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# TARGET

## MARKETING

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### CASE STUDY

## Keeping Down the Cost of Delivery

**Challenge:** Decrease cost and improve efficiency of delivery options

**Solution:** Adopt a new postal delivery system for packages of one pound or less

**Result:** Operational improvements and approximately 35 percent net savings on overall delivery expenses

Cost-efficient, timely product delivery is at the heart of any successful mailer's operation. Empi-Complex Technologies, a division of orthopedic device marketer Encore Medical, is no exception. The New Brighton, Minn.-based pain management and rehabilitation products marketer wanted to lower the cost of shipping its medical devices, particularly those weighing one pound or less. These lighter weight products make up approximately 42 percent of all packages sent by the company, and more than half are sent directly to patients at their homes.

"Our business model is a little different than most [medical supply companies]. Instead of going business to business, we go business to residential with maybe 55 percent of the packages we send out," explains Bruce Brown, executive director for Empi-Complex, which sends out medical supplies directly to patients on a bimonthly basis. The company had been using U.S. Postal Service Priority Mail for these deliveries, but this was proving too costly. "Every company is always trying to reduce costs," says Brown. "We were

looking for [a service] that would be economical to go from business to residential."

The company explored alternative delivery methods for all of its shipping needs and switched to UPS Mail Innovations mail processing service for its lighter product deliveries. By switching to UPS Mail Innovations, the marketer now can deliver supplies directly to its customers at their residences at a much more economical rate.

As part of a work-share program with the Postal Service, UPS Mail Innovations picks up, processes, sorts, encodes and prepares Empi-Complex's mail for final delivery by the Postal Service within 24 to 48 hours. The benefits of the service are reduced mailing rates for the marketer and more flexible delivery options. For example, Empi-Complex now can deliver to P.O. Boxes—something it couldn't do with Priority Mail. It also avoids paying any additional charges for residential delivery that UPS tacks onto its ground service. However, UPS Ground service remains the most economical choice for deliveries greater than one pound, says Brown.

The switch has come with a few trade offs, but according to Brown, the benefits have outweighed any drawbacks. For instance, the Postal Service used to provide Empi-Complex with free packaging materials and boxes as part of its services. Although it now has to pay for its own packing materials, "[when] we figured in exactly what our costs would be with the switch, we still saved money," notes Brown.



Empi-Complex is one of the few medical product manufacturers to mail directly to patients. Using UPS Mail Innovations to ship its one-pound and lighter products, the company saves on cost and is able to deliver directly to residences.

"We are basically getting parcel post rates with delivery capability and tracking." The switch from Priority Mail to Mail Innovations also has added a day to the marketer's delivery cycle, but again Brown says the trade off is acceptable because the company has decreased its delivery costs by 35 percent—a considerable sum.

Empi-Complex also has seen other improvements in its delivery operations. "The pick up, the manifesting, the reporting systems, the quick response time to any issues—these have all been benefits," describes Brown. He also notes there's been a reduction in damages and package loss on route. "It's been very good for us, financially, as well as for our customers," Brown says. Currently, the marketer is considering expanding its program with UPS Mail Innovations to include inbound returns.

—Irene Cherkassky