

DAT iQ

Maximize Your Mini-Bid

How short-term contracts produce long-term benefits

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01

Introduction

Annual transportation procurement events have never been the most popular time of year for supply chain professionals. For many, the request for proposal (RFP) process is seen as a costly, time-consuming endeavor managed with spreadsheets and incomplete insights.

Freight markets are cyclical by nature. Capacity tightens, rates spike, routing guides break—and then conditions shift again. Sometimes you see it coming. Sometimes a carrier exits a lane overnight, or rejection rates spike, and you're not waiting for the next annual cycle to deal with the firedrill, you're fixing it now.

Either way, the fix looks the same: a mini-bid. These are smaller, ad hoc RFPs run outside the annual cadence and scoped to just the lanes that need attention, but still using the same competitive-bid mechanics as the big annual event. Enabled by advances in analytics across the industry, they've become standard practice for leading transportation and logistics teams to operate more dynamically in a volatile market.

Mini-bids do not replace the annual procurement process, but they offer a helpful way to control costs and fix routing guide problems between annual cycles. Deployed strategically, dynamic procurement practices can enable organizations to better manage spending and build stronger partnerships year-round, not just during RFP season.

To execute a mini-bid strategy well, your team needs reliable, real-time data and accurate forecasts, whether you're planning ahead or reacting in the moment.

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What is a mini-bid?

Mini-bids are opportunities to optimize transportation spending based on changing market dynamics in specific areas of your freight network.

Mini-bids focus on more agile procurement processes, often used to address new or problematic lanes within a network, helping organizations find more reasonable rates and more reliable coverage than the spot freight market. Industry adoption of mini-bids has grown steadily and shows no sign of reversing regardless of macro market conditions.

1. 'Effects of Truckload Freight Assignment Methods on Carrier Capacity and Pricing' Study. Master of Engineering in Logistics June 2012, MIT.

So which lanes actually belong in a mini-bid? The strongest candidates typically share one or more of these traits: a routing guide rejection rate that's climbing, a carrier that has recently exited or reduced capacity on the lane, or a widening gap between your contract rate and the current spot rate. Lanes without any of these signals are usually better left to the annual cycle.

This approach is also important because annual contracts are not binding documents, but instead a general agreement that organizations plan to tender a certain volume of freight that transportation providers will move at an agreed-upon rate. Even though there are no penalties for either party if the contracted volumes aren't met, these annual contracts have long served as reliable agreements, allowing each side to better plan for the year ahead.

However, during sudden capacity spikes, the fact that annual contracts are not binding becomes crucial. When tight capacity drives rates up and gives carriers more lucrative options on the spot market, some carriers will refuse to honor lower contract rates, presenting risks to transportation budgets.

This is a perfect scenario for a mini-bid: a quick, competitive bid process run for a small number of lanes where capacity imbalances are most prominent and carrier rejection rates are highest.

Depending on the organization's business needs, mini-bids may be run weekly, monthly, or quarterly. They can be focused on new lanes to support freight network expansion, or existing lanes that are falling out of your routing guide and overextending your budget.

Many organizations run mini-bids with their current asset-based carriers to keep the process focused and manageable. Others use them as an opportunity to test new transportation providers, without tipping off incumbents.



How mini-bids became the new standard[1]

While mini-bids are not new, they've grown in popularity in recent years.

What was once an exception is now the expectation. Transportation teams in many industries no longer see procurement as something that happens just once a year. Instead, they treat it as an ongoing process. This change is not the result of one big market event. It comes from realizing that freight markets change more quickly than yearly RFP cycles can keep up with. Companies that only use last year's rates and only include incumbents often face extra costs and service risks they could avoid.

Avoiding that risk starts with better data. Market intelligence that wasn't available a decade ago now lets teams monitor spot rates, contract trends, capacity conditions, and lane performance throughout the year, rather than relying on annual benchmarks or historical averages. That visibility makes it possible to identify exactly when a lane deserves a closer look, and when it doesn't.

1. MIT FreightLab analysis tracking more than 50 shippers from 2012 to 2020 shows how dramatically mid-cycle contracting grew over that period—a trend that has only accelerated since.

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How To Run A Mini-Bid

Mini-bids work best when they follow a streamlined, scalable process rather than getting reinvented each time:

1. **Identify the lane pool.** Pull the lanes showing the trigger signals above—high rejection rates, carrier exits, or rate spread—rather than reopening your full network.
2. **Benchmark market rates.** Use real-time spot and contract rate data, and rate forecasts if the lane needs longer coverage, to see exactly how far off-market your existing rates are before you set a target.
3. **Shortlist carriers.** Some organizations limit mini-bids to current asset-based carriers serving similar lanes to keep the process fast and preserve existing relationships. Others use them as a chance to bring in new transportation providers on specific lanes, expanding their network without a full RFP.
4. **Collect and compare bids.** Invite the shortlisted carriers to bid on the lane pool over a short, defined window.
5. **Award and monitor.** Confirm awards with selected providers and update the routing guide with new rates, then keep tracking the lane so you know when the next trigger event is approaching.

Five steps sounds straightforward on paper. In practice, it means juggling lane data, carrier outreach, bid tracking, and an audit trail on top of everything else on your team's plate. Most transportation teams are stuck choosing between spreadsheets and email, which aren't scalable or auditable, or larger enterprise procurement platforms that slow down the process. Neither is built for the agility and pace required for shippers to keep up with an increasingly volatile market.

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Trigger events for mini-bids

In general, there are four trigger events that indicate the need for a mini-bid.

Freight network expansion

Over the course of a year, you may need to expand your freight network. This means you will need contract rates for new lanes that were not included in your annual procurement cycle. For example, you may launch a new product that needs new inbound lanes, or you might expand existing products into new regional markets that need new outbound lanes.

Distressed, failing carriers

When market volatility peaks, some carriers may fail to meet your expected service levels or customer delivery windows for prolonged periods, ultimately hurting your bottom line. In sustained downturns, economic pressures inevitably force some carriers to close and exit the market entirely.

In either scenario, you need new options for the lanes those carriers serviced, and targeted mini-bid events are the right approach to getting back on track.

Tight market capacity

When capacity is tight and current market rates exceed established contract rates, a carrier may refuse contract rates or request higher ones. In some cases, a carrier could be seeking rates for a short period as a way to reposition certain equipment to a different region. In these scenarios, their actions may indirectly initiate a mini-bid process that ultimately helps you strengthen your long-term relationship.

Tight market conditions often drive routing guide leakage, putting you at risk for exposure to spot-market premiums that cause budget overruns. A common strategy is to convert lanes currently managed in the spot market into short-term contracts. Mini-bids help contain costs in these conditions by enabling you to quickly patch routing guide failures.

Soft market capacity

On the other hand, when there is more truckload capacity, spot market rates may actually be lower than your contract rates. Carriers profit more when you honor those contract rates.

If the gap is wide enough, it might make sense to initiate a mini-bid to rebalance these dynamics and lower your contract rates to align more closely with the spot rate. However, you may want to honor these contract rates as a bargaining chip for future scenarios when the tables are turned and carriers are tempted to refuse contract rates.

Seasonal & surge lanes

Not every capacity need is permanent or long enough to justify a full annual RFP. A retail peak season, a short-term promotion, a harvest window, a one-time project, these create real capacity needs on specific lanes for a defined stretch of time. Running a full procurement cycle for a need that lasts eight weeks doesn't make sense, but neither does risking it in the spot market. A mini-bid gives you a right-sized way to secure coverage for exactly as long as you need it, without over-committing past the point where you'll need it.

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Benefits of mini-bids

When guided by accurate, real-time forecasts and executed correctly, mini-bids optimize transportation budgets with lower rates, repair broken routing guides, and strengthen relationships with your most important carriers.

More continuous procurement cycles allow organizations to:

1. Adapt to market conditions by leveraging an agile approach to freight operations.
2. Address problematic lanes and find capacity more cost-effectively than spot market alternatives.
3. Conduct trial runs with new transportation providers.
4. Capture non-financial perks, such as improved scheduling terms and overall efficiency.

Transportation teams also stand to benefit over the longer term when a carrier seeks compromises on rates because it cannot meet earlier commitments on certain lanes. Even if the mini-bid results in somewhat higher rates, taking a cooperative approach during difficult times can make your organization a shipper of choice with preferred carriers.

When you prioritize long-term relationships over short-term gains, your freight partners are far more likely to prioritize your needs in volatile markets.

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How often should you run a mini-bid?

There's no universal answer—but there is a useful framework.

Mini-bid frequency should reflect the pace of change in your network, not a fixed calendar. That said, here are the patterns that work for most organizations, from smaller or mid-sized organizations to enterprise shippers managing large, complex networks:

- **Quarterly reviews:** Best practice for organizations with large, complex networks or high freight spend. A quarterly cadence ensures rates don't drift too far from market reality before you can correct them.
- **Monthly spot checks:** Useful for monitoring your highest-volume or most volatile lanes, even if you don't trigger a full mini-bid every cycle. Use DAT rate data to track the spread between your contract rates and current market rates.
- **Event-driven mini-bids:** When a trigger event hits—a transportation provider fails, capacity tightens in a key lane, your routing guide rejection rate spikes—don't wait for the next scheduled review. Act immediately.

The right cadence also depends on market conditions. In a tight market, more frequent mini-bids help you stay ahead of rate increases and capacity gaps. In a soft market, periodic check-ins help you identify opportunities to reset contract rates before you overpay for another full cycle.

This is also the core question behind deciding how often to go to market on any given lane: it's less about a fixed schedule and more about how quickly that lane's conditions are moving.

The bottom line: if you haven't reviewed a lane in more than six months, you're probably working with stale rates.

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Mini-bid or wait? A decision checklist

Use this checklist to decide whether it's time to run a mini-bid or hold.

Run a mini-bid if:

- Your routing guide rejection rate on one or more lanes has been climbing consistently.
- The spread between your contract rate and the current spot rate on a key lane has widened significantly and shows no sign of normalizing.
- A primary transportation provider has failed, exited, or significantly reduced capacity on lanes you depend on.
- You're launching new lanes that weren't covered in your annual RFP.
- Seasonal capacity tightness is forecasted for lanes critical to your operations.
- Your freight spend is tracking materially over budget with more than a quarter remaining in the cycle.

Consider waiting if:

- Rate forecasts show current volatility is likely to normalize in the near term.
- The lanes in question represent a small share of your total spend and service risk is low.
- You recently completed a mini-bid on these lanes and rates have not materially shifted since.
- Your transportation provider relationships are strong and rejections are isolated, not systemic.

Short on time? Prioritize ruthlessly. If you can't run a full mini-bid across every flagged lane, rank them by rejection rate and budget impact first, and defer the rest to the next cycle. A fast decision on your worst three lanes beats a slow, comprehensive review of twenty.

Not sure? That's exactly what DAT is built for. Real-time rate data and lane-level forecasting from DAT take the guesswork out of timing so you're acting on signals, not hunches.

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Potential pitfalls

While the adoption of mini-bids has grown, some transportation and supply chain teams remain hesitant. They often fear that the approach will require too many resources and too much time, especially since annual procurement events are already such a heavy lift.

That fear is usually about the process, not the strategy. Rebuilding lane and carrier lists from scratch every time, chasing bids across disconnected email threads with no visibility into who's responded, reconciling everything by hand before you can even compare it to your incumbent rate—done manually, it doesn't scale, and it leaves you with no clear audit trail to defend the decision to Finance or leadership after the fact.

There's also a timing risk worth watching for: a mini-bid can look compelling in the moment, but if rates on your trouble lanes are predicted to normalize soon, the effort may not be worth it. Lane-level rate data and forecasting help you tell the difference between a lane that needs action now and one that's better left for a few more weeks.

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How DAT can help

Running more frequent bidding events means your team needs fast, reliable access to market data and a way to act on it once you have it. DAT gives you both.

Evaluate & monitor: market intelligence

Analytics from DAT give organizations the best picture of current market conditions, along with ongoing freight forecasting to help teams identify the best timing for mini-bid contracts. DAT gives transportation teams the lane-level rate data, forecasting, and benchmarking tools they need to know, not guess, when a trigger event has actually been hit.

Real-time spot and contract rate visibility across all lanes in North America, so you can see exactly when your contract rates are out of step with the market.

Rate forecasts with over 95% accuracy on more than 7 million daily predictions, so your team can time mini-bids with confidence.

Lane-level benchmarking to identify underperforming parts of your network before they become emergencies.

Take action: contract procurement

DAT Contract Bid is a contract freight procurement workflow tool purpose-built for rapid, targeted RFPs. It takes the mini-bid workflow out of spreadsheets and emails into a structured process with market intelligence built in.

- Manage lanes, carriers, bids, and awards in one centralized workflow instead of rebuilding a spreadsheet and chasing email threads every time.
- Evaluate carrier responses against embedded DAT market intelligence, so you're negotiating from real benchmarks, not guesswork.
- Quickly act on problem lanes identified in DAT Benchmark by moving those straight into a DAT Contract Bid event with no re-entry of lane or carrier data.

Whether your next mini-bid is next week or next quarter, DAT gives your team the market intelligence to know when to act, and the tool to act on it, so you're never reacting after the opportunity has passed.

REQUEST A CONSULTATION WITH OUR TRANSPORTATION MARKET EXPERTS AND SEE DAT IN ACTION.

Visit https://www.dat.com/iq

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About DAT Freight & Analytics

DAT Freight & Analytics provides the most accurate insights into truckload markets, with the deepest and broadest data in the industry and the largest on-demand freight marketplace in North America. Since 1978, DAT has been the trusted source for market trends and data insights for shippers, brokers, carriers, media, and industry analysts alike.

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800.551.8847