



Rethinking Landed Cost Calculation in the Age of Dynamic Supply Chains

WHITE PAPER



WINDDLE



WHY PRODUCT MARGIN CONTROL NOW DEPENDS ON OPERATIONAL EXECUTION AND REAL-TIME DATA

In today's volatile environment—rising logistics costs, geopolitical tensions, and raw material instability—landed cost calculation can no longer be treated as a simple accounting task. **It's now a strategic lever at the crossroads of supply chain, finance, and sales priorities.**

Landed cost—covering transport, customs, handling, and unexpected charges—represents a significant share of the final product cost. Yet it's still too often averaged out or calculated after the fact, leaving companies with limited control. In low-margin sectors, this variability alone can make or break product profitability.

Despite this, many businesses still rely on outdated practices: yearly averages, manual adjustments, and static ERP data.

THESE APPROACHES DON'T ALLOW COMPANIES TO ANTICIPATE COST FLUCTUATIONS, PROTECT THEIR MARGINS, OR MAKE TIMELY DECISIONS.

Yet landed cost is a cross-functional metric—it impacts pricing, sourcing decisions, logistics management, inventory valuation, and performance tracking.

Its reliability, real-time updates, and connection to actual supply chain flows are now essential.



It's no longer about recording costs once goods are delivered, but about actively managing them throughout the process—using data from day-to-day operations: transport conditions, lead times, consolidation, taxes, and more.

Some companies, like JJA, have already taken this step. By linking their supply chain operations to financial indicators, they turn field data into a competitive advantage.

This dynamic approach allows them to anticipate cost deviations, make smarter decisions, and protect their margins over the long term.

UNDERSTANDING LANDED COST: AN UNDERRATED CHALLENGE AND A STRATEGIC ADVANTAGE

The landed cost of a product includes all expenses involved in making it available: purchase price, processing fees, overheads, and more

Within this total, landed cost is often poorly modeled or underestimated—despite being a powerful lever for economic optimization.



WHAT IS LANDED COST?

Landed cost refers to all expenses involved in moving a product from its manufacturing site to a warehouse or distribution center. It includes:

- ✓ Transportation costs (sea, air, road)
- ✓ Transit fees, customs duties, and taxes
- ✓ Handling fees, consolidation, and temporary storage
- ✓ Indirect costs linked to logistical disruptions (delays, rerouting, stockouts)

This cost is directly shaped by the logistics choices made—such as Incoterms, freight forwarders, and lead times—as well as by events that occur along the product’s journey.

Here are three common mistakes companies make when managing landed cost:

1. USING AVERAGE TRANSPORTATION COSTS

Applying an average rate per container or order without considering the actual conditions of each shipment skews unit cost valuation and hides critical discrepancies.

2. POST-DELIVERY COST CALCULATION

Waiting for invoices before estimating landed cost means assessing margins only after the fact—too late to take action.

3. MANUAL AND APPROXIMATE ALLOCATION

Without automated calculations, cost allocations rely on simplistic rules or Excel spreadsheets, increasing the risk of errors, lack of traceability, and timing mismatches.

It enables you to:

- ✓ objectively compare different sourcing scenarios,
- ✓ assess the impact of changes in transport mode or origin,
- ✓ accurately value inventory in transit,
- ✓ adjust pricing strategies based on reliable data.

This level of precision is also crucial for finance teams, purchasing departments, and controllers who need to anticipate the economic impact of logistics decisions made weeks in advance.



WHY IS THIS LEVEL OF DETAIL NOW ESSENTIAL?

In an environment where every percentage of margin counts, the ability to calculate the true landed cost—product by product, shipment by shipment—is a game changer.

LANDED COST: A LIVING METRIC THAT NEEDS CONSTANT RECALCULATION

Landed cost should never be a one-time estimate. It needs to be initialized as soon as the order is placed, then continuously recalculated as the actual flow evolves, taking into account:



**ACTUAL TRANSPORT CONDITIONS
(CHANGES TO INCOTERMS,
DELAYS, SHIPMENT
CONSOLIDATION)**



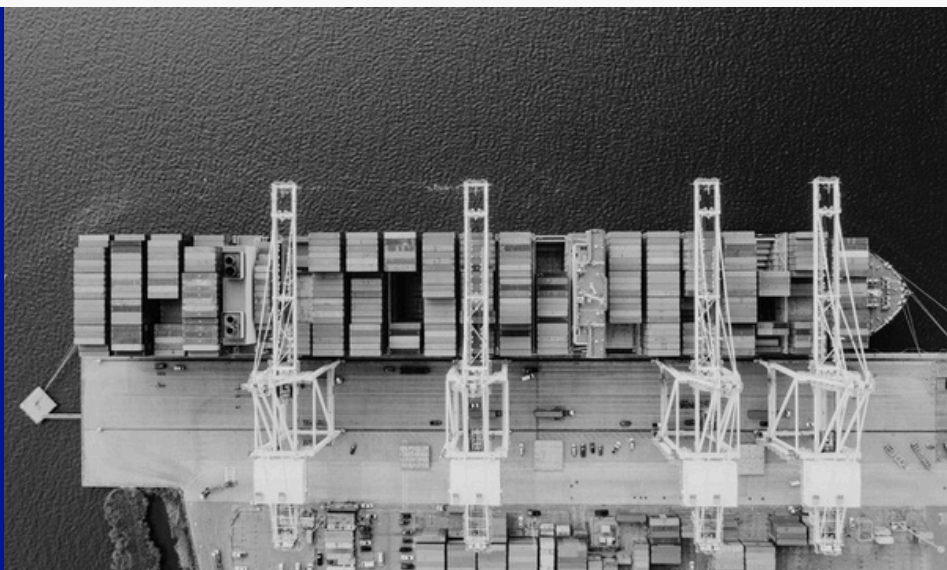
**UPDATED RATE CARDS
AND TARIFFS**



**CURRENT CUSTOMS DUTIES
AND TAX REGULATIONS**

Only solutions built from the ground up to process real-time flow data can support this continuous approach.

This is exactly the path chosen by companies like Winddle—turning landed cost into a management tool, not just an accounting outcome.



CASE STUDY – HOW JJA GAINED REAL-TIME CONTROL OVER LANDED COSTS WITH WINDDLE



JJA, a leading European player in home decor and equipment, is a prime example of a growing trend: as supply chains become more complex and margin pressure intensifies, companies are looking to regain control over their landed costs. And the key lies in making better use of operational data—continuously, as the flow unfolds.

A FAMILIAR CHALLENGE: DELAYED VISIBILITY, ROUGH ESTIMATES, AND UNCERTAIN DECISIONS

With over 700 suppliers, mostly intercontinental flows, and production cycles stretching over several months, JJA faced a set of structural challenges:

- ✓ Anticipating true procurement costs months in advance
- ✓ Ensuring accurate stock valuation and product margin tracking
- ✓ Reducing manual post-delivery adjustments
- ✓ Aligning operations, accounting, and commercial strategy

Before implementing the solution, landed cost was calculated using historical averages updated just twice a year.

Operational teams lacked visibility into the actual costs tied to each shipment. Stock valuation required heavy, low-value manual analysis—often disconnected from real-time realities.

A STRUCTURED SOLUTION: DYNAMIC, AUTOMATED CALCULATION OF LANDED COSTS

JJA decided to integrate a dedicated module into their Winddle solution to calculate landed cost and projected unit landed cost, designed to address the following challenges:

- ✓ Accurately model each element of landed cost—including transport (custom rate schedules), customs (dynamic tariffs), handling fees, and other surcharges.
- ✓ Dynamically recalculate the projected landed cost at every change in the flow (lead times, mode switches, consolidation, etc.).
- ✓ Automate the application of these rules according to planned or actual shipment conditions.
- ✓ Integrate updated values in real time into core systems (ERP, BI, P2P, and others).

From the moment the purchase order is issued, a projected unit landed cost is calculated. It is then automatically adjusted based on real-time data gathered throughout the logistics execution.

This approach shifts landed cost management from a post-operation accounting task to a continuous economic control process.

RESULTS ACHIEVED: ACCURACY, AGILITY, AND MARGIN PROTECTION

+5% increase in product margin accuracy, which directly improves inventory valuation—and translates into millions of euros saved over the fiscal year.

3 to 6 months of advanced visibility on upcoming landed costs, allowing for smarter sourcing choices and better transport planning.

98% of transportation invoices are automatically validated the day after receipt, thanks to the strong alignment between projected and actual costs.

Immediate ROI achieved after just a few weeks of calibration.

These results go beyond financial gains. By embedding landed cost logic into its supply chain processes, JJA has improved:

- ✓ Collaboration between logistics, finance, and purchasing teams
- ✓ The reliability of data integrated into its ERP system
- ✓ The ability to simulate and analyze different shipping scenarios

AN EXECUTION-DRIVEN ARCHITECTURE: DATA, RULES, AND AUTOMATION

Winddle's strength lies in its ability to combine:

- ✓ Configurable cost modeling tailored to each client's setup—covering flow types, product categories, Incoterms, geographic zones, and more.
- ✓ Native connection to execution data—shipment statuses, delivery notes, transport changes.
- ✓ Seamless automation of calculations and data transfers.

Together, this shifts landed cost calculation from a disconnected, downstream step to an integral part of the operational flow.

A UNIVERSAL CHALLENGE

The JJA case perfectly illustrates the power of this approach—but the challenge is widespread. For any organization dealing with complex flows, dynamic landed cost management is essential to securing product margins.

Winddle shows that a supply chain execution platform can also serve as an economic management tool—without complicating processes or overloading teams.

On the contrary, by leveraging existing data—orders, flows, partners—companies regain control over their performance.



PUTTING SUPPLY CHAIN EXECUTION AT THE HEART OF ECONOMIC PERFORMANCE

For a long time, landed cost calculation was confined to an accounting exercise, done after the fact, based on averages, assumptions, or manual adjustments. In a stable environment, this approach was often sufficient.

But supply chains are no longer stable. They are volatile, fragmented, involve multiple players, and face increasing pressure on costs and lead times. In this context, a static view of landed cost is not only inaccurate—it's risky.

Businesses now need a precise, dynamic, and responsive approach that supports decision-making in real time, rather than just measuring results afterward.

This is exactly the approach that Winddle champions.

A New Approach: Linking Operational Data to Economic Performance

By integrating real-time data from logistics flows—orders, transportation, customs, lead times, rerouting, and more—Winddle enables you to:

- ✓ Automatically calculate an updated landed cost at every stage of the flow.
- ✓ Provide a reliable, actionable projected unit landed cost from the moment the order is placed.
- ✓ Protect product margins with several months of advanced visibility.
- ✓ Align supply chain, finance, purchasing, and sales teams around a single, shared source of truth.

This model breaks away from traditional silos to offer a unified, actionable view of product costs.



CONCRETE RESULTS, FAST ROI

As demonstrated by JJA's experience, this approach enables:

- ✓ increased margin accuracy, translating into real gains in inventory valuation
- ✓ reduced billing errors, thanks to alignment between forecasts and actuals
- ✓ improved decision-making capabilities across all levels of the organization

What's next?

Move from estimated figures to controlled margins.

Your products deserve more than a landed cost calculated after the fact. Your margins shouldn't rely on fixed assumptions or scattered Excel files.

Looking to:

- ✓ Identify optimization opportunities within your supply flows?
- ✓ Assess the benefits of dynamic cost calculation for your organization?
- ✓ Better value your products, inventory, and business decisions?

Contact us for a personalized assessment or a demo of our landed cost management module.



COLLABORATIVE PLATFORM
FOR AGILE SUPPLY CHAIN MANAGEMENT

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ABOUT WINDDLE

Founded in 2015, Winddle is a collaborative Supply Chain Management platform designed to simplify end-to-end product flow management.

By combining TMS and SRM modules, it centralizes communication, tracks operations in real time, and enables fast, sustainable decision-making. Connecting suppliers, carriers, and internal teams, Winddle ensures full visibility, seamless coordination, and high performance across all flows.

Trusted by over 8,000 professionals and recognized as one of the most innovative Supply Chain solutions, Winddle supports companies in driving an agile and responsible digital transformation of their supply chains.