



4 powerful strategies to help parts distribution companies boost revenue





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Solution Provider

As a parts distribution company leader, you're most likely looking for ways to boost revenue.

But that has never been more important than in this economy.

 Gas prices are making shipping more expensive.

 Inflation is messing with service agreements.

 The supply chain is a mess.

If you're looking for profit, where do you turn?

Did you know that with a few small tweaks to your freight management strategies, you could stay competitive on price, boost margins, and boost volume?

Read further to discover four actionable ideas that have helped our parts distribution clients get real results.

Let's dive in ▼



Consider implementing these 4 pricing strategies today

Strategy 01: Free shipping

Goal: Sell more products by raising your average order size (without losing on shipping).

Consider this example: Your average order size is \$55, and it costs you \$5 to ship. But even when your customer places a \$200 order, it still costs you just \$5 to ship.

If you know these average numbers for your business, you can create a “\$75 or more” free shipping deal. You give your customer a \$5 reward (free shipping) for spending \$20 more, and you can make \$15 or more on every order above \$75.

Implementing this strategy can potentially boost your revenue by providing the customer an incentive to purchase more. But where is the cutoff for weight and size before you pay more for shipping? You need good insights into the data so you can do the math.

Data you need to get started:

Shipping weight/size pricing cutoffs and average order size

Do you currently have the visibility to figure out what your numbers should be? If not, NetSuite can help.



Strategy 02: Customer promotions

Goal: Boost average order size by tailoring different incentives to each customer.

Here's a spin on Strategy 01:

Using what you know about your customers, you can set up specific discount tiers for each one, based on historical order data and on their behaviors. These would come into play in almost every situation, based on the customer.

Here's an example:

You reach out to one customer and say, "Because you're a preferred customer, you've qualified for this special tier of discounts. If your order is above \$20, you'll get a discount on shipping. And if it's above \$100, it will ship for free."

This can allow you to win, no matter what size the order.

The result is to maximize revenue per dollar spent, from a combination of freight and merchandise.

But not only that – this strategy also can increase customer loyalty because a special offer can make a customer feel appreciated.

Data you need to get started:

Size/weight pricing cutoffs, average order size for each customer, and any other customer behaviors you'd like to use in your tier structure

Do you have access to data on customer behaviors that you can use to create pricing tiers? If not, NetSuite can help with that, too.



Strategy 03: Flat shipping rate

Goal: Use flat shipping rates to optimize margins.



With changing service agreements, fluctuating gas prices, and an unstable economy, margins can change quickly. You might even have products you're currently selling where margins have dropped to 1% to 2% because of these outside forces.

This idea can help you remain in control.

How do you restore your margins in these situations without raising prices? **Implement a higher standard shipping fee (rather than actual shipping costs) to give yourself a cushion that can help soften the impact of a price fluctuation.**

Shipping can be based on part or weight/size. And if you have all the weights in your systems, it should produce the cost of shipping for you automatically.

You might find, for example, that shipping is \$5 to \$8 for anything under 20 pounds. So, a flat rate of \$10 would help you make money on every transaction and could also help cover a \$1 to \$2 shipping increase.

Of course, you'll need to find a shipping fee low enough to keep customers from getting frustrated. And you'll also need to understand these products' weights and shipping costs.

But the potential result can make this work well worth it.



Data you need to get started:

Average freight cost for the product sizes/weights

Do you struggle with visibility on this front? If so, NetSuite can make it simple to see weights and sizes – and to automate the process of setting the right rates.

Strategy 04: Competitive pricing

Goal: Use a standard shipping rate to sell more through competitive pricing.

Let's say another distributor comes into play and provides a lot of competition for one of your most important products, having found a way to get their price lower than yours.

How do you stay competitive on price?

Here's an idea: Lower your price, and then make the money back via a higher standard freight rate. This has the potential to earn you a competitive advantage in your customers' minds because your price is lower.

You'll need to make sure this shipping rate is dialed in, so that your shipping doesn't turn off the customer. But with a competitive price, you'll stay in the conversation.

Data you need to get started:

Average freight cost and the formula that allows you to win on an average basis of total sales

Do you have the ability to automatically keep track of all the numbers and then set a shipping rate that keeps your margins while staying competitive? If not, NetSuite can help.





Freight management can contribute to a significant new source of revenue – and NetSuite can help you master it.

NetSuite can help you manage these four strategies and more. Don't spend your time worrying about your business or manually keeping track of the data you need to perform excellent freight management.

In a world of uncertainty, Crowe Parts Distribution Accelerator for NetSuite offers clarity that can put you in control of your margins, even when your service agreements change. The economy might change, gas prices might change, and even your customers' needs can change. But your data has the power to show you how to keep up with it all.



Hi, I'm Adnan.
I'm here to help you master your business with Crowe Parts Distribution Accelerator for NetSuite.

My recommendation?

Apply at least one **freight management strategy** from this report, and watch what happens to your revenue. We can help.

Just reach out to me. Let's get you automated so you can have another advantage over the competition

Reach out to Adnan

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