

The Shipper iQ

Using freight
analytics to
overcome
volatility

AUGUST 2023

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The role of freight analytics in a tumultuous economy

Economic constraints and inflationary pressures can burden a shipper's bottom line. Freight market intelligence enables you to proactively navigate tight macroeconomic conditions with smart financial decisions and cost transparency.

U.S. logistics costs exceeded \$2.3 trillion in 2022, which equated to 9.1% of the country's nominal GDP.

[CSMP 2023 State of Logistics Report](#)

Supply chains are critical to shippers' profit margins, directly influencing as much as 75% of the cost of doing business.

[Ernst & Young](#)

Two sides of the same coin

Economic performance and transportation market performance are interconnected; the state of one has a direct influence on the other. From rising operating expenses to rapid demand swings, the ripple effects of economic constraints often result in higher costs of goods sold (COGS) and financial risk for shippers.

Shippers are accustomed to rising costs. On average, transportation prices have [increased by 3.36% each year](#) since the U.S. Bureau of Labor Statistics began tracking them in 1935.

However, there's a difference between subtle growth and major socioeconomic headwinds.

Inflation and interest rate hikes lead to reduced consumer spending, lowering the demand for goods. Fulfillment centers then experience sudden drops in orders, requiring shippers to adjust production and distribution strategies.

Conversely, economic rebounds lead to increased demand, necessitating rapid scaling of supply chain operations. In both instances, an inability to adjust on the fly can result in millions of dollars in losses.

Shippers experienced this at the height of the pandemic when post-lockdown spending surges rapidly filled capacity and caused freight rates to skyrocket. And even as an inverted market in 2023 has shifted bargaining power back in shipping's favor, it's critical to have optimized spending strategies in place for when financial challenges inevitably arise. A bear market eventually becomes a bull market again.

With that in mind, the adoption of freight market intelligence tools should be a key component of your playbook. Applying freight analytics to refine financial processes allows you to optimize freight spend, leverage the spot market, and justify budget allocations for smarter spending and greater resilience to economic challenges.

Optimizing freight market spend

The margin for financial error is tight during periods of economic constraint. It's important to be calculated when [optimizing spending](#) across your broader transportation network.

Leveraging market intelligence tools like [Benchmark Analytics iQ](#) empowers shippers with real-time insights into lane performance relative to the broader market, providing data segmented by region, fleet, equipment type, and much more. It also tracks transportation network inflation year over year, comparing users' results with competitors' on a national and regional level.

These insights illuminate how inflation impacts your network in the context of all other shippers, as well as by spot and contract rate types.

Accurate data fosters proactive procurement strategies built on sound forecasts. However, unexpected carrier rate spikes impact even the most well-designed transportation networks.

With inflation and rising fuel prices, economic constraints cause carriers to raise their rates without notice.

A national carrier tender, for example, could increase by 10% from one quarter to the next, leaving you two options

- Move the same amount of freight at a higher cost and risk exceeding budget
- Leverage the short-term spot market to secure additional capacity at the previous (or even lower) rate

Real-time visibility into rate forecasts across key lanes allows you to proactively assess spot market capacity and secure it when the time is right. Freight market intelligence gives procurement teams tools to quickly secure the additional spot market capacity they need.

For example, DAT iQ's Spot Market Performance Dashboard shows which regions have the highest spot premiums in your network compared to other shippers, as well as the spot premium rates your company is paying relative to contract rates.

Delivering data-driven cost transparency

Procurement decisions and budgeting strategies can be the difference between millions of dollars in revenue. Freight market intelligence from [Benchmark Analytics iQ](#) serves as an ROI

barometer for freight spend, giving you the tools you need to maintain cost transparency and prove decisions were guided by data.

Leveraging market intelligence tools enables you to forecast spend and analyze risk during reporting periods. By uncovering hidden spot and contract rate anomalies, your team can formulate swift response plans that prioritize business-critical functions and mitigate risk before it leads to lost revenue.

It's time for shippers to build resilience to a turbulent economy. DAT iQ's [full suite of freight market intelligence and analytics solutions](#) is designed to empower shippers with impactful business insights on rates, capacity, and performance. Comparing your network against hundreds of leading North American shippers with more than \$150 billion in annual transaction data provides a 360-degree view of the freight marketplace via intuitive dashboards that take the uncertainty out of freight.

[Contact DAT iQ](#) today to learn how our freight market intelligence tools amplify shipper supply chains with data-driven resilience.

To learn how the DAT iQ team can help optimize budgets in turbulent economic times, connect with one of our experts.

data.dat.com/empower_iq



Freight & Analytics

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