Finding Capacity in a Tight Market

By Steven Bergen, President, GLS-US

Prior to 2020, one-carrier shipping was considered the ideal logistics approach. Businesses sought to secure the best available cost from a national carrier with little concern — or perceived need — for other solutions. For many, something that wasn't broken surely didn't need to be fixed.

After last year, though, the sudden demand for transport capacity created more urgency for shipping diversification. Adding fuel to the fire, a report from ShipStation found that 83 percent of customers are less likely to purchase from a business again after a negative delivery or shipping experience*.

As we witnessed over a record-breaking 2020 peak season, capacity issues create a vicious cycle for all involved: backlogs beget carrier delays, parcel damage and loss, leading to customer dissatisfaction directed toward the sender who, facing a seeming industry-wide lack of capacity, sees no choice but to continue adding to the original carrier's backlog. How many customers were lost during peak season due to capacity problems?

If shippers learn anything from the pandemic, it should be to avoid putting all their eggs in one basket. Savvy logistics pros are becoming more creative with diversification efforts, partially by finding regional carriers to fulfill critical capacity needs — sometimes with simplified costing models, increased flexibility, or time savings that create a competitive advantage. While national carriers have quietly been turning away volume, experienced shippers have made regional carriers their 'secret weapons' in the battle for capacity.

Another possibility for finding capacity is to reconsider modes. Air freight is widely perceived as the 'gold standard' for speed (and is priced accordingly), but often ground is faster for regional shipments. Sound counter-intuitive? Remember that air freight is much more susceptible to delays, which are easily compounded depending on how many airports a package is cycled through. On the other hand, if you send a package 500 miles via ground, its assigned truck will drive the dynamically-generated fastest route overnight, through the most favorable weather conditions, to ensure on-time delivery. GLS-carried packages, for example, frequently arrive up to a day faster than those handled by national carriers.

Businesses with multiple sites can also choose to consolidate individual packages going to the same general area into larger less-than-truckload (LTL) pallets, and then dispatch them to the office location nearest the end-recipients. While the pallets must be separated again at the second location for individual delivery, depending on scale, the resulting net capacity savings could be a powerful benefit for shippers — and as GLS-US customers know, using the same carrier for both LTL and parcel can vastly simplify this approach.

While there's no one-size-fits-all way to ensure that your customers' capacity needs are always met, as an approach proven successful by large shippers, diversification may very well be an effective strategy for you too. With door-to-door deliveries now perceived as an integral part of the 'new norm,' businesses making the effort to secure additional resources for positive delivery experiences are likely to come out on top. There's no better time for rapid business expansion than now, so find a way to turn current capacity complexities into an advantage — or risk being left behind by those more willing to find unique solutions to today's unique challenges.

www.gls-us.com
800.322.5555, ext. 4
info@gls-us.com

*ShipStation "Last Touch, Lasting Impact" 2020/21