The changing dynamics of B2B commerce: Building your best LTL freight strategy
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Today's less-than-truckload (LTL) carriers are complete solution providers, offering a range of business to business (B2B) services and innovations that go far beyond “mere” transportation.

**In Canada, this evolution is being driven by several factors:**


- **Consolidation-fueled efficiency.** When LTL shipments are consolidated into a single unit, a shipper can realize significant savings.

- **Mergers and acquisitions.** Industry consolidation means a leaner and more efficient LTL provider pool, with finite capacity.

- **Driver shortage.** The industry bellwether 2015 *State of Logistics* report noted that “truck drivers will be the limiting factor for the growth in truck capacity.”

**Canadian demand for LTL freight service is expected to grow at twice the rate of gross domestic product through 2020.** Within Canada’s LTL market, businesses are opting for the level of service that best meets its needs:

- **Regular/deferred** 52%
- **Specialized** 34%
- **Expedited** 14%

The following discussion will provide insight into the changes taking place within Canada’s LTL industry, and how those changes are helping B2B companies meet their evolving needs.
The changing dynamics of B2B commerce: Building your best LTL freight strategy

Before discussing how a B2B company can respond to changing freight needs, it’s helpful to understand what exactly has changed. This could be summed up in two words: the Internet.

The rise of B2B e-commerce
The Internet has transformed the way businesses sell to each other, which, in turn, has had a cascading effect throughout the B2B supply chain.

As B2B companies embrace the reality of online sales, they must also adapt to buyers’ expectations for the experiences associated with B2C transactions. However, B2C orders are generally small, single-product shipments that can fit inside a standard size carton. B2B shipments are an entirely different breed. This surge in B2B e-commerce has created demand for solutions from freight providers.

Demand for Precision-like deliveries
Today’s B2B companies need flexibility, delivery guarantees and flawless execution from their freight providers. Experienced LTL providers are responding with a range of options which may include:

- **Time-definite options.** Delivery by a certain date or time.
- **Expedited service.** A premium option generally used for time-sensitive or time-critical shipments.
- **Hot-shot service.** Pickup within an hour of the request and shipment travel with minimal interruptions.
- **Dedicated run service.** Often used by retail chains that know volumes in advance, dedicated runs allow businesses to lock in rates and availability.
- **Truckload service (TL).** For large shipments on a rigid schedule, a full truckload solution allows a shipment to travel via a dedicated line with no stops or scheduled interruptions.

Service options for less time-sensitive shipments:
- **Deferred.** Freight is consolidated and travels via the next-available connection.

- **Intermodal.** Rail or occasionally air service may become part of the overall transportation solution to gain cost efficiencies.

Shipment integrity
A growing concern among B2B buyers is the way shipments arrive from some LTL providers: pallets can be split apart with shipments delivered in multiple units, often arriving at different times without advance notice. A B2B company needs to ensure that its LTL provider understands the importance of shipment integrity.

The rise in North American nearshoring
Asia is no longer the low-cost option it once was. Keeping manufacturing closer to home, a concept known as “nearshoring,” makes good business sense for many North American companies.

In Canada, the Atlantic Canada region has established itself as one of the world’s leading IT corridors. CGI, Microsoft, IBM, EDS, Keane and CenterBeam have relocated portions of their IT businesses to Canada, taking advantage of Canada’s low corporate tax rate and skilled workforce.

Customer experience
A B2B company can enhance its customer experience by choosing an LTL freight solution which offers several benefits including:

- Consolidation of shipments for cost efficiency
- Flexibility in service options
- Logistics solutions such as 3PL warehousing to meet specific needs
- Automation and visibility.

Each of these factors – e-commerce, precision-like deliveries, shipment integrity, nearshoring and customer experience expectations – is affecting both demand for freight services and the expectations of LTL providers. Following is a discussion of key characteristics to look for when evaluating freight options.
Components of a “best-in-class” LTL strategy

LTL shipments generally consist of shipments from multiple sources that travel via a single truck. Smaller shipments are often consolidated into one large unit to reduce costs. Drivers generally make multiple stops to pick up shipments or make deliveries.

For these reasons, LTL has traditionally been the preferred choice of B2B companies. But not all LTL services are alike. Top considerations in building a best-in-class LTL strategy include:

**Customization**
Modern providers should offer a customized solution comprised of both an efficient freight plan, as well as innovative suggestions for problem solving and cost saving.

**Ability to meet customer needs/expectations**
According to a Forrester/Accenture survey, 66% of B2B organizations are making the leap toward omni-channel as a way to meet customer expectations. To meet these expectations, which vary greatly from industry to industry, a B2B company needs three things from its provider:

1. A wide range of delivery options. Today’s best-in-class providers will offer a scope of LTL options that range from critical to less time-sensitive.

2. Flexibility/scalability. Can the LTL provider reschedule a pickup if it’s not ready on time? Will it accommodate late pickups or early delivery times? Does the provider offer scalable solutions that align with business cycles?

3. On-time service. Failure to make good on a service promise to a B2B customer can have dire financial and reputational consequences. Look for an LTL provider with a documented track record for on-time service excellence.

**Technology-driven efficiency**
Among the services now considered critical to any LTL freight solution are these:

**Shipment creation.** A top-tier LTL provider will allow its B2B companies to schedule service online and make changes to existing service plans.

**Shipment tracking.** Comprehensive 24/7 visibility has become a must-have for most B2B companies, including the ability to extend that visibility to their customers.

**Performance measurement.** Use analytics such as on-time delivery performance, exception-free deliveries, claims percentages and more to compare LTL providers. If a provider doesn’t offer hard data, it could be risky to trust its performance claims.

**Specialized services.** Look for documented results to ensure an LTL provider has true experience with services such as dangerous goods handling, after-hours service, freeze protection service, special handling and much more.

**Value-Based Pricing.** According to McKinsey&Company, one negative experience has four to five times greater impact than a positive one. Often there is more value in selecting a high quality LTL provider over the one with the lowest price on paper.
Choosing the right provider

Understanding the differences between carriers’ capabilities can help a B2B company select the provider that is best suited for its needs.

**Problem solver**
A B2B company should look for an LTL provider eager to address unique challenges with innovative, and often cost-saving, solutions. New trends in LTL services include:

**DC bypass.** A stopover at a distribution centre used to be baked into every transportation plan, whether it made sense or not. A “DC bypass” strategy allows shipments to travel directly to their end destination, often reducing transportation time.

**Consolidation.** Combining smaller shipments into one larger unit can be a tremendous source of savings, and reducing freight costs.

**Single-source solution.** Enlisting a qualified full-service partner that can manage an entire multi-faceted omni-channel logistics and transportation process can save time, money, reduce errors and simplify the technology issues associated with bridging disparate systems from multiple providers.

**Experience**
An experienced provider will have a track record to match its claims. And when an unavoidable glitch occurs, it will have the appropriate resources available to put in place a Plan B, usually before the customer even knows there was a problem! Ask for concrete delivery exception examples and what the provider response was.

**Canadian expertise and reach**
While most carriers will do a fine job of transporting goods to urban areas, chances are that only a Canadian-based carrier can reach the outer provinces and territories. Many non-Canadian firms are also unaware that roughly one-quarter of Canadians speak French as their preferred language, and do not offer bi-lingual drivers, or understand bi-lingual labeling requirements.
The rapid pace of change within B2B commerce has caused many companies to reassess core operating principles. Businesses that for years relied on tried-and-trusted freight strategies now find themselves under increased pressure from their customers to offer greater flexibility, faster deliveries and cheaper services.

At the same time, LTL providers are undergoing a transformation of their own. Today’s LTL industry is leaner, more efficient and better equipped to go beyond its traditional role as “just” a transportation provider. A growing number of LTL providers have become problem solvers, armed with new capabilities for flexibility, out-of-the-box ideas and efficiency.

LTL freight has long been recognized as the most cost-efficient and flexible option to meet the needs of B2B companies. This holds true today, as B2B companies adapt to the new normal of e-commerce and heightened expectations for faster and less costly shipping services. And with North American demand for LTL freight services projected to grow significantly at least through 2020, it’s clear that businesses will continue to rely on LTL service as the best way to serve their customers.

About Purolator Logistics

Purolator Inc. is Canada’s leading integrated freight and parcel solutions provider, with one of the nation’s most extensive transportation and logistics networks. Purolator Logistics, a service of Purolator Inc., offers businesses comprehensive solutions to improve overall supply chain efficiency and speed to market and to reduce distribution costs. Through Purolator Logistics, businesses benefit from customized solutions for all their logistics needs including importation/border clearance management, warehousing and fulfilment, transportation services and returns processing. Purolator Logistics provides one-stop solutions that ensure businesses greater flexibility, customized solutions and maximum efficiency.

Contact us at 1 855 268-8255 or, by email, at purologistics@purolator.com to learn more about Purolator Logistics’ supply chain optimization solutions. A Purolator customized solution will improve efficiencies and reduce costs within your current supply chain...to, from and within Canada.
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