

THE HIGH COST OF NOT LEVERAGING COMPREHENSIVE FREIGHT MARKET INTELLIGENCE

Here's what companies risk when they rely on highly manual, disparate systems and processes to **run their transportation networks in an unpredictable freight environment.**

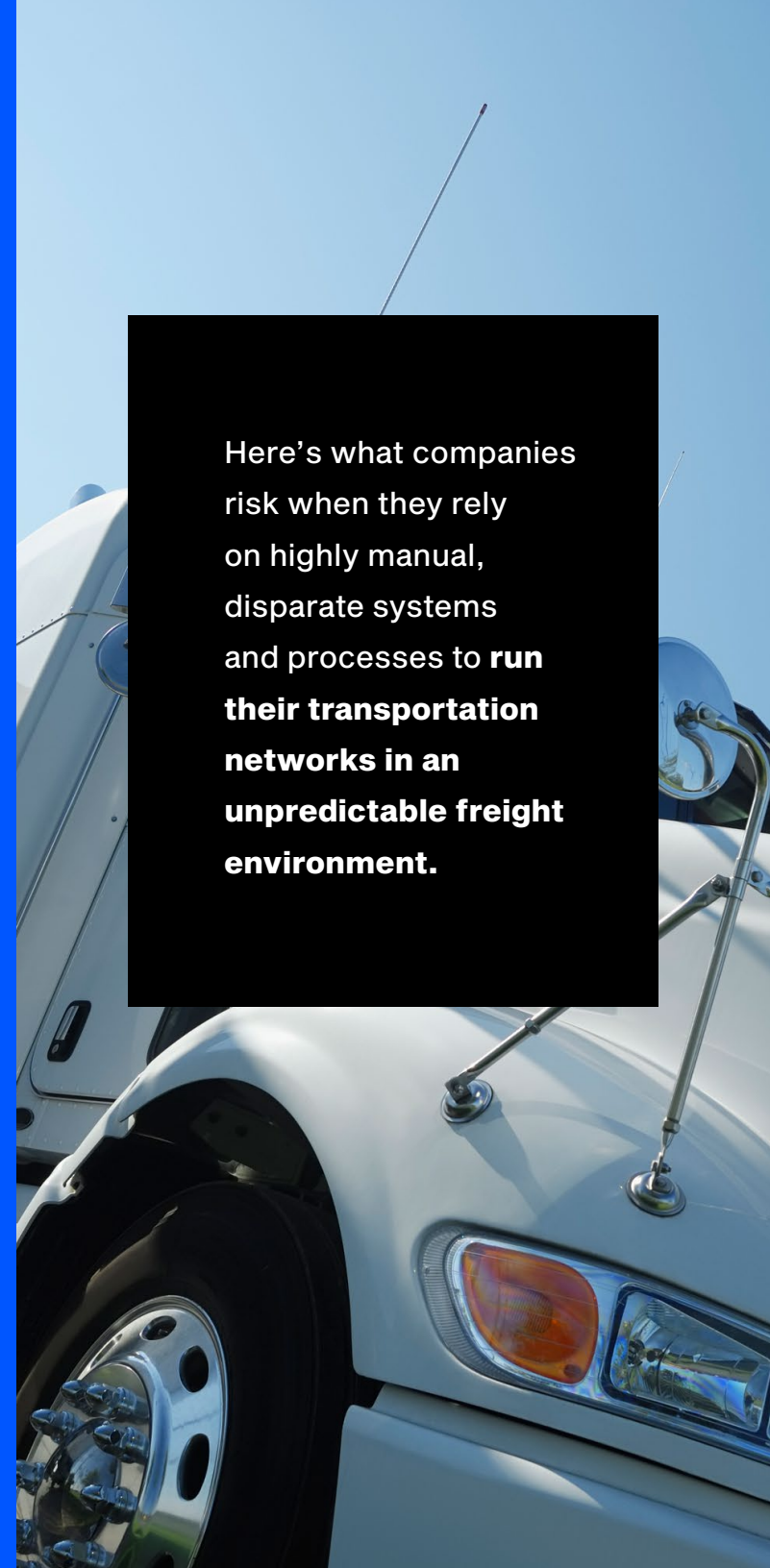


SUPPLYCHAINDIVE



RETAILDIVE

Custom content for DAT by studioID



INTRODUCTION

In today's fast-paced business environment, efficient transportation and logistics management has become table stakes for teams responsible for substantial freight budgets. Too many of these organizations use manual processes and disparate systems to manage their transportation networks. This not only increases costs, delays shipments, and disappoints customers, but it can also significantly increase supply chain risk in several areas, including:

Poor supply chain visibility

Without real-time visibility into shipping performance, organizations can't accurately keep a pulse on key metrics, identify potential problems, and take corrective action. Instead, companies perpetually run behind the 8-ball and resort to reactive measures to solve problems after the fact.

Higher costs

Manual processes and disparate systems are inefficient and error-prone. They also drive up transportation costs (e.g., labor, fuel, late-delivery penalties, etc.), which no company can afford in an unpredictable business environment.

Reputational brand damage

Delayed shipments, damaged goods, and poor customer service can all erode trust and damage brand reputation in a marketplace where your next competitor is just one mouse click or screen tap away. If your customers don't get their orders on time and in good condition, they'll shop elsewhere.

These are some of the risky situations that organizations face when they lack reliable freight data and analytics. Companies are facing continued supply chain disruptions, labor shortages, rising business costs, and consumer expectations for faster delivery times.

The good news is that by leveraging advanced technology, companies can overcome these challenges. Reliable and accessible freight market intelligence helps organizations solve for “we don’t know what we don’t know,” replacing guesswork, internal benchmarking, and gut-feel decisions with accurate data and insights. Using freight data and analytics, organizations can effectively reduce risk, drive network and cost efficiencies, and enhance customer service in any market conditions.

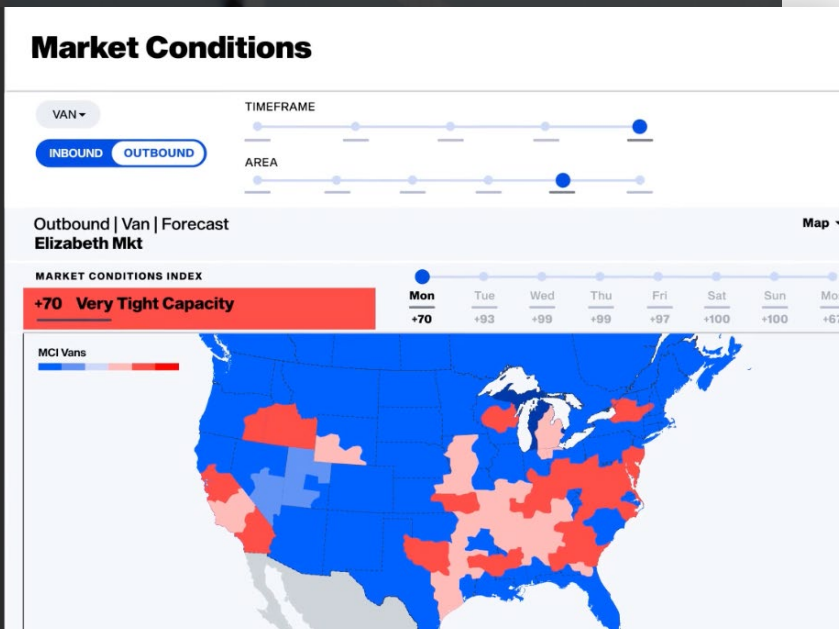


MANAGING TRANSPORTATION UNPREDICTABILITY

Transportation markets are cyclical and challenging to predict. One year, the power may be in the carriers' corners as capacity shrinks, demand grows, and rates skyrocket. Then, the following year, that power may shift in favor of shippers, who — for a time — can count on lower rates and ample capacity.

One thing is sure: shippers and carriers must be ready to adapt to changing market conditions at any time. Throughout much of 2023 and 2024, for example, lower demand created a soft, depressed freight market. Shippers had the advantage of abundant carrier capacity and competitive rates, with many carriers eager to transport their freight. Much like the national real estate market sways between being a seller's and a buyer's market, the depressed freight market conditions won't last forever.

That's good news for carriers, brokers, and logistics providers, of course, but it won't be so great for the shippers that priced their goods, created budgets, and pegged their profitability goals based on current market rates and conditions. With the next transportation boom cycle lurking right around the corner, it's time to start educating general management — which may not be as in tune with transportation rate market fluctuations — about the looming shift and its potential impacts.

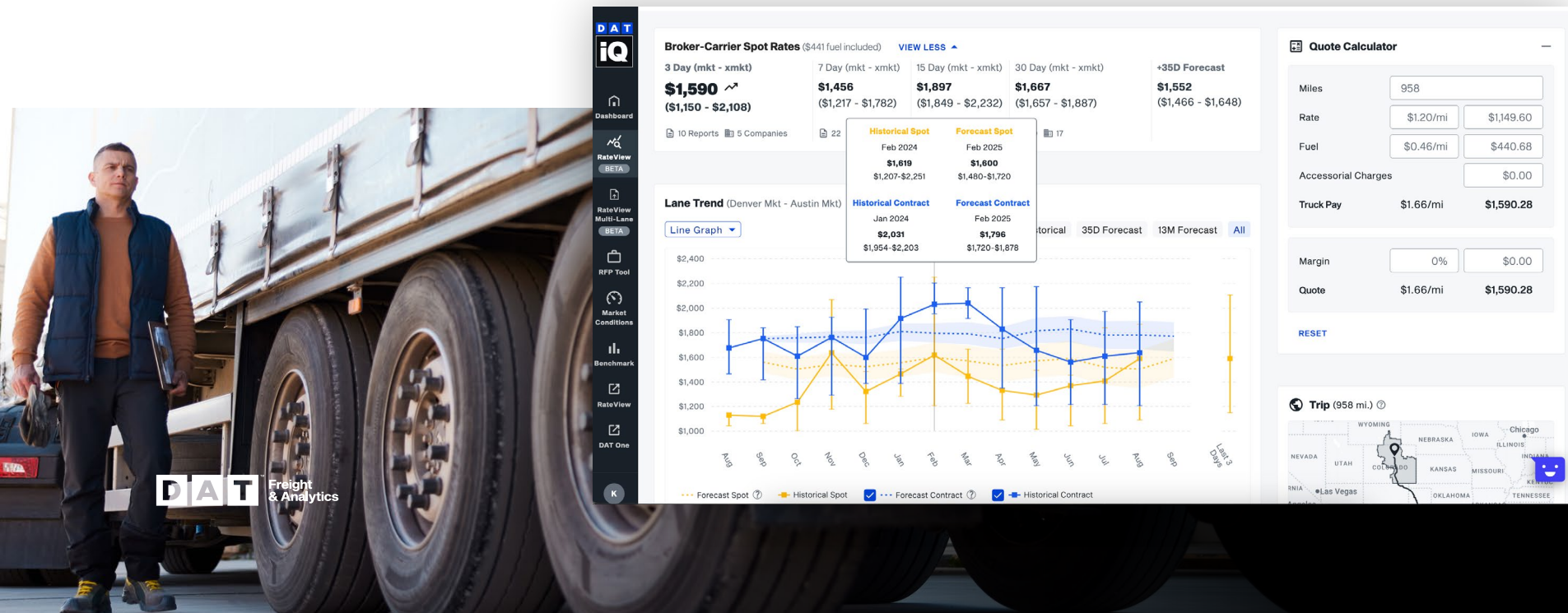


“Most transportation managers face challenges in this area because aggregating and sharing the relevant data is a largely manual process that takes time and effort, and that doesn’t always paint a clear picture that can be presented easily to upper management,” says Chad Kennedy, group product manager at DAT Freight & Analytics. “Clearly illustrating the cycles also requires a long data timeline and incorporates disparate data from many different sources and formats.”

Gathering, cleansing, and processing that data takes time — so much, in fact, that by the time all of the legwork is completed and the reports are ready to share, the information in them may already be outdated and no longer relevant. Another challenge is relying solely on internal data to develop these reports. Incorporating external benchmarking data

provides valuable context and insights into freight market fluctuations and uncovers opportunities that internal data alone might miss.

For example, many organizations rely on a “should cost” approach to manage transportation expenses. It involves comparing actual rates, benchmarking data, and historical trends to determine future rates, negotiate with carriers, and optimize transportation networks. While the model sounds viable in theory, in reality, benchmarking against a single national average often falls short because national supply and demand imbalances also have to be factored in. For example, the Orlando-to-Atlanta route might hypothetically cost 55 cents per mile, but return trips on the same route could cost \$3.50 per mile.





“You can’t use your own freight rate data to accurately compare what one lane cost this year versus last year and then make decisions based on those reports. If a lane didn’t exist the prior year, you won’t even have a comparison point to work with.”

Chad Kennedy, Group Product Manager at DAT Freight & Analytics

“Neither of those rates aligns with the national \$1.75 per mile rate,” Kennedy explains. “This is one of several reasons why you can’t just take a blanket national rate for a single mode and apply it across your entire transportation network. There are just too many variables at play.”

Using historical internal rate data is similarly challenging, especially when large enterprises use hundreds or even thousands of different shipping lanes. Each lane has its own zip code identifier, and they all command their own costs. Lanes also don’t run at the same volumes or for similar periods of time year over year, which basically reduces internal rate benchmarking to sheer guesswork.

In some cases, a specific carrier may not have even been using the lane in question the previous year. Or, it may have since added new routes that aren’t included in the company’s historical data. “You can’t use your own freight rate data to accurately compare what one lane cost this year versus last year and then make decisions based on those reports,” Kennedy explains. “If a lane didn’t exist the prior year, you won’t even have a comparison point to work with.”

NO CRYSTAL BALL? NO PROBLEM

When freight markets pivot back in the carriers' favor, costs start to rise, capacity tightens, and meeting customers' on-time delivery expectations becomes more complex. Without comprehensive freight market intelligence, companies may be caught off guard and left scrambling. Requests for proposals (RFPs) aren't materializing as expected, forcing the organization to go into "loss control mode" or risk losing money on every order.

Using DAT iQ, companies get a 360-degree view of the transportation market, including insights and data-driven analytics to help them optimize their freight operations, save money, and enhance overall supply chain efficiency.

The platform's key features include:

Market intelligence

Real-time market conditions, rate fluctuations, and capacity availability.

Rate benchmarking

Compare rates to industry averages and identify optimization opportunities.

Lane analysis

Analyze specific lanes to understand historical trends, build RFPs, and inform strategic network design.

Carrier performance

Evaluate carrier performance metrics to ensure an optimal carrier mix and find reliable partners as needed.

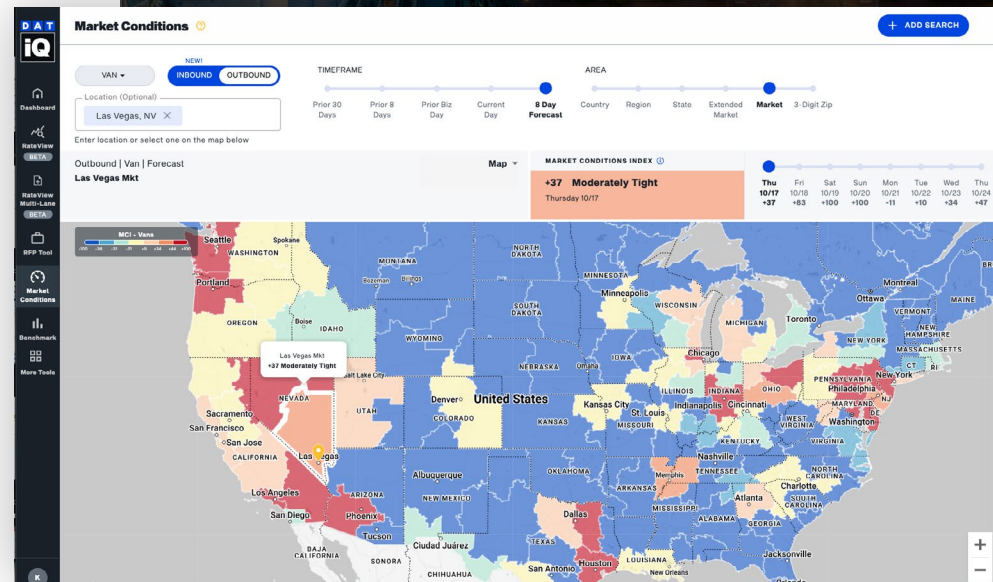
Predictive analytics

Forecast future market conditions and plan accordingly.

Think of DAT iQ as a reliable roadmap for navigating any market condition — good, bad, or otherwise. Not only does DAT provide the data science and reporting tools needed to navigate the terrain successfully, but their team of experts also help companies plan, execute, and deliver value on that data and insights.

One of the most powerful planning tools in the DAT iQ platform is the RateView multi-lane lookup feature, which can provide insights on thousands of lane rates for network modeling and node optimization. This not only helps organizations select spot freight opportunities and negotiate carrier contracts, but it can also help them determine where to best position their next manufacturing plant, warehouse, or distribution center.

“We give you all of the possible lanes that could run from every possible DC location,” Kennedy says, “and our engineering team will run the analytics and perform Monte Carlo simulations on the data to come up with the best plan of action.”



“We give you all of the possible lanes that could run from every possible DC location and our engineering team will run the analytics and perform Monte Carlo simulations on the data to come up with the best plan of action.”

Chad Kennedy, Group Product Manager at DAT Freight & Analytics

BEYOND ROUTING GUIDES: A DATA-DRIVEN APPROACH TO FREIGHT

The soft freight market isn't going to last, but waiting for it to make its turnaround isn't a smart strategy. Once the shift happens, routing guide leakage, service failures, and cost runups will soon follow. "At that point, companies will start to lose money pretty quickly," Kennedy cautions. "Using benchmark rates to measure routing guide failure costs versus real-time market rates, companies can avoid these added costs."

The benefits of having comprehensive freight market intelligence on a single platform go well beyond cost savings:

Reduced risk of supply chain disruption and spot market exposure.

Access to enhanced, real-time **supply chain visibility**.

Reduced operational costs, better rates, and optimized freight spend.

Proactive decision-making as opposed to reactive responses (when it's too late to make changes).

Fewer budget overages, late deliveries, routing guide failures, and misalignment between internal teams.

Improved operational efficiency for the organization overall.

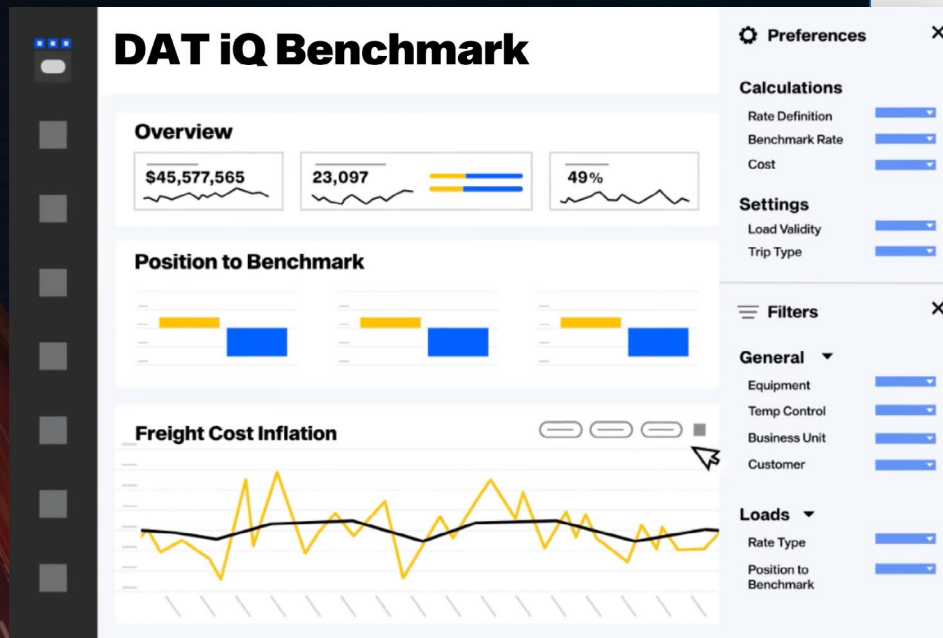
A more **sustainable and eco-friendly supply chain** thanks to fewer deadhead miles, empty trucks on the road, and better route optimization.

Better customer satisfaction and loyalty. When customers get their orders at the right place and the right time, they'll come back for more.

Stronger buy-in and alignment with leadership and C-suite executives who are budget-focused and always looking for ways to do more with less.

Confident decision-making and planning rooted in accurate, reliable data that goes outside the four walls of the company and incorporates insights that wouldn't otherwise be readily available.





Companies across all industry sectors can count on these benefits. As a pet food manufacturer that focuses on providing fresh, refrigerated meals for dogs and cats, Freshpet is one shipper that understands the value of making data-driven decisions across multiple dimensions — strategic, operational, and future-focused — all while enabling significant structural shifts in its logistics model.

Freshpet uses DAT's lane rate benchmarking data to adjust RFPs for market alignment. It also uses carrier lane performance data to optimize service by refining carrier selection for specific lanes and aligning carriers with customer preferences (i.e., preferred/primary carriers). Freshpet will soon begin using the platform's data for less-than-truckload (LTL) and load consolidation lane optimization.

The manufacturer also used DAT iQ as a source of truth for freight analysis during the transition from a fully outsourced third-party logistics (3PL) model to an insourced freight operation with direct carrier contracts.

“It’s like peeling an onion for us,” says Dirk Martin, VP of logistics and customer services. “We started with the lane rate benchmarking to get an RFP out to get a market adjustment after the COVID increase. Now we are working on improving service using the carrier lane performance data to refine which carriers we are contracting by lane and aligning them to our customers’ preferred/primary carriers.”

Global reusable pallet and crate provider CHEP USA is another growing company that has integrated DAT iQ across both operational and strategic levels. This has helped the organization foster efficiency, visibility, and innovation within its supply chain. CHEP’s analysts and transportation coordinators use DAT’s lane-level benchmarking to

optimize planning and booking decisions for individual loads. The managers and directors compare the company’s performance against market benchmarks to assess competitiveness and establish strategic goals.

For CHEP, DAT’s market analysis supports the broader digital transformation of the company’s supply chain processes. “Our day-to-day analysts and coordinators utilize DAT’s lane level benchmarking services to ensure they are always making the best choice when planning and booking loads,” says Jon Franke, manager, mode optimization. “Managers and directors are able to view the business at a high level to compare our performance to market benchmarks, set goals, and enable our supply chain digital transformation.”



“It’s like peeling an onion for us. We started with the lane rate benchmarking to get an RFP out to get a market adjustment after the COVID increase. Now we are working on improving service using the carrier lane performance data to refine which carriers we are contracting by lane and aligning them to our customers’ preferred/primary carriers.”

Dirk Martin, VP of Logistics and Customer Services, Freshpet

TAKE THE FIRST STEP NOW, NOT LATER

As high-volume shippers like Freshpet and CHEP USA have learned, a freight market intelligence platform is much more than just a game-changer; it's table stakes for anyone who wants to optimize their transportation networks in unpredictable market conditions. Whether they're outsourcing logistics to a 3PL, working directly with carriers, or using a hybrid approach, companies need data and analytics that support good decision-making and that key their own management teams into what's going on in the marketplace at any given point.

"The value of creating confidence with general management can't be understated, particularly as we sit on the cusp of yet another cyclical market fluctuation," says Kennedy. "When transportation managers have accurate data at their fingertips, proving that their teams are making moves and producing within the market norms is simple."

Ultimately, any organization's success hinges on its ability to adapt and evolve. By embracing data-driven decision-making and a proactive transportation management approach, shippers can effectively navigate the highs and lows of market volatility, optimize their supply chains, and hit their growth goals.

TO LEARN MORE, [VISIT DAT IQ.](#)



DAT Freight & Analytics operates both the largest truckload freight marketplace and truckload freight data analytics service in North America. Shippers, transportation brokers, carriers, news organizations, and industry analysts rely on DAT for market trends and data insights based on more than 400 million annual freight matches and a database of \$1 trillion in total freight market transactions.

Founded in 1978, DAT is a business unit of Roper Technologies (Nasdaq: ROP), a constituent of the Nasdaq 100, S&P 500, and Fortune 1000. DAT is headquartered in Beaverton, Ore. Visit [dat.com](https://www.dat.com) for more information.

LEARN MORE





studio / **ID** BY INDUSTRY DIVE

studioID is Industry Dive's global content studio offering brands an ROI rich tool kit: Deep industry expertise, first-party audience insights, an editorial approach to brand storytelling, and targeted distribution capabilities. Our trusted in-house content marketers help brands power insights-fueled content programs that nurture prospects and customers from discovery through to purchase, connecting brand to demand.

[Learn more](#)