marketplace. With customer satisfaction being the most important factor for Client in retaining and growing business, Client felt they would miss new opportunities if they failed to explore new ways to cut costs and pass savings on to customers.

### Challenge

1. Analyzing shipping characteristics to determine proper carrier mix.
2. Addressing shipping costs related to surcharges and packaging.
3. Addressing concerns of USPS quality of service. Client perceived USPS to be slow and unreliable with a poor tracking system.

### Solution

iDrive performed a detailed analysis of Client's shipping characteristics and discovered that approximately 60% of its FedEx packages could have been shipped through USPS at lower costs. After this discovery, iDrive helped Client switch the necessary shipments to USPS. iDrive then provided Client with a USPS account that reflected iDrive's pre-negotiated, discounted USPS rates. Additionally, the switch to USPS eliminated packaging costs as well as fuel surcharges, residential surcharges and delivery-area surcharges. To alleviate the concern for quality of service, a USPS representative was assigned to handle Client's shipping accounts and manage its packaging needs. iDrive provided consultations to Client to enhance its understanding of the tracking capability of USPS, noting the drastic improvement from years past with its tracking platform and increased number of scans per package.

### Results

Switching to USPS and utilizing iDrive's discounted rates allows Client to save over \$80,000 per year on freight costs alone. Additionally, since client switched to USPS they no longer bear the cost of packaging, which amounts to an additional annual savings of roughly \$4,000.

In total, Client saves 33% annually on its shipping which they now pass through to their customers via free shipping and promotional discounts on its products.

**Thank you for viewing this case study. For more information about how you can benefit from iDrive's USPS VAP, please visit our website or contact us at 888.797.0929.**

