

WHITE PAPER

Breaking free from peak season chaos

How to get shipments moving and deliver
on time — every time



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With the global economy coming back to life, e-commerce sales hitting new highs, and a labor shortage that continues increasing, peak season looks to be like none other when it comes to getting shipments out the door and delivered on time — especially when it comes to the key less-than-truckload (LTL) and parcel shipping modes, and the direct-to-consumer (DTC) white glove and final mile solutions they depend on.

Freight capacity was already tight coming into the year, and shipping costs have only climbed higher as 2022 has progressed, disrupting time to market and placing increased stress on freight spend management. Now that peak season is in full swing, businesses rushing to prepare for back to school and holiday shopping and are doing so within a year that has already produced unprecedented new challenges like global port congestion and shipping delays, a container crisis and chassis shortages, soaring e-commerce sales, a massive backlog of orders accumulated during the pandemic, and the Suez Canal blockage, all within the context of a persistent truck driver shortage.

Even some key milestones have shifted. Black Friday, the biggest day for American retail stores at [\\$8.9 billion in sales in 2021](#) had already made the switch to a weeklong

event at many stores prior to the pandemic, adding to the stress of managing inventory levels for many sellers. Now it has become almost a month-long marathon, meaning shops need to prepare both more stock, and longer in advance to hit their targets. On the e-commerce side, while 2021's Cyber Monday events saw a [small drop of 1.4%](#) compared to the record-high online consumer spending in 2020, it was up 11.9% YoY between November 1 and Cyber Monday, showing that the shift to a marathon-style event has made its way online as well.

From the businesses looking to get products in stock and ready to the parts and materials suppliers they depend on, ensuring that shipments arrive on time to meet this shifting demand has never been higher. And with inflation hitting hard these days, uncovering the most efficient and cost-effective shipment options is more important than ever. So how can these businesses ensure that they're capable of meeting expectations during the chaos of peak season? It all boils down to two major factors. **Planning smarter shipments** to overcome shipping capacity constraints and get orders out on time, and on budget. And **keeping shipments moving** by getting proactive with disruption management and visibility to ensure you can stay ahead of issues and deliver on time.

Problem: Delivering on time while avoiding surging prices

Businesses typically know what to expect from peak season and have long-established strategies for managing their ability to get shipments to their customers in time. But as 2021 showed, peak season has changed. The country has never experienced this level of capacity utilization across domestic freight, and with the surge in product and material shortages, it is clear that many businesses weren't (and still aren't) ready for it.

Among domestic shipments, the hardest hit was parcel capacity. Historically, parcel carriers transported 20-25% of their deliveries to residential addresses. By 2019, that number had increased to about 50% before skyrocketing to 70% in 2020, and this elevated volume has continued well into 2022. Due to this increased demand for costly and inefficient residential deliveries — where a delivering single package takes as many resources to deliver as delivering 100 to a business address — many like UPS and FedEx have shifted their economic model from volume to value. This means that if a shipper's volumes are not

profitable to the carrier, they could either be dropped as a customer, experience capacity cuts and/or higher rates and surcharges.

Meanwhile, businesses looking to book less-than-truckload (LTL) shipments to move their products are having a hard time catching their breath. With so much demand being placed on parcel shipments, those who are unable to find capacity there are driving more volume to LTL through shipment consolidation. At the same time, truckload shippers are also driving more shipments onto LTL by breaking traditional truckload shipments into smaller loads to combat high prices.

At the same time, rising fuel costs are likely to see increasing surcharges continue to impact overall freight spend, with many shippers now forecasting increased fuel expenses into their freight budgets.

What's behind the problem?



Ongoing labor shortage

From overwhelmed ports to a lack of available drivers, the industry is experiencing the effects of a shortage of workers in the face of an already chaotic market. And with the shortage now pegged at **80,000 drivers** needed to haul cargo out of ports and across the country, uncovering the most efficient way to optimize loads and routes has never been more of a challenge, or more important.



Increase in Just-in-Time (JIT) demand

Market changes have seen more businesses requesting carriers only hours in advance, meaning drivers positioning themselves on standby close to drop-off locations while demanding higher prices, and placing fewer drivers on the road for other shipments. For the businesses that have often relied on JIT shipments, this has made meeting deadlines on short notice significantly more challenging.



Higher consumer spending

Despite high inflation, US consumers are spending **18% more in 2022** than they did two years earlier, and 12% more than they were forecast to spend based on the pre-COVID-19 trajectory. With many Americans still uncomfortable with crowds and indoor events, spending on 'experiences' like restaurants and travel remains lower than normal while consumer spending on products has increased, meaning more loads to be shipped than there are trucks available to ship them and creating scarcity — which drives up rates.

Solution: Leverage data driven technology to identify the most efficient capacity options

From retail stores and e-commerce shops to parts and packaging suppliers, no matter what it is that a business needs to move, finding the most efficient ways to consolidate orders into shipments and put them on the most efficient route with the fewest number of trucks required is a critical and time consuming task. With ever-increasing capacity constraints being further exacerbated over the peak shipping season, improving load optimization capabilities has been one of the biggest areas for many in the industry.

One barrier to uncovering optimal consolidation options stems from a simple lack of choice – the choice to make a better shipment execution decision. Many businesses will regularly negotiate exclusive shipping contracts with carriers, however, without the ability to rate shop multiple carriers and their services, you're out of luck if a single carrier begins dropping shipments, starts performing poorly, or raises their rates. This will force the business to either meet the customer's expectations at a high price, or go with a lower price that will not meet the customer's expectations.

For those who have widened their net and brought in more carrier options to choose from, the process of consolidating orders into shipments often still remains an incredibly time consuming manual process. Performed by an individual or team within the logistics department utilizing third-party software or spreadsheets outside of their Transportation Management System (TMS), finding the most efficient option takes up hours out of the week and results can be hit or miss.

No matter how you opt to expand your carrier network, the key to gaining a true competitive advantage is to utilize the right combination of carrier options and data.

Shipwell's Load Optimization has saved businesses between 20-40% on shipping costs by instantly uncovering the most efficient consolidation and routing options

Effective technology essentials

01 Includes multiple modes

While it may be the case that your specific challenges at this time are limited to a single mode, don't neglect other options when looking for shipping software. By gaining instant access to premium FTL, LTL and parcel capacity along with additional multimodal options in a single platform, you can **open up additional opportunities for efficiency and savings**.

02 Allows for rate comparison

With access to an extended network of carriers, the solution should be capable of allowing you to explore the rates that each carrier is or has recently been charging for different service types and lanes. Whether you're looking to negotiate rates with new carriers or lower the rates you're paying to your existing partners, knowing the current market rates provides a **huge advantage to negotiations**.

03 Allows for improved shipment consolidation

Combining a premium carrier network with a data-powered TMS allows for more strategic consolidation than manual processes allow for. With access to each shipment in your inventory and every carrier in the network, automated load optimization capabilities can identify which shipments can be consolidated into a single load, **saving costs, cutting down on capacity requirements, and reducing your carbon footprint**.

04 Ensures carrier performance and compliance

It's no good expanding your network of carriers if you can't trust that they are reliable. Be sure that your solution includes capabilities for constant monitoring and tracking carrier performance and compliance. This not only allows for **better initial carrier selection** but also enables **strategic and proactive shifts to new carriers** when those factors change.

Problem: Maintaining control amid the chaos to keep shipments moving

Trucks are full, and volatility has been high for over a year at this point. As businesses attempt to juggle the peak season spike in volume, along with pre existing commitments and rising expectations from their customers, keeping track of everything and delivering on time becomes a challenge.

A [report](#) on customer expectations during the pandemic found that people will be quite forgiving of shipping delays if retailers communicate with them. However, out of the 36% of respondents who said they experienced substantial delays, only 19% were well-informed by businesses. And when shipments arrive late, other [studies](#) have shown that the majority of customers will blame the shipper over the shipping company.

Whether a shipment is going from a retailer to a consumer or from a supplier to a retailer, the receiver wants it to arrive on time. Ensuring that this is possible requires a system to identify potential issues in real time so they can be addressed before delays occur. However when delays do occur, the next step to keeping them happy is to keep them well-informed through visibility into the shipment status and location along with clear, up-to-date ETA information.

What's behind the problem?



Infrastructure issues

When the I-40 bridge in Memphis was closed down for repairs, it is estimated to have cost the trucking industry **\$2.4 million daily**, and that's just one of many infrastructure issues that plagued the industry in 2021. From crumbling bridges and roadways to increased traffic congestion as travel restrictions are lifted, even to challenges in maintaining and replacing aging truck fleets themselves, shipments are increasingly likely to face costly delays.



Increased detention times

According to the OOIDA, drivers spend between **20-30%** of their possible compensated drive time in detention, waiting to load or unload their cargo. With shipping volume high and a shortage of workers to staff loading docks, these long wait times can cause a domino effect of delays for shipments with multiple stops.



Weather related issues

Peak season coincides with the start of both hurricane and wildfire season, making weather related delays even more common during this time. In fact, **12% of trucking delays** are due to weather, with trucking companies losing an estimated 32.6 billion vehicle hours due to weather-related congestion yearly.

Solution: Enhancing responsive capabilities to take proactive measures

Take a look at the issues on the previous page — infrastructure issues causing traffic delays, extended wait times at loading docks, poor weather conditions forcing last minute routes and scheduling changes. The common element is a lack of visibility into what's happening across the supply chain in real-time.

Of course, supply chain visibility includes the ability to track shipments in transit, but effective visibility technology should go beyond basic track and trace capabilities. Most of these solutions provide insight into where the shipment is, but that alone isn't enough to take proactive action to prevent delays. To do that, you need a solution that brings visibility not only to the location of the shipment in transit, but to the entire supply chain, along with the capability to communicate and take corrective action instantly when disruptions occur.

*Providing fast and reliable delivery is a top concern for **83% of ecommerce executives***

*Shipwell's advanced visibility capabilities provide a near-perfect **98% on-time delivery rate***

Effective technology essentials

01 Delivers real-time ETAs

Knowing when a shipment is going to arrive is the most basic function of visibility, and yet many solutions only provide updates to ETAs based on the current location only. To provide the most accurate estimates, a solution should be capable of analyzing all the factors that could affect the shipment in real-time to **provide responsive ETA updates** as they shift.

02 Includes the ability to centrally monitor and resolve issues instantly

Being able to monitor shipments for issues that arise during their lifecycle in real-time is vital, but for greater control, that same ability can be utilized to understand what solutions may be available for those issues and resolve them. Sometimes an automated approach may be best, or when human intervention is required, the system should be capable of presenting options, as well as the ability to take action on them **instantly from within the same platform**, like ensuring tracking is enabled or proactively rerouting to avoid high wait times.

03 Allows for real-time situational monitoring

With peak season falling right in the middle of hurricane and wildfire season, being able to track things like weather and traffic situations in real-time as they develop along your planned routes provides a big advantage. Your solution should integrate these capabilities into your route maps through visual overlays that work in sync with the issue monitoring mentioned above, allowing you to **avoid disruption prone areas** and **provide accurate information** to customers.

04 Provides visibility into supply chain performance

To enable businesses to see the negative effects of poor supply chain performance, data analytics should go beyond the shipment itself. With a solution that provides visibility into data across departments and workflows, businesses are able to **identify exactly where there is room for improvement** along their supply chain and make proactive decisions with pinpoint accuracy in real-time to **improve cost, customer experience, carrier relationships and operational performance**.

Conclusion

As logistics operations become increasingly complicated during peak season, it's crucial to have all of your supply chain partners aligned to your strategy. Shipwell's [3-in-1 solution](#) helps you do this by bringing powerful capabilities together within a single platform. By combining data-driven shipment planning and optimization capabilities along with proactive issue management and analytics, you have the power to break free from many of the issues that typically hold businesses back during this chaotic time.

Shipwell's shipment planning and optimization capabilities

- ✓ Reduce freight spend by up to 40% and miles driven by over 40% by identifying opportunities for increased efficiency while keeping all constraints for pick-up and delivery.
- ✓ Automatically determine the optimal order consolidation opportunities, along with the best mode, route and carrier options, and calculate the cost for shipments instantly to quickly assess opportunities for reducing costs.
- ✓ Seamlessly turn orders into shipments and eliminate manual data exports with full access to the feature directly built into the Shipwell platform.
- ✓ View instant rates/quotes and book, dispatch and create bills of lading for LTL shipments across national, super-regional, regional, and local LTL carriers.
- ✓ Compare rates industry-wide by establishing market benchmarks that aggregate data across thousands of sources, and bring your own data together to unearth valuable insights, as well as reveal historical rates, shipment details, and carrier performance.
- ✓ View reliable 14-day pricing forecasts and assess rating patterns and tendencies based on day-of-week, holiday and other considerations.
- ✓ Manage complex variables, including specialized cargo types and shipping methods, with tailored data and guidance built directly into your existing workflows.

Shipwell's proactive management capabilities

- ✓ Automatic notifications provide centralized updates on whatever issues arise that could affect a shipment, along with the ability to instantly resolve them, all from the Shipwell platform.
- ✓ Provides data from over 250 touchpoints on every shipment, allowing for real-time reports on product, shipping lane, carrier, damages, hot freight and more to allow you to analyze anything related to freight spend.
- ✓ Combines real-time data from top ELD providers, mobile apps, APIs and your internal systems to deliver access to one of the world's largest digital freight networks.
- ✓ Real-time tracking with traffic and weather map overlays allows for visibility into potential issues and faster deployment of rerouting options to avoid them.
- ✓ Responsive ETAs provide up-to-the-minute updates on arrival times based on predictions established by monitoring and evaluating constantly evolving factors including weather, traffic and road conditions.

Ready to join the shipping evolution?®

Looking to avoid the struggle that comes with sourcing capacity and ensure on-time deliveries this peak season? It's time to consider a better solution. Request a personalized demo today to see how Shipwell's tools can help you break free from peak season chaos to deliver on time, and on budget.