



**PLS**<sup>®</sup>  
LOGISTICS SERVICES

# ARE YOU USING EXPEDITED SHIPPING THE RIGHT WAY?

How to Reduce Inventory and Improve Customer Experiences

# OPTIONS IN TRANSPORTATION



Shippers have infinite options when it comes to successfully moving and managing freight. Modes, lanes, carrier companies, logistics providers, inventories, packages, prices, and delivery options are all factors that influence shippers to determine which transportation method makes sense for the specific supply chain. For shippers, the goal is getting the right product to the right destination at the right time.

Selecting the appropriate transportation mode is a crucial step to decrease freight costs. Factors such as carrier requirements, the type of cargo being moved and existing delivery options will help you determine the best transportation solution for your shipping needs.

## Pros and Cons of Common Transport Modes

Transportation modes include over-the-road (OTR), railroad, air, barge and intermodal. Depending on logistics needs, each mode presents business opportunities and challenges. Ground transportation is the most basic transportation mode.

- Many shippers choose OTR transport because it is inexpensive and reliable. However, the growing driver shortage and limited capacity are causing many shippers to look into other options.
- For freight that moves long-distance, railroad containers are an environmentally friendly and safe choice. But, railroads lack route flexibility and cannot provide door-to-door delivery.
- For fast shipping across long distances, air is the best choice. However, air transport is expensive and runs on a very strict schedule.
- For some shippers, ocean conveyance is an option, as it's cost-effective and has definite capacity. However, ocean transport can be very slow and subject to delays.
- For large shipments, intermodal transport combines the benefits of the different modes to create the most-suitable solution to move freight. Intermodal transport is subject to delays based on loading and unloading setbacks and isn't fitting for small shipments.

Delivery consistency is the primary element for gaining customer satisfaction. With consistency, the customer doesn't feel the need to look for another service or supplier.

**Each transportation mode has advantages and weaknesses. Depending on the type of freight being moved, the distance, the destination and the volume, there is an optimal transportation solution for the shipment. On the next page, you will find an infographic of the pros and cons of each type of transport.**

## ROAD

### PROS

- Flexible network
- Small capital cost
- Quick implementation of new technologies
- Low prices and many carrier options
- Same or next-day delivery option

### CONS

- Pollution
- High probability of accidents and breakdowns
- Limited capacity: driver shortage
- Congestion
- Freight damage

## RAIL

### PROS

- Eco friendly
- Long-distance routes are cost-effective
- Minor congestion
- Carrying capacity is high and elastic
- Safest form of transport

### CONS

- Lack of flexibility
- No full coverage across country
- Cannot provide door-to-door delivery
- Lack of competition and monopoly ownership

## AIR

### PROS

- Fast
- Small possibility of freight damage
- Ideal for perishable goods and expiration dates
- Often used for 24 or 48 hour delivery

### CONS

- Small capacity and high cost
- Limited routes and timetable
- Additional costs
- Pollution
- Dependence on fuel prices

## OCEAN

### PROS

- Less expensive
- Cost doesn't fluctuate depending on size/shape
- High capacity
- Service large amounts of bulky freight at once

### CONS

- Inflexible routes and timetables
- Very slow
- Limited number of ports
- Possible delays due to bad weather

## INTERMODAL

### PROS

- Secure and quick delivery thanks to standard container usage
- Combine benefits of different types
- Less labor
- Less air pollution and transportation costs

### CONS

- Possible delays due to factors from each mode
- Not suitable for small shipments
- Dock dues can be applied
- Unable to provide consistent service

The key is the customer's experience, which is dependent upon the product's end-to-end journey; fast, consistent delivery demonstrates assurance for a positive experience and is the key to consumer loyalty.

How can a shipper be confident that their delivery will be quickly brought from one place to another safely and professionally?

Looking at a shipment's classification and asking questions to the carrier can prove cost-effective and time-saving. When moving freight, there is an opportunity to consider something other than switching modes, routes or carriers. Feel confident that freight will be transported quickly and securely by choosing an expedited transportation approach.

## The Strategy of Expedited

Expedited shipping is the best option to quickly ship freight.

Shipper's requests change based on the economy; sometimes shippers need goods transported immediately, other times it's okay to have slow and low-priced transport. A shipper's chief objective is to meet deadlines based on retailer and consumer demands. Shippers deliberately choose expedited service for reliable, assured delivery despite the higher costs.

If expedited transportation costs more, then why is it considered an effective transportation strategy? Shippers use it to quickly meet consumer demand. When well-managed, these freight costs can be reduced, and a business's bottom line will remain profitable. Shippers should analyze their transportation records to figure how expedited service can fit into the overall strategy. It's possible to reduce logistics costs without sacrificing time and service.

### 5 Tips to Reduce Expedited Shipping Costs:

- **Plan and Strategize.** When a shipment is unexpected, finding capacity from a dependable source can be difficult.
- **Relationships.** The customer might insist the freight is delivered immediately, but is there any leeway? Work together to find flexibility within one another's schedules.
- **Improve Processes.** Analyze how the fulfillment process can be improved.
- **Best Mode Choice.** As mentioned before, there are pros and cons to different transportation modes. Choosing one mode over another, or same-day rather than next-day delivery can increase unnecessary costs.
- **Accurate Information.** The wrong shipment dimensions or the wrong address for the destination can cost valuable time and money.

Although expedited shipping can be expensive, many shippers are using this method because it's dependable and effective. Expedited shipping is no longer a rushed reaction to supply chain disruptions. When using an expedited supply chain strategy, shippers find that inventory costs are lower and there is more flexibility to the production plan.

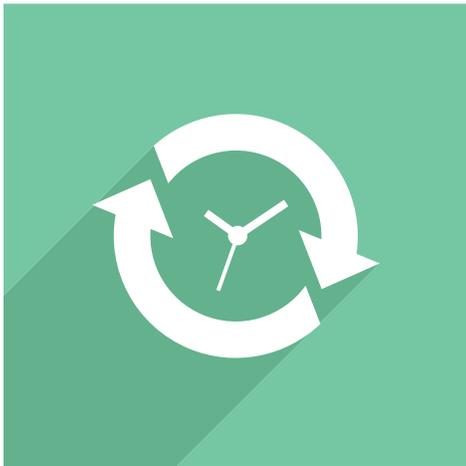
This eBook will help you understand all aspects of expedited shipping: its main benefits, how it can be a sustainable supply chain strategy and how it fulfills customer expectations.

*EXPEDITED SHIPPING IS A RELIABLE AND COST-EFFECTIVE TRANSPORTATION METHOD THAT ALLOWS SHIPPERS TO GUARANTEE THAT CONSUMER DEMAND IS MET.*

## A HELPFUL GUIDE TO EXPEDITED SHIPPING

For a fast paced culture, expedited shipping is an operative strategy. This transportation solution keeps businesses moving, lowers inventory costs, and satisfies consumer expectations. Thanks to expedited transportation, shippers can guarantee products will arrive where they're supposed to, based on time requests.

Shippers want to move products proficiently through the supply chain. Choosing to use fast transference lets manufacturers, producers and retailers possess



less inventory, which means less money spent on stock space. Because of this, many manufacturers, producers and retailers are opting for a just-in-time or lean inventory strategies.

To meet customer's needs, expedited transportation is ready to deliver a mix of freight (products and sizes) from a variety of locations – in a short time frame. Speed isn't the only benefit of using expedited transportation services; there's guaranteed less damage, efficient delivery, better security and collaboration in relationships.

### Common Goods Expedited

When a shipper needs to eliminate products' time in-transit, then expedited is a tactical approach to get the most of the products' lifecycle. Products must get on a retailer's shelf because of certain types of demand; seasonality, promotions or current events. Planning for seasonality, special advertisements and popular holidays requires precise timing; there is a small window of opportunity to capitalize on high demand.

Many industries require time-sensitive deliveries in order to meet consumer demands. Traditionally, expedited cargo included produce, pharmaceuticals, medical supplies and important documents. Today, this list has grown significantly to include apparel, electronics, produce, energy, furniture and many more.

Retailers and manufacturers must collaborate and communicate in order to provide customers seasonal, special and/or popular goods they desire. These goods consist of a variety of products; Christmas decorations, sports championship apparel, and everyday items from a company's sponsored buy-one-get-one event.

**THINK ABOUT IT LIKE THIS:** the New England Patriots won the 2015 Super Bowl, and official Super Bowl championship merchandise was in high demand following the win, especially in the team's regional market. If Super Bowl merchandise was not expedited, the manufacturers would lose out on the opportunity to capitalize on the high demand following the game. If the product encounters a delay, and is delivered too late to the retailers, then the window of opportunity to seize consumer's extraordinary demand is missed, and the apparel and merchandise will be sold at a much lower cost than initially anticipated. Now, think about it like this: the products are on the shelves for purchase the morning after the team's Super Bowl victory; demand is extremely high and the products sell out. Manufacturers must expedite even more products directly to the retailers to meet the demand and provide incomparable customer service.



The above situation is applicable for almost all expedited products. When a new technology is released, demand is high. When there is a special promotion, demand is high. When a specific pop culture item is in demand, shippers must make that product available.

Examples of products that don't have time for traditional shipping practices include retailers and merchandisers like clothing companies aiming for merchandise to hit the shelves before the next fashion trend hits; automotive suppliers sending apparatuses for a just-in-time production line; medical equipment manufacturers shipping costly machines. Most industries find worth in assured delivery from reliable carriers under extreme time constraints.

But why? In order to meet cyclical business needs and keep inventory and material costs low, companies are choosing to support lean inventory and just-in-time inventory strategies, which means creating materials only as they are needed, and then quickly transporting them to where they need to go.

## The Most Valuable Asset: Inventory

Shippers can use expedited freight as a strategy to reduce overall inventory costs. When goods are moved quickly, manufacturers, retailers and producers can keep fewer materials on hand, therefore reducing the cost of safety stock and holding inventory.

Companies intentionally choose not to risk products being behind time schedule in order to keep the supply chain moving.

Just-in-time (JIT) inventory systems control supply chain flow by bringing in materials and sending out goods based on demand. Ideally, this is an uninterrupted match of supply to demand. This system reduces the chance of spoiled inventory and supports production improvement. With just-in-time inventory, the objective is to have more efficiency and less waste.

When goods are received only as needed, inventory costs decrease. JIT eliminates waste from overrun production and less overstocked stock back rooms. When inventory is minimized, there are more resources to employ throughout the company to focus on core competencies.

So, why doesn't every organization use JIT? It's a complex supply chain system that can be quickly interrupted by unpredictable factors. A supplier ends business without warning, then where does the material come from? A natural disaster shuts down lanes; how does a carrier deliver freight? A product is backlogged at a port; how long will it take to get the product? A machine in your facility breaks; when will it be fixed and how much time was lost? These are some reasons JIT supply chains can be thrown off. Because of this, it's important to consider alternative methods to get products quickly to destination.

## Identifying Expedited Carriers

Carriers who provide expedited shipping are different than traditional freight carriers because this strategy requires more communication. Carriers experience pressure for top quality service. If a carrier misses a guaranteed delivery window, the implications could be pricey, plus the shipper/carrier relationship will suffer.

In expedited transport, carriers don't get much lead time or leeway. Reliability is what matters. Expedited carriers focus on transit time and service, not commodities. Saving money is not the ultimate goal, service is. When shipments fail to reach their destination it can be a threat to business.

**THINK ABOUT IT LIKE THIS:** a major retailer is having a mattress sale for Memorial Day weekend. Instead of stocking the bulky product in a stock room or crowding the sales floor, the retailer hired an expedited carrier to deliver the product (in this case mattresses) at a particular time. If the carrier misses this time-critical delivery window, then the retailer suffers the loss of sales, and consumers will lose trust in the retailer.



When considering transportation, most shippers look beyond price to overall value. How do carriers ensure value and guaranteed delivery? Through technology. In the world of expedited shipping, technology is a must. There are powerful tools to effectively manage and monitor deliveries and communicate with the necessary parties. With transportation management systems (TMS), routes are optimized, rules are automated and billing is consolidated. Consumers benefit from TMS technology too; track and trace features offer shipment visibility and insights to effective logistics strategies for future customer service improvements.

One of the best features of a TMS is the ability to analyze carrier performance. Since shipping has become so important within the customer experience, shipping options are extremely relative. A shipper can use the TMS technology for accurate, real-time data to determine which carrier will be able to optimize the delivery and provide the most value.

## 4 Benefits of Expedited Shipping

Expedited shipping service provides a time-specific pick-up and delivery guarantee, as well as security compliance.



### 1. Less Damage

- Fewer touches because less people are involved
- Better handling



### 2. Guaranteed Delivery

- Reduced transit time and optimal mode choice
- Loaded and processed quickly
- Offset cost of chargebacks



### 3. Security & Safety

- Less time in transit and in warehouse to reduce theft risk
- Fewer product touches reduces theft risk
- Highly tracked



### 4. Collaboration

- Optimized relationships lead to better leveraged rates, capacity and routes
- Controlled networks
- Visibility for better results

## WHY YOU SHOULD CONSIDER EXPEDITED AS SUPPLY CHAIN STRATEGY

*EXPEDITED TRANSPORT GIVES SHIPPERS THE CHANCE TO MEET CUSTOMER'S NEEDS.*

Because consumers have access to unlimited information and are offered a multitude of different ways to order, pay for and receive products, shippers have to pay close attention to the consumer's expectations. It is evident that a consumer's experience with a brand is impacted by shipping options. Today, 86 percent of buyers will pay more for better customer service.

Improving customer satisfaction is essential to operational growth. It's predicted

that by 2020, customer experience will be more important than price, product or brand choice as a differentiator in purchasing decisions. On-time, fast deliveries and delivery options are necessary to meet consumer demand.

Offering customers delivery options like free shipping, quick, and/or guaranteed delivery will help cultivate customer loyalty. This becomes less complicated to track with implementation of integrated technology systems like a TMS. With a TMS, shipments can be tracked easily and routes are optimized for fastest transit time. With a TMS, a company can communicate to customers throughout the ordering, purchasing and delivery process.

## OUTSOURCING EXPEDITED TRANSPORTATION MANAGEMENT



Given the complicated decisions that come with an expedited transportation strategy, companies often outsource the management to third-party logistics. 3PLs know how to leverage their buying power to reduce costs and have advanced reporting capabilities. Outsourcing transportation solutions reduces overall costs, decreases supply chain disruptions and satisfies high consumer demand in today's fast-paced culture.

### Expedited Services from PLS Logistics

At PLS Logistics Services, we understand there are shipments that are unexpected and need immediate attention, as well as high-demand freight that is on a strict schedule. Our expedited service team provides reliable service and quick turnaround times for your time-critical or urgent shipments across the US, with hot-shot ground and air cargo services. You can trust the experts at PLS to manage your expedited transportation.

PLS Logistics offers expedited service for truckload, less-than-truckload, temperature controlled, flatbed, air and hazmat shipments.

Sources:

<http://www.inboundlogistics.com/cms/article/expedited-transport-its-all-in-the-timing/>

<http://www.inboundlogistics.com/cms/article/uncommon-ground/>