

HUB GROUP KEEPS YOU AHEAD OF THE PACK DURING PEAK SEASON



**HUB GROUP FULLY FLEXES ITS STRENGTHS
DURING PEAK TO SUPPORT CUSTOMERS.**



**Hub
Group**

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INTRODUCTION

Some shippers cringe at the mere thought of peak season, and it's no wonder why: Retailers and CPG manufacturers have a lot riding on peak running smoothly, and the season turns up the heat on nearly every shipper in North America. About 70% of Hub Group's customers are in retail or CPG, and we carefully and strategically prepare for peak—as we do for other planned events—to bring all customers effective solutions and peace of mind.

COMMUNICATION IS KEY

Hub Group starts modelling for peak season in Q1. Why do we begin so early? We look to shield our customers from the unpredictability of the marketplace, especially with the variability in peak seasons from year to year. Any sudden moves in the supply or demand curves in the industry can send ripples through the supply chain. This can cause capacity to be in short supply and available only at a premium—or worse, make it difficult to meet customer expectations.

For 2016-18, industry data tells three entirely different stories of how the marketplace reacted. Although 2017 had a strong, yet predictable peak season, it was bookended by two years with surprising activity. In 2016, a recessionary year for logistics, the market saw minimal activity and less-than-seasonal trends during peak season. Then came 2018: The market started hot, cooled off after summer peak and then hit a surprisingly early peak season that stayed strong through the remainder of the year.

The American Association of American Railroads' Weekly Intermodal Volumes chart (shown here) further illustrates a significant gap between the 2018 and 2016 peak seasons.

How do you plan for these kinds of variances? Hub Group augments industry forecasting and analytics for predicting peak season with the very human tactic of communication. Talking with each of our customers helps us understand their specific peak season needs and deliver customized peak solutions.

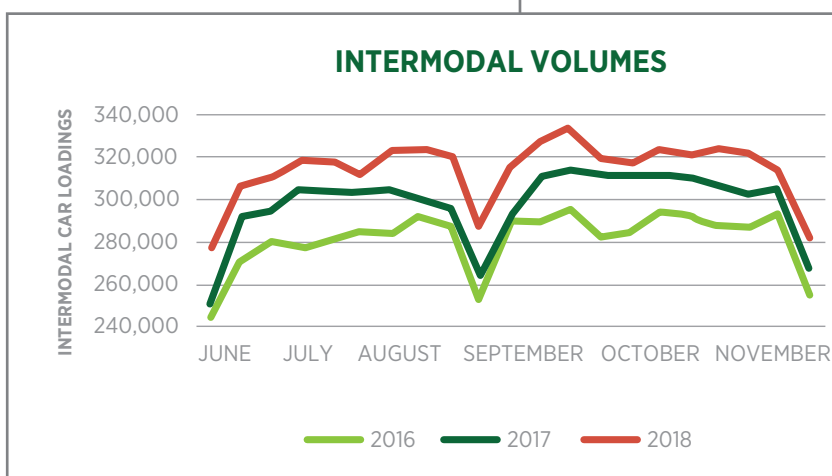
Based on forecasting data and our customers' needs, Hub Group engineers the network to maximize capacity availability and pre-commit equipment to customers. The quality and consistency of the forecasting is a crucial ingredient in the success of peak season and can make or break a customer's ability to secure capacity.

ASSET-BASED AND FOCUSED ON SERVICE

As one of the leading asset-based supply chain companies in the world, we take the ability to source capacity for our customers very seriously. We've made significant investments in developing and managing the second largest private 53' container fleet in North America, which is supported by a nationwide, company-controlled drayage network.

No single carrier can alone meet most shippers' needs. By blending our deep carrier base, our buying power with asset-based capacity and the industry's top providers, and our strong supply chain solutions, we can agilely deliver for our customers.

Leading up to peak season, a critical component to our planning is using forecasted customer volume to lock in capacity with long haul and drayage providers across North



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America. The strong industry relationships we have built over the past 50 years work to our advantage. Our core carriers, for instance, size their fleets and go to other great lengths to meet our needs.

We also leverage the commitments we give our drayage providers to, in turn, gain surge capacity commitments from them to support peak season. Market-level customer volume forecasting helps us plan the surge capacity we need to gain from our own drayage fleet, as well as our network of core carriers. Our strategic core carriers increase recruiting efforts to ensure they meet our customers' surge demand.

For our brokerage customers, we align carrier commitments to our forecasted volumes across our network well in advance, helping us hold rates steady as the market tide begins to turn. With pricing volatility in the spot market creating double-digit price increases between contracted and transactional support, pre-committed capacity and pricing mitigate the potential for premium over-the-road shipping rates.

ENSURING QUALITY AND PRECISION

Hub Group develops an action plan and meets regularly to adjust plans as needed. One of the adjustments we typically make each season is increasing staffing in our operational and customer service teams. This is an important part of our preparation to keep customer service levels high and maintain responsive, 24/7 coverage.

We also hold meetings with stakeholders critical to the success of our plans. We meet with each rail partner to outline a strategy that carries our capacity commitment to the maximum potential and reduces bottlenecks in major markets. Our top drayage and truck brokerage providers are engaged to establish expectations and communications channels.

During peak season, we hold daily meetings to keep up with and project market changes. This allows us to quickly craft and execute plans that hold us to our peak season plans with each customer. We focus on delivering end-to-end visibility by leveraging our advanced technology that utilizes machine learning and artificial intelligence to drive increasingly accurate ETAs to our customers. When customers require capacity, we flex our strong relationships with both carriers and rails to secure spot capacity when and where each customer needs it.

CONTROL BOTH SIDES OF PEAK SEASON WITH HUB GROUP

Shippers control peak season—not just with how much they surge, but how they act and plan for those surges with their providers.

Take capacity balancing and other creative capacity solutions, for instance. Identifying shipping lanes that help balance a provider's network, especially in markets that are significantly impacted by peak season, could result in cost savings and higher volume allocations. This approach minimizes cost exposure during peak season and may increase the likelihood of carrier cooperation as capacity tightens. With Hub Group's multi-modal solutions, as the truckload market tightens, we can transition to other sources of capacity such as intermodal to meet our customers' demand.

Communication, customer alignment and forecasting are three keys to success that we espouse during peak. By working strategically and collaboratively with our customers, we can help them extract the best value.

Peak season is a critical time during which Hub Group sets itself apart from the pack. Our success, however, is based on how well we deliver for our customers—and that's why our focus has been, and always will remain, on contributing to our customers' success. Whether future peaks mimic the frenetic pace of 2018 or present unique industry hiccups, we're ready.



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