

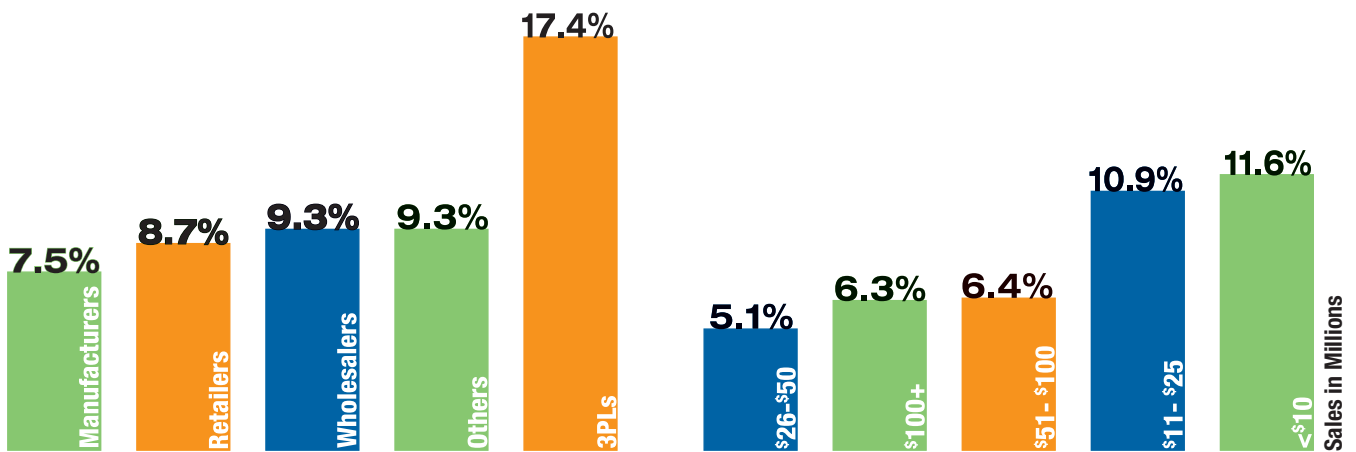
# Helping You Make the Right Move

## Results from the Annual Best Practice Survey – Part 1

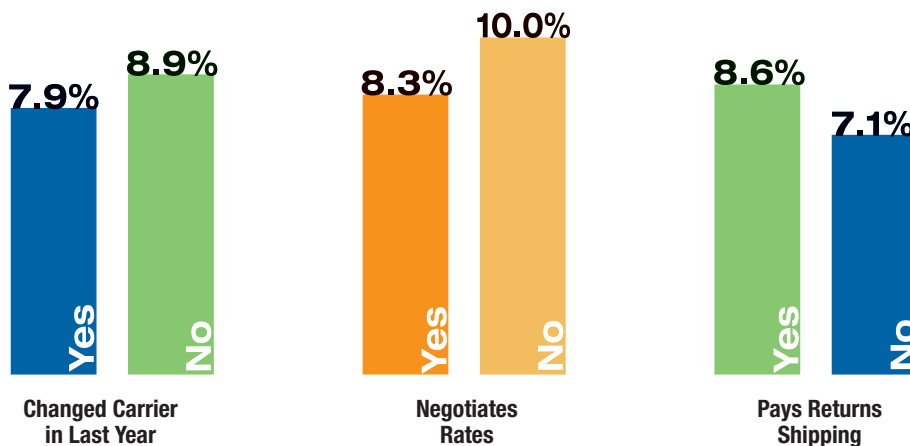
By Marll Thiede

*Results of our Annual Best Practice Survey truly demonstrate that the parcel industry remains strong, even in a weakened economy. There are a few bumps in the road, but compared to our sister industry, mailing, the effects of the past year have not substantially altered how we conduct business. (For results of the mailing industry annual survey, see our sister publication, Mailing Systems Technology, or visit [www.mailingsystemsmag.com](http://www.mailingsystemsmag.com).)*

### Parcel Transportation Cost

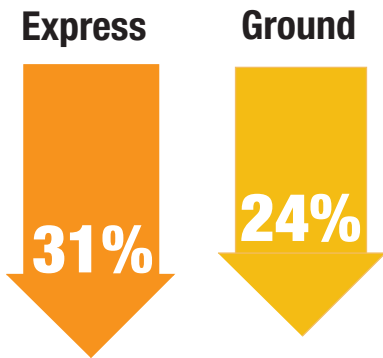


As an overall average, 8.8% of total sales cover transportation costs, which is much higher than last year (7.4%).

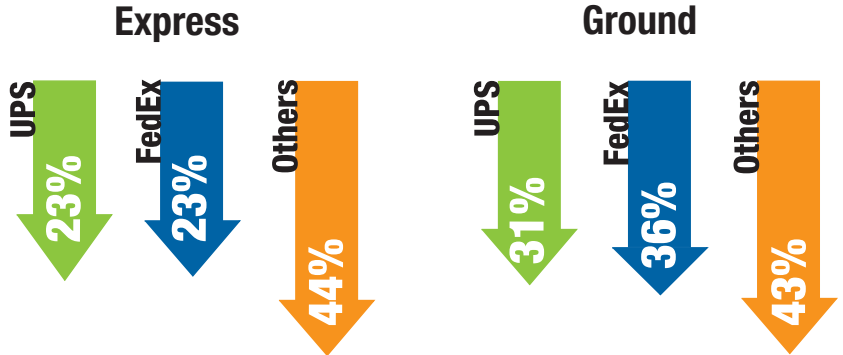


Other factors help lower transportation costs as a percentage of total sales.

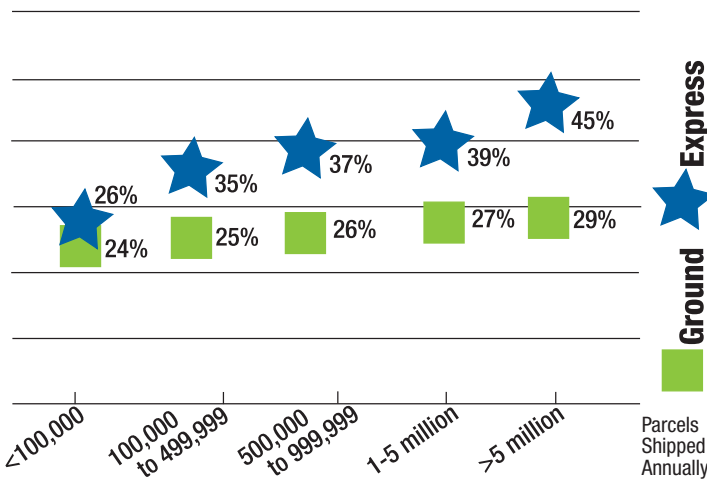
# Discounted Transportation Rates



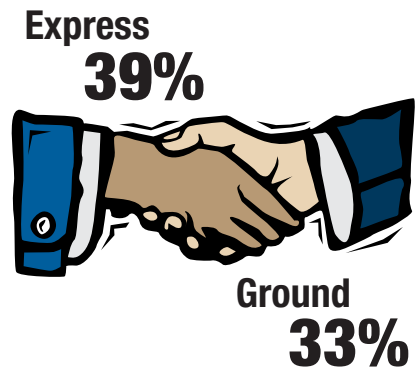
Compared to last year, carriers offered much improved express discounts this year but made up for it in less discounted ground rates.



FedEx grants deeper discounts for ground shipments than UPS. Other carriers include DHL, Airborne, consolidators, etc.

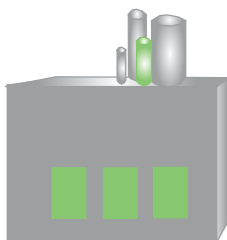


The more volume shipped per year, the more deeply express rates are discounted.



Shippers who changed carriers in the last year negotiated deeper discounts than the overall average of 31% and 24%.

	Zone 1		Zones 2-3		Zones 3-4		Zones 6+	
Overall industry average of volume shipped to each zone.	21%		32%		26%		21%	
If volume shipped is less than the average to each zone, discounts are:	Ground	Express	Ground	Express	Ground	Express	Ground	Express
	23%	31%	25%	33%	26%	33%	23%	28%
If volume shipped is greater than the average to each zone, discounts are:	27%	33%	22%	27%	23%	31%	26%	36%

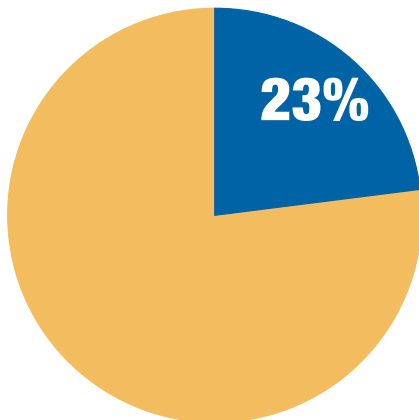


	Express	Ground
Manufacturers	30%	34%
Retailers	28%	17%
Wholesalers/Distributors	18%	26%
Others	22%	34%

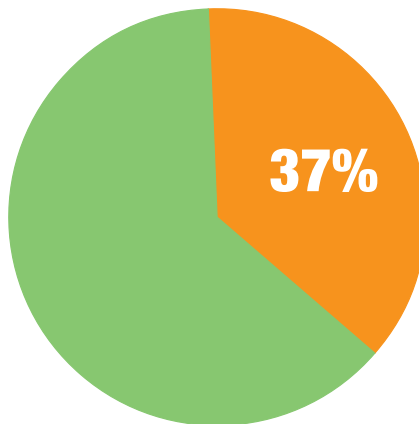


Different businesses are able to negotiate varying discounts.

# Zone Skipping



**Companies that Zone Skip**



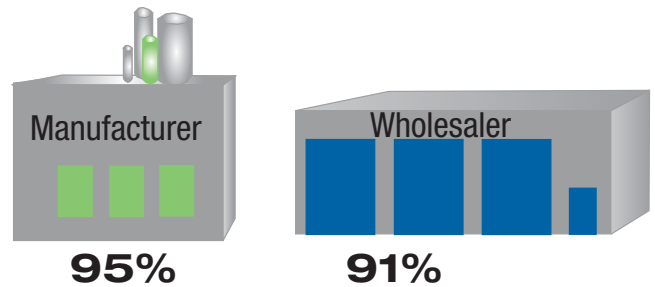
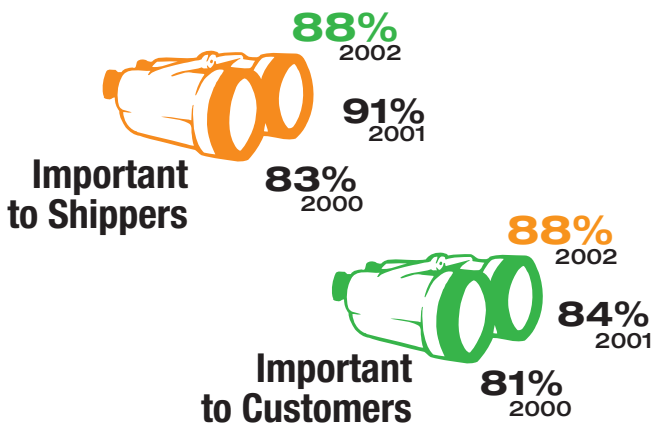
**Volume Zone Skipped**

Zone	1	2-3	4-5	6+
Do	14%	34%	32%	19%
Don't	22%	32%	25%	22%

Those who zone skip have heavier volumes into zones 2 through 5, which has an impact on carriers' rate discounting strategies (see page 13).

More companies zone skipped this year (23%) than last (21%); however, less volume is being shipped via zone skipping (37% this year, 40% in 2001).

# In-Transit Visibility



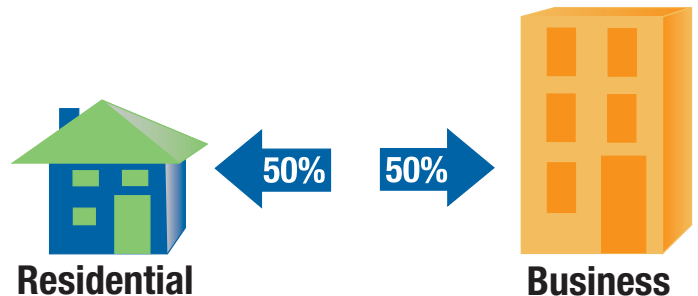
Manufacturers are more concerned about customer visibility than other businesses, while wholesalers are the most concerned about shipper visibility.

For the first time, knowing where a parcel is at any given time becomes as important for customers as for shippers.

# Internet Effects

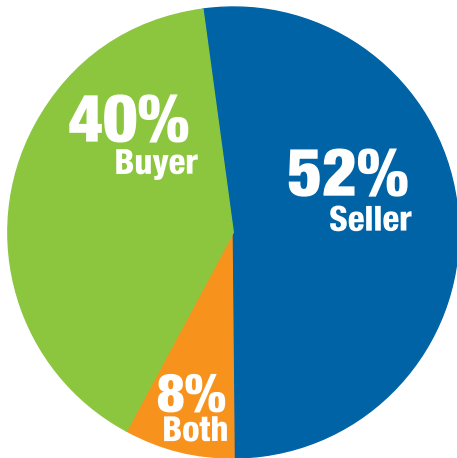


Thirty-two percent of companies have seen an increase in international shipping. They have also realized an average 30% volume increase.

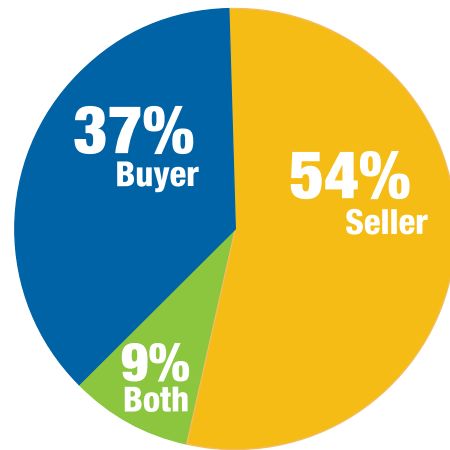


On average, an equal number of parcels from Internet sales are destined to residential as to business.

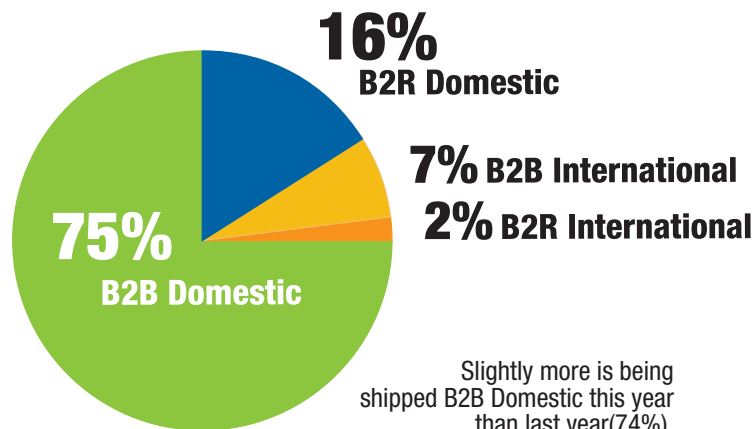
## Return Deliveries



Overall, 60% of companies are paying for returns deliveries.



When companies sell via the Internet, more take on the returns delivery expense.



Slightly more is being shipped B2B Domestic this year than last year (74%).