

4th Quarter ChainLink 2020

2021: A DIGITAL DECK THE HALLS



Shippers and retailers face a peak season with historic demands:

- Traditional Holiday Peak converges with elevated e-commerce demand due to COVID-19.
- Many supply chains are still off-kilter.
- Parcel networks have been overwhelmed since March.
- Warehouse space is severely constrained.

The clock is ticking. Is it too late to get your holiday house in order? Not necessarily.

Our Supply Chain Master shares his insight for solving the immense challenges heading into 2021.

[READ MORE](#)



Supply Chain Masters Series

TransportationInsight
Your Supply Chain. Mastered.

SUPPLY CHAIN MASTERS DIGITAL EVENT SERIES

Our Supply Chain Masters share industry insight to help you control cost and improve service across your supply chain. Watch on-demand:

- **Tame the Bullwhip:** Manage the Demand Waves
- **Supply Chain Visibility:** Drive Growth and Manage Cost
- **The Logistics Dilemma:** Insource vs. Outsource

Register for our next digital event, connect directly with our experts and solve your supply chain challenges.

[CONTACT A SUPPLY CHAIN EXPERT NOW](#)

[LET'S TALK](#)



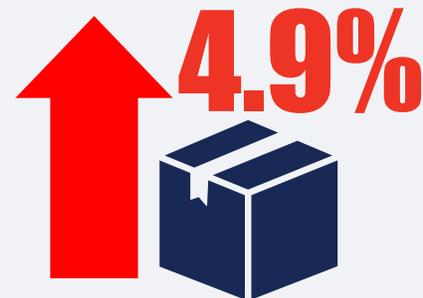
ARE YOU READY FOR PEAK SEASON?

Our Parcel Masters address challenges emerging this peak season and identify strategies to help you protect profit and customer experience.

- Move your peak forward, manage capacity risk.
- Make sure you are getting charged correctly.
- Leverage multiple carrier relationships.

Watch the webinar for strategies to improve transportation cost control this peak season.

[WATCH THE WEBINAR](#)



PARCEL

TRUE PARCEL RATE IMPACT EXCEEDS GRI

GRI announcements from FedEx and UPS (looming) do not reflect the true impact of new parcel service charges like additional handling, Delivery Area Surcharges and Residential Delivery charges. Longer zones have larger increases than shorter zones, and a 6 percent late fee from FedEx creates new risk.

[READ MORE](#)

TransportationInsight
Your Supply Chain. Mastered.

4th Quarter ChainLink 2020

NEW COST RISK EMERGES IN FEDEX 2021 GENERAL RATE INCREASE

FedEx Express (Domestic, U.S. Export and U.S. Import), FedEx Ground, and FedEx Home Delivery shipping rates will increase by an average of 4.9 percent. FedEx has increased these rates 4.9 percent every year since 2007. FedEx Freight will increase rates by an average of 5.9 percent.

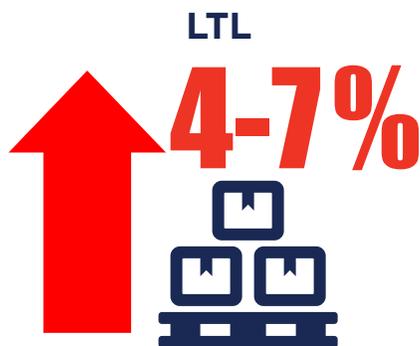
These are among changes effective Jan. 4, 2021:

- Institute a 6 percent late fee to U.S. FedEx Express and FedEx Ground customers who don't pay their invoice within their agreed upon payment terms
UPS implemented this fee in 2003.
- New \$16 Additional Handling Fee for packages where dimensions are greater than 105 inches in combined length plus girth (length and girth = length + 2 x height + 2 x width).
- Additional handling charge for weight increases 6.25 percent to \$25.50.
- Additional handling charge for packaging increases 7.7% to \$14.
- DAS for Home Delivery is up 7.5 percent from \$4 to \$4.30.
- Oversize charge for Home Delivery has increased 8.3 percent from \$120 to \$130.
- Residential Delivery charge for Home Delivery charge increased 8.75 percent from \$4 to \$4.35.
- The ground minimum package charge (zone 2, 1 pound list rate) has increased by 6.44 percent to \$8.76.
- 2 Day and Express Saver (3 day) shipments will take larger increases.
- Longer zones have larger increases than shorter zones for Express services.
- Surcharges have increased by more than the announced 4.9 percent for those most commonly applied.



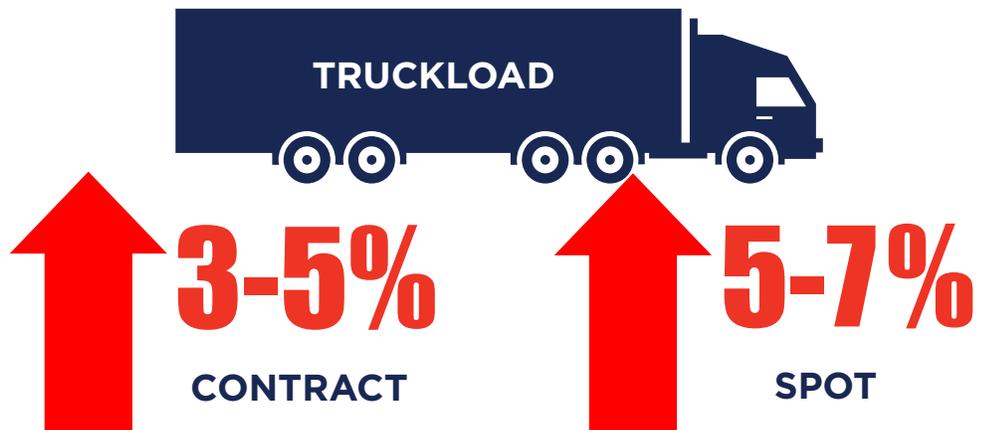
Even though the GRI is 4.9 percent, your true rate increase is somewhere between 8 percent and 4.9 percent depending on usage of these additional services. This is the type of analysis Transportation Insight provides to our clients. Every year a GRI report is generated for our clients to aid in understanding the impact these rates will have on their transportation spend.

RATE PREDICTIONS TO SUPPORT YOUR SPENDING MANAGEMENT



Tight capacity is compelling proactive rate increases by carriers. Service challenges persist with on-time percentages in decline. Focused on revenue quality, some carriers are restricting certain freight.

[READ MORE](#)



Expect rate increases fueled by increased demand and capacity constraints illustrated by unseasonal increases in load-to-truck ratios driving rate increases. Rising insurance premiums create add upward rate pressure. Some carriers are renegotiating contracts, and rate tender rejections are increasing.

[READ MORE](#)

4th Quarter ChainLink 2020

FEATURED STORIES



YOU SHIPPED IT. DID IT MAKE MONEY?

Racing to meet customer demands for delivery speed, service and choice, even high-volume shippers can lose a lot of money.

How do you monitor order profitability?

Read “You Shipped it, but ... Did it Make Money?” and access strategies to protect profit for every order and every customer you serve.

[READ MORE](#)



JOIN THE BOPIS REVOLUTION

Buy Online Pick Up In Store fulfillment is increasingly important in the new never normal e-commerce space.

The devil is in the execution.

Open “BOPIS Revolution: Navigating the New Never Normal” for insight on service evolutions that help you always meet customer expectations.

[READ MORE](#)



SME ROUNDTABLE: BOPIS-WHAT'S AT STAKE?

Our Supply Chain Masters discuss ways retailers and suppliers can deploy flexible supply chain solutions and respond to emerging consumer demands for final delivery service.

Watch the webinar today for a deep dive into our experts' insight on the BOPIS Revolution.

[WATCH NOW](#)

INTERNATIONAL FORECAST



AIR FREIGHT

After a demand spike for China's Golden Week, expect air freight rates to stabilize. While e-commerce volume and peak season bring Q4 uncertainty, a lot of retail shipments can't move by Air Freight due to costs. Expect rates for service between China and the U.S. to be \$4-\$6 per kilo heading into 2021.



OCEAN RATES

The Ocean Shipping Alliances' response to COVID-19 revealed that vessel operators figured out how to manage supply during severe demand fluctuations. They have exhibited remarkable discipline in managing rate increases that have led to an 80 percent jump in year-over-year rates from Asia to U.S. West Coast. If this continues, major importers will need contingency budgets.



TRADE AGREEMENTS

Plaintiffs representing diverse industries are suing the U.S. Trade Representative (USTR) for relief from China 301 tariffs. They won't likely get complete relief, but their actions demonstrate that businesses won't sit idle when trade laws are put in place, as they argue, without warning.



The closer you get to the automotive industry, the greater the impact of the U.S.-Mexico-Canada Agreement (USMCA). Companies thinking changes are minimal from NAFTA have been surprised by penalties if they have not updated documentation to execute cross-border entry.

4th Quarter ChainLink 2020

INDIRECT SPEND TRENDS

44%
RESIN PRICES

20-25%
POLY-PRODUCT
COSTS

Four consecutive months of resin price increases is driving up cost of stretch film, bubble mailers, and poly bags.

STEEL PRICES



Expect price movement on Maintenance, Repair and Operational supplies in 2021.

6-8%
CORRUGATED



Despite a 4Q push for price increases on corrugated and linerboard, a price increase is unlikely before 2021.

**PPE/SAFETY
EQUIPMENT**



Demand and availability of PPE and safety products will continue to escalate prices into 2021 as COVID-19 impacts persist.

EXPERTS DISCUSS RATES, ANALYZE MARKET

Join industry experts for a roundtable discussion on transportation rate changes and trends that will affect your cost control in 4Q and 2021.

- Spot and Contract Truckload Market Analysis
- LTL Carrier and Service Environment
- Parcel Rate Impacts and Capacity Challenges
- Emerging Cost Drivers for Secondary Packaging

Our SME Roundtable on Thursday, Oct. 22 takes a deep dive into the forces affecting the transportation environment to help you adjust your supply chain strategy.

Space is limited. Register for the webinar to access exclusive insight.

REGISTER NOW

MAP YOUR SUPPLY CHAIN TO CONTROL COSTS

GET STARTED

Organizations focused on controlling costs must remove supply chain variability that impedes their ability to balance production capacity with inventory. Without a clear understanding of every element in the end-to-end supply chain, it's impossible to identify efficiencies and opportunities. That's why we are helping companies re-set their supply chain by offering unprecedented visibility.

Within 24 hours of your consultation, we provide a one-page report that includes:

- High-level mapping of network flows and processes
- Review of end-to-end supply chain - not just transportation
- Identified gaps that lead to future operational and financial risk

Master your supply chain with an actionable map for mitigating risk - focus on managing your business through disruption.



Your Supply Chain. Mastered. We have the team, the tools and the technology to unlock the power of your supply chain so you can realize value today and drive growth tomorrow.

ChainLink R1 10/12/2020

- 877.226.9950
- www.transportationinsight.com
- info@transportationinsight.com
- 310 Main Avenue Way SE
Hickory, North Carolina 28602