



2022 State of Freight Procurement Report

An indepth analysis of key trends, hurdles and opportunities among the freight procurement industry as it moves into 2022



Introduction

Few stakeholders within the freight procurement industry will be saddened that 2021 is in the rearview mirror. From sky high primary tender rejection rates and costs, to coping with the ongoing fallout of the COVID-19 pandemic, 2021 was one of the most challenging years in the history of freight procurement – and logistics more broadly.

These challenges have caused a shift in how the industry operates and strategizes. Much maligned in years past for being slow moving in terms of technology adoption and overall modernization, COVID has forced the freight procurement industry to hit warp speed on their digital transformation and process optimization. This means the stage has been set for what could be one of the most hectic and innovative years yet for transportation teams across the globe.



This paper examines how the COVID-19 pandemic has impacted the freight procurement industry, what key trends exist within the space today and ultimately what lays ahead for 2022.

In order to garner statistically sound results, 300 freight procurement decision makers and influencers were surveyed. To qualify, the respondent needed to:

- work at a manufacturer, retailer or distribution center with an annual freight spend of \$100M+
- have a job title of C-Suite, SVP or VP/Director
- belong to Executive, Finance/Procurement, Supply Chain/Transportation or Digital Transformation/Innovation team

Each respondent answered a series of 15 questions related to freight procurement management. The results uncovered the following high-level findings:



INCREASE BUDGET

Most shippers plan to increase freight procurement budgets with many expecting a significant increase.

IMPROVE OPS

Most shippers see a need to improve freight procurement operations.

USE AUTOMATION

Automation is a major priority for shippers in 2022.

ELIMINATE WASTE

Freight brokers remain a common hurdle for shippers.

USE REAL-TIME DATA

Most shippers use real-time data to make important decisions, while others rely on market averages or historical data.

INCLUDE IN COGS

Unlike years past, freight procurement is now central to COGS planning.





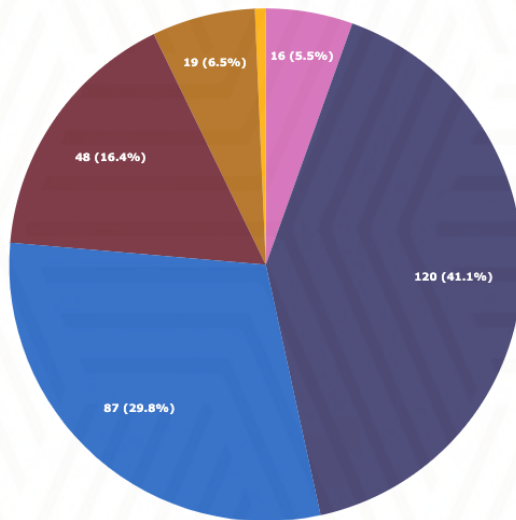
97% of Respondents Plan to Raise Freight Procurement Budget with 52% Increasing by 25% or More

97% of shippers say they plan to increase their freight procurement budget in hopes of **better managing capacity, increasing agility, bolstering cost management and delivering better overall results**. 29.8% said they will increase their budget by 26-50% in comparison to 2021, while 16.4% plan an increase of 51-75%. Lastly, 6.5% said they plan to see their budget

increase by 76-100% over last year, indicating a significant change or overhaul in the way they procure freight.

How much do you expect your freight procurement budget to grow by in 2022?

0-10% increase 11-25% increase 26-50% increase 51-75% increase
76-100% increase >100% increase



These findings illustrate just how competitive the freight procurement space has become over the last 18-24 months. Some shippers have ramped up their transportation budget because they experienced massive budget overages in 2021 and anticipate similar freight market conditions for 2022. While other shippers

have plans to invest in innovative technology that automates a static tender process to mitigate rising truckload cost and empower their transportation teams to avoid costly spot market or need for freight brokers.

Nearly 100% of Respondents Have Seen A Need to Improve Freight Procurement Operations



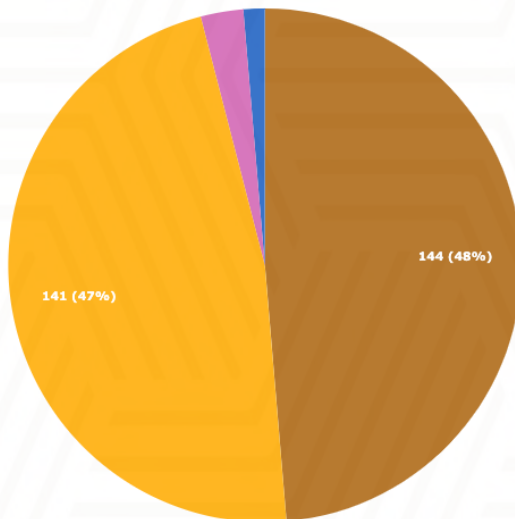
After years of relying on antiquated technology and highly manual processes, this year's study found a **significant shift amongst shippers to boost infrastructure and decision-**



making prowess. In fact, nearly all respondents (289 out of 300) said they have invested in new technology or strategies to optimize freight procurement performance since the pandemic began. And with that, 95% say their freight procurement operations have either significantly improved or somewhat improved.

How would you describe freight procurement operations since pandemic started?

● Somewhat improved ● Significantly improved ● Unimproved ● Regressed



For years, freight procurement was largely an afterthought for many C-Suites – even at the large shipper level. As the pandemic unfolded, many shippers struggled to deliver goods on time at a fair market price. Decision makers outside the transportation team started to take notice of budget overages and poor customer service. The transportation

team began to realize they could no longer stick with the status quo, making freight procurement upgrades a necessity.



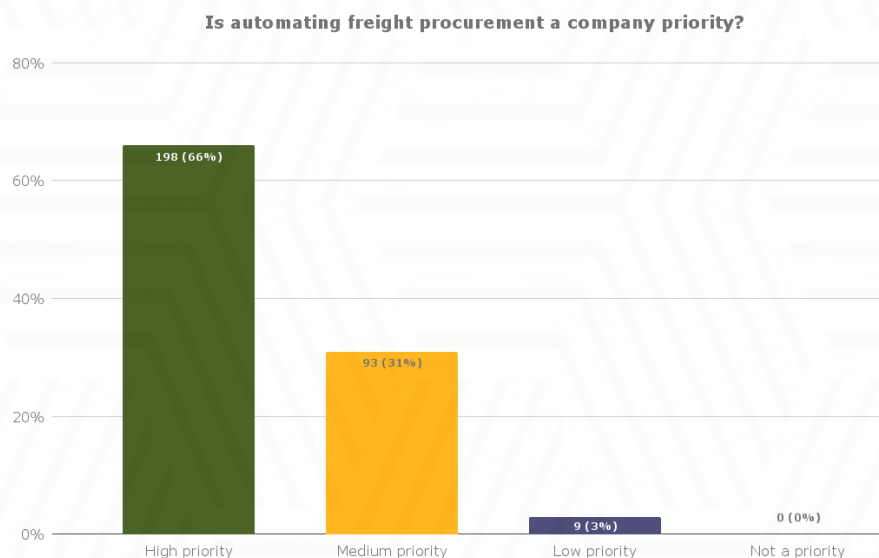
Automation Top-Priority for 2022 Freight Procurement

With AI and automation at the forefront of the technology world, it isn't surprising to see logistics companies also looking to take advantage of these advancements. As the freight procurement world continues to speed-up, **having an automated workflow went from a nice to have to a must have.** Which is why, 97% of respondents said that automating a static freight procurement process has become a high or medium priority for their company.

For years, shippers have relied on a static tender process when seeking alternate carriers



for loads rejected by contract carriers. Shippers no longer have the luxury to wait hours to secure an alternate— especially if they are trying to meet agreed upon OTD. Instead of



waiting hours on a manual process, AI-powered technology fully automates the sourcing of compliant carriers in real-time saving transportation teams time and money. With these advancements, shippers configure custom load attributes upfront and then smart automated technology dynamically sources the perfect, asset-based carrier for that moment in time, which also **aids sustainability efforts by reducing empty miles.**

Brokers Remain Primary Success Barrier With Outdated Technology & Processes Close Behind

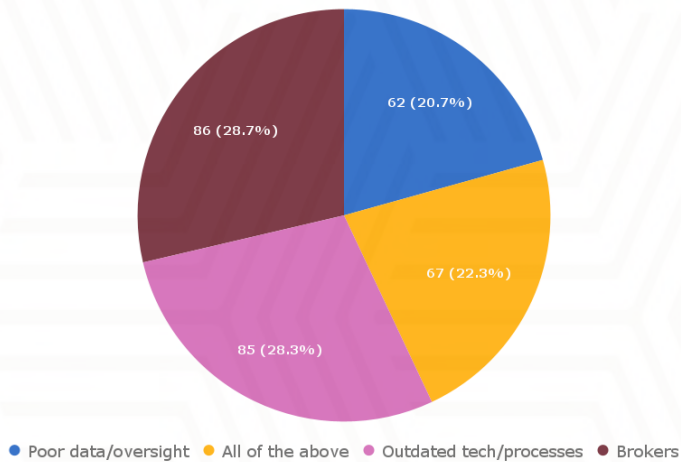


The relationship between shippers and brokers has long been strained. Renowned for a lack of transparency, along with high costs and delays, brokers have been a perennial pain point for shippers. Therefore, 28.7% cited brokers as the biggest barrier to freight procurement success. Shippers have grown tired of the broker blackbox. With automation and data-driven decisions paving the way to success, 2022 could be the year where shippers reach a tipping point and opt for tools that eliminate the need for brokers, resulting in better results for themselves and their customers.

In addition to brokers, many shippers also stated that poor data and insights, along with outdated technologies and processes play a key role in whether the transportation team will be successful.



What is the biggest barrier to drive freight procurement success?



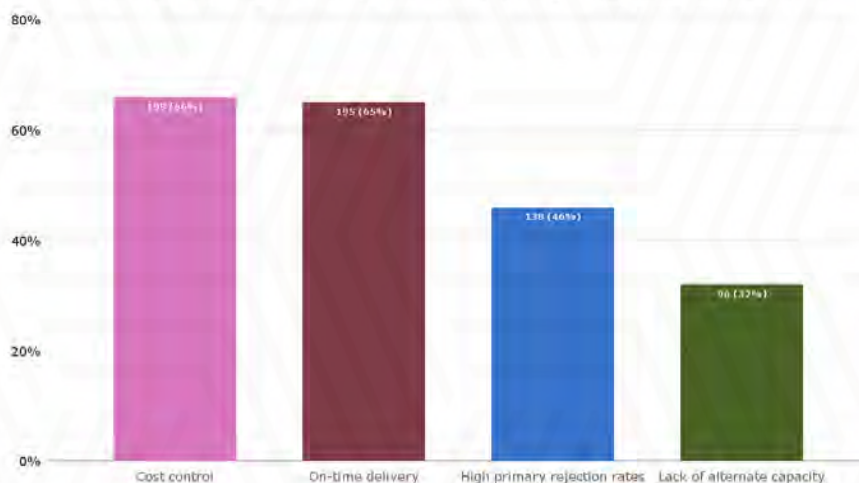
Cost Control and On-Time Delivery (OTD) Most Recurring Issues



Since COVID began, shippers have been forced to juggle multiple fire drills at once– and often for extended periods of time. Respondents cited multiple issues, but listed cost control

(66%), on-time delivery (65%) and high primary rejection rates (46%) as the most frequently recurring issues. With thinning margins, cost control weighs heavily on minds.

What are the biggest recurring freight procurement challenges (you can list more than 1)?



Unfortunately, truckload costs will continue to climb, until contracted carriers level-set pricing. Until then, contracted carriers will reject loads pushing freight into the costly spot market, resulting in higher prices and poor service (OTD).

AI-powered technology and real-time truckload data, will be instrumental to help freight procurement teams **uncover resilience, sustainability and cost reduction opportunities.**



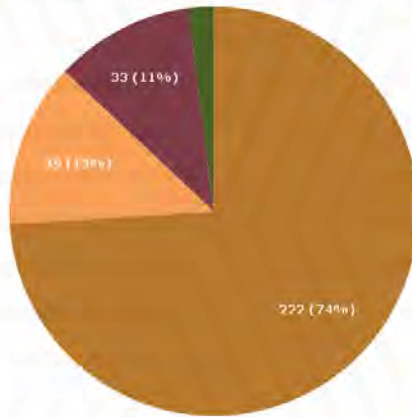


26% of Shippers Do Not Have Real-Time Data

Amid the surge of companies that are prioritizing automation and increasing freight procurement technology spends, 26% of shippers admit to not making decisions based on real-time data. Of those who said they don't use real-time data, 13% said they rely on market averages from DAT and Freightwaves, while 11% utilize historical data, and 2% rely on both market averages and historical data.

Does your company rely on real-time data, market averages or historical data to make important freight procurement decisions?

Real-time data Market averages (DAT/Freightwaves) Historical Market avg & historical



Despite most of the industry adopting real-time data in some way, a quarter of the largest shippers today still lack real-time insights which are considered the lifeblood of business intelligence. As we press into 2022, it will be imperative that shippers have real-time data so they can react appropriately to freight market fluctuation. Otherwise, shippers lack the resources

needed to quickly **uncover fair market cost per load and large cost reduction opportunities**. Unfortunately, there are many freight procurement partners that don't share data, so to gain a complete 360-degree view on truckload activity, shippers will need to demand 100% data transparency from all partners.

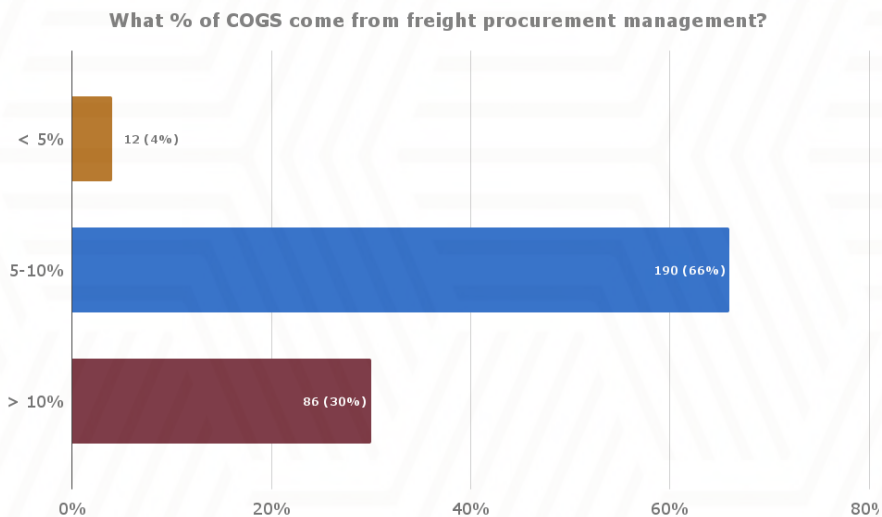
Logistics Now Central to COGS



Traditional supply chain elements, such as manufacturing, materials and labor costs, have



always been a big piece of the company COGS equation. However, transportation has historically been overlooked until now. As the world became more connected and the transportation team slowly began to unsilo itself, freight procurement found its way into board meetings and part of COGS planning, especially as executives set out to uncover sustainability, resilience and cost reduction opportunities within the supply chain.



96% of respondents said they now include freight procurement/transportation management in COGS planning. In addition, 30% said freight procurement/transportation management accounted for more than 10% of their total COGS.

###





We are the leader in freight procurement
automation.

www.sleek-technologies.com