

 **FREIGHTWAVES** × **LOGIXBOARD**

How Technology Expectations Are Changing the Freight Forwarding Landscape

Investigating the Evolution of Shipper
Requirements for Visibility and Tracking Tools

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Overview

Freight technology continues to grow in importance as shippers place added pressure on logistics providers. Shippers' views on visibility and tracking have evolved from competitive advantage to table stakes. For providers, investing in the right customer experience and technology yields higher rates as one potential reward, while those who fail to account for customer experience needs are at risk of losing business to competitors.

For providers like freight forwarders, customer service and price are the main selling points, but too-high costs or too-low service levels are major reasons why they lose business. A majority say technology like web portals where clients can track shipments online are important when soliciting new clients. At least half of freight forwarders look to invest in tracking and visibility, TMS systems, or automated workflows.

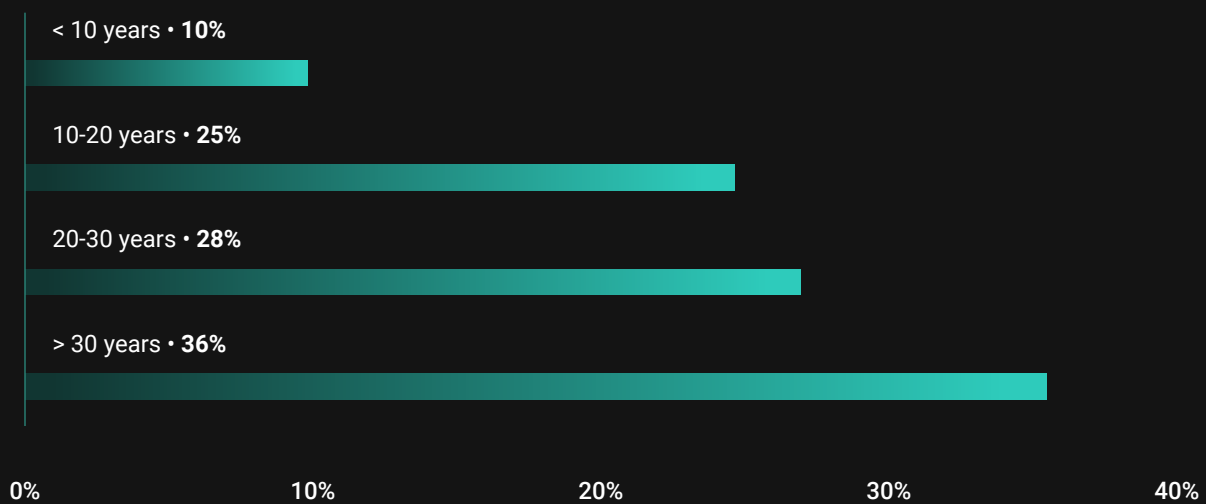
FreightWaves' Joe Antoshak said when compiling the data: "The survey results strongly indicate a bullish outlook on

the evolution of customer experience technologies within logistics. A combined total of 95.62% of respondents foresee an increase in expectations, with over half predicting a significant expansion in technologies like digital tracking, real-time visibility, and booking and quoting capabilities. This suggests that industry professionals expect technological advancements to not only continue but accelerate, likely driven by increasing demand for efficiency, transparency and customer satisfaction in supply chain operations. Only a small fraction believe that current technologies will suffice moving forward."

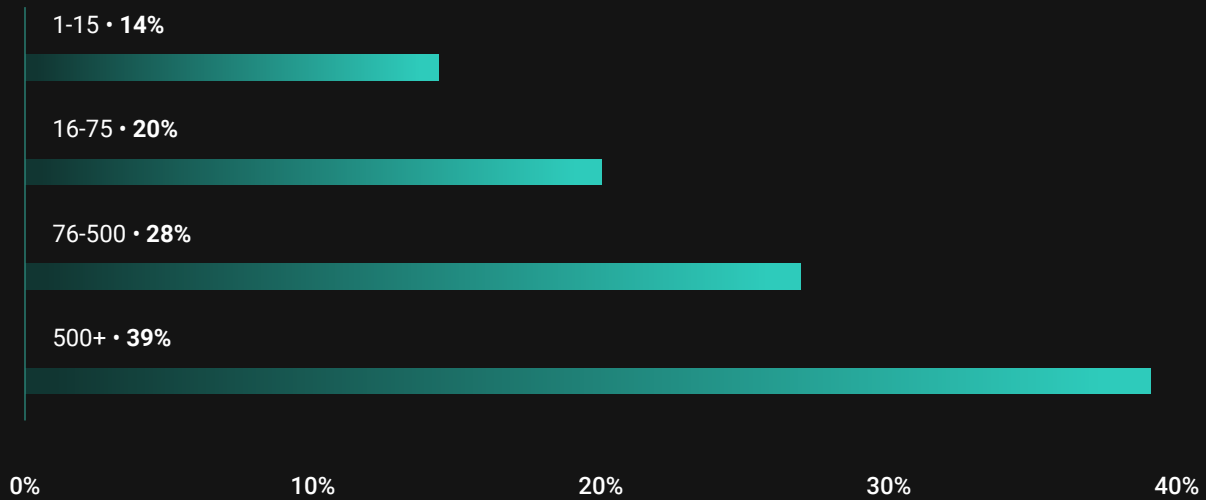
The scope of this survey focuses on respondents who identified as shippers/importers or freight forwarders. 34.97% identified as shippers/importers while 24.59% were freight forwarders. For the 40.44% who identified as other, which included freight brokers and carriers, the survey did not continue and only included organizational size, employee tenure and industry identification.

Freight and Logistics Industry Populated by Veterans, Large Organizations

How many years have you been involved in the freight/logistics industry?



What is the size of your organization by employee count?



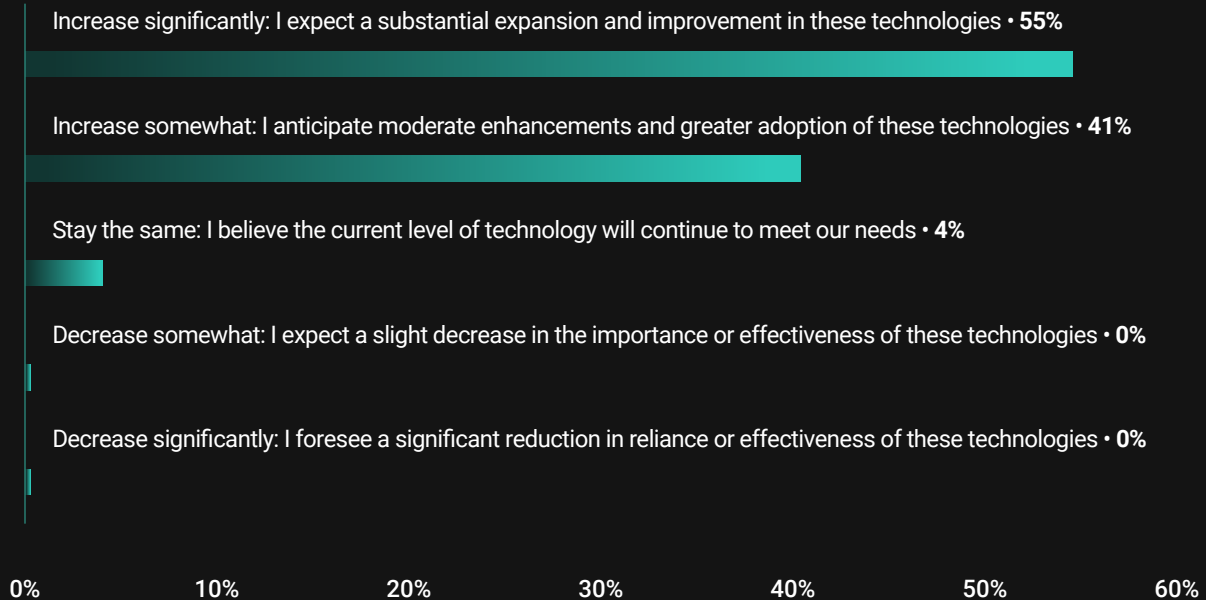
Among respondents, over half have at least 20 years of experience, with a clear majority having a tenure of 10 or more years. The younger, more tech-savvy workforce represented a minority of respondents, with Millennials making up 1 out of 4 of respondents and more recent generations being fewer than 1 out of 10 respondents. The higher tenure suggests a workforce that is dominated by generations that have gone through multiple technology transitions during their time in the freight and logistics industry. Despite the industry having what is considered a low barrier of entry, those that work in the industry often have decades of experience.

In addition to having an older and tenured workforce, over one-third of respondents came from large organizations of over 500-plus employees. Adding in medium-size companies of 75-500 employees, 66% of all respondents coming from medium to large companies. The final third of respondents belong to organizations of fewer than 75 employees, and 13.66% of all respondents report being at an organization of 15 or fewer employees.

Larger organizations with an older workforce are now faced with the task of evaluating newer technologies and providers that didn't exist when they first entered the freight and logistics industry.

Shipper Tech Expectations Poised to Grow Significantly in the Next 3-5 Years

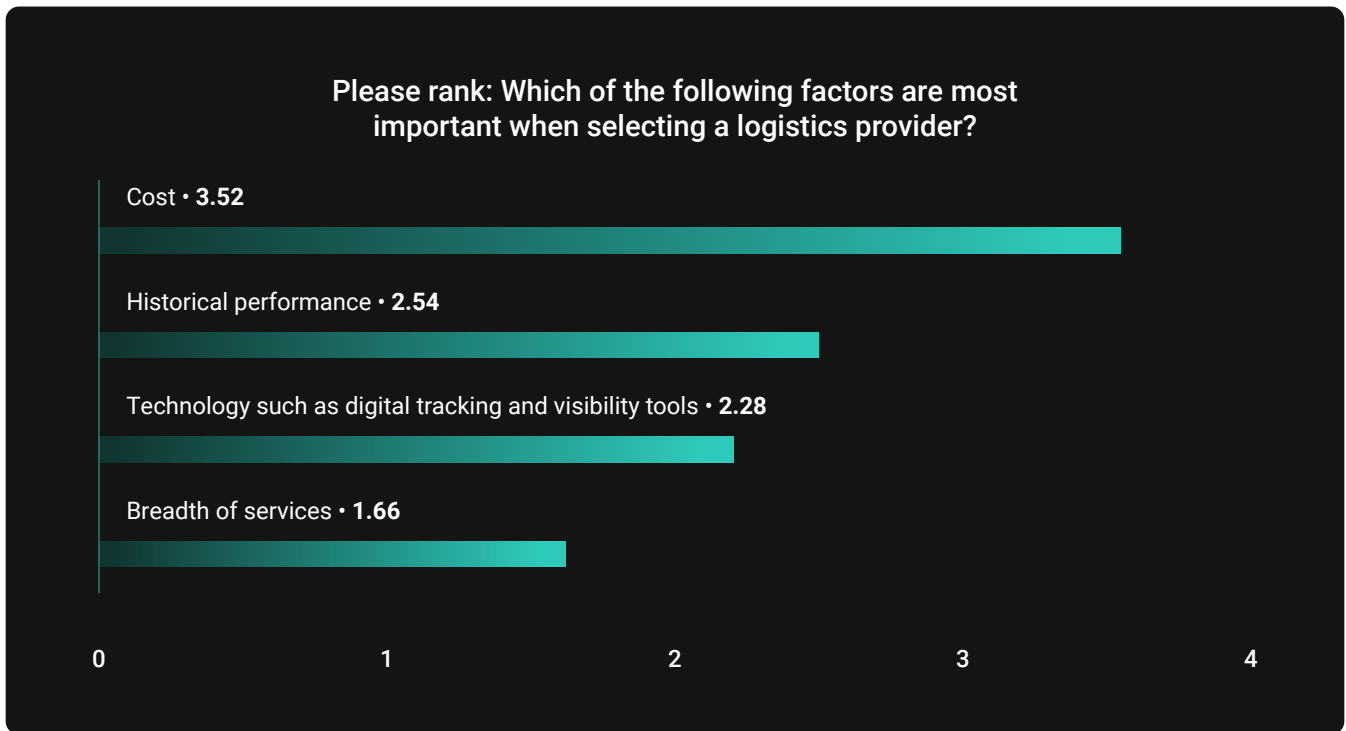
In the next 3-5 years, how do you see shippers' expectations changing specifically for customer experience technologies in logistics, such as digital tracking, real-time visibility, booking and quoting capabilities?



A clear majority of shipper/importer respondents reported an increase in technology expectations. 54.64% reported a significant increase in expectations while 40.98% reported moderate expectations. Only 4.37% said their current tech stack met their needs.

For shippers and importers, these increased tech expectations for visibility, tracking and booking capabilities likely stem from the evolution of e-commerce and changing consumer expectations. Shippers who fail to provide hyper-accurate ETAs to consumers risk losing market share to competitors.

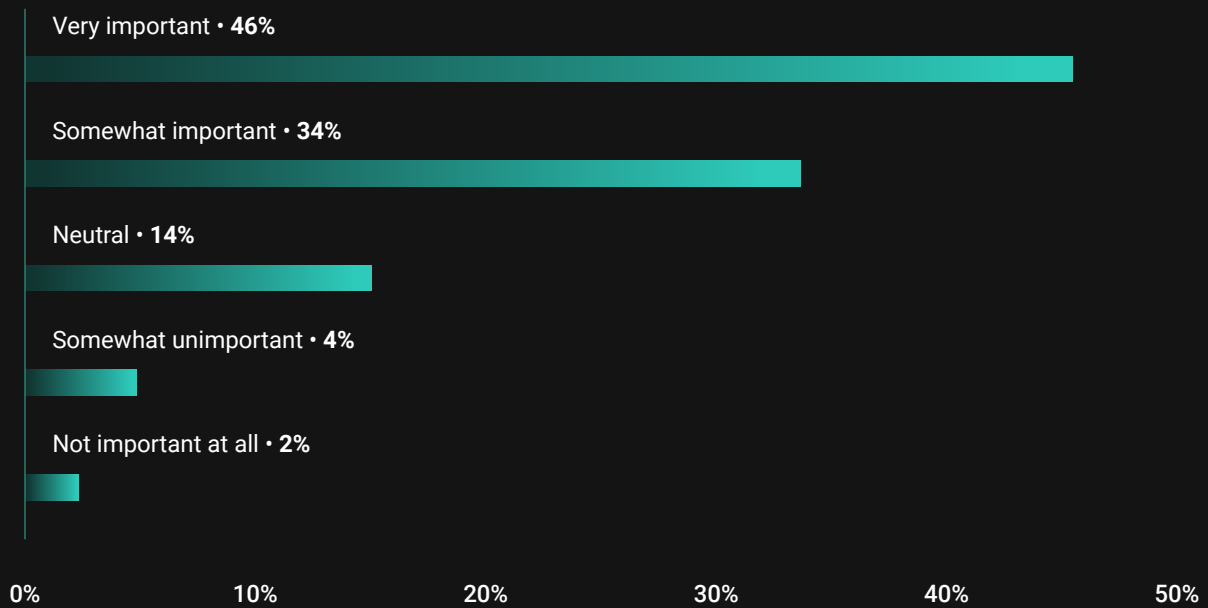
For Shippers, Cost Savings and Visibility Most Important Factors in Choosing Logistics Providers



Despite shippers facing increased customer expectations, cost savings remains a top concern among respondents when they choose a provider to move their products. Cost was the most important factor, with a score of 3.52, followed by provider historical performance at 2.54 and technology at 2.28 points.

Economic conditions, aftershocks from the pandemic, and a boom in consumer demand may also be contributing factors toward the emphasis on cost. Structural concerns may be another, as shippers and importers view transportation capacity as a cost to control and limit increases when their pricing power permits.

When selecting a logistics provider, how important is it for them to offer a web portal so you can track shipments online?

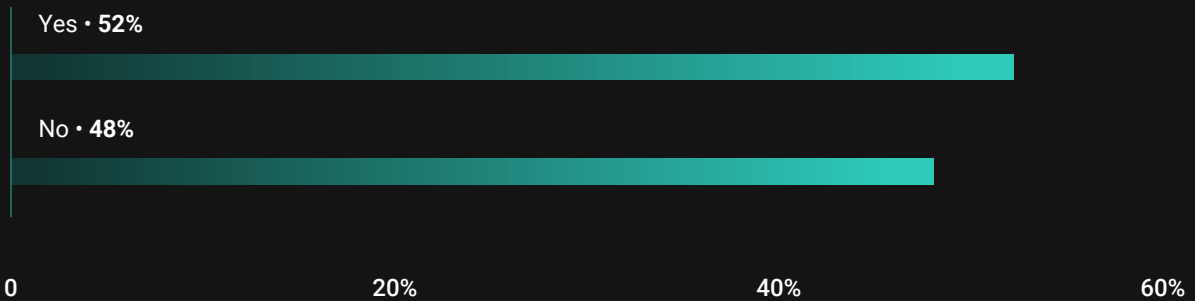


While technology was the third most important factor for shippers when they select a logistics provider, having a web portal to track shipments online is now table stakes. The survey results indicate a strong preference among shippers for logistics providers to offer online tracking through web portals. Nearly half (46%) of respondents deem this feature very important, which demonstrates the critical role of

real-time visibility in modern supply chain management. An additional 34% view it as somewhat important.

Added together, 80% of shippers highlighted the importance of a web portal, with the potential for negative impacts on providers who fail to have one.

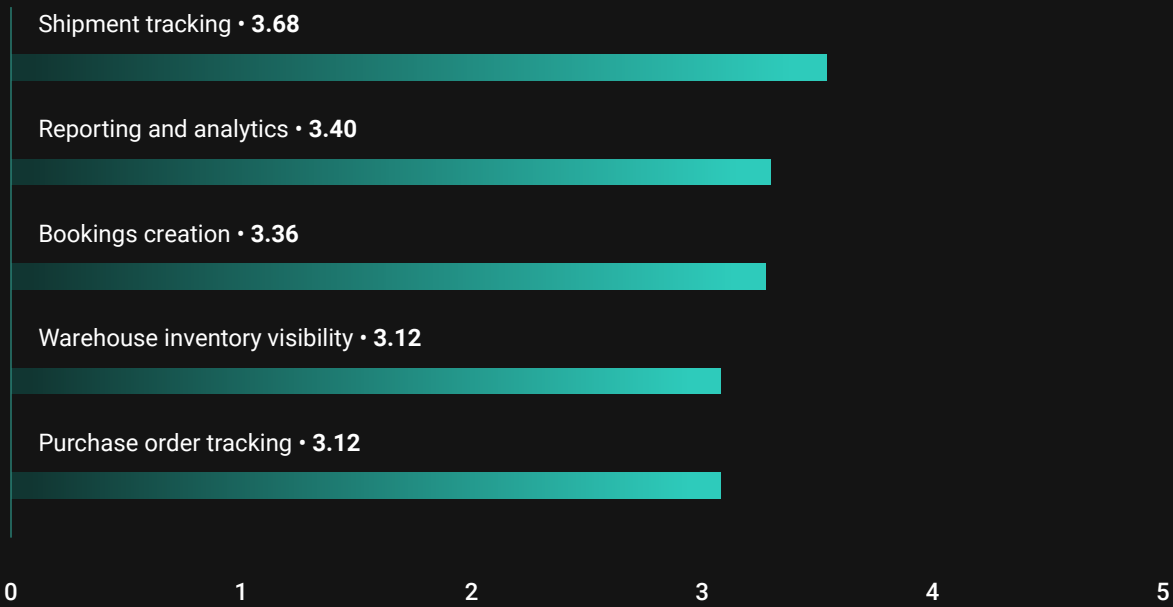
Have you ever stopped working with a logistics provider because you were not satisfied with the customer experience technology such as digital tracking and visibility tools they provided?



Over half of shippers (52%) have stopped working with a logistics service provider due to dissatisfaction with customer experience technology such as digital tracking and visibility tools. Put another way, simply having a basic web portal may not be enough to satisfy shippers' expectations. The pressure of the consumer or BCO being placed on the shipper/importer is felt downstream by freight forwarders who fail to account for the added expectations.

Providers Have Opportunity to Improve Warehouse Inventory Visibility and Purchase Order Tracking for Shippers

On a scale of 1 to 5, please rate the following aspects of your current logistics technology platform or technology platform provided by your logistics provider (where 1 is the lowest quality and 5 the highest).



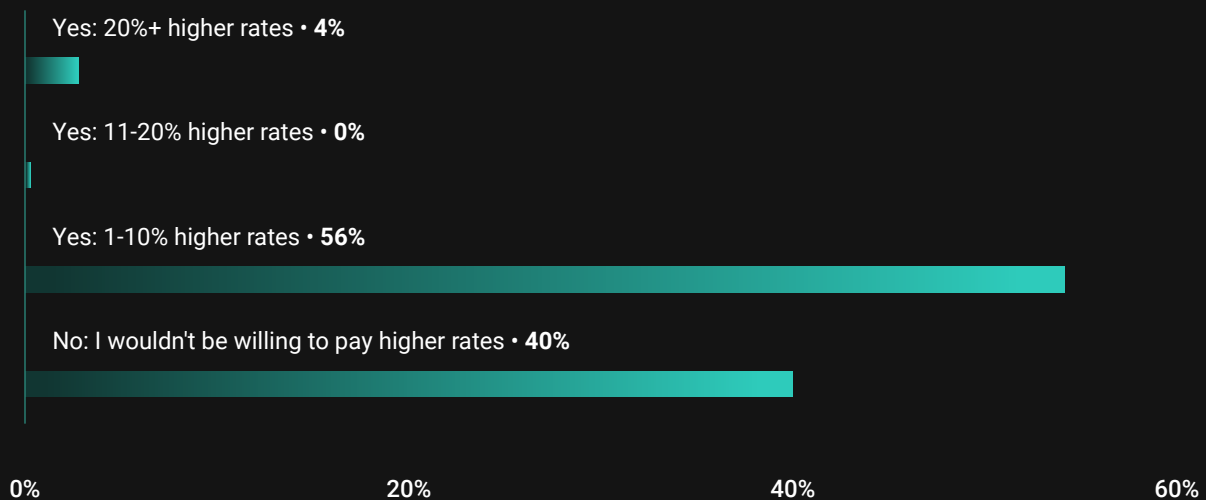
The good news for freight forwarders and other providers is that those who have a customer experience platform are doing a satisfactory job with shipment tracking, reporting and analytics, and creating bookings. But capabilities like warehouse inventory and purchase order tracking are opportunities for competitive differentiation.

Many tech-enabled freight forwarders are now looking to expand their visibility and tracking experience deeper

into the shipper supply chain via API integrations with additional internal operational systems, such as warehouse management systems (WMS). For freight forwarders, the added integrations can create opportunities to expand wallet share and make the partnership stickier, similar to how social media platforms offer a variety of features to create a moat and keep users engaged.

For Those with Digital Tracking and Visibility, Higher Rates May Be a Reward

Would you be willing to pay more to work with a logistics service provider with better digital tracking and visibility tools?

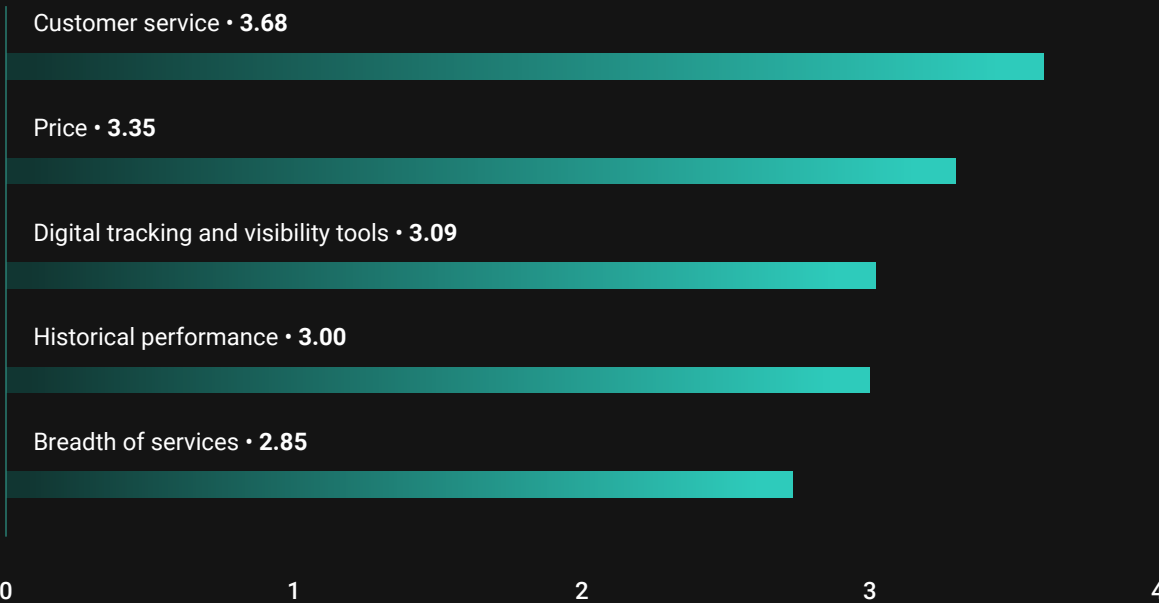


Adding in the 4% who offered to pay a 20% or higher rate, nearly 60% of respondents indicated they were willing to pay more if their provider had better digital tracking and visibility tools. For logistics service providers, it's an added benefit and incentive to either develop further tech capabilities or purchase them off the shelf. The key will be identifying those shippers who reward innovation compared to price-sensitive ones who prefer cost savings over tech visibility.

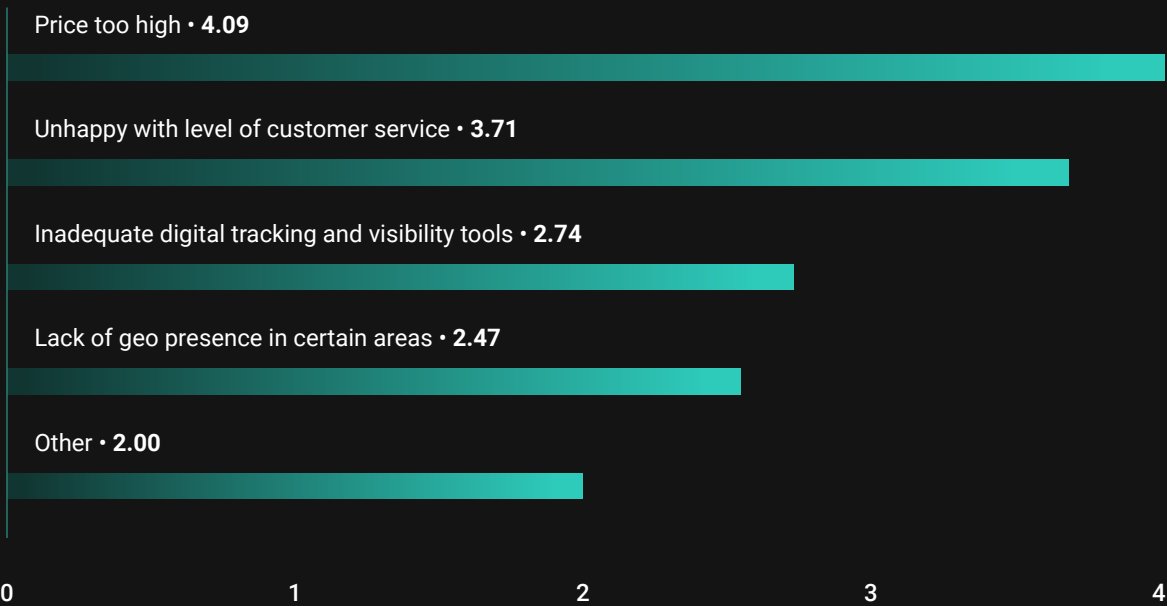
Partnerships with freight forwarding software providers is a promising avenue to try to achieve potential higher rates for better visibility solutions.

For Freight Forwarders, Customer Service and Price Most Important When Selling Logistics Services and Retaining Customers

Please rate the importance of the following capabilities when selling logistics services (where 1 is not important at all and 4 is very important).



Please rank: What are the most common reasons for an existing customer to stop doing business with your company (where a higher score is more common)?



Customer service and price are the most important selling points despite shipper demands for better technology. Freight forwarding remains a complicated, multitouch affair, and technology cannot overcome poor execution. Freight forwarders rated customer service as most important, with a score of 3.68 points, followed by price at 3.35 points.

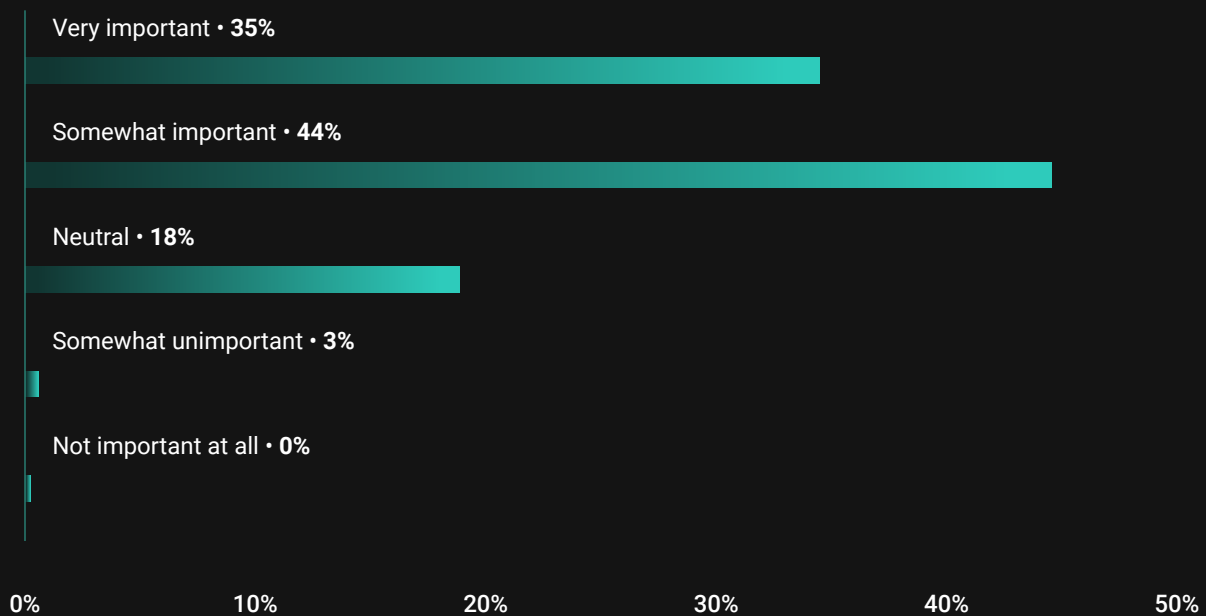
Price and customer service were also the top two reasons why freight forwarders lost an existing customer. Too high a price scored 4.09 points, followed by poor customer service at 3.71 points.

Digital tracking and visibility tools came in third for both survey questions on selling services or losing customer business. Interestingly, both shippers and freight forwarders reported price and service levels when selecting or selling their business, but technology appears to be an important decision point when determining a provider of similar capabilities.

Not having adequate digital tracking tools is risky, given that poor customer service can stem from inadequate tracking capabilities.

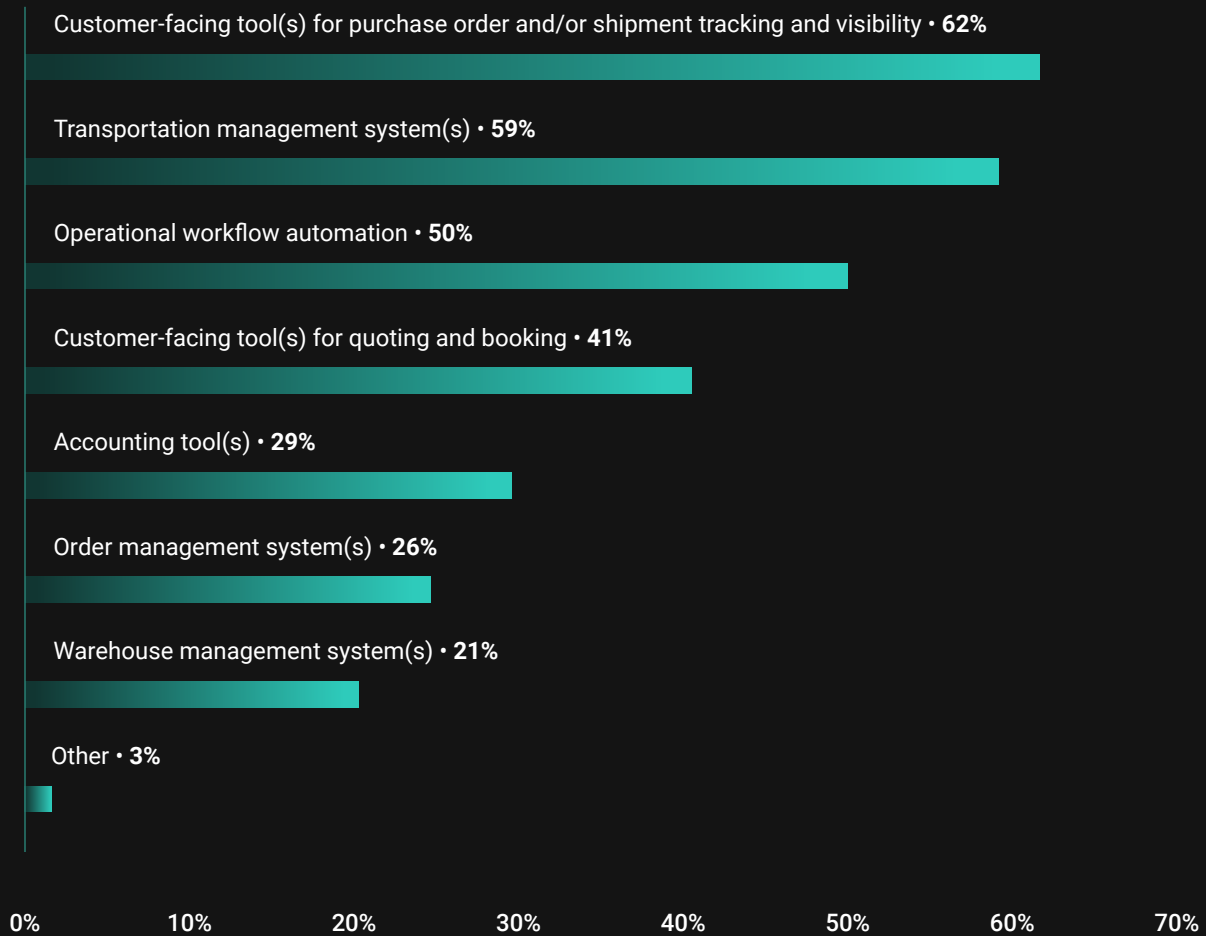
Customer-Facing Tools, TMS Offerings Important Areas for Freight Forwarders to Invest This Year

When selling a logistics service, how important is it to offer a web portal so prospects/clients can track their shipments online?



Due to the high-touch nature of freight forwarding, there are added demands for shipment visibility. A combined 79.41% of freight forwarder respondents rated having a web portal for tracking shipments online as either somewhat or very important to their prospects. This matches nearly 80% of shippers who rated the presence of a tracking portal as somewhat or very important.

Which technology tools is your company currently investing in or planning to invest in this year?



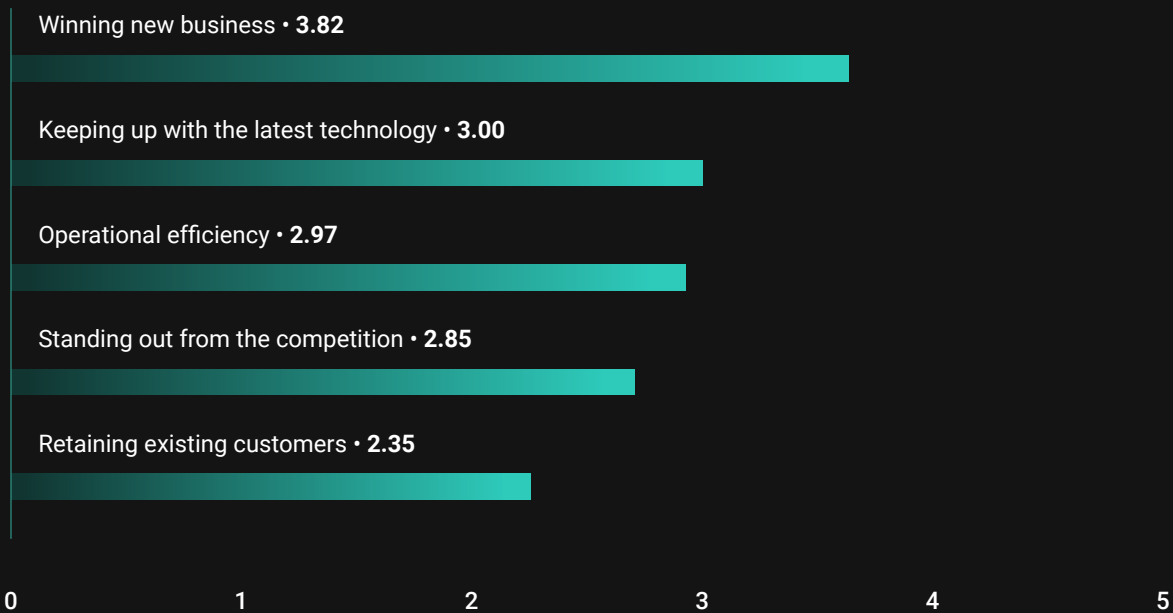
Facing increased shipper expectations, freight forwarders are prioritizing investment in customer-facing tools. Survey responses indicate that a majority of forwarders are prioritizing investments in technology that enhances customer interaction and operational efficiency. Specifically, 61.76% of companies are focusing on customer-facing tools for purchase order and shipment tracking and visibility, reflecting the high value placed on transparency and customer service. Integration and

improvements in TMS systems came in second, with 58.82% of respondents planning investments this year.

When examining what is not getting attention, accounting, order and warehouse management systems had less than a third of respondents indicating plans for investment. Freight forwarders appear to be focusing their resources on tools that both maintain and expand opportunities with shippers.

Winning New Business the Biggest Challenge for Freight Forwarders

Please rank: What are the biggest challenges your company is facing (higher score is a bigger challenge)?



When asking the “why” for more customer tech and visibility, the motivation for freight forwarders appears to be winning new business, with a score of 3.82 points, followed by keeping up with the latest tech and operational efficiency at 3 points and 2.97 points, respectively.

Winning new business can be either growing existing accounts or acquiring new ones, a never-ending process for a freight forwarder.

Competition is fierce: Another freight forwarder's failure in tech, service or price opens the door for potentially more

business. Another way to view these results is that keeping up with technology and operational efficiency and standing out from the competition all contribute to the ultimate goal of winning new business.

To win new business, forwarders are adjusting to shipper demands, with many freight forwarding companies leveraging customer experience technology to provide information and analytics for shippers and importers as an added selling point.

Conclusion

Demand from BCOs and consumers for more visibility is putting added pressure on shippers for technology adoption. For freight forwarders who wish to retain and expand their business, shippers are increasingly demanding they develop greater visibility capabilities or partner with technology providers to boost those capabilities.

Technology and visibility are now table stakes, but customer service and price remain top of mind for shippers in evaluating a logistics provider. For providers like freight forwarders who are looking to expand their partnerships,

failure to account for demands such as an online tracking portal poses significant risks, with nearly half of shippers dropping an existing provider if it is not meeting visibility expectations.

For providers who meet and exceed expectations, 56% of shippers are willing to pay up to 10% higher rates. To avoid the costly process of attempting to develop these features with in-house development teams, logistics providers can partner with specialized software vendors that provide best-in-class integrations and visibility solutions.