

# How to Become a Successful Shipper

Uncover the truth behind six common myths about shipping and get tips on finding success in the industry



## Introduction

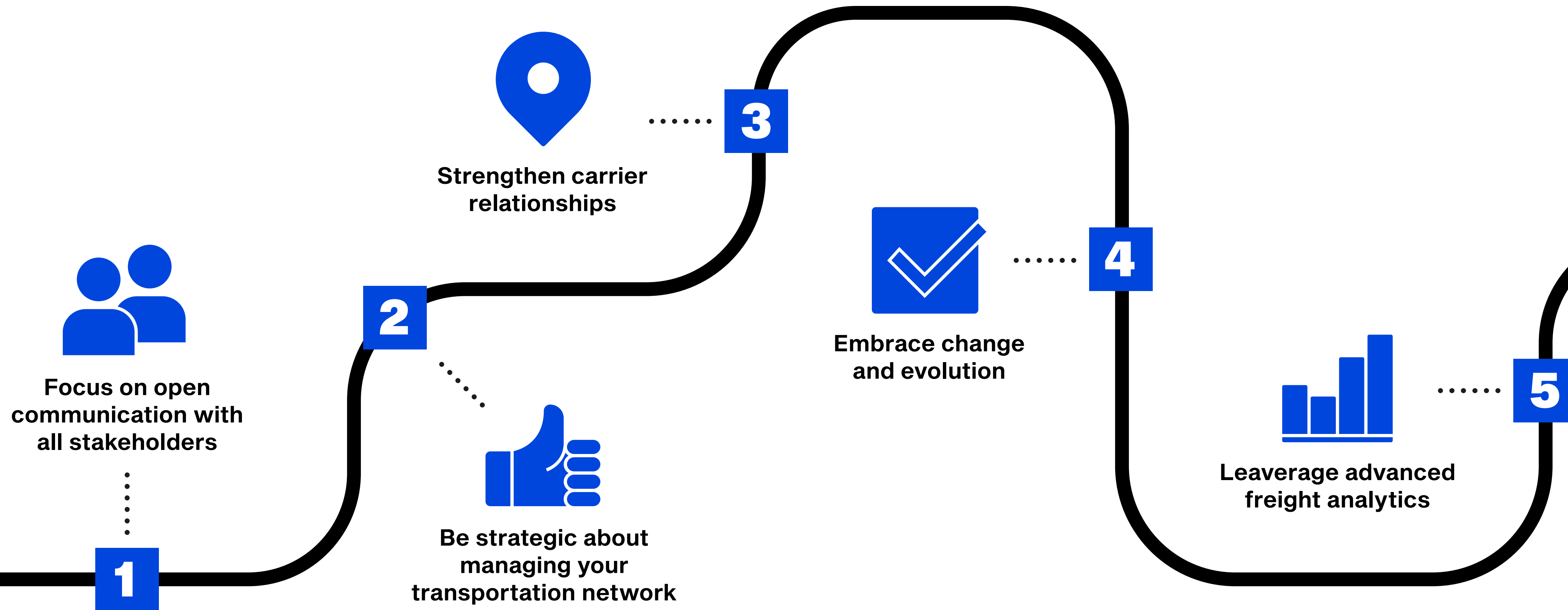
For many shippers, the only thing that seems certain these days when it comes to transportation planning, logistics management, and supply chain operations is uncertainty.

Without the right resources in place, ongoing supply chain turmoil leaves many freight companies susceptible to increased business risk and struggling to survive in volatile markets. But it doesn't have to be this way.

Understanding the best ways to manage that uncertainty and looking past common myths surrounding shipping can help you better navigate these challenges. Plus, more and more, transportation executives across the country are relying on cutting-edge data and insights to remove the ambiguity from logistics management. Read on to learn how to become a more successful shipper.



# Tips for Becoming a Successful Shipper



# Tips for becoming a successful shipper

## **Maintain open lines of communication with colleagues and customers**

The best shippers prioritize logistics coordination amid volatile market conditions, ensuring communications with key partners remain clear and transparent. Seasoned transportation executives will often double down on communications with stakeholders to keep the business firing on all cylinders. Looping your logistics, procurement, and supply chain teams into the larger strategic vision better positions your business to minimize the impact of market uncertainties.

## **Be strategic about managing – and growing – your transportation network**

The more strategic you are about transportation network optimization, the more effective your fleet will be at fulfilling your core business objectives. The best shippers are unafraid to course correct as needed. In fact, in the face of changing market and supply chain conditions, it often pays to reassess freight flows, distribution centers, and strategies. For example, based on changing capacity needs, shippers might rethink their carrier base and their reliance on contracts versus the spot market. No matter the approach, the best shippers know that the ever-evolving environment in which they operate requires an ability to evolve strategically as circumstances change.



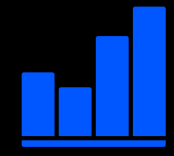
## **Solidify your carrier base and broaden your reach**

Right now, many carriers face more challenges than ever simply keeping the lights on between rising fuel prices, fluctuating demand, and more. This presents a great opportunity for forward-thinking shippers to deepen third-party relationships and set themselves up for long-term success. Considering the best interests of the carriers in your network today can pay significant dividends down the line when the market eventually recovers. Carriers who might be struggling today will most likely stay loyal to shippers that made extra efforts to keep shipment volume in line with capacity. By putting in the effort to support those relationships now, you'll likely see major benefits down the line.

## **Monitor routing guide performance and don't be afraid to evolve**

Routing guides are important, but sometimes even the best routing guide planning can go to waste in the face of ever-shifting freight markets. Even after entering into a new contract, shippers should continue looking at the routing guide through a dynamic lens when planning logistics. Consistently monitoring your routing guide as part of a generally flexible management structure puts you in the best possible position to adjust to changes on the road while reducing their impact.





## Leverage advanced freight analytics

Data is the most powerful tool in any shipper's arsenal. Advanced freight analytics empower you to drive impact with every dollar you spend, helping you catalyze growth in the face of ever-shifting market forces. The best way to stay ahead of the competition is by finding a data provider that offers historical reports, real-time benchmarking tools, predictive forecasts, regular [market updates](#) and more – all of which enable shippers to better plan ahead, manage risk and contain operating costs. Platforms like [DAT Trendlines](#) or [DAT iQ freight market updates](#), and tools like [DAT iQ Benchmark Analytics](#) or [DAT iQ RateView](#) are all great places to gain data-driven insights that help your business thrive (we'll dive into all of these in a bit more detail later).

# Debunking six common shipper myths

Following these tips is a great way to boost success as a shipper, but that's not enough on its own. It's also important that you avoid falling for the most common myths about shipping that can quickly have a negative impact on your potential for success. Here are the six most common shipping myths that we want to debunk:

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## **Myth #1: Increasing volume reduces your cost per load**

Most markets operate under economies of scale. In these traditional markets, the more goods you buy in bulk, the more your cost per good decreases. Truckload freight markets work differently from most goods markets, however, in that they are governed by economies of scope. Since carriers aim to balance their inbound and outbound rates, most will drive down costs by ensuring the origin of their next load remains close to their current destination. Carriers sometimes raise rates when a shipper boosts inbound volume to a market with low outbound rates.

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## **Myth #2: The purpose of an RFP is to find the market rate**

An RFP establishes the specific rate that matches a shipper's particular service needs with a carrier's available capacity. While it might seem like the aim is to find an agreed-upon, standard market rate, that simply doesn't exist. Instead, rates vary widely among shippers – sometimes even on the same lane – according to the shippers' internal operating policies and service needs. The purpose of an RFP is to find the rate that works for both parties.





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### **Myth #3: The RFP creates the routing guide, which in turn dictates the budget**

A common pitfall executives make is equating the routing guide directly with the operating budget. The routing guide you'll find in an RFP ultimately establishes two things: the carriers selected to haul the freight and the rates at which the chosen carriers will be paid for their services.

While the routing guide serves as a solid starting point when crafting a budget, executives need to account for circumstances like unplanned shipments, capacity shortages, and other supply chain issues that have the potential to disrupt routing guides and inflate yearly operating expenses. Understanding that expenditures can (and likely will) exceed the rates contained in the routing guide, executives can balance budgetary needs more effectively.

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### **Myth #4: Carrier contracts guarantee available capacity**

Veteran transportation executives understand that most truckload contracts are not your usual business contract. Truckload contracts come with binding prices, but the price is about the only component that's binding. Shipment volume and carrier capacity both remain dynamic even with a contract.

Keep in mind that carriers these days, much like shippers, must navigate constantly evolving market dynamics. While shippers routinely face supply chain bottlenecks and sales pressures that make it challenging to predict, let alone promise, shipment volumes, carriers similarly face changing market forces that make it difficult to guarantee cargo capacity.



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**Myth #5: Paying higher rates means getting higher quality service**

In the world of truckload freight, paying a higher rate doesn't necessarily lead to a higher level of service. Compared to national carriers, smaller carriers typically deliver superior services on their lanes at lower rates. Why? There's often more at stake for smaller carriers when it comes to retaining a shipper's continued business. Where possible, it's often best to go with one of these smaller carriers to get the best service at the best price.

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**Myth #6: Transportation boils down to "make" versus "buy" decisions**

It's easy to think of procurement as a choice between producing a good internally or purchasing it from another vendor. But procurement in the transportation space doesn't need to be so binary. Instead, we recommend executives apply a blended procurement approach, making use of both "make" and "buy" options when needed.

Private fleets that serve steady lanes are well suited to "make," or bring capacity in-house. Executives can also opt to "buy" from contract carriers that maintain consistent lanes with high volumes or to "buy" off the spot market for one-off lanes or sporadic shipments. Utilizing both approaches is often the best way to succeed as a shipper.



# Leveraging transportation data for your business

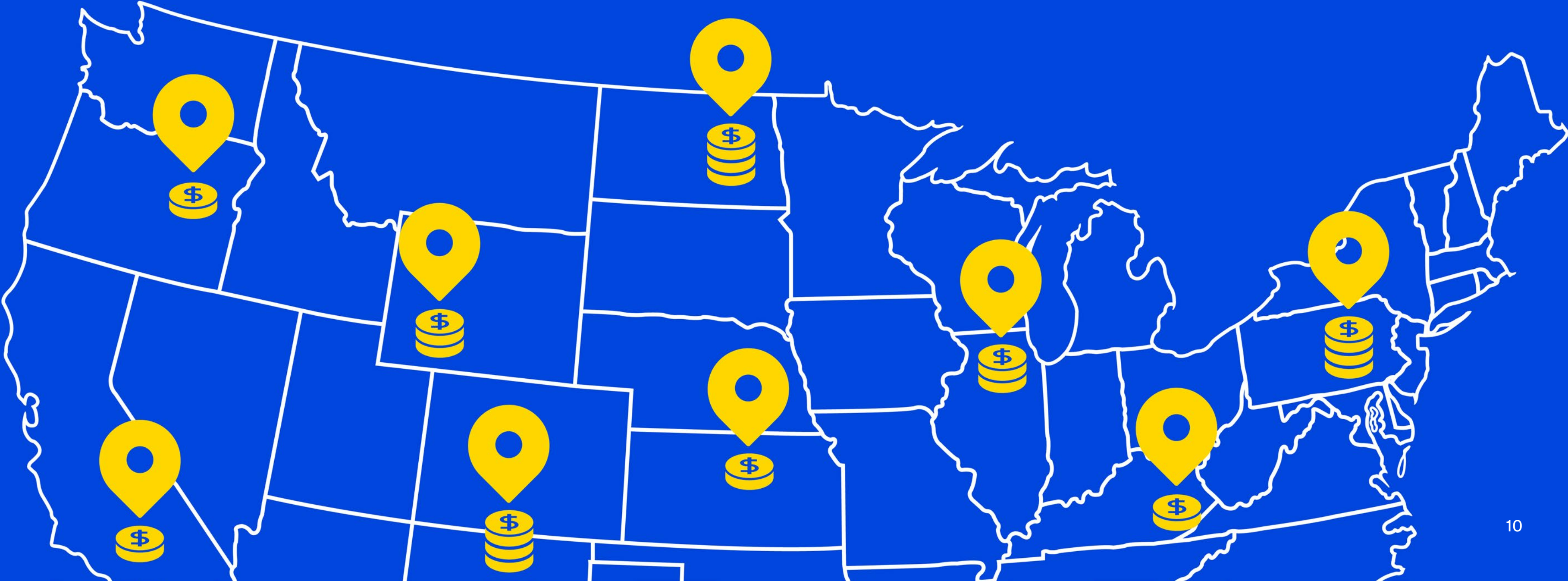
Clearly there's a lot to keep in mind when it comes to succeeding as a shipper. As mentioned in tip number five, [transportation data is often one of the most valuable tools in a shipper's arsenal](#). However, not all transportation analytics partners are the same. You need data that is expansive, accurate, and always up-to-date, reflecting the latest market trends.

Luckily, there's a solution that checks all those boxes and many more: DAT iQ. DAT iQ has emerged as the market-leading freight intelligence platform for good reason. It delivers the most accurate and comprehensive range of market metrics in the industry and empowers shippers to deftly navigate persistent supply chain logjams with the help of detailed insights, trend updates, and much more.

With DAT iQ, transportation executives gain unrivaled visibility into more than 70 truckload markets. With relevant, real-time freight data based on more than \$150 billion in real freight transactions just a few clicks away, DAT iQ helps transportation executives stay informed of market developments and plan ahead strategically. DAT iQ generates more than 7 million freight predictions each day, maintaining a 95% accuracy level.

From customized analytics that generate tailored financial reports reflecting the unique needs of your shipping business, to rate benchmarking reveals where your business stands relative to the market by comparing your freight costs with competitors, to regular market trend updates, DAT iQ has everything you need to make the best possible data-driven decisions for your business.

**“More than 70 truckload markets. With relevant, real-time freight data based on more than \$150 billion in real freight transactions just a few clicks away.”**





## Get started with DAT today!

If you're looking to find greater success as a shipper, look no further than [DAT iQ](#). DAT iQ delivers the deepest, broadest, and most accurate market data in the industry, with over \$150 billion in transaction data. Combined with powerful analytics capabilities and a team of experts to provide personalized guidance, DAT iQ enables shippers to drive transportation strategy effectively and efficiently. Contact us today to learn more!

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