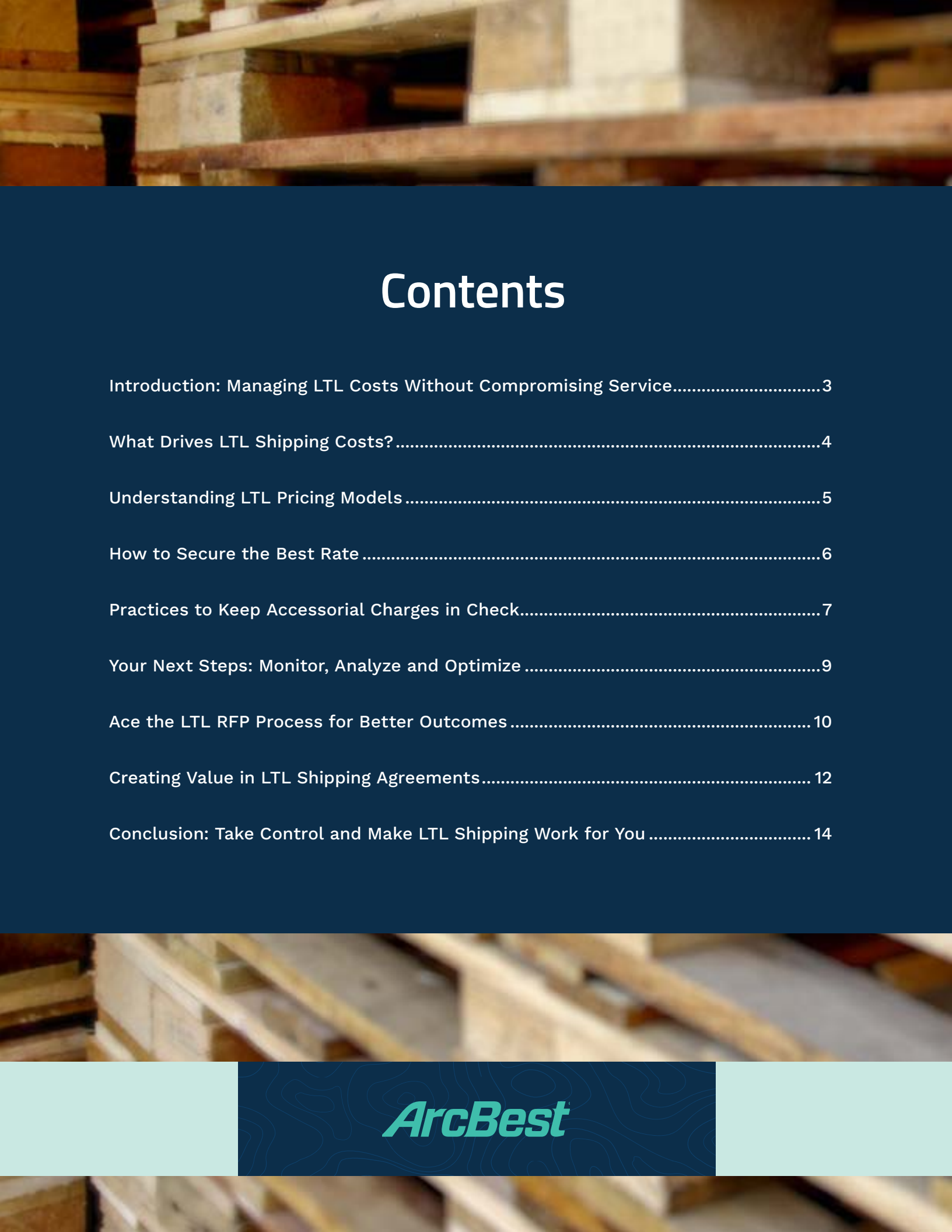




Advanced Strategies for LTL Pricing and Cost Control

ArcBest



Contents

Introduction: Managing LTL Costs Without Compromising Service.....	3
What Drives LTL Shipping Costs?	4
Understanding LTL Pricing Models	5
How to Secure the Best Rate	6
Practices to Keep Accessorial Charges in Check.....	7
Your Next Steps: Monitor, Analyze and Optimize	9
Ace the LTL RFP Process for Better Outcomes	10
Creating Value in LTL Shipping Agreements.....	12
Conclusion: Take Control and Make LTL Shipping Work for You	14

Managing LTL Costs Without Compromising Service

As transportation expenses continue to rise and supply chain volatility persists, effective Less Than-Truckload (LTL) shipping management has become a strategic necessity. For supply chain leaders and business executives, the challenge is moving freight while maintaining the service, performance and reliability customers expect.

This e-book is for professionals who are ready to take their LTL shipping practices to the next level. You'll learn how to apply practical, data-backed strategies to reduce unnecessary spending, manage pricing and optimize carrier relationships without sacrificing quality.

Discover actionable insights on:

- ✓ **Leveraging your freight data for smarter negotiations**
- ✓ **Identifying cost drivers in your current LTL agreements**
- ✓ **Aligning service levels with business priorities**
- ✓ **Building flexibility into your shipping strategy**
- ✓ **What to look for in a transportation provider**

The strategies in this e-book will help you make informed decisions that allow you to get the most out of your LTL shipping practices.



What Drives LTL Shipping Costs?

LTL pricing is influenced by a range of operational and market variables. Whether you're refining your current strategy or just beginning to explore LTL, the best way to make effective decisions is to understand the factors that impact your costs.

They include, but are not limited to:

- ✓ Freight class
- ✓ Weight
- ✓ Dimensions
- ✓ Packaging
- ✓ Lane
- ✓ Special services
- ✓ Liability
- ✓ Fuel prices
- ✓ Market conditions
- ✓ Service level required



Understanding LTL Pricing Models

Understanding the variables that influence LTL pricing is only part of the equation. Equally important is knowing how those variables are applied within different pricing models. This knowledge will help you choose the right partners, forecast your shipping costs more accurately and potentially find opportunities to save.

Here are the main pricing structures you'll come across:

CONTRACTED PRICES

Prices that are negotiated directly between the shipper and transportation provider, based on shipping volumes, lane, freight characteristics and service commitments. These agreements offer predictable pricing and are ideal for moving consistent, high-volume freight.

TARIFFS

These are standard base rates published by carriers, but discounts may be available based on lane, volume or shipping frequency. Tariffs are subject to the base language that applies to the pricing arrangement.

DYNAMIC RATES

Real-time pricing that fluctuates based on capacity availability, current market conditions and demand. This model offers greater responsiveness and flexibility, making it a good fit for infrequent shippers with variable or last-minute freight movement needs.



How to Secure the Best Rate

Some pricing factors are beyond your control. But there are steps you can take to protect your bottom line and strengthen your carrier relationships.

Prioritize Accuracy and Transparency

Communicate clearly with your carriers and be upfront about the services you need. Provide complete shipment details, timelines and contact information. Precise details about your freight, including weight, class and dimensions, help carriers understand exactly what they're moving and price it accordingly. When key information is missing, carriers must account for uncertainty. Clear, detailed data reduces that uncertainty, supports more competitive pricing and helps prevent surprises for everyone involved.

Know what services you need

The lowest price isn't always the best fit, and the most comprehensive service package isn't always necessary. Understanding your operational requirements helps you evaluate options

more effectively and identify the services that support your supply chain goals. In some cases, carriers include service features in their standard offering that may not be valuable for your business. When you have a clear understanding of what you need, you can work with carriers to align service levels accordingly. Eliminating unnecessary services can help reduce costs while still delivering the performance your operation requires.

Cheaper Isn't Always Better

Look beyond the lowest rate and consider the total cost of service. Factors like carrier reliability, on-time performance and damage rates can directly impact your customer satisfaction and long-term shipping costs. For example, a couple of damaged shipments can easily offset any transportation savings produced by using lower quality solutions.

Be Strategic Throughout the RFP Process

Consider the Request for Proposal (RFP) an opportunity to ask the right questions and evaluate providers on more than rates alone. A well-structured LTL RFP can uncover important

differences in pricing approaches, service offerings and carrier capabilities.

To make comparisons more meaningful, try to collect pricing based on service requirements and shipment data across all participating carriers. Providing 12 months of shipment history can also help carriers build more accurate proposals and give you a clearer view of how each option may perform against your actual freight profile. A consistent evaluation process makes it easier to compare providers objectively and helps reduce surprises after implementation.

Explore Alternative Modes

In some cases, using a different transportation mode — like full truckload — can offer better value,

especially for high-volume or long-haul shipments. For example, depending on your supply chain needs, you may be able to reduce your shipment frequency by consolidating LTL shipments into a full truckload. The tradeoff is reduced flexibility, so it's important to evaluate how changes in shipment strategy may affect inventory levels, service expectations and operational needs.

Transportation management systems (TMS) can support these decisions by comparing costs and service options across carriers and modes during the routing process. With greater visibility at the point of shipment, businesses can make more informed routing decisions based on both cost and efficiency.

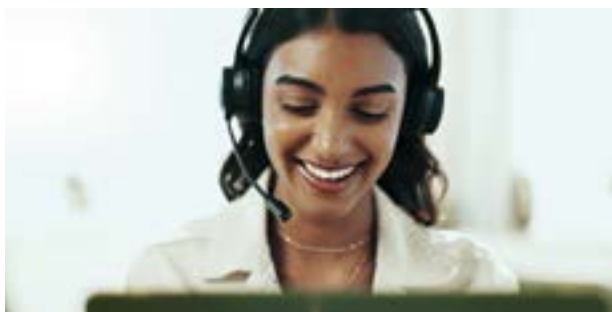


Practices to Keep Accessorial Charges in Check

Unexpected charges on your freight invoice are often the result of accessorial fees, which are additional costs applied for services beyond standard pickup and delivery. Many of these fees are disclosed up front and are a routine part of the billing process, but some may be applied for unplanned events. Understanding how fees are applied and which ones can be prevented empowers you to reduce unnecessary costs and improve profitability.

Common LTL accessorial charges

- | | |
|------------------------------------|---|
| ✓ Detention | ✓ Liftgate service |
| ✓ Driver assist | ✓ Lumper fee |
| ✓ Excess liability | ✓ Redelivery |
| ✓ Hazmat charge | ✓ Residential delivery or pickup |
| ✓ Inside pickup or delivery | |



How to Avoid Additional Fees

While some accessorial fees are necessary based on shipment requirements, others can be prevented with proper planning and communication. Here's how you can reduce or eliminate avoidable charges and maintain control over your freight costs:

Plan Ahead

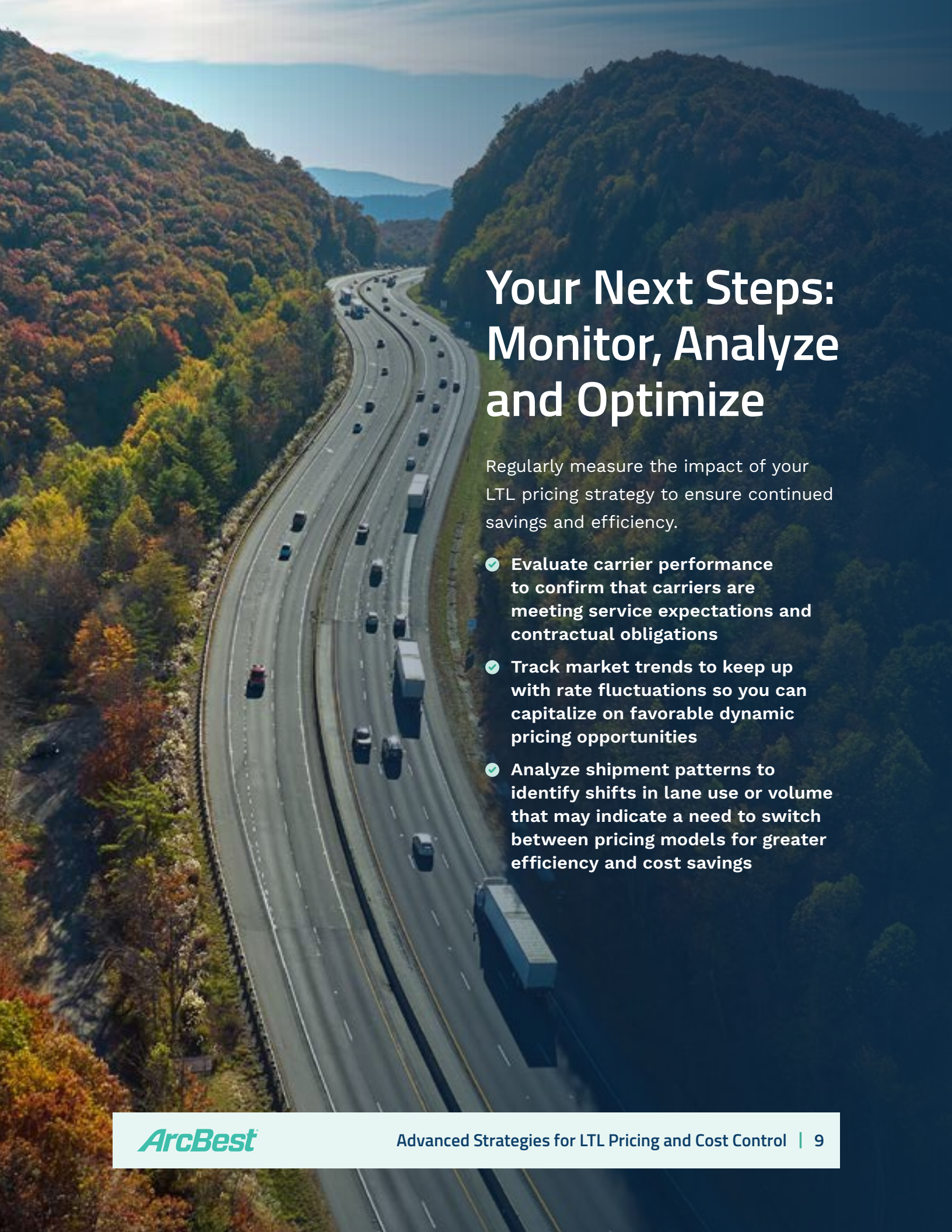
Anticipate your shipment requirements and share them with your carrier. Being proactive helps prevent unexpected fees and ensures smoother execution.

Communicate Clearly and Accurately

Confirm critical details, including pickup and delivery appointments, with your provider in advance. Clear coordination reduces the risk of incurring charges related to detention or missed delivery appointments.

Maintain Shipment Visibility

Your carrier should provide real-time tracking tools to monitor shipment progress. Use them to make timely decisions and avoid last-minute delays or delivery-related charges.



Your Next Steps: Monitor, Analyze and Optimize

Regularly measure the impact of your LTL pricing strategy to ensure continued savings and efficiency.

- ✔ **Evaluate carrier performance to confirm that carriers are meeting service expectations and contractual obligations**
- ✔ **Track market trends to keep up with rate fluctuations so you can capitalize on favorable dynamic pricing opportunities**
- ✔ **Analyze shipment patterns to identify shifts in lane use or volume that may indicate a need to switch between pricing models for greater efficiency and cost savings**

Ace the LTL RFP Process for Better Outcomes

For shippers balancing multiple priorities, managing LTL RFPs is a crucial but often complex task. Not taking a clear, structured approach can lead to operational inefficiencies, unnecessary costs and strained carrier relationships.

But with strategic execution, the RFP process can be a powerful tool for driving cost savings, improving service quality and building stronger partnerships. Follow these proven strategies to help transform common challenges into value.

Precisely Define Your Shipping Profile

Start strong by conducting a thorough analysis of your shipping activity. Document key data points like:

- ✓ **Origin and destination lanes**
- ✓ **Freight profile: weight, class, dimensions, piece count and packaging type**
- ✓ **Shipment frequency and volume**
- ✓ **Special handling or service needs**

Building a detailed profile allows carriers to provide accurate, competitive bids tailored to your business.

Create a Clear and Comprehensive RFP

A well-structured RFP helps carriers understand your needs so they can respond with relevant, customized solutions. In your RFP, you should:

- ✓ **Include clear shipping requirements, including volumes, frequencies and service expectations**
- ✓ **Define your pricing structure and risk-sharing preferences**
- ✓ **Communicate your operational pain points and performance expectations**
- ✓ **Explain your awards strategy to align carrier strengths with the needs of your business**

Evaluate Total Cost

The lowest rate doesn't always guarantee the lowest overall cost. Your evaluation should include a review of:

- ✓ **Transit times and service reliability**
- ✓ **Freight handling practices and damage rates**
- ✓ **Customer service responsiveness**
- ✓ **Special service and fuel surcharges**

Collaborate for Long-Term Value

Strong carrier relationships often pay off beyond the initial contract. Once you've identified the top contenders, approach negotiations as a partnership. Open, collaborative discussions can lead to:

- ✓ **Greater operational alignment**
- ✓ **More favorable terms**
- ✓ **Improved service levels**

Plan Ahead to Navigate Market Shifts

In a constantly evolving logistics landscape, it's essential to stay informed on industry trends, capacity shifts and regulatory changes. Partner with agile, forward-thinking carriers that can help you:

- ✓ **Adapt your strategy**
- ✓ **Anticipate disruptions**
- ✓ **Maintain cost control in changing conditions**





Creating Value in LTL Shipping Agreements

For business leaders and logistics professionals, annual LTL contract negotiations are a strategic approach to improving operational efficiency, reducing exposure to risk and boosting profitability.

In today's competitive landscape, successful LTL agreements are structured to align with broader business goals to enable long-term, sustainable growth across the supply chain.

Key Negotiable Elements in LTL Contracts

- ✓ Service level agreements (SLAs)
- ✓ Volume commitments
- ✓ Payment terms
- ✓ Accessorials
- ✓ Renewal and termination

Strategies for Navigating Carrier Discussions

When both parties clearly align on their expectations and business needs, they create a solid foundation for a successful partnership. The following strategies can help guide effective, results-driven discussions:

Understand Your Freight Profile

Providing accurate data on shipment dimensions, weight, frequency and destinations enables carriers to be more precise with pricing and service options. Being transparent not only ensures competitive quotes but also reveals opportunities for cost savings and improving operational efficiencies. For example, a carrier may find that some of your freight fits in underutilized lanes in their network where they offer better rates, which benefits both parties.

Identify What's Most Important

While you may want to address multiple objectives in negotiations, it can be helpful to pick some top priorities before starting discussions. This way, you focus on what matters most and keep talks productive.

Be Willing to Adjust and Adapt

Keep an open mind in terms of how you achieve your logistics goals. Whether carriers suggest different routing options, alternative transportation modes or technology solutions, being flexible allows you to consider a wide range of options and choose the most effective strategies for your business.





Take Control and Make LTL Shipping Work for You

LTL shipping is a strategic opportunity. By understanding your freight profile, prioritizing negotiation objectives and embracing flexible, data-driven solutions, you can proactively take control of your LTL operations.

The result? Lower costs, stronger carrier relationships and a more resilient, efficient supply chain.

Now is the time to adopt a more strategic approach to your shipping needs. Whether you're renegotiating contracts, optimizing service levels or exploring new technologies, the right logistics partner can make all the difference.

ArcBest has the expertise, tools and innovative solutions to help you unlock the full potential of your LTL strategy.

Connect with us today and learn how.



ArcBest