Fortune 500 Packaging Company Improves Carrier Compliance and Contract Negotiations

An in-depth look at how a Fortune 500 company utilized FreightWaves SONAR to make data-driven decisions.

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SUMMARY

A Fortune 500 packaging company has faced numerous challenges over the past few years as raw material prices have risen dramatically, raw material availability was challenged and transportation networks were difficult to manage.

The packaging company was searching for the ability to:

+ **Identify freight market trends.**
+ **Improve negotiations with its carrier base to ensure fair pricing.**
+ **Limit service-related delays across its transportation network.**

The packaging company turned to FreightWaves SONAR and Supply Chain Intelligence (SCI) platforms to implement the use of high-frequency data along with the guidance from experts into its repertoire.

Through the use of the FreightWaves SONAR and SCI platforms, the packaging company was able to reduce rate increases that its carrier base was searching for by **more than half.**

Additionally, the packaging company was able to reduce the number of tenders being rejected from **over 25%** to the **mid-single digits** before the market turned in the middle of last year.

As the negotiating leverage has continued to shift more in favor of shippers, the packaging company has been able to be proactive in searching for rate reductions in areas that previously have been difficult to achieve, given the geographical challenges that certain markets present.

FreightWaves SONAR and SCI have provided the packaging company's transportation team with the ability to show leadership how it compared to the general market, identify opportunities for further cost savings and de-risk its transportation network when the freight market inevitably shifts once again.

! ISSUE
Relying only on data from carrier base put company on back foot in negotiations

= OUTCOME
Improved carrier compliance and limited rate increases during hot freight market

+ SOLUTION
FreightWaves SONAR and SCI provided superior benchmarking against the market by lane and geography

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25% REJECTION RATES AND LAGGED MARKET DATA PUT THE COMPANY ON THE BACK FOOT IN NEGOTIATIONS

The Fortune 500 packaging company was getting data from the company's carrier base, but the data wasn't in real time. The problem was that the packaging company understood that there are markets that are geographically tough ones to cover, but it had no way to benchmark the rates it was paying against the broader market.

The result was overpaying on certain lanes, especially those in the geographical areas that were difficult to cover because the data provided by the carrier base lagged and was not representative of the entire market.

Additionally, the packaging company had limited ways to assess risks related to service. In recent history, **25% of the company's tenders were being rejected.** As the market turned, service levels improved, but the company still was unable to benchmark the service metrics against the broader market at the lane level.

Leadership at the packaging company wanted visibility to the market to ensure budgets weren't at risk like the previous two years. If there were issues, was there the ability to be proactive or just reactive to market conditions?

IMPROVED NEGOTIATIONS LEAD TO SMALLER INCREASES AND FEWER REJECTIONS

Throughout previous RFPs, the packaging company relied heavily on the data provided by its carrier base, which wasn't representative of the market. By adding high-frequency data to its repertoire, the company was able to improve negotiations with carriers — and generate savings.

In a recent RFP, carriers in some of the packaging company's hardest to cover geographical markets were looking for a **5% increase in rates.** Through the use of benchmarking, the packaging company was able to negotiate just a **2% increase in the rate,** more in line with the going market rate in these difficult markets.

The ongoing benchmarking of rates and service levels also allowed the company to be proactive when it came to routing guide compliance and adjusting rates as the market dictated. While the company initially was experiencing **double-digit tender rejections,** it was able to **cut tender rejection rates by more than half** while also receiving a more competitive rate by understanding the current market conditions.

The transportation team at the packaging company was now able to benchmark itself against the broader freight market and show leadership that it was effectively buying transportation better than the market and how it accomplished that.

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HOW SCI PROVIDED ACTIONABLE INSIGHTS TO IMPROVE NEGOTIATIONS

FreightWaves SONAR and SCI provided the actionable information that the packaging company was searching for in its supply chain. While the packaging company was using data in previous RFPs, the use of high-frequency data allowed for the company to de-risk its transportation network.

Throughout the previous two years, the company had extreme difficulty in managing service levels, especially in areas where it was at a disadvantage because of the freight market conditions in difficult geographical regions.

Through the use of FreightWaves SONAR and SCI, the packaging company was able to identify areas where it had leverage and approach negotiations with its carrier base armed with the underlying market dynamics as well as the going market rate.

Now, as the market dynamics are ever changing, the packaging company is able to be proactive in its ability to adjust rates and manage service levels without the risk of drastically through the use of FreightWaves SONAR and SCI.

Click here to find out more about FreightWaves **SONAR SCI**. If you are interested in benchmarking your freight spend and making actionable, data-driven decisions, **schedule a free consultation here**.