



Point to Point

IN THIS ISSUE



1 IN THE AIR: Debunking the expensive myth of air shipping (with examples)

2 ON THE GROUND: Road vs Rail: Which is right for you? Plus, tips for meeting retail compliance deadlines in 2017

3 ACROSS BORDERS: Logistics solutions for crossing the Mexico border and through the Panama Canal with ease

4 ON THE DOCK: 4 easy tips to help avoid late deliveries in your supply chain

Logistics insights provided to you by **AVERITT**

DEBUNKING THE EXPENSIVE MYTH OF AIR SHIPPING

In terms of cost-efficient expedited transportation, most shippers tend to avoid the possibility of utilizing air services.

However, the “elites-only” reputation of air cargo shipping is no longer warranted in today’s modern supply chain. In fact, expedited air transportation, in many cases, can outperform ground service in both cost and speed.

Let’s look at a few reasons why you shouldn’t immediately disqualify air transportation from your logistics planning.

INVENTORY CARRYING COSTS

The time that a shipment spends in transit can impact production and finances for you and your customer. For instance, if your customer’s production is stalled until a replacement part arrives, each hour of downtime will take its toll on their bottom line.

This is where expedited air services can truly save the day. Ground transportation, expedited or not, generally takes longer than air does – especially over long distances. The time difference between air and ground

can equate to huge financial losses for businesses that run on stringent production schedules.

SHIPMENT COSTS

The distance that your shipment needs to travel will impact the transit time and cost when you compare ground with air services. A plane can travel across the country in less than a day and requires fewer man-hours. A truck will take two or more days, depending on whether it is driven by a single driver or a team. The longer a truck is on the road—compounded by the number of hands needed—can easily lead to higher overall costs than shipping cargo by air.

UNAVOIDABLE OBSTACLES

The origin and destination of your shipment will play heavily into the economics of expedited transportation. Trucks are more easily hindered by obstacles that can cause delays, including

congestion, weather and road closures. The greater the distance a shipment has to travel, the greater the risk of delays. Planes, however, bypass all of the possible bumps on the road below.

EXPEDITED AIR CARGO EXAMPLES

To better illustrate the opportunities you may find with expedited air cargo services, consider the shipping examples at right.

In the example at top, you can see how the distance the shipment travels plays an important role in expedited transportation costs.

This particular shipment needed to reach a customer that requested an emergency product fulfillment just in time for a festival.

These examples show that sky-high service will not always include a sky-high price tag. When you’re up against the clock and seeking an expedited transportation solution, make sure you ask your service provider to see if air could

NEXT DAY

Weight: 200 lbs	Dimensions: Pieces 8 13x10x24
Origin: Gallatin, TN	Destination: Auburn, WA
Arrive By: 12:00	Total Distance: 2,469 miles
Estimated Cost Comparison of Ground vs. Air	
Ground Cost: \$3,420.00	Cargo Air + Ground Delivery: \$415.00

HEAVY WEIGHT CARGO 2 OR 1 DAY

Weight: 900 lbs	Dimensions: Pieces 1 40x48x25
Origin: Houston, TX	Destination: Brooklyn, NY
Arrive By: 17:00	Total Distance: 1,646 miles
Estimated Cost Comparison of Ground vs. Air	
Ground Cost: \$3,150.00	Commercial Air: \$2,400.00

outperform ground. You could end up saving money and time – and even impress your customers. **PtoP**

RAIL OR ROAD: THAT IS THE QUESTION

It's a variation on a classic children's math problem: "If a freight train traveling 50 mph and a truck traveling 65 mph leave at

the same time, where will your freight be tomorrow morning?"

The decision of whether to ship freight by rail or road can be puzzling. For that reason, we've compiled an introduction to the differentiations between rail and road shipments.

THE ENVIRONMENTAL FACTOR

According to the Association of American Railroads, trains are up to four times more fuel efficient than trucks.

Not only do they consume less fuel, but they also reduce the strain of traffic on roadways and air pollution.

CONSIDER THE TIME

In our "immediate need" world, most of your shipments are bound by tight deadlines and delivery windows, and rail transportation hasn't been known for its speed.

However, increased efficiency, planning and technology have actually made rail service transit times comparable to road transportation on the average. Additionally, strategic planning on the shipper's part increases the ability to offset potential transit delays when moving freight by rail.

Interested in learning more about the price and transit differentiations between road and rail transportation? Download our free comparison chart! AverittExpress.com/road-vs-rail



FINANCIALLY SPEAKING

For businesses that ship large amounts of products across the country or even to or from Mexico, rail can considerably reduce overhead costs. Additionally, trains don't require as much fuel as trucks do over long distances. Fuel surcharges move up and down with market prices and don't affect rail freight as much as they do road transportation.

THE LIMITATIONS OF INFRASTRUCTURE

Though there are numerous rail hubs that are located near metropolitan areas, much of the U.S. and North American rail system lacks the footprint that standard less-than-truckload and truckload carriers can provide through the highway system.

However, location won't dictate whether or not a business can find benefit from the use of rail service within its supply chain. In fact, most businesses that ship in volume, regardless of location, can incorporate a smart supply chain strategy that involves rail.

THE INTERMODAL TRANSPORTATION MIDDLE GROUND

While both modes of transportation have their pros and cons, they tend to work logistical magic when paired together. Intermodal transportation, or the blend of multiple modes, allows shippers to take advantage of the positive aspects of each service.

For example, a shipper can often save money on a coast-to-coast shipment by working with an intermodal transportation provider to move their goods by rail the majority of the distance. When the container arrives at a rail hub, the carrier will pick up the container on flatcar (COFC) and either transload the freight to a trailer at their facility for delivery or dray the container direct to the customer's facility for processing there. **PtoP**



THE SHAPE OF RETAIL COMPLIANCE TO COME

INCREASING DEMANDS & TIGHTER DEADLINES

Last year, Target did away with its traditional multi-day delivery window and adopted a strict single-day requirement. In the coming months, Walmart will also be increasing its compliance standards as it reduces its four-day delivery window to just two days, as well as increasing its compliance rate from 90 percent to 95 percent.

With potential chargeback fees that are generally a percentage of the cost of goods, suppliers will need to begin preparing (if they haven't already) to identify weaknesses in their current practices and working with their transportation providers to ensure they are ready to meet increasing demands.

Many suppliers are asking themselves why they are being challenged to meet increasing industry requirements from their vendors. In short, it's a matter of finding ways to remain competitive in a retail landscape that has been upended by same- and next-



Are you prepared to meet your retailer's increased delivery and fulfillment requirements? Download our free whitepaper "Retailer's Guide To Vendor Compliance And Reducing Chargebacks" today! AverittExpress.com/retailers-guide



day deliveries offered by many online retailers, such as Amazon.

For location-based retailers, maintaining a lean and productive supply chain ensures that their shelves will be stocked and allows them to rein in costs.

Compliance standards, however, are not only beneficial to vendors. Retail suppliers also stand to gain when they meet their delivery and compliance objectives, because a missed sale for a vendor is also a missed sale for a supplier.

As more retailers look to follow in the footsteps of Walmart and Target, suppliers should examine their supply chain practices sooner rather than later. Though delivery standards are becoming stricter, it's important to remember that they are not impossible to meet. Nonetheless, it will take an adept strategy and partnership with service providers that have the expertise and track record to keep your business moving forward in this new era of retail compliance.

PtoP

NEARSHORING TO MEXICO: CHANGING THE SUPPLY CHAIN ROAD MAP

Nearshoring (outsourcing of business processes to a nearby country) to Mexico has been on the rise for several years and shows no signs of slowing down.

As more businesses in the U.S. see portions of their supply chain nearshoring to Mexico, it's important to evaluate the risks and develop rock-solid strategies for moving freight across the border.

CHALLENGES OF SHIPPING CROSS-BORDER CARGO BY RAIL

Potentially the biggest challenge for cross-border shipping is the inundation of cargo volume that is hitting the rail on northbound freight trains from Mexico to the U.S.

During peak production times, the tightened rail capacity often forces manufacturers to slow down output or seek alternative transit solutions, including truckload and even ocean and air services.

For that reason, shippers need to monitor cross-border capacity very closely. If you ship primarily by rail, work closely with your service providers to quickly secure backup transit options when capacity is crunched or rail congestion is high.

TAKE ADVANTAGE OF BORDER DISTRIBUTION FACILITIES

Facilities near border hubs, such as Laredo, El Paso, Del Rio and Harlingen, make it easier to move goods between carriers on both sides of the border. Border facilities can also be used to deconsolidate imported freight for LTL distribution throughout the United States, which is particularly helpful if your freight is heading to different destinations.

DON'T LET CUSTOMS BECOME A ROADBLOCK

It's pertinent to have all of your cross-border customs documentation in order. The smallest infraction on

paperwork can result in potential delays.

Always work with a trusted customs broker. They will become your best friend when it comes to moving your freight across the border. If you don't already have a customs broker, ask your cross-border carrier or service provider for referrals. Some carriers actually have in-house customs brokers that can help streamline the entire process.

SEEK STRATEGIES TO SIMPLIFY AND STREAMLINE YOUR CROSS-BORDER SUPPLY CHAIN

Ask yourself:

- What services does my supply chain need from origin to destination?
- What is the biggest challenge to my cross-border supply chain?
- What are the pros and cons of each transportation mode that I'm currently using out of Mexico? (Rail, Road, Air, Ocean)
- Can I reduce the amount of hands touching my freight by using fewer service providers or perhaps even one?

By limiting the amount of points on your supply chain, you can minimize the potential for losses, damage and delays. Some handoffs will be necessary, such as transloading between Mexican and U.S. carriers or between container and trailer.

Nonetheless, a leaner strategy will give you more control and flexibility when you need it. Likewise, the more you can simplify your supply chain by working with reliable transportation service providers, the more time you can spend focusing on growing your business. **PtoP**

POINT
3



3 TIPS TO LEVERAGE THE PANAMA CANAL EXPANSION

Following the completion of the "Panamax" expansion of the Panama Canal in 2016, more shippers are looking to the Gulf and East Coasts for their importing and exporting needs. Here are three tips to consider if you are thinking of moving your cargo through the Panama Canal.

1) WEIGH THE ECONOMICS AGAINST THE SPEED

Due to the shorter distance, West Coast ports have long been the major gateway of choice for shippers that import from Asia.

However, while shipping through the Panama Canal to the East Coast adds more days to a transit schedule, many shippers are discovering they can offset their overhead with lower ocean forwarding rates.

And, as more ports along the Gulf and East Coasts increase their ability to handle mega-ships (which move



If you're considering shipping through the Panama Canal, make sure your logistics and transportation partners can help you determine the best route for your goods and work with you to optimize your supply chain for the perfect balance of speed and cost.

greater volumes that equate to greater savings), additional cost efficiencies will develop.

2) OFFSET THE SPEED WITH A SOLID LOGISTICS STRATEGY

Unfortunately, numerous shippers learned during the 2014-2015 West Coast labor disputes that their supply chains could bend only so far to accommodate a disruption. As a result, many were forced to find costly alternatives to get their goods ashore (via solutions like expedited air).

Maintaining a flexible supply chain and having triggers in place to accommodate disruptions on any coast are essentials in today's market.

3) HARNESS THE POWER OF IMPROVED INFRASTRUCTURE IN THE EAST

The majority of Americans live east of the Mississippi River. That also means that a majority of your potential customers live in the Eastern U.S.!

By shipping through the Panama Canal, you may actually be able to get your goods to market quicker than by moving freight inland from the West Coast. **PtoP**

POINT 4

4 TIPS TO AVOID LATE DELIVERIES

You can learn more about freight management packaging by downloading a free freight protection guide.

AverittExpress.com/freight-protection



You've most likely encountered issues with getting your shipment to its destination on time.

From weather delays to traffic and carrier mistakes, it often feels like you have little control of the process.

However, you do play a critical role in helping your carrier minimize the risk of encountering a late delivery. Consider these four great practices that you can easily implement into your freight management strategy to avoid disruptions.

1) COMMUNICATE WITH YOUR CARRIER

The transportation industry is driven by supply and demand. When the market experiences tightened capacity, you and your carrier should be working closely

together as partners to identify solutions to avoid transportation hang-ups.

For example, if you ship in volume, communicate with your carrier in advance so that they can plan ahead to be flexible to your needs. Your supply chain's performance will ultimately come down to how well you and your service providers work together.

2) ACCURATE DOCUMENTATION ON YOUR BOL

Your BOL should be the "mirror of your shipment." The information on your BOL is transferred digitally into the carrier's transportation management system. When inaccuracies are discovered, your carrier will have to pull it from transit to address the issue.

3) LABELING

Labeling your shipment properly is beneficial not

only to your carrier, but also to your consignee. Many consignees will not accept a shipment if it is not labeled according to the terms of your agreement. Additionally, retail suppliers can be penalized with costly chargeback fines for not applying the correct labels in the right position on freight.

4) PACKAGING FOR TRANSPORT

Last but not least, packaging plays a crucial role in freight management practices that can help you avoid late deliveries.

If freight is found to be insecure for transport, your carrier will generally address the problem by repackaging it. This is a necessary procedure to ensure that every customer's shipment is protected from potential damages in transit caused by another customer's freight. If your carrier has to repackage your shipment, the additional time taken may result in a late delivery. **PtoP**



YOUR OPINION MATTERS TO US!

Do you have suggestions on how we can continue to develop Point To Point as a resource to meet your needs? Do you have article ideas for future editions? Please let us know at:

PointToPoint@AverittExpress.com

