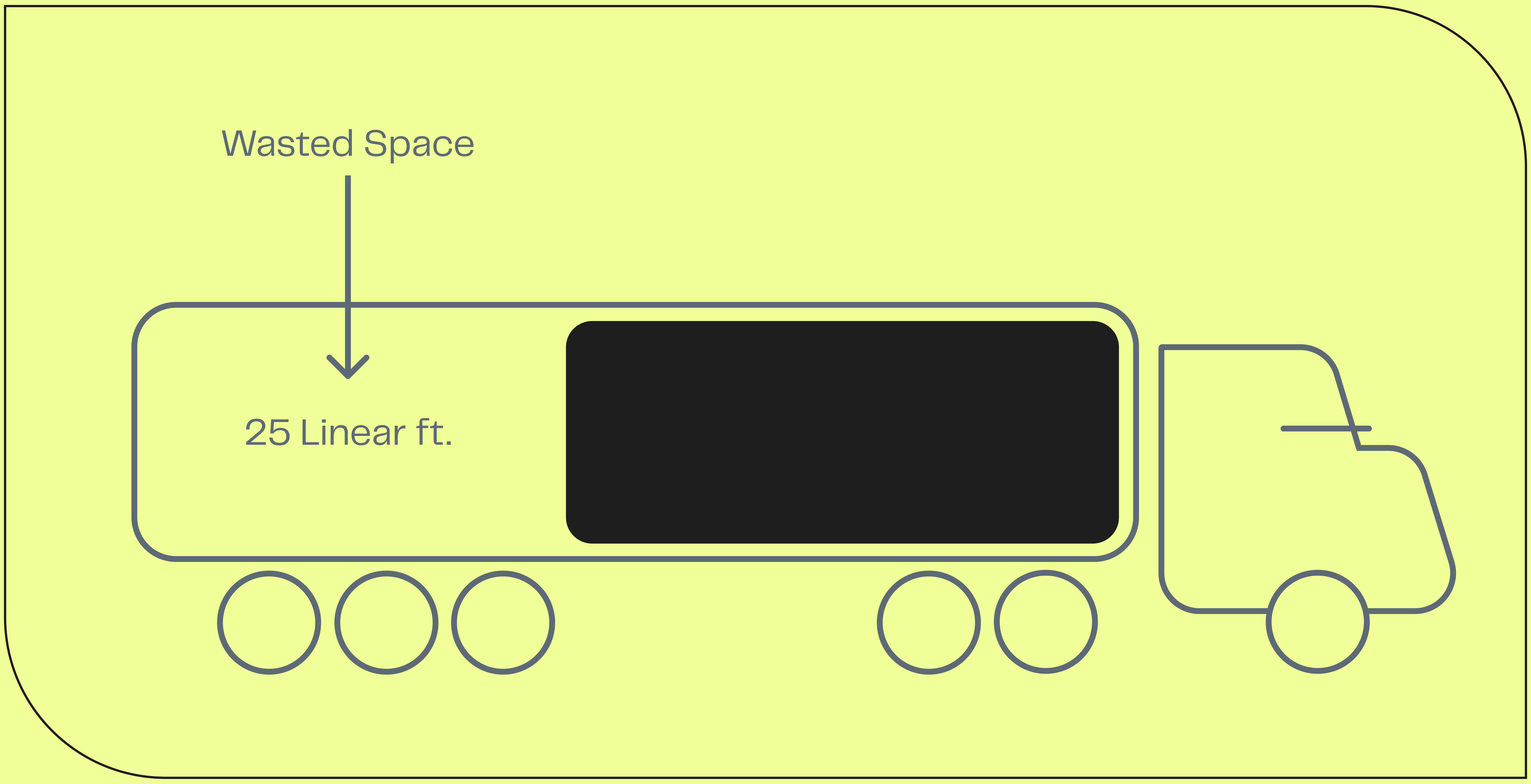
2022 STUDY

Solving America's half-empty truck problem in any market condition.



Intro

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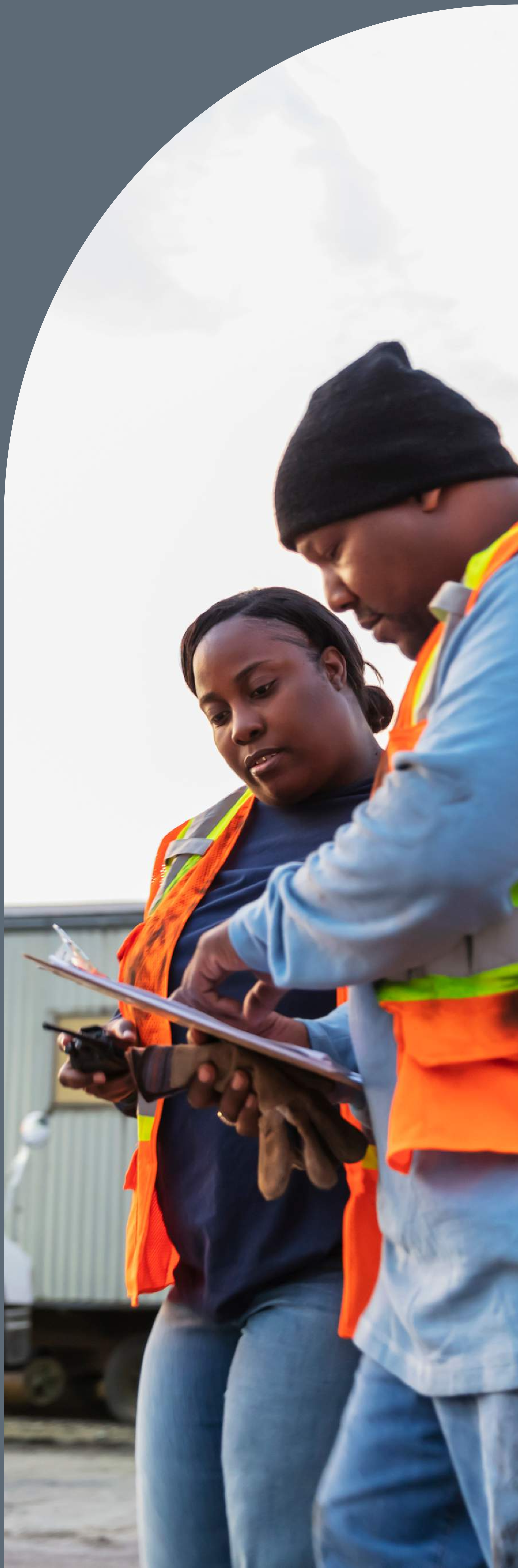
Unpacking inflationary & deflationary conditions in the freight market.

The freight market is primarily influenced by supply and demand as well as the conditions of specific market areas. Supply refers to the amount of available carrier capacity, including trucks and drivers, while demand refers to the total amount of truckload volume from shippers.

When supply exceeds demand, it's a shipper's market, and rates decrease. Conversely, when demand exceeds supply, it's a carrier's market, and rates increase. When the amount of shipments and available trucks/drivers are balanced, the supply and demand curves intersect. Knowing these trends can help shippers make informed decisions when selecting shipping modes and partnering with carriers.



Intro cont.

2021's inflationary market conditions resulted in poor service levels and tight carrier restrictions.

In 2021, there was a surge in consumer demand resulting in major supply chain disruptions and a shortage of drivers to keep up.

Last year, Flock partnered with Drive Research to conduct a study that revealed these disruptions weren't from lack of available space to carry these goods, but rather, inefficiencies in the supply chain: half the trucks clogging dockyards and highways were moving at less-than-maximized capacity.

This unused trailer space leads to inefficiencies like delays and tighter size restrictions that end up costing less than truckload (LTL) and truckload (TL) shippers in time, money, and fuel. For example, 95% of LTL shippers reported delays of 1-4 days and one in three TL shippers "often" waited to send freight until they could fill a full trailer, delaying the delivery of finished goods. Because of this, many shippers were unable to meet their customers' delivery expectations, resulting in fees. In fact, in 2021, the average on-time in-full (OTIF) fee per shipment was $566, with an average total spend of $290,242.

In 2021, there was a surge in consumer demand resulting in major supply chain disruptions and a shortage of drivers to keep up.

Additionally, 100% of LTL shippers experienced tighter carrier restrictions, specifically linear foot cutoffs and decreases in pallet-position. These size restrictions pushed LTL shippers to book TL. For example, 99% of TL shippers booked truckload because of volume less than truckload (VLTL) size restrictions. These truckload shipments didn't optimize deck space for freight dimensions and often resulted in wasted money and fuel on half-empty truckloads.

"In 2021, the average on-time in-full (OTIF) fee per shipment was $566, with an average total spend of $290,242."

Intro cont.

2022’s deflationary market conditions gave shippers more flexibility and service options

In 2022, consumer buying habits slowed given the rising inflation rate and global trade seemed to come to a halt — thus resulting in a deflationary market. Shipper’s began to see an excess in inventory leftover from last year’s demands.

Because less goods were being shipped, the flood of carriers who entered the market began to struggle to find loads to haul — giving shippers more flexibility and buying power.

In 2021, many truckloads were only partially filled, leading to inefficiencies and increased costs; however, in 2022, the number of partially-empty truckloads dropped by 6%. This resulted in a 22% decrease in LTL shipments compared to 2021. Conversely, 35% more shippers opted for partial truckload (PTL) shipments in 2022.

This year’s study with Drive Research investigated how deflationary market conditions and supply chain inefficiencies impacted shippers’ freight experience in 2022. Surveying 200 shippers across various U.S. industries, the study revealed that the current market conditions provided shippers with more flexibility and service options.

What year–over–year market data reveals for industry trends.

Although market conditions fluctuate year-over-year (YoY), shippers are still experiencing the same inefficiencies in a deflationary market as they were in an inflationary one. In fact, 10x the amount of shippers reported experiencing negative effects of OTIF regulations in 2022 than they did in 2021.

Carriers have more power to restrict things like linear foot caps during inflationary conditions, which resulted in a loosening from a 9-foot average in 2021 to a 10-foot average in 2022. Additionally, weight limits have become more lenient, leading to a -31% shift in LTL shippers who moved their freight via another mode due to shrinking size requirements.

LTL shippers are experiencing issues with damage, accessorial fees, and late fees. These issues often force them to move partially empty truckloads so they don’t have to worry about service levels.

In short, the issues surrounding traditional shipping modes continue despite market changes.

TL inefficiencies

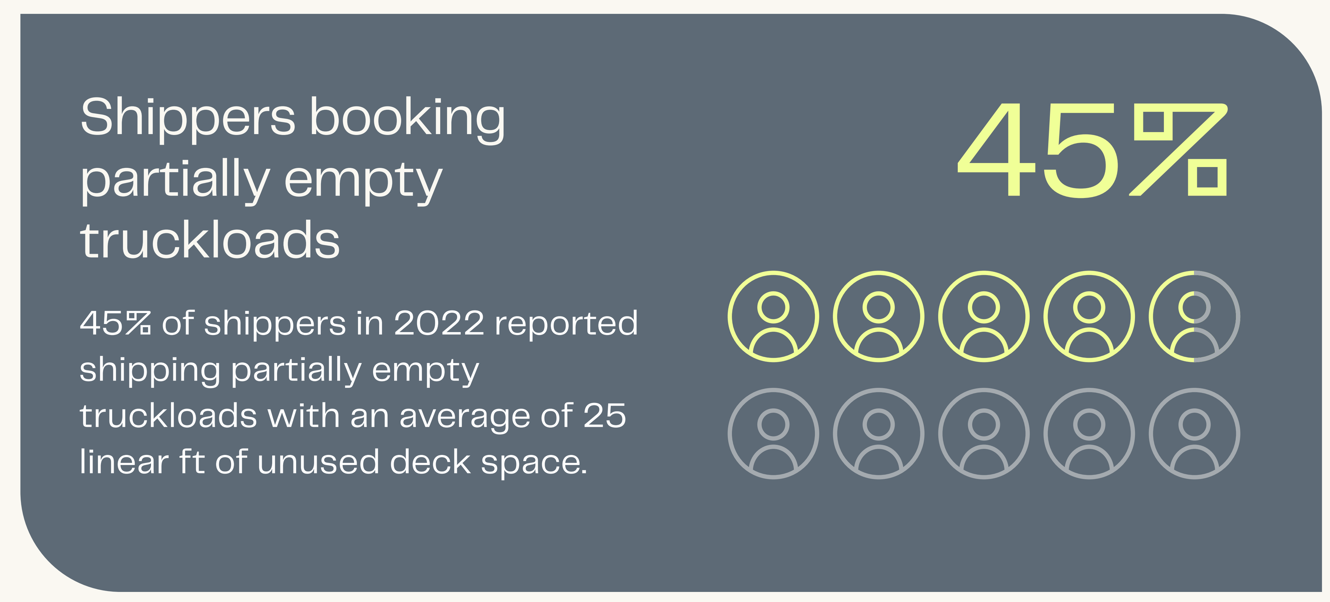
Nearly half of truckloads shipped in 2022 moved partially empty.

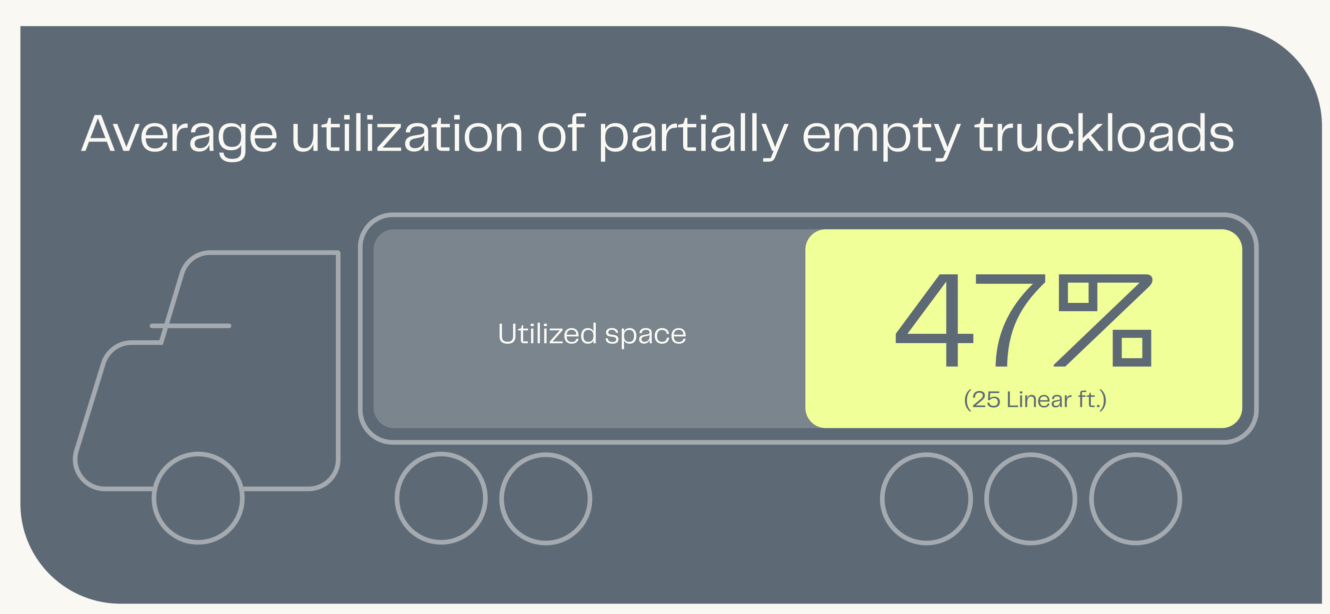
In 2022, 45% of shippers reported shipping partially empty truckloads with an average of 25 linear feet of unused deck space. Based on findings, this is the equivalent of 1 in 5 truckloads in 2022 moved completely empty.

Here's why:
Linear foot restrictions forced over 2x more shippers than 2021 to submit request for proposals (RFPs) for TL instead of LTL or VLTL. Additionally, almost 3x more shippers than reported in 2021 booked TL in 2022 because they were unsure another mode would deliver on time.

Lastly, VLTL size restrictions caused one in four TL shippers (24%) to book TL often, a 16% increase from 2021.

In order to avoid shipping partially empty, over half of TL shippers waited to ship until they could fill an entire truckload — a 24% increase from 2021.





LTL inefficiencies

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86% of LTL shippers replaced/reshipped damaged freight.

Even though this was a notable decrease from 2021, where 100% LTL shippers remanufactured and reshipped damaged freight, LTL shipping still has the highest risk of damage. This is due to excess handling during transloading at terminals.

Shippers can file a damage claim for reimbursement when freight is lost or damaged during the shipping process, with carriers or receivers usually covering the cost. In 2022, the average total cost per damage claim was $4,503.

While shippers can file damage claims, their losses won't always be fully covered. In 2022, carriers only covered 66% of claims, making the average cost of uncovered damage claims $1,511.

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Average amount paid on damage claims per LTL shipment in 2022 by Industry

Food/beverage	Plastic/paper/packaging	Retail	Aggregate	Automotive	Industrial machinery/equipment	Technology/electronics	Building materials
$3,505	$3,660	$4,011	$4,503	$4,975	$5,263	$5,305	$5,439

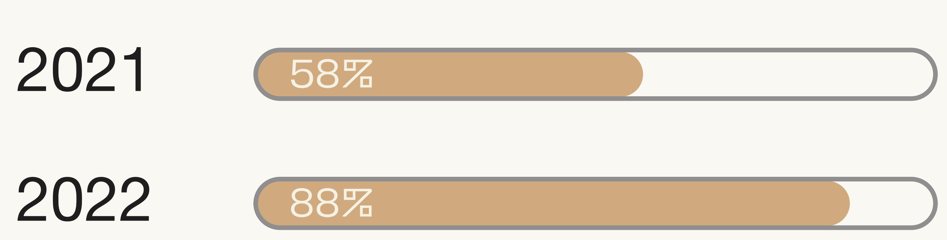
TABLE 1

LTL inefficiencies

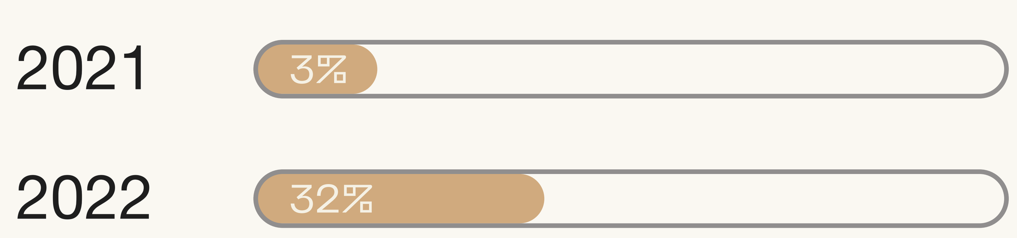
88% of LTL shippers who experienced late freight indicated it was 1-2 days late.

The percentage of LTL shippers whose freight was 1-2 days late increased 30% in 2022 (88%). LTL has the highest risk of delays due to its antiquated, inefficient hub-and-spoke nature and transloading at terminals. Late shipments not only lead to late fees from buyers, they also lead to the indirect costs from not meeting customer expectations.

LTL shipping delays 2022 vs 2021:
Percentage of LTL shippers whose freight was 1-2 days late in 2022:



OTIF fees 2022 vs 2021:
One in three shippers were negatively affected by OTIF regulation:



In fact, on average, LTL shippers said 19% of their shipments incurred OTIF fees in 2022 (nearly 1 in 5 LTL shipments) and one in three shippers was negatively affected by OTIF regulations (32%), a 29% increase from 2021.

Shippers paid an average of $562 per OTIF fee in 2022, a decrease from 2021's average of $566. This decrease may be attributed to the fact that OTIF fees are typically based on the revenue generated from the products being shipped. Because of this, a decrease in the commodity value of freight shipped may coincide with a decrease in the corresponding OTIF fees.

For example, among industries surveyed, the technology/electronics sector had the highest average OTIF fee of $588, while the industrial machinery/equipment and automotive sectors were in the $500-range.

LTL inefficiencies

LTL shippers, on average, reported a damage claim amount of $4,503 per shipment. However, despite their efforts to seek compensation through claims, they managed to cover only 66% of the costs related to damaged freight.

As a result, these shippers incurred out-of-pocket expenses averaging $1,511 per shipment specifically for claims costs.

In addition to damage costs, many LTL shippers face OTIF fees when their shipments arrive late. In this study, respondents reported an average of $477 per LTL OTIF fee.

Industries dealing with higher commodity values tend to face escalated damage costs and OTIF fees. Notably, sectors such as building materials, technology/electronics, and industrial machinery/equipment reported an average expenditure exceeding $5,000 per shipment for damage claims and almost $600 in OTIF fees per shipment. This trend reveals how industries dealing with higher-value goods often face increased financial burdens from freight damage.

AVERAGE OUT-OF-POCKET COST PER LTL DAMAGE CLAIM

$1,511

AVERAGE OTIF FEE PER LATE LTL SHIPMENT

$477

STL solution

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Move goods more reliably with shared truckloads.

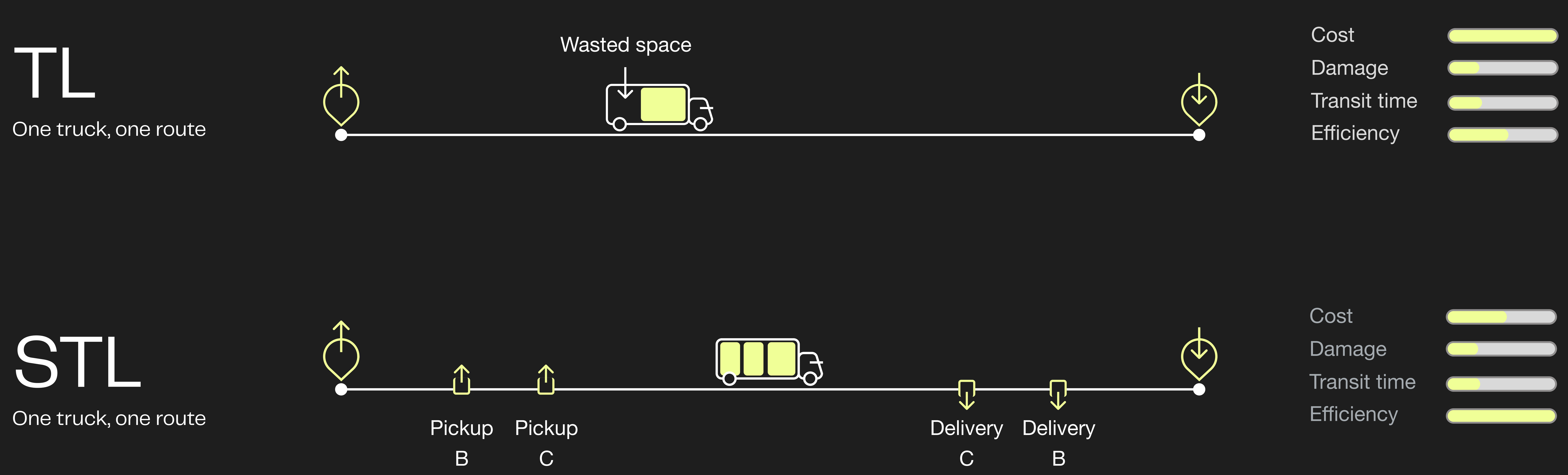
Using patented technology, Flock Freight is creating lasting change within the freight industry. Flock's aim is to reduce the issues that plague other shipping modes permanently by shifting the freight market to a shared truckload (STL) model where everyone can ship freight on demand via truckload service regardless of shipment size.

By combining freight from multiple shippers to fill trucks' empty spaces, our shared truckload solution provides reliable and fast delivery, less damage, no accessorial fees, increased security, and overall better rates.

Reduce LTL late fees & damage.

STL freight travels directly from its pickup location to its destination — without passing through hubs or terminals — and isn't handled during transit. Plus, you don't have to meet any freight class requirements or a weight minimum. As a result, shipping STL reduces damage, late delivery, and OTIF fees.

Additionally, partnering with Flock Freight means you add an extension to your team that's dedicated to ensuring your freight gets to its destination on time and damage-free.



STL solution

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Reduce empty space & wasted money spent on truckloads.

Flock's unique technology matches locations, schedules, and compatible shipments, finding the best options to pool freight among billions of possible combinations. With our FlockDirect® service, you can save up to 20% and ship on demand without waiting for an entire truck, as our unique technology matches partially empty loads with other shipments moving in the same direction — ensuring that you only pay for the space they need.

"We were using TL service to ship freight with 12-14 pallets from Dallas to Florida due to weight constraints. Using FlockDirect reduced delivery expenses on these types of shipments sometimes upwards of 50%," said Tyler Wright, Logistics and Operations Manager at Waiākea Water. Read more about how Waiākea Water saved more with Flock.

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Methodology

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The data supporting the content and objectives set forth in this paper come from an online survey conducted by Drive Research, a third party not affiliated with Flock Freight. The survey took an average of 21 minutes to complete and included 49 questions and received 200 responses. Fieldwork for the survey began on February 3 and ended February 23, 2023.

Target industries included F&B, retail, building materials, industrial machinery and equipment, tech and electronics, plastics/paper/packaging, and automotive. A minimum of n20 was obtained from each industry. Target participant titles varied based on the size of the business (i.e., transportation buyers, load managers, transportation managers, VPs of supply chain, directors of transportation, logistics managers). A strong mix of company sizes to segment the data by the market included a distribution of $10M to $99M annual revenue, $100M to $499M annual revenue, and $500M or more annual revenue.

With a probabilistic sample, a total of 200 responses at the 95% confidence level offers a 7% margin of error. If the survey were conducted with another random pool of 200 respondents, the results would yield within +7% or -7% of the stated totals in the reports. The margin of error can be used as a guideline to understand the reliability of these results.

Target titles

- Transportation buyer
- Load manager
- Transportation manager
- VP of supply chain
- Directors of transportation
- Logistics manager

Target industries

- Food and beverage (non-refrigerated)
- Retail
- Building materials
- Industrail machinery & equipment
- Tech & electronic
- Plastic/paper/packaging
- Automotive

Get reliable shipping, regardless of the market.

By combining freight from multiple shippers to fill trucks' empty spaces, Flock Freight's patented technology saves shippers time — and money — with consistent and fair pricing, reliable delivery, and proactive communication. It's high-quality, high-efficiency shipping not found anywhere else. Start saving with Flock today.

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