# Assigning transport and labor costs to routes and customers using activity-based costing



**Client:** Trading and distribution company

**Industry:** Transportation

## Business Challenge

- Assign delivery cost at route and customer level
- Calculate customer/route profitability
- Understand which routes and customers are most profitable

## Approach

A model was formed using a fixed route map to assign routes to the sales transaction for each customer.

- Route-ship to data was used to create a list in the order in which sub-zones were visited and the time taken to travel between each sub-zone
- The raw dataset was merged with the route data to assign the route and order in which customers visited
- Four Time components were used to find the total delivery time for any particular customer:
  Travel Time + Processing/Delivery Time + Special Travel Time + Extra Delivery Time

## Outcome

- Gained operational insights on the categories of customers where they were making losses since the delivery cost was very high due to longer waiting period

- Discovered routes which were not performing well on particular days of the week and how to perform better on those routes
- Identified regions on certain routes which were not performing well due to the number of deliveries being lower than the minimum required number for profits
- Ranked customers based on profits generated
- Identified clients to increase the revenue and reduce the delivery time

## About Blueocean Market Intelligence

Blueocean Market Intelligence is a global analytics and insights provider that helps corporations realize a 360-degree view of their customers through data integration and a multi-disciplinary approach that enables sound, data-driven business decisions.

Since we live in a highly dynamic and multi-dimensional world, we believe the most effective business decisions come from a synthesis of data streams and not from one-dimensional sources.

Using our 360 Discovery approach, we ensure the comprehensive use of all available structured and unstructured data sources, enabling us to bring the best to bear against each engagement. Strong decision support is enabled through a combination of analytics, domain expertise, engineering and visualization skills brought together in harmony.

Leading companies have benefited from our partnership with financial growth, 360 views of their markets and competition, and improved customer acquisition, satisfaction and retention.

For more information or to request a consultation, please email info@blueoceanmi.com or visit us online at www.blueoceanmi.com.

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