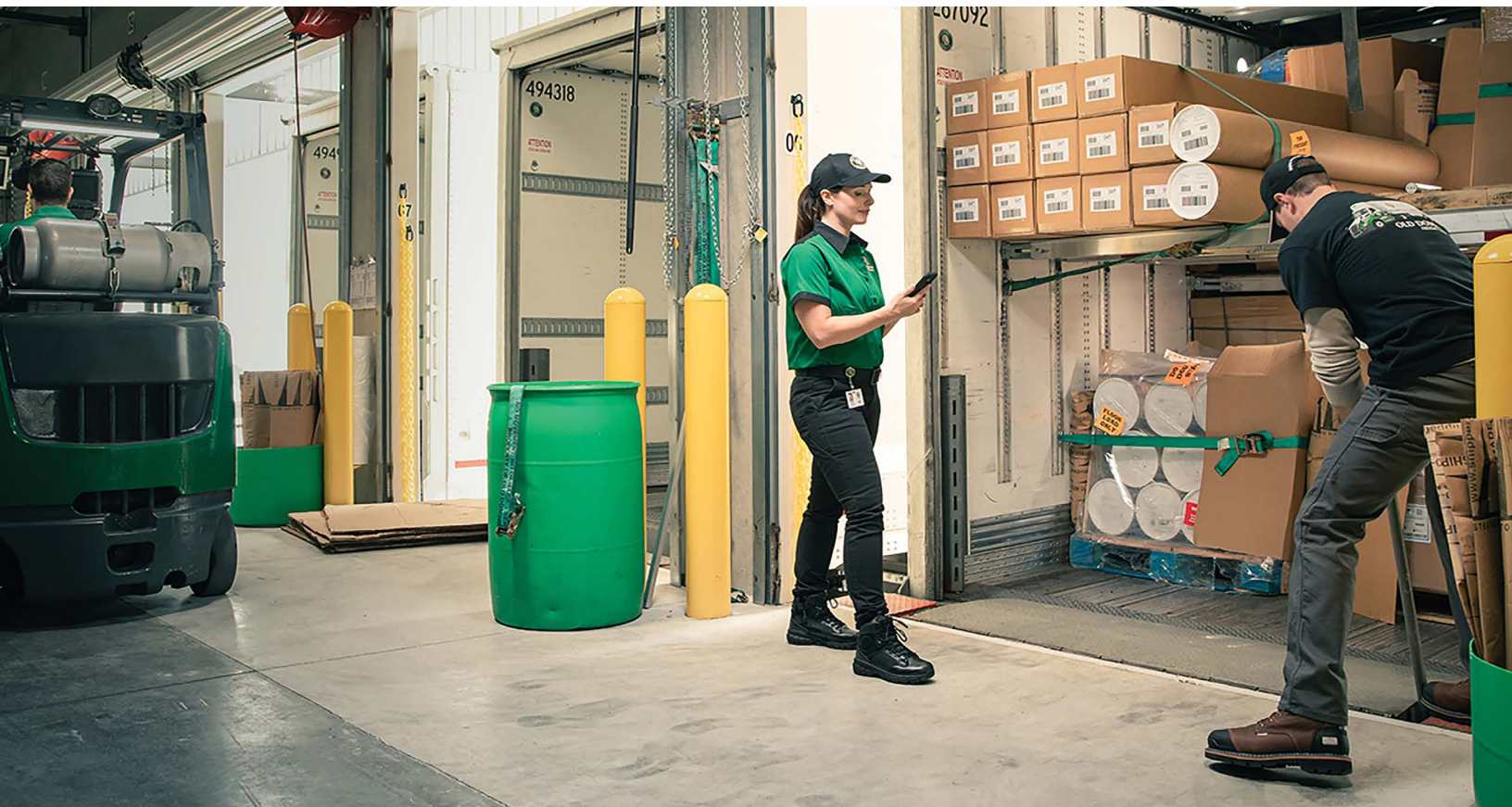


## How Carrier Performance is Impacting Transportation Operations



New survey explores the key freight challenges that shippers are dealing with and the various ways that carrier performance affects supply chains across different industries.



The key freight challenges that shippers are dealing with and the various ways that carrier performance affects supply chains across different industries.

### Introduction

Tasked with transporting goods via land, water, or air, the world's carriers play a critical role in the supply chain. Customers want faster deliveries, freight management challenges continue to escalate, and supply chain operators are dealing with new constraints. Those focused on continuous customer service improvements and better logistics efficiency lean heavily on their carriers to help them achieve these goals in any business conditions.

Carrier performance can impact businesses in numerous ways—from customer satisfaction and inventory management to production schedules and customer-imposed fines and penalties. By taking the time to measure carrier performance, companies can get the best value for their transportation spend, learn which providers are best suited for their organizations' needs, and identify areas of potential improvement.

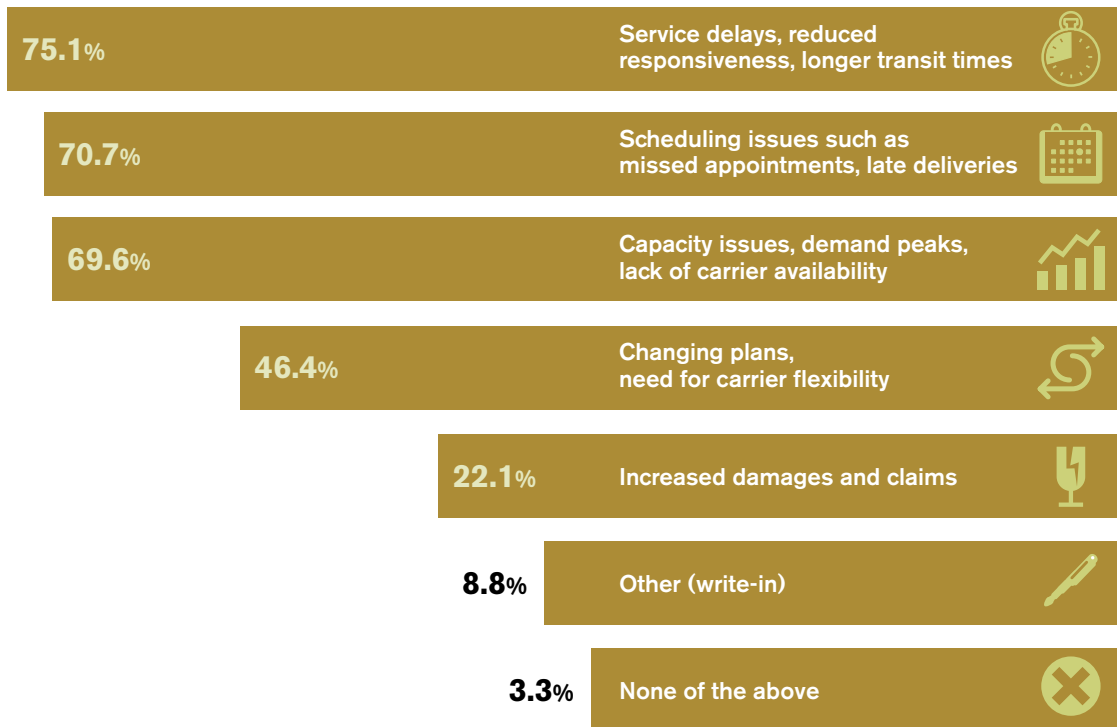
Using carrier “scorecards” or other methods of measuring performance, companies can also leverage key performance indicators (KPIs) like capacity availability, on-time delivery, routing guide compliance, and driver performance to make good transportation choices. To help supply chain managers address the carrier performance and freight challenges they're currently facing, Peerless Research Group (PRG) conducted a survey on behalf of Logistics Management with sponsorship by Old Dominion Freight Line.

For the survey, conducted in July 2021, nearly 200 manufacturing, transportation and warehouse services, wholesale, and third-party logistics (3PL) professionals were asked about their current transportation trends, stresses on their supply chains, and their top freight-related pain points. All survey respondents take part in the evaluation, operation, recommendation, or purchase of freight transportation management services for their organizations (or, for the companies to which they provide consultative services).

Most respondents work for companies in the food, beverage, and tobacco; automotive and transportation equipment; chemicals and pharmaceuticals; fabricated metals; and industrial machinery industries (among others). About 40% of these companies have less than \$50 million in annual revenues, while 15% have \$100 million to \$499.9 million, and 8% have \$5 billion or more.

FIGURE 2

**Since the onset of the pandemic, which of the following have you experienced with your freight transportation management operations?**



The COVID-19 pandemic has impacted supply chains around the globe. Since the onset of the pandemic, 75.1% of companies have experienced service delays, reduced responsiveness, or longer transit times. Other challenges include scheduling issues (cited by 70.7% of companies) like missed appointments or late deliveries.

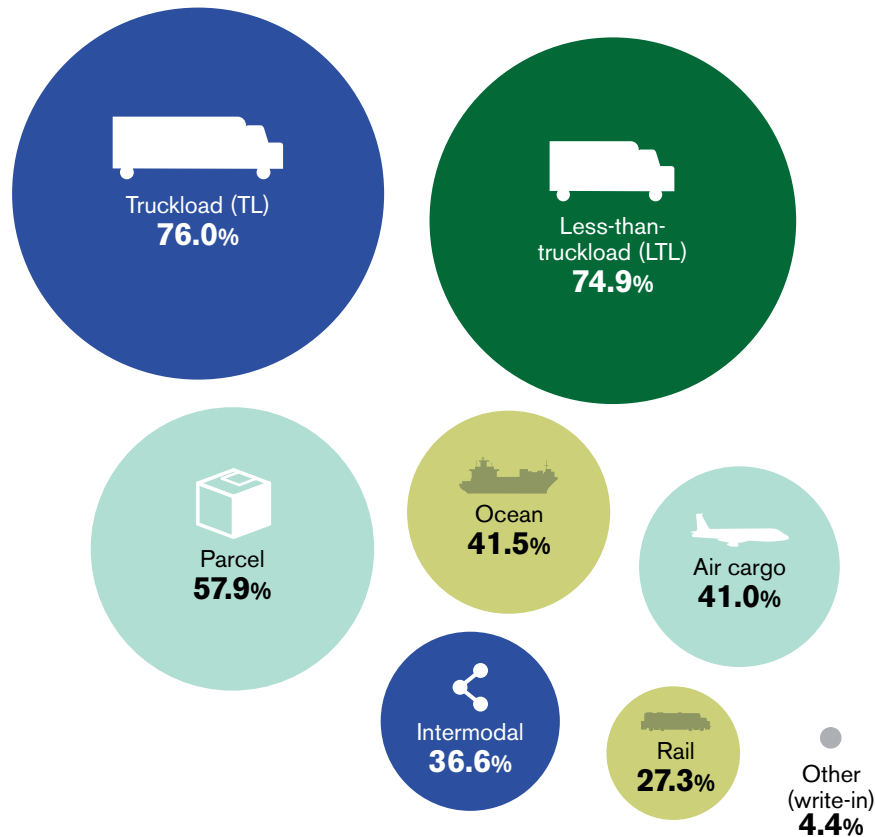
Additionally, 69.6% of companies have witnessed capacity issues, demand peaks, and lack of carrier availability, while 46.4% have experienced changed plans and a need for carrier flexibility. Finally, 22.1% have seen increased incidents and claims. Other transportation disruptions cited by respondents via write-in answers included the tanker driver shortage, transportation cost hikes, and poor communication with their carriers.

Asked about their specific involvement with their organizations' freight operations, 62.2% of respondents say they suggest or determine transportation needs; 74.6% are responsible for evaluating carriers or service providers; 69.2% say they recommend carriers or service providers. Just over 60% select brands or carriers and 70.3% authorize or approve these decisions.

The survey also delved into the most prevalent carrier performance-related challenges that shippers across various industry segments are grappling with, and the different ways companies are being impacted by these performance issues.

FIGURE 1

### Which shipping mode(s) do you use?

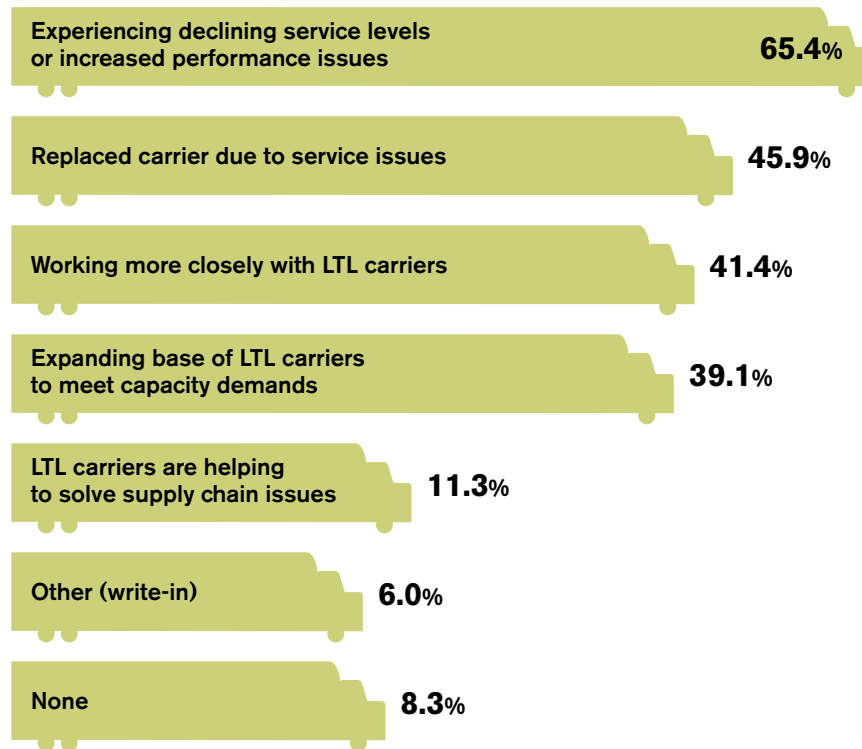


### Managing Pandemic Complexities

Shippers have various modes of transportation to select from when shipping their goods from origin to destination, with truckload (TL) and less-than-truckload (LTL) reigning as the top choices for 76% and 74.9% of companies, respectively. Parcel is used by 57.9% of companies, while 41% utilize air cargo, and 41.5% opt for ocean freight. In addition, 36.6% say they use intermodal and 27.3% rely on rail.

FIGURE 3

**Which of the following, have you experienced in the working relationship with LTL carriers during the current economic recovery?**



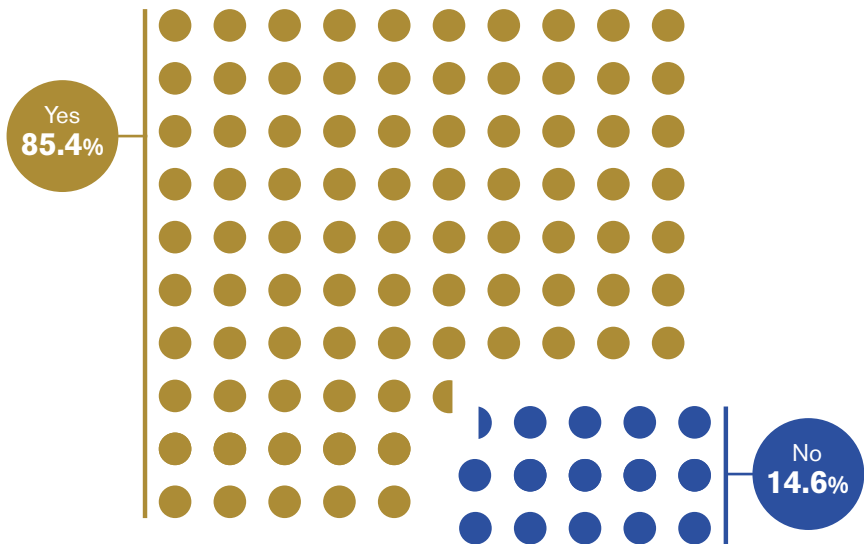
**Supporting their Customers**

It's clear that some carriers can successfully support their customers in times of crisis while others fall short when times get tough. During the current economic recovery, 65.4% of respondents are experiencing declining service levels or increased performance issues from their LTL carriers, while 45.9% have replaced their carriers due to service issues. Others says they're dealing with issues like long transit times, a lack of freight capacity, and driver availability issues.

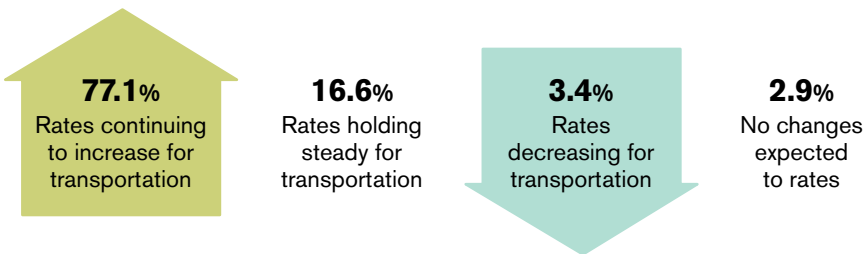
On the flip side, 41.4% of companies are working more closely with their LTL carriers in 2021, while 39.1% are expanding their base of LTL carriers to meet capacity demands. And, 11.3% of respondents say that their LTL carriers are helping them solve their most pressing supply chain issues. Some of these efforts include bringing on more trucks for specific markets; offering more flexible scheduling; providing better and more frequent communication; offering discounted shipping rates; and providing better pricing and availability.

FIGURE 5

Have you experienced rate volatility or scarcity driven increases in the past 12 months?



Where do you see rates heading in the next 12 months?

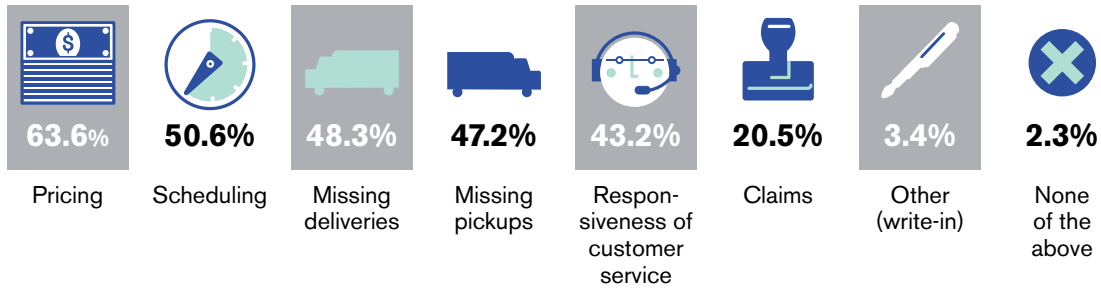


Managing Rising Transportation Rates

Freight rate volatility has been a key pain point for shippers over the last year, with 85% of respondent experiencing rate volatility or scarcity-driven price increases during that time period. Just 15% say they haven’t experienced such increases. [Q8] The majority (77%) of companies expect transportation rates to continue increasing in the coming 12 months. Just 17% expect rates to hold steady and 3% predict a decrease in transportation rates.

FIGURE 4

### Which service issues create the greatest stress on your freight transportation management/operations?



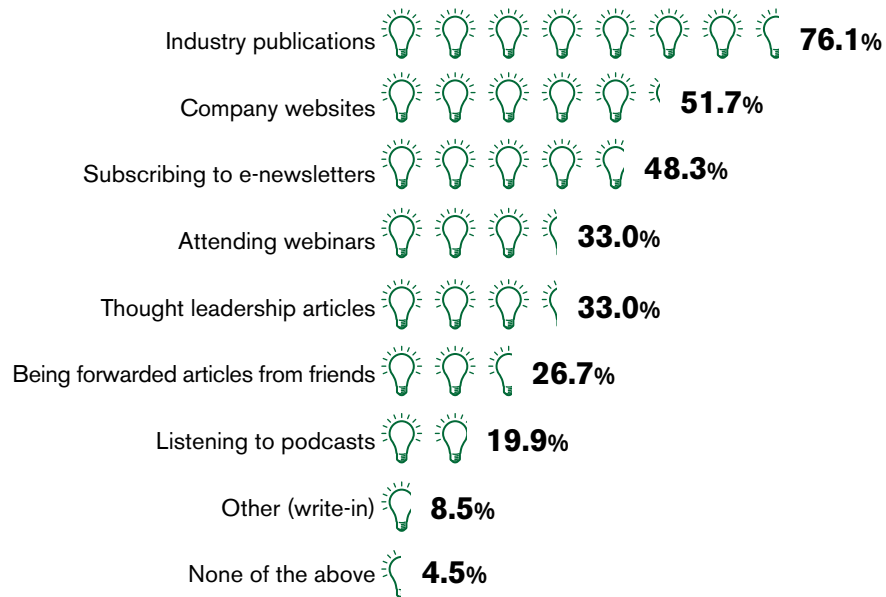
Asked which service issues are creating the greatest stress on their freight transportation management and operations currently, nearly 64% of respondents say rising transportation rates are the biggest problem. These supply chain professionals also say that scheduling problems (50.6%), missed deliveries (48.3%), and missed pickups (47.2%) are also keeping them up at night.

Also, 43.2% of companies are having problems with poor responsiveness on the part of their carriers, while 20.5% say managing claims is a key issue. Other carrier service issues that companies are working through include capacity issues, ocean shipping delays, rising labor costs, and the truck driver shortage.

On a positive note, 11.3% of shippers say that their LTL carriers are helping them work through their transportation challenges and one says, "Great carriers make it happen, invisible to me." Forming partnerships with carriers helps to smooth out business market volatility, while transactional relationships may leave shippers exposed to volatile market conditions and pricing.

FIGURE 6

### Which method(s) do you use to obtain information about freight management solutions?



### Obtaining Industry Knowledge

When supply chain professionals want to educate themselves on freight management solutions, most prefer to gather information from industry publications (76.1%). Roughly half (51.7%) look to company websites, while 48.3% subscribe to e-newsletters for this information. Thirty-three percent attend webinars for advice, 33% read thought-leadership articles, and 26.7% read articles that were forwarded to them from friends or colleagues. Roughly 20% listen to podcasts to gather information.

Other respondents prefer to get their information via direct communication with providers, their own experience, product demos, or through direct contact with their sales representatives and vendors.



### Ramping Up for the Future

As the world's economies continue to right themselves in the aftermath of the COVID-19 pandemic, the need for strong, resilient supply chains will continue to grow. As a critical cog in the logistics wheel, carriers will continue to play an important role in the smooth running of these supply chains. Whether they're managing freight via land, water, or air, these providers have to deliver the goods on time and in good shape every time, or risk disrupting the entire supply chain.

As evidenced by these survey results, shippers are well aware of the important role that their carriers play in their respective supply chains. By carefully assessing carrier performance, benchmarking against industry standards (or, simply past experience), and using KPIs to measure successes and failures, companies can use that data to select the carrier partners that not only meet their current requirements, but will also help them ramp up for the future.

### About Old Dominion Freight Line

Old Dominion Freight Line, Inc. is one of the largest North American less-than-truckload ("LTL") motor carriers and provides regional, inter-regional, and national LTL services through a single integrated, union-free organization. Its service offerings, which include expedited transportation, are provided through an expansive network of service centers located throughout the continental US. The company also maintains strategic alliances with other carriers to provide LTL services throughout North America. In addition to its core LTL services, Old Dominion also offers a range of value-added services including container drayage, truckload brokerage, and supply chain consulting.

### Contact Info

[www.odfl.com](http://www.odfl.com)

customer.service@odfl.com