

# ALL NATURAL FOOD COMPANY KRAVE OPTIMIZES FULFILLMENT, SAVES 20% IN ANNUAL FREIGHT SPEND



## THE PROBLEM

KRAVE was emerging quickly in the snack food industry and they needed to scale fast due to high demand. Service issues such as stock outs, delays in shipping and delays in fulfillment had KRAVE bursting at the seams. In addition, the company was in reactive mode to the customers screaming the loudest, and their small team was doing their best to operate within their immature supply chain infrastructure. KRAVE's only fulfillment center, a 3PL located in California, was failing them with receiving, inventory, compliance, and fulfillment time. All of this meant that KRAVE was faced with rapidly increasing freight, logistics and fulfillment costs. With each new order they gained, their margins worsened. In their case, orders were taking 3-5 days to process and 5 days by ground shipping to half of their customer base. They realized they needed to foster new operational changes and reduce transportation costs to stay competitive and ensure the future of their company.

## THE SOLUTION

KRAVE choose to Optimize Fulfillment to analyze their shipping data and identify areas for improvement and cost reduction. Optimizing KRAVE:

- Analyzed their fulfillment data to understand shipping patterns, identify cost drivers and frequently used services, and summarize needs for an RFP to carriers

## THE COMPANY



KRAVE jerky offers consumers a nutritious and premium option when looking for delicious high-protein snacks. Founded in 2009 by Jonathan Sebastiani, who had a passion and desire to develop a sustaining snack to satisfy his hunger, the company is now a leader in premium jerky, the fastest-growing sub-segment of the estimated \$2.5 billion U.S. meat snacks category. Recently acquired by The Hershey Company, KRAVE jerky has catapulted into the category with its reverence for quality, all-natural ingredients and unique flavor approach.

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- Visualized the current impact of existing transportation contracts
- Modeled “what-if” scenarios to project cost savings and customer service improvements for alternate region origin for shipping as well as changes in service and mode
- Managed procurement of small parcel shipping with a formal RFP process

KRAVE also used the Optimize Fulfillment tool to construct an ongoing process to identify and collect improvement opportunities as they are discovered.

## THE RESULTS

Using the Optimize Fulfillment tool, KRAVE identified the following areas for improvement and renegotiated contracts with UPS, FedEx, and USPS resulting in over \$240k in annual freight savings:

1. ~24% of all shipments were classified as lightweight shipping and thus moved to USPS, a more cost effective and faster delivery option.
2. Discounts for Canada and Alaska were below industry averages – and these routes were quickly identified as opportunities for contract improvement.
3. 41% of shipments were charged by dimensional weight vs. actual weight, In some cases, the difference was more than 50lbs.!
4. Krave obtained a 20% cost reduction by renegotiating its contract with FedEx.
5. Krave achieved ~\$20K per month in freight cost reduction

20%

COST REDUCTION BY  
NEGOTIATING CONTRACT  
WITH FEDEX

\$240k

IN ANNUAL SAVINGS  
FOR FREIGHT



Purpose-built to analyze and provide intelligent insights for direct-to-customer fulfillment, the Optimum Fulfillment tool enables companies to fulfill with confidence and delight their customers by providing the insight and analysis required to improve fulfillment chains and meet rising customer expectations on delivery time and convenience.

**Analysis using the Optimum Fulfillment tool revealed that carrier shifts for some routes could lead to improved customer service, with transit times reduced from about a week to 2-3 days, and savings of up to 40%.**

## ABOUT US

Optimum is a leading provider of logistics network transformations. We help companies find and execute efficiencies in their entire logistics network, from the factory to customers, either through their distribution and fulfillment centers or ones they manage with partners.

By applying best practices and a holistic understanding of each client's operations and business model, we align logistical improvements to the goals of the entire business. The Optimum Process results in faster delivery times, increased operational efficiencies, reduced shipping costs, and improved product margins.

Our customers increase sales, fulfill with confidence, and delight their customers by improving their delivery experience. As a result, Optimum allows businesses of all sizes to meet customer expectations in a rapidly transforming e-commerce world profitably.

### For more information

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