

WHITE PAPER

# Still guessing at freight prices?

Put data to work,  
and gain pricing  
confidence



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## Put data to work, and gain pricing confidence




Supply chain managers face tremendous pressure these days. After years of pandemic-induced shortages and record-high shipping costs, the #1 priority over the next 12 months amongst respondents to the [2022 State of Supply Chain Management](#) survey is reducing supply risk for their materials, and to do so they are looking to enhance agility and cost control. However, poor data quality, outdated technology, and disparate data silos continue to hold many back. At the same time, increased demand for rapid service contends with “record-long lead times, wide-scale shortages of critical basic materials, rising commodities prices, and difficulties in transporting products across industries,” ([2023 ISM survey](#)) making it all the more difficult to establish a pricing strategy that can meet expectations.

This is exactly why shippers devote an incredible amount of time and resources to establishing their pricing strategies. Yet despite their best efforts, many providers miss the mark. Whether they pay too much, go in too low, miss out on rate drops, or end up taking too long to submit, an effective pricing strategy requires a complex balance of constantly shifting variables to work effectively.

In order to price effectively, your strategy needs to include ranges, forecasts, what-if scenarios, nuanced modeling, benchmarks, and a slew of additional information to which most companies simply don't have access. And without access to all the data behind those variables, determining the right price remains a struggle for many.

While it's true that it's not always possible to control external factors, it is certainly possible to mitigate the impact they have on your pricing strategy, and to optimize operations to better position yourself to handle market volatility. In this guide, we'll explore some of the popular traditional strategies that have been employed by many in the industry, and the benefits that can be gained from a more data-driven approach.

 *Spreadsheets were made for calculations, **not analysis.***

### Spreadsheet software

*Versatile, but limited*

Spreadsheet software like Excel and Google Sheets continue to be the application of choice for supply chain and logistics management at companies large and small, around the world. And it's not hard to understand why. It's low cost, easy to use, versatile, universally available, and passably functional.

*It gets the job done.*

However, with their limited capabilities, spreadsheets are not without their flaws. And as businesses scale, the lack of more advanced capabilities can have compounding effects on costs that are hard to ignore.

### Reasons you may want to upgrade:

- **Spreadsheets are prone to errors**

Various studies over the years have shown that nearly [90% of all spreadsheets contain errors](#). Many view this as a reasonable tradeoff, however, large or small, these miscalculations can compound into significant losses to your supply chain over time.

### Insights are limited to internal data

Gathering and organizing sufficient historical information on each mode, lane and other variable needed to generate accurate benchmarks can be a challenge for even the largest company — and that's assuming that you have access to historic data at all. Besides this, no amount of internal data can provide a wider view into what others in the market are paying for similar shipments.

### Uncertainties are difficult to manage

Spreadsheets were made for calculations, not analysis. With the siloed access to data provided by a spreadsheet, supply chain managers are left making assumptions on market trends with the limited evidence available, making it nearly impossible to account for unanticipated disruptions with confidence.

## Auction

*Let the market decide*

More sophisticated than spreadsheets, we see many shippers adopting the auction approach in their pricing strategy. In this strategy, the shipping manager doesn't need to set their own prices — the market does it for them. By putting the question of price to the carriers of their choice, the shipper is able to simply examine the prices provided and select the best fit.

As with Excel however, this strategy isn't without its limitations.

### Limits shipments to carriers in your portfolio

With hundreds of thousands of carriers in the US market alone, most shippers have a strong relationship with only a very small sampling of those available. Without access to prices from those outside of this circle, it can be difficult to determine whether the prices provided are competitive with the general market.

### Creates barriers to bringing in new carriers

Bringing more carriers into the fold is a long and complex process, with little guarantee that they will be a good fit. And no matter how thorough your research, without insights into pricing history, there is little to no way to gauge how a new carrier will react to shifts in the market.

### Makes pushing prices down challenging

There are many occasions when external circumstances cause it to make sense to tactically push for lower prices. For example during a general market downturn, seasonal fluctuations, or when you'd like to customize the price to reflect the particularities of a load, like long lead times. However, due to the inherently passive nature of an auction strategy, it doesn't allow for much nuance in pricing, and you typically receive little to no guidance or interaction with the requesting shipper.

*Most shippers have a strong relationship with only a very small sampling of [the carriers] available*

## What's in a good pricing strategy?

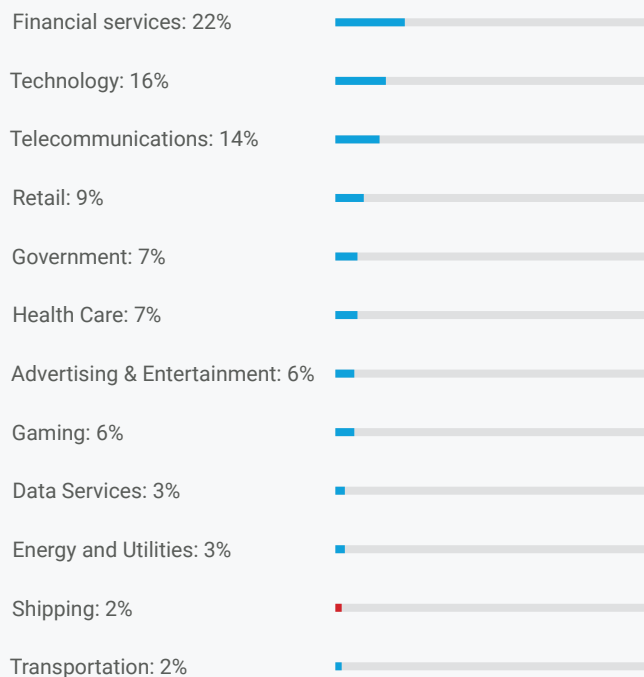
While the previous strategies can yield manageable results, they often fall short in the long run. And for businesses that are scaling — especially in today's volatile market — those seemingly minor shortcomings can quickly add up. This is why we are seeing more and more shipping and logistics departments seeking methods to modernize their operations.

The number one method for doing so? **Big Data.**

In fact, in a 2020 survey, **81% of shippers** said that using Big Data effectively will become "a core competency of their supply chain organizations". Yet, with only 2% of shippers currently utilizing it, they're lagging far behind many other industries. And it's not that data is easier to uncover in industries like finance. Shippers have

### Big Data usage, by industry

Around the world and across industries, advancements in technology are enabling companies to take advantage of the benefits that Big Data provides. But the shipping industry still has a long way to go.



[Survey by Datameer](#)

plenty of data. However, data alone isn't enough to benefit anyone. In order to begin a successful evolution, you need **the right kind of data, delivered at the right time.**

As anyone who has dealt with sprawling spreadsheets can attest, too much data can be worse than none at all. What's needed is specific, highly organized guidance that is tailored to what you are trying to accomplish in the moment, delivered at the moment it's needed. Because if accessing the relevant information means manually searching for it while switching back and forth between multiple tabs or platforms, it might as well not be there at all.

## Top 5 data types & models to include in your strategy

### Past Insights

As Winston Churchill famously wrote, "Those that fail to learn from history are doomed to repeat it." If you want to know where you stand today, or where the market will go tomorrow, you need to be able to examine the past.

- **Historical lane information**

To examine past shipment price trends and carrier performance, a data solution should not only collect — but organize — all relevant past data to reveal historical rates and allow focused interrogation of individual past shipments.

- **Historical market trends**

Internal data alone is rarely sufficient to set an accurate scenario-specific benchmark. In order to gain a broader market context, historical data must be aggregated from hundreds or even thousands of sources in order to allow for an industry-wide comparison of rates.

### Pricing trends

Access to past insights is one thing, but to take that further, look for data analytics capable of using those insights to identify market trends in shipping prices. With a system capable of tracking and monitoring these trends, you gain the ability to accurately benchmark your contract rates and spot market variance, allowing you to plan around the complex fluctuations in supply and demand, fuel costs, global influences, and other variables that steer prices. This will allow you to safeguard against the pitfalls of both underpricing and overpricing while also increasing credibility and trust with both partners and customers.

### Current market rates

When it's all said and done, what most shippers are looking for when setting their prices is, "what are the market rates for this shipment, **right now?**" Finding real-time scenario-specific benchmarks for prices on individual lanes, cargo types, and time frames is a lot more complex than a simple Google search. In order to provide these,

your system needs to be capable of looking at the going rate for thousands of shipments, and distilling that down to an accurate and reliable benchmark, tailored for your specific shipment.

### Carrier Performance

Tracking carrier performance is a crucial part of formulating an effective pricing strategy. By keeping accurate records on the performance of all available carriers, you can assess the reliability, efficiency, and overall quality of their services. This data-driven approach enables you to make informed decisions about which carriers to engage with, ensuring that the chosen carriers align with your requirements, as well as identify potential issues and bottlenecks in the supply chain.

### Embedded insights

This is less of a data type and more of a delivery method, but a vital consideration for any insights you can glean in establishing an improved pricing strategy is how and when they are presented. To be fully effective, information and guidance gleaned from this data should be embedded directly within the appropriate stage of the pricing process so that it is contextualized and immediately accessible.

## How can you use them?

So you have all the data and models you need, embedded directly into your workflows so that you can utilize them effectively. Now what?

Below we've outlined some of the key benefits that this capability has brought to those who have implemented them into their pricing strategy.

### Re-balancing carrier portfolio

Through access to information on historical and current rates being provided, you can evaluate which carriers are best suited for your business case in terms of volume and stability. This can help in discovering underutilized but high performing carriers to shift more business to. Paired with data on performance and reliability, much of the guesswork and stress involved in carrier selection and contracts can be removed.

### Empower negotiations

Whether you're looking to negotiate rates with new carriers, or lower the rates you're paying to your existing partners, knowing the current market rates provides a huge advantage. By leveraging access to pricing benchmarks and you can gain pricing power to empower fair and effective negotiations with your network of carriers, both new and old.



## Discover underperformance

With access to information on pricing by lane, carrier and rep, it becomes significantly easier to adapt your strategy to address underperformance. For example, if operations in a certain area are impacting your margins, you can create a strategy for shifting business to other lanes. Likewise, if you notice that you are overpaying on a particular lane, you can open up to explore other carriers on the market. You can even determine when a particular representative is outperforming another in sourcing in order to guide training initiatives.

## Plan ahead

With the ability to track your historical rates and spot market trends, shippers can make informed decisions about their future shipping plans. This allows for greatly improved coordination with other departments like sales, guiding when to push for increased shipments, and predicting when prices and availability may be tight. Likewise, for shipments that are not on a rigid delivery schedule, and/or for quarterly regimens that enjoy timing laxity, you have the data needed to anticipate future price drops that enable you to reschedule for a later date, or push the shipment forward to avoid impending increases.

## Save time & resources

A typical bidding process can take up to two days to complete — collecting bids via email, putting them into Excel, finding the best rate, emailing back and forth to confirm information. All of this can be avoided with the right insights. By collecting accurate, real-time information on the prices available on the market and embedding that information directly into existing workflows, you can expect to see not only improved price performance, but a considerable reduction in the time spent pricing.

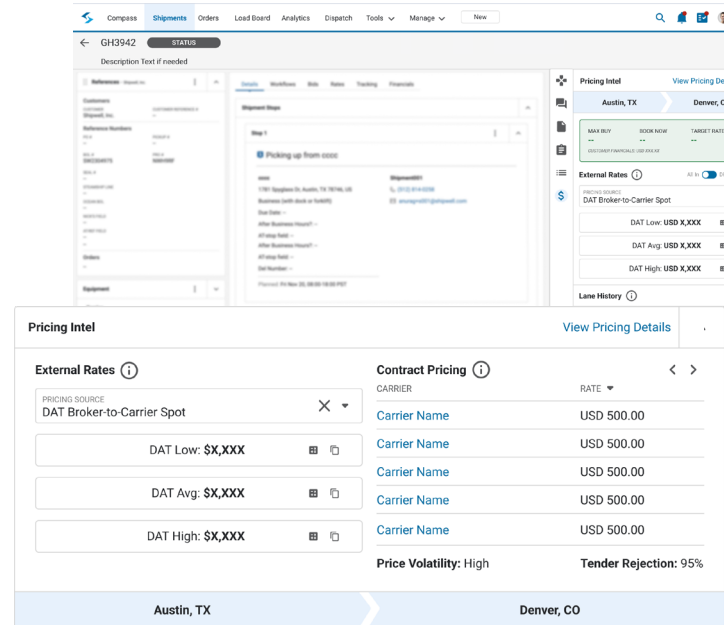




# Master your pricing with Shipwell Pricing Intelligence

## Find the right rates to keep your goods in motion

Gain a competitive edge in your pricing strategy with seamless integration through our Rates Integration Marketplace. Maximize your pricing strategy by leveraging your previous spend and spot market rates. Take control of your pricing decisions to ensure smooth operations for your goods while maximizing your profit margin.



## Are you a shipper looking to optimize pricing, secure reliable capacity, and streamline your supply chain operations?

Whether you're a shipper looking to stay informed about current market trends or a broker operating in the spot market, Shipwell Pricing Intelligence caters to your needs. Our solution not only provides real-time spot rates through your choice of subscription services but also enables benchmarking of contract rates against industry standards and your own historic rate performance. This empowers you to optimize your pricing strategies, stay competitive, and drive success in your transportation operations..

## How can you optimize pricing and streamline operations?

Shipwell Pricing Intelligence provides you with the insights and tools you need to optimize your pricing strategy and secure the best possible rates for your shipments. With our solution, you can easily:



### Stay informed about current market trends

Get real-time spot rates and historical rate insights to make informed pricing decisions.



### Benchmark your contract rates

Compare your contract rates against the industry standard to ensure you're getting a good deal.



### Effortlessly integrate with Shipwell

Leverage our open APIs and self-service integrations to make it simple to get started and to meet your needs.

## Choose your rate subscriptions

With Shipwell Pricing Intelligence, you can choose from a variety of rate subscription services to get the data you need. Our partnerships with DAT Freight & Analytics, Truckstop, and FreightWaves SONAR, and others coming soon, give you access to comprehensive market data and industry insights, so you can benchmark your pricing and ensure competitiveness. You can access spot pricing for broker-to-carrier rates and contract pricing for shipper-to-carrier rates. With our integrated platform, you can easily get a comprehensive view of market rates. This gives you the power to make smarter decisions about your shipping purchases.



# Shipwell Pricing Intelligence — accurate estimates, best rates, improved visibility

Pricing Intel

View Pricing Details

External Rates ⓘ

PRICING SOURCE

DAT Broker-to-Carrier Spot

DAT Low: \$X,XXX

DAT Avg: \$X,XXX

DAT High: \$X,XXX

Contract Pricing ⓘ

CARRIER

RATE ▼

|              |            |
|--------------|------------|
| Carrier Name | USD 500.00 |
| Carrier Name | USD 500.00 |
| Carrier Name | USD 500.00 |
| Carrier Name | USD 500.00 |
| Carrier Name | USD 500.00 |

Price Volatility: High

Tender Rejection: 95%

Austin, TX

Denver, CO

## Achieve greater pricing accuracy

Our advanced pricing intelligence tools utilize a diverse range of data sources to provide you with highly accurate estimates.

## Find the best rates for your shipments

Our intuitive tools simplify the process of finding the best rates and carriers for your shipments.

## Gain unparalleled visibility into your shipping rates

Track your historical rates and spot market trends to make informed decisions about your future shipping plans.

## Review historical lane insights (My Data)

Shipwell Pricing Intelligence gives you a comprehensive view of your own shipping history, so you can identify fair prices that align with your unique requirements.

**Carrier performance:** See how different carriers have performed on your shipments over time. This information can help you identify carriers that are consistently reliable and efficient, and those that may need to be replaced.

**Prior paid rates:** Compare your prior paid rates on the same lane to current market rates. This information can help you identify opportunities to save money on your shipping costs.

**Market trends:** Track market trends and see how they're affecting your shipping costs. This information can help you make informed pricing decisions and ensure that you're getting the best possible rates for your shipments.

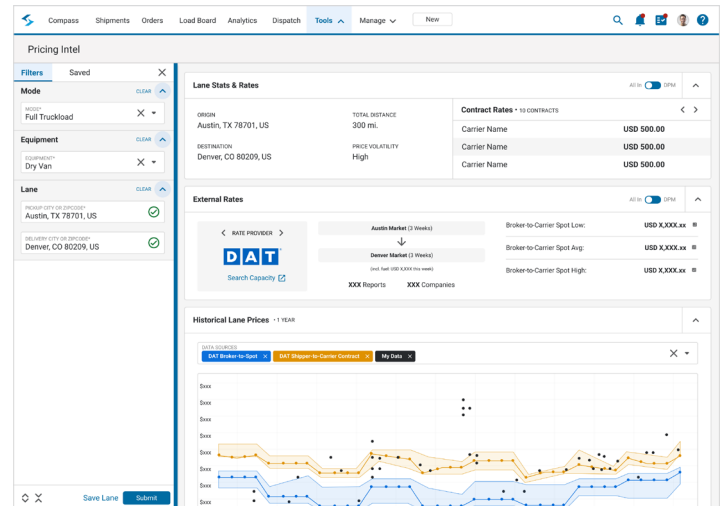
## Utilize analytics for benchmarking your contract rates and spot market variance

Shipwell Pricing Intelligence provides you with powerful analytical capabilities that can help you benchmark your contract rates against the overall industry's contract rates.

**Reprice your contracts:** If your contract rates are significantly above the market rate, you may be able to negotiate a better deal with your carrier.

**Switch carriers:** If your current carrier is consistently charging above-market rates, you can switch to a different carrier and save money.

**Negotiate spot rates:** If the spot market is lower than your contract rates, you can negotiate a better deal with your carrier on a spot basis.



## Ready to take the next step?

If you're still struggling to create your pricing strategy through traditional methods, it may be time to consider a better way. Request a personalized demo today to see how Shipwell's tools can help you develop a pricing strategy that scales.

[Get Demo](#)

