



**e2open**<sup>®</sup>

EBOOK

# Solving the New Imperatives for Freight Forwarders

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# Navigating through the pandemic

Everyone remembers back in 2020 when the Covid-19 pandemic hit. It was a scary time for the entire world but incredibly overwhelming for those working hard to keep global supply chains running. Not only were factories shut down, but ocean ports were congested, vessels sat offshore for weeks waiting to unload, capacity on ships and planes was scarce, trucking companies had to scale back, and rates were extremely high with no relief in sight. Thankfully, the forwarding industry had the expertise to navigate the murky water. Forwarders had forged personal relationships for years to pick up the phone or email a longtime partner and discuss the challenges of meeting their customer's needs.



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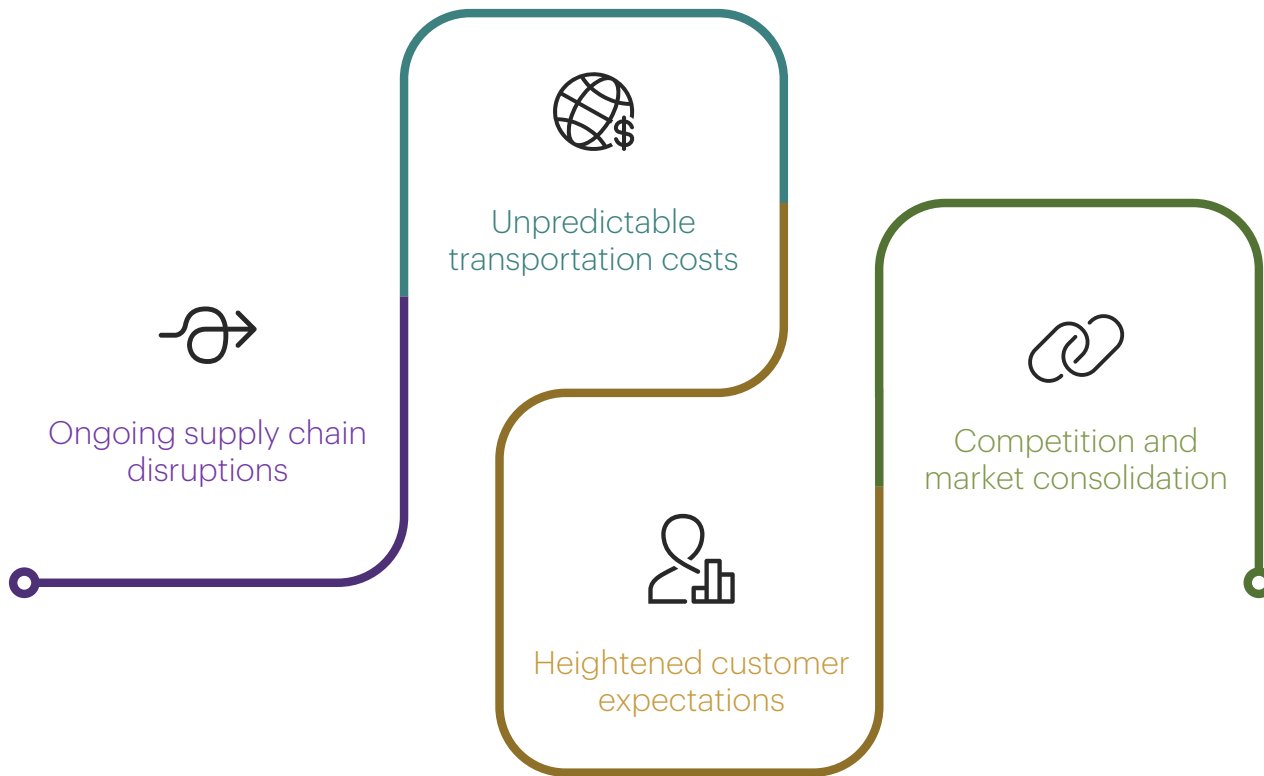
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# Addressing new challenges

The pandemic exposed the fragility of global supply chains. In response, freight forwarders had to adapt to ensure they could make it through the dark days and prepare themselves to remain competitive and thrive. This meant addressing their biggest challenges, including:



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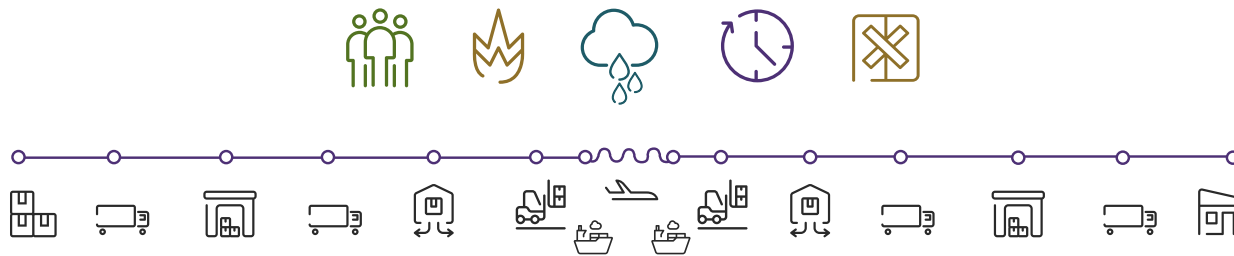
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# Managing ongoing supply chain disruptions

The ripple effects of the Covid pandemic have receded somewhat and global business operations have more or less returned to normal. However, there's no denying that the landscape for international shipping has changed, perhaps permanently. Covid may not be causing the impact now that it once was, but other factors are causing disruption in the supply chain. Geopolitical tensions, trade disputes, and changing trade policies affect international shipments, leading to uncertainty and potential business interruptions. Labor strikes and severe weather events can also cause delays in shipment delivery.

## Common Disruptions in a Shipment's Journey from Manufacturer to Destination



Freight forwarders need to navigate disruptions, manage delays, and find alternative routes and modes of transport to ensure goods reach their destinations. Fortunately, there are a few strategies that are key to ensuring that their supply chains are both resilient and agile:

- **Improving insight:** Freight forwarders with real-time visibility into shipments can be notified of delays impacting their delivery timelines and can make adjustments to meet customer delivery expectations.
- **Analyzing data:** Over time, analysis of shipping data can help forwarders determine where delays are coming from and adjust their operations accordingly.
- **Implementing optimization:** They can also use analytics to evaluate carriers and optimize routes more accurately.

Freight forwarders that focus on building resilient supply chains capable of quickly adapting to disruptions will be better positioned to mitigate the impact of unforeseen events.

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# Unpredictable transportation costs

Fluctuating fuel prices, regulatory changes, and capacity shortages can contribute to rising transportation costs, affecting profit margins for freight forwarders. Demand and supply imbalances can lead to capacity shortages, especially during peak seasons. This can result in higher transportation costs and difficulties securing available shipment capacity. Rising and falling spot rates due to market conditions can make it challenging for freight forwarders to provide accurate and competitive pricing to their customers. Dealing with price uncertainty is an inevitable by-product of working in logistics. However, as a freight forwarder, it can be especially challenging to provide superior service to the customer while keeping an eye on margins to remain profitable.



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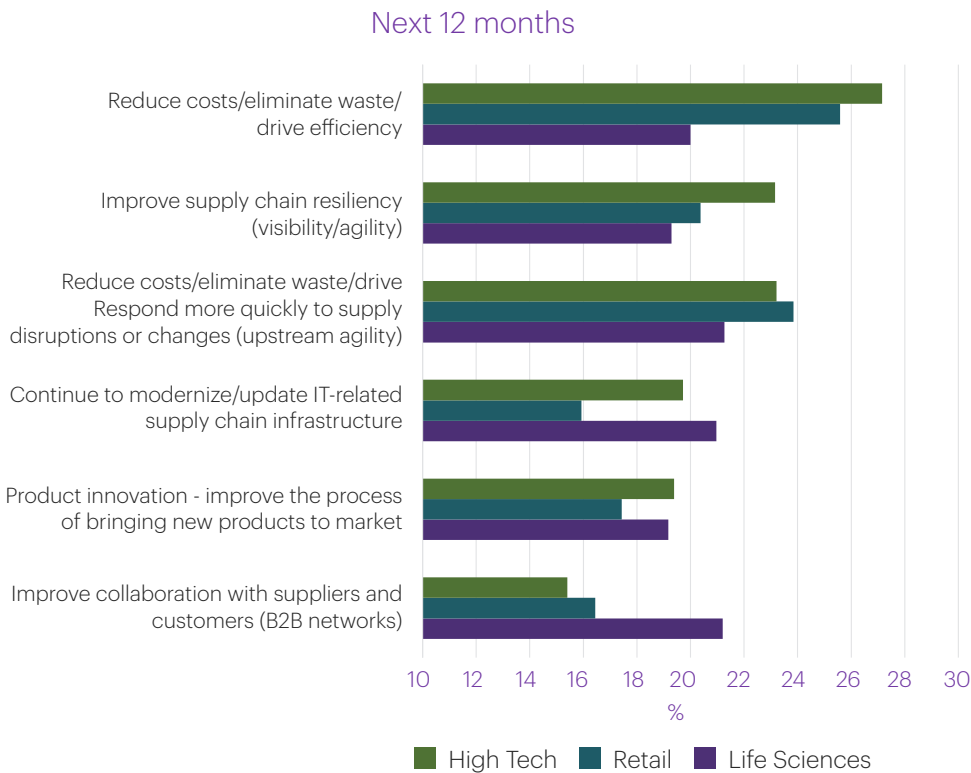
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# Customer expectations

Shippers and customers increasingly demand real-time visibility, quick responses, and transparency throughout the shipment journey. Meeting these expectations requires advanced technology and efficient processes. However, with much smaller budgets and thinner profit margins, freight forwarding companies need to maximize their technology investments to keep up with the standards that their competitors have set.

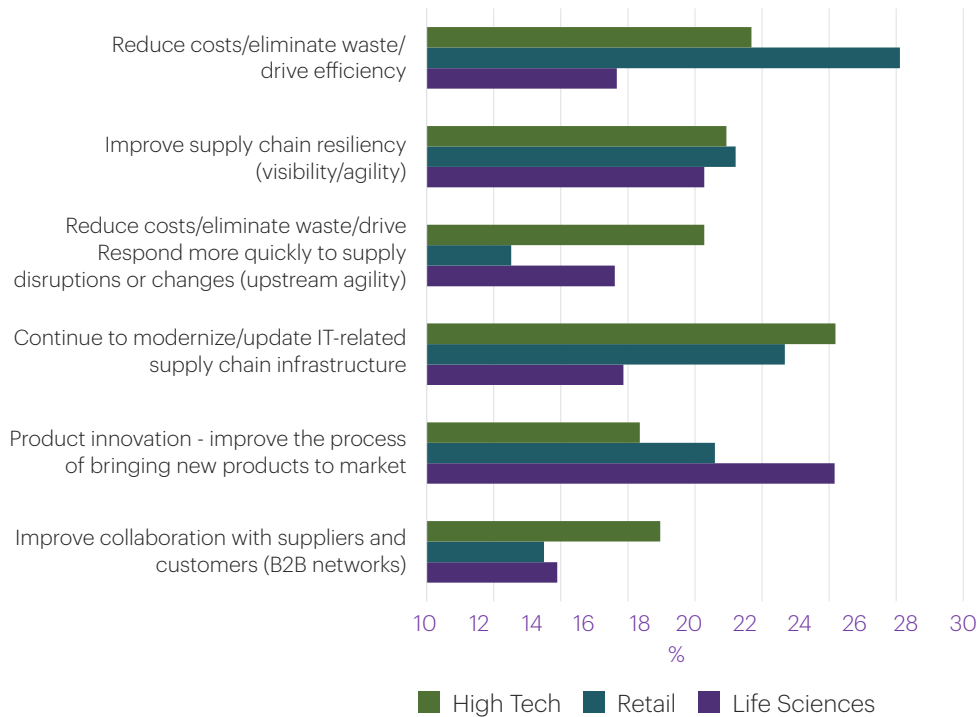
## What are the top three priorities for your supply chain over the next 12 months, and in the next 3 years? <sup>1</sup>



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1. Ellis, Simon. (2023). Extending Visibility and Collaboration with Multi-Enterprise Networks and Modern Cloud Applications. [Unpublished manuscript].

### Next 3 years



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Forwarders should implement a solution that gives their customers access to real-time data. By providing a portal to access their shipment information directly, companies can keep customers from relying on emails and calls. Not only will they feel more informed about their shipment status, but the freight forwarding team will save time by side-stepping the need for unnecessary updates.

Pressure to reduce the carbon footprint is prompting the logistics industry, including freight forwarders, to adopt sustainable practices. Customers are asking freight forwarders to find greener shipping options, and they need to be able to respond to those requests. Implementing environmentally-friendly initiatives may require investments and changes in operations.



## Competition and market consolidation

There is no shortage of competition in the freight forwarding market, largely due to the industry's low barriers to entry. On top of that, shippers typically see freight forwarding as a commodity, prioritizing speed and pricing over brand loyalty. Shippers also increasingly prioritize customer experience and digital solutions in finding a partner. Reputation and relationships alone are no longer enough to secure business in this industry. However, freight forwarders can stand out from competitors by combining that with digital advantages like real-time tracking and data analysis and the flexibility to meet individual customer requirements.

The industry is witnessing the emergence of new digital startups and tech-driven logistics players, which can increase competition. Additionally, there's ongoing market consolidation as larger logistics companies acquire more minor players. Freight forwarders need to overcome the trap of commoditization by differentiating their business. Many of the newer digital-first freight forwarding companies have a good handle on the tech and operations. However, they haven't developed the same connections and industry knowledge as their traditional freight forwarding competitors.



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# Focus on technology solutions

While technology offers many opportunities, adapting to digital tools, platforms, and systems requires investment and changes in operations. Successfully integrating new technologies can be challenging for traditional freight forwarders. As the industry becomes more technology-driven, there's a growing need for skilled professionals in data analytics, technology integration, and supply chain optimization. Finding and retaining this talent can be a challenge.

To optimize the use of technology for freight forwarders, companies should invest in a solution that automates manual tasks wherever possible to shift some of the burden off of their employees. By cutting out repetitive work, freight forwarders can reduce the need to recruit more employees whenever they gain a new customer. Digitizing processes can also allow employees more flexibility, leading to a happier workforce.

Recent [studies](#)<sup>2</sup> show that more and more freight-forwarding customers are booking online through an app or a portal, which allows the data to be sent to the forwarder electronically. Once the forwarder has received the booking information, the forwarding staff should utilize a best-in-class freight-forwarding solution that uses business rules to help them provide better customer service. Newer employees may not have the experience of the seasoned freight forwarder workforce; therefore, solutions need to be more advanced and intuitive.

Ideally, freight forwarders need an application that makes it possible to see:

- Every combination of transport and the best way to route a shipment with schedule options
- Cut-off dates to alert them when the freight must be delivered to make the truck, vessel, or plane in a single view while still considering the individual customer preferences
- The cheapest, fastest, or greenest way to move the freight helps in decision-making.

Discover how Leschaco improved the customer experience with TMS automation. **Watch video** →

2. American Journal of Transportation. "ECU Worldwide Launches Industry Study on 'Future of Digital Freight Booking.'" July 19, 2023. [<https://www.ajot.com/news/ecu-worldwide-launches-industry-study-on-future-of-digital-freight-booking>]

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# The future of freight forwarding

Freight forwarding is undergoing a significant transformation, driven by technological advancements, changing consumer behaviors, sustainability considerations, and global economic shifts. To remain competitive and successful, freight forwarders must navigate these challenges by adopting innovative technologies, enhancing operational agility, focusing on customer satisfaction, and developing strategies to mitigate risks and disruptions. The savviest freight forwarders are being strategic with their technology investments.

Learn more about how freight forwarders can protect their profit margins and deliver exceptional service to their customers.

[Download solution brief](#)



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## About e2open

E2open is the connected supply chain software platform that enables the world's largest companies to transform the way they make, move, and sell goods and services. With the broadest cloud-native global platform purpose-built for modern supply chains, e2open connects more than 400,000 manufacturing, logistics, channel, and distribution partners as one multi-enterprise network tracking over 12 billion transactions annually. Our SaaS platform anticipates disruptions and opportunities to help companies improve efficiency, reduce waste, and operate sustainably. Moving as one.™ Learn more: [www.e2open.com](http://www.e2open.com).

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