

CASE STUDY:

Purolator Improves Efficiency and Cuts Costs for Canada-bound Hunting Gear

Introduction

If you're in the business of designing and selling products specifically meant for deer hunters, then it's probably smart to focus on improving sales in regions well... where deer hunters live. That's the reasonable strategy arrived at by one Wisconsin-based producer of clothing, gifts and gear targeted at deer hunters and their families. The family-owned company has been in business for the last 15 years, and has had great success building its brand throughout the United States.

As the company considered a path for growth, it seemed the Canadian market would be a logical place to start. After all, the U.S. and Canada share a border, a language, and a commitment to cross border trade. And, Canada is home to a significant population of dedicated deer hunters. So what could go wrong?

Well, as the company soon learned, a lot can go wrong, especially if you treat Canada-bound transactions the same as intra-U.S. shipments.

Customer experience vitally important to Canadian growth

In the initial phases of its Canadian expansion, the manufacturer was sending a very small volume of shipments into Canada each week. But, the manufacturer was determined to give each of its Canadian customers a high level of service and satisfaction. As a small business with a very limited marketing and advertising budget, the company felt that word of mouth would be its best way to grow its company among the Canadian hunting community.

The manufacturer enlisted a highly-visible international transportation provider to handle its Canada-bound shipments, and assumed the provider would put in place a highly efficient logistics strategy. It soon became apparent though, that something was wrong.

Excessive transit times and exorbitant costs

For one thing, shipments were taking as long as two weeks to reach Canadian customers. And costs seemed quite exorbitant, especially given the inefficient transit times. The manufacturer ran a calculation and determined it was being charged a price on par with the cost of 2-day intra-U.S. service. In essence then, the manufacturer was paying a premium price, but receiving sub-par ground service.

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Despite being new to the world of cross border commerce, the manufacturer knew that something was amiss. And given the tremendous importance of creating a positive “buzz” among Canadian hunters, the company was determined to fix the problem as quickly as possible.

Purolator offers customized Canadian solution

A call went out to Purolator International, a leading provider of transportation and logistics solutions for shipments traveling between the U.S. and Canada. U.S.-Canada shipments are Purolator’s core competency, and the company is an industry leader in offering highly customized and innovative strategies.

Purolator’s sales team went to work to build a solution to fit this business’s unique needs. Purolator representatives spent time with manufacturing company personnel to (a) understand its precise needs; (b) identify inefficiencies in its existing logistics solution; and (c) to align the customer’s needs with Purolator’s capabilities. As the result of this process, Purolator identified three areas of concentration:

- Need to improve transit time and reduce freight costs
- Need to integrate technology
- Need to address the seasonal nature of this company’s retail sales.

Purolator’s small package solution speeds transit time and cuts costs

Purolator recognized immediately that its *PuroPost* service would be the perfect solution. *PuroPost* is intended for small package shipments to Canada, and allows “expedited” levels of service, but at courier-level pricing. In this particular instance, *PuroPost* was able to cut transit times in half, and reduce freight costs by roughly 30 percent.

Shipments are picked up at the manufacturer’s facility, and then transported directly to Purolator’s nearby Milwaukee processing center. Upon arrival in Milwaukee, shipments are sorted and consolidated, and then travel via a consolidated linehaul directly to the Canadian border. After a seamless and hassle free border clearance process, shipments are brought to Purolator’s Toronto induction center, where they are broken down and sorted for final delivery.

At this point, Purolator’s unique service solution comes into play. Purolator has partnered with Canada Post, Canada’s national postal service, to provide end delivery to residential and business addresses, regardless of location. This cannot be understated – many transportation companies are unable to access some of Canada’s more remote areas, and either offload those deliveries to unknown local carriers, or collect a surcharge at time of delivery.

Through its affiliation with Canada Post, Purolator can guarantee delivery to *all* Canadian residences, as

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well as to P.O. Boxes, apartment complexes and Community Mail Boxes. Residential delivery is part of “standard” service, and does not incur any special surcharge.

This manufacturer’s shipments now arrive at their Canadian destinations within 4-7 days, which is roughly twice as fast as the previous transportation provider’s level of service.

It’s also important to note, that the previous transportation provider’s 7-14 day transit time was exacerbated by its policy of holding shipments until “enough” had accumulated to meet a certain criteria. This meant that the manufacturer’s customers were kept waiting, with little regard for their promised delivery dates.

“Hybrid” solution addresses need for scalability

Because this manufacturer’s products are targeted specifically at deer hunters, it follows then, that its peak-selling season aligns closely with hunting season. The company estimates that as much as 75 percent of its sales occur during the short October – December period, with sales slowing to a trickle during non-peak months.

Purolator recognized the urgent need for this business to have a scalable strategy. Why schedule a daily truck during the spring or summer months, when some days there would be zero packages ready for pickup?

Purolator instead proposed a highly flexible hybrid solution. During peak sales time, a truck stops by the eastern Wisconsin manufacturing facility on a daily

basis. But during the off-season, packages are held at the facility, bundled together and shipped via parcel to Purolator’s Milwaukee facility. This step probably adds a day of transit time, but is well worth it, considering the cost savings.

Purolator’s customized technology system allows seamless integration

Despite the tremendous amount of media coverage devoted to high-tech solutions that seem to be revolutionizing business’s supply chains, the fact is many businesses operate with “just enough” technology to run their business, and do not have plans for any significant upgrades. Purolator had these businesses in mind when, a few years ago, it dedicated significant resources to building a customized “client portal” that its customers could link to easily.

Purolator’s IT solution is called the “Beacon” system. It is a web-based system through which a customer can integrate its operating system with Purolator’s. The net result of this system integration is shared data which makes possible numerous efficiencies including labeling, tracking, report generation, billing, order histories and, of course, customs-related paperwork.

This added tech capability was an unexpected benefit for the manufacturer. It was not expecting its logistics provider to have a technology solution, but is very appreciative of the added benefits. In particular, the manufacturer is very pleased with the frequent reports and status updates it receives.

When the manufacturer accepted Purolator's proposal and gave the green light to proceed, managers assumed there would be a hefty waiting period before Purolator would actually begin to transport its shipments. So when Purolator was ready to make its first pickup less than two months later, the manufacturer was pleasantly surprised.

Manufacturer thrilled with “beyond expectation” growth in Canada

Since then, the company has seen its Canadian sales skyrocket. Sales have jumped by a whopping 170 percent, a level that far exceeds expectations. The manufacturer always had a hunch, that if it could deliver its products to Canada on time and at a reasonable cost, the customers would follow. The manufacturer gives Purolator a good deal of the credit for its success in the Canadian market. While Purolator tends to think they company's high quality products might have something to do with its success, Purolator is, nonetheless, pleased to have provided a solution to help the manufacturer meets its objectives.

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