On the basis of these shipping weights and frequencies, the company could compare alternative distribution costs as illustrated in the following chart.

**COMPARING AND EVALUATING DISTRIBUTION COSTS**
(Daily Production of 1,200 lb., annual shipments of 300,000 lb.)
(Origin: Halifax - Destination: New York)

| | DAILY AIR | DAILY LTL TRUCK | WEEKLY LTL TRUCK | FULL TRUCKLOAD |
|---|---|---|---|---|
| 1. Shipment size (lb.) | 1,200 | 1,200 | 6,000 | 40,000 |
| 2. Freight rate in $ per 100 lb. | 51.71 | 28.35 | 27.06 | 5.24 |
| 3. Annual Transportation Cost | $155,130 | $85,050 | $81,180 | $15,720 |
| 4. Number of days goods must be inventoried before shipping | 0 | 0 | 5 | 33 |
| 5. Preshipment carrying costs (at 12% interest) per shipment | 0 | 0 | $24.65 | $922.19 |
| 6. Number of shipments | 250 | 250 | 50 | 7.5 |
| 7. Annual inventory+ carrying cost (5&6) | 0 | 0 | 1,726 | 6,916 |
| Total annual distribution cost (3&7) | $155,130 | $85,050 | $82,896 | $22,636 |

+Does not include capital and operating costs of warehousing

As transit times using any of the four alternatives would be 2 or 3 days, the carrying costs of goods in transit (i.e., inventory on wheels) would be the same in each case. It is obvious however that if this shipper has available warehouse space and can convince his customer(s) to increase their order size up to a full truckload and wait up to six weeks between shipments, the saving in