

Time is Running Out to Plan Your Q4 Shipping Strategy





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5 Shipping Strategy Tips to Deliver a Successful Peak Season

Can you hear that? It is the sound of time ticking away as we approach Q4, the most critical time of the year in package delivery.

If you haven't developed your peak season shipping strategy, there is no time to waste. After all, while 2020 was the most challenging shipping environment we have seen to date, 2021 is shaping up to be anything but easy.

Consider the challenges which lie ahead:

- Continued Canadian package volume growth in 2021
- National carrier volume caps
- Constrained carrier capacity
- Unpredictable transit times
- Peak season surcharges

Sound familiar?

Despite the gloomy outlook, there are steps you can take to meet these challenges and provide your customers with the delivery experience they demand.

But before we jump into solutions, let's review how we got here and why it's important to act quickly to avoid the pitfalls of last peak season.

Hindsight is 2020

By April 2020, pandemic driven shutdowns forced retail closures and a significant shift to eCommerce began, resulting in explosive parcel volume growth and overburdened carrier networks.

For example, using one million parcels delivered per day as the barometer, Canada Post had 67 such days in 2017, whereas this mark was eclipsed with 181 consecutive days in 2020, culminating with a record 2.4 million packages delivered on December 21st.

As elevated package volume persisted, shippers and carriers alike were sent scrambling to make adjustments, with the goal of reaching some semblance of stability ahead of what was sure to be a volatile fourth quarter.



Carrier responses varied widely. National carriers such as UPS, FedEx, and Purolator issued peak surcharges, suspended service guarantees, and implemented package volume caps for some shippers. Canada Post could not keep up with demand, resulting in weeks long delivery delays and volume backlogs.

Regional and alternative carriers seized the opportunity created by excess package demand to offer fast, reliable delivery to new customers, while expanding volume with existing customers. “Last year we saw significantly more uptick than in any previous peak season,” said Cole Dolny, president of ASL Distribution Services, a Fastfrate Group company. “Our business model enabled us to provide customers with scalable delivery capacity when they needed it most, while maintaining industry leading on-time delivery performance.”

Many shippers who chose to “weather the storm” with one primary carrier experienced significant delivery delays and increased expense. While few companies were unaffected by these issues, those who had the foresight to diversify their carrier base prior to peak season were best equipped to shift volume between providers, mitigating expense and service impact.

But 2021 will be different ... right?

While the year-over-year rate of parcel volume growth is expected to moderate somewhat in 2021, 2020 permanently accelerated ecommerce beyond anything the industry had been preparing for. Elevated parcel volumes are clearly here to stay. COVID-19 related challenges are expected to lessen compared to Q4 2020, but the operations and expense issues which have accompanied ecommerce fulfillment are likely to remain through 2021.

Many national carriers have implemented indefinite peak surcharges, and package volume caps continue. These carriers are also being selective with the volume accepted into their networks. While service levels have improved since peak season, it is reasonable to assume that we will once again see delivery delays and volume backlogs across national carrier networks.

“There’s a growing frustration out there among shippers because of the unpredictability in rates and service standards when it comes to final mile,” says Eric Francoeur, ASL Fastfrate’s Vice President and General Manager of Final Mile. “It’s my experience that alternative carriers tend to be more nimble and are much better positioned to avoid practices such as volume caps and residential surcharges. Whether it’s small parcel or over-size, Next Day or Same Day, weekend or evening deliveries - we have our customers covered in key areas of the Canadian market, with flexible capacity and no volume caps.”

Unfortunately, final mile delivery isn't the only puzzle retailers are trying to solve. Competing priorities abound, such as inventory shortages, forecasting uncertainty, and implementing omni-channel solutions.

All of these factors brings us back to that precious commodity that we never have enough of... time.

Implementing a Multi-Carrier Shipping Strategy: There's No Time Like the Present.

One of the most effective ways to prepare for Q4 (and beyond) is to implement a shipping strategy which includes multiple carriers, each serving a specific role within your program.

Here are five tips to consider when developing your multi-carrier shipping strategy.

1. GET STARTED ... NOW.

Hopefully, you're picking up on the urgency theme here. The issue is rather simple: as we near Q4, carrier capacity shrinks, and rates increase. Beginning the process now, as well as implementing the below suggestions, will afford you the opportunity to make decisions which are best for your program, as opposed to being forced to "settle" for last-minute options in Q3.

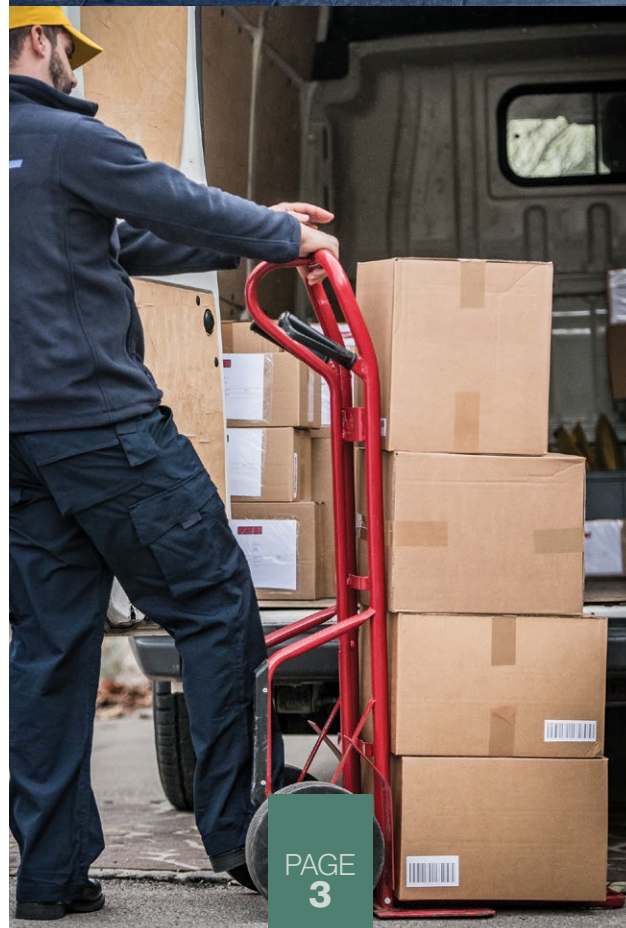
2. BE INTENTIONAL.

Executing this plan requires very intentional action. There is no time for a casual RFI or light exploration of alternative carriers. Instead, a project plan with well-defined objectives and timelines is required. Consider these questions when developing your plan:

- What are your priorities... delivery predictability, additional capacity, fast delivery, customer experience?
- What volume segments are you targeting ... lightweight, big and bulky, specific regions?

3. FOCUS ON SERVICE FIRST.

Yes, cost is important, but in this pricing environment shipping rates can be dynamic, and expense is volatile. Focusing on adding carriers and services which meet your dynamic service needs first, then solving for the expense, ensures your customers receive the delivery experience you promised, and they expect.





4. SEEK OUT PARTNERS, NOT JUST DELIVERY PROVIDERS.

There are many carriers which pickup and deliver packages, but not all are the right partner for you. Seek out carriers who offer more than a competitive rate and fast delivery promise. The right carriers will serve as valuable partners who are transparent, adaptive, and committed to meeting your collective expectations.

5. ENLIST HELP, ENGAGE OTHERS.

Whether it's your peer network or third-party consultants, engage others who offer additional insight and expertise. Find out what other shippers are doing, gain market insight, and use this information to provide focus to your carrier diversification strategy (just be sure to do so quickly).

Q4 will be here before you know it, but if you start now and focus on implementing a purpose-driven multi-carrier shipping strategy, you can still beat the clock and deliver a successful season.

Ready to get started? If so, and the below capabilities are important to you, reach out to ASL Fastfrate today.

- *Flexible capacity, no volume caps*
- *Delivery coverage to 50+% of the Canadian market*
- *Small Parcel to Over-Size, Non-Conveyable and Over-Weight*
- *Next Day and Same Day delivery*
- *7 days a week, including evenings - without surcharges*