FREIGHTWAVES
SONAR

How carriers use SONAR to make strategic decisions

SUMMARY Maintaining control over operating expenses remains a core concern for all carriers. Overall motor freight costs have risen significantly in recent years, adding to the challenges of operating despite significant disruptions. Spot market carriers, contract OTR carriers, and dedicated fleets are all seeking to maintain profitability while meeting shippers' needs.

Introduction

Asset-based and asset-light carriers, no matter the business model, need to understand how to apply freight data to maximize the assets and deliver strategic positioning.

Whether they realize it or not, many carriers are relying on stale and narrow data to make critical freight decisions. Freightwaves SONAR provides the freshest and most comprehensive view of the $9.6 trillion global freight market so carriers can mitigate risks and protect their margins while providing the highest levels of service.

At Freightwaves, we know the freight market and we understand the pressure carriers are under to deliver excellent service while preserving margin – no easy task. We believe the answer is NOT throwing more people at the problem; the answer is making smarter decisions with superior data.

That's why we created SONAR, a totally different data platform that unifies freight benchmarking, analytics, monitoring and forecasting into a streamlined web experience. It's like Bloomberg for freight, connecting brokers to exclusive, forward-looking data sources that give them the freshest, most comprehensive view of the freight market. SONAR overcomes the vagaries of the market and guides carriers through volatile situations.

Use SONAR to maximize trucking rates, fleet utilization and to minimize operating costs.

Let's go through each type of carrier and how SONAR aids them in achieving their desired outcomes.
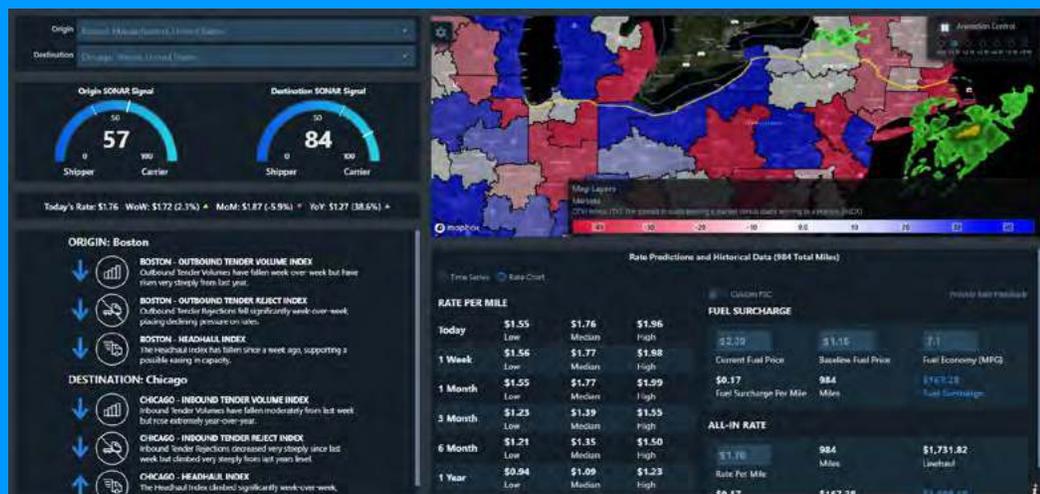
Spot Market Carriers

Spot market carriers can significantly scale operations and management based on demand. SONAR helps them achieve this by identifying the markets where demand is highest and providing insights into that data to better manage assets and inform interactions with shippers and brokers.

Now, the broad scalability in the spot market may also lead to an inability to cover loads when the market shifts week-over-week, if not day-over-day. SONAR data can help spot market carriers recognize and improve operational efficiency as those trends occur. For example, consider these problems and how SONAR features solve the dilemma:

High demand during uncertainty.
Lane Signal and Lane Score help spot market carriers understand the changes resulting in increased demand for spot freight. That includes understanding the relationship between a volatile freight market and increased spot market demand. Furthermore, gaining insight into location-specific data and headhaul opportunities through Lane Score helps to avoid deadheads and maximize asset utilization.
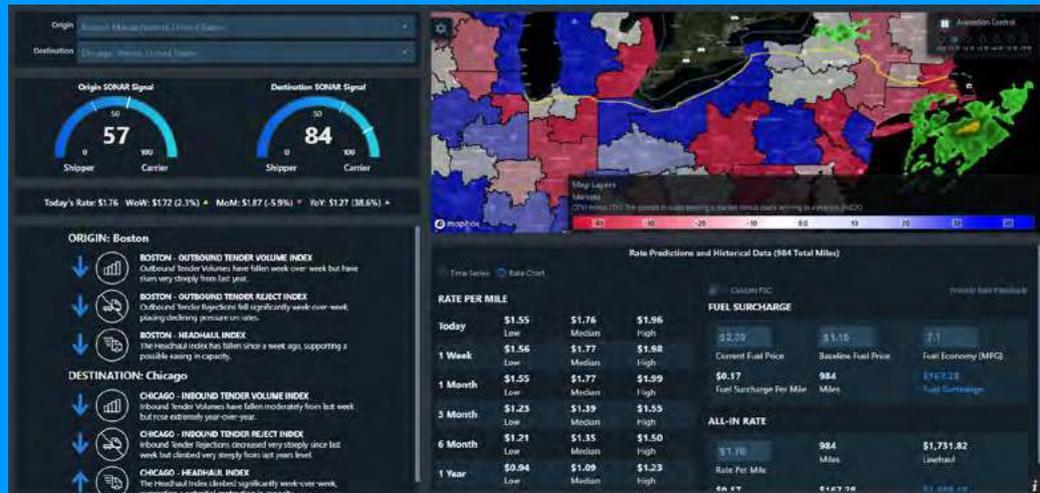

Subject to rapid changes in market rates.
Lane Signal and Forecasts in OTRI and ITRI further afford insights into large and small markets' rapid changes. Since all freight tracks back to the spot market in some form, it is essential to understand how it contributes to buying power for either shippers or carriers. Additionally, forecasts within OTR I and ITRI help carriers avoid unnecessary rejections by moving assets to areas with a lower reject index.
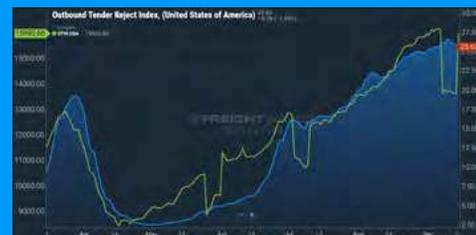
Capacity inequalities across lanes make identifying lucrative moves difficult.
SONAR data provides snapshot views across multiple lanes and allows spot market carriers to identify the most lucrative moves more quickly.

TYPICAL ALLOCATION OF RESOURCES

IDEAL ALLOCATION OF RESOURCES

AVG # OF CALLS PER LOAD

MARGIN LOST

MARGIN CAPTURE

APPLY SONAR INSIGHTS

TIGHT MARKET/ DIFFICULT LOAD

LOOSE MARKET/ EASY LOAD

TIGHT MARKET/ DIFFICULT LOAD

LOOSE MARKET/ EASY LOAD
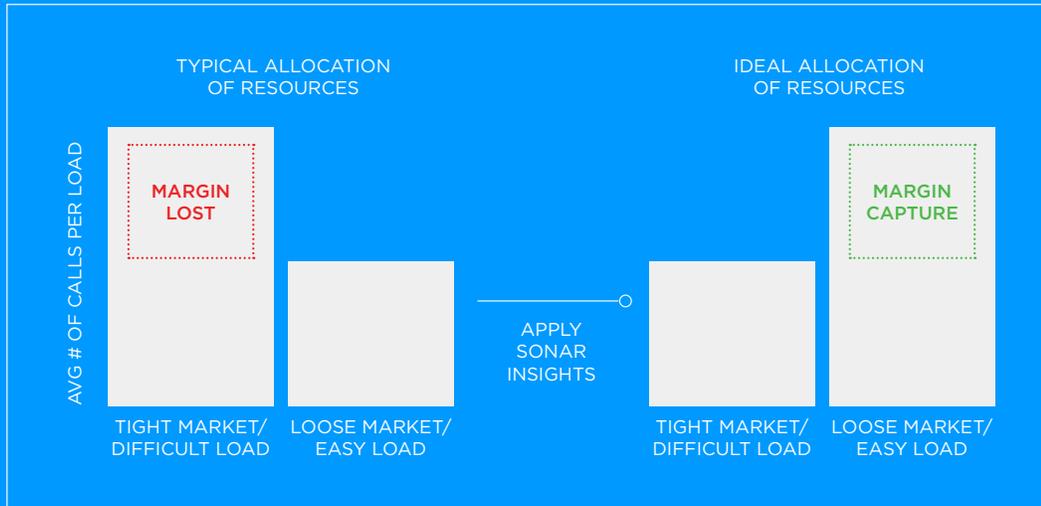
Higher spot rates may overshadow accessorials.
Lane fuel data is an essential component of understanding the total accessorial costs associated with spot market moves. Unfortunately, failure to recognize the actual fuel costs incurred for such moves will result in spot market carriers undervaluing freight within the spot market and either eroding margins or even losing money.

ULSD Rack Price (United States of America)
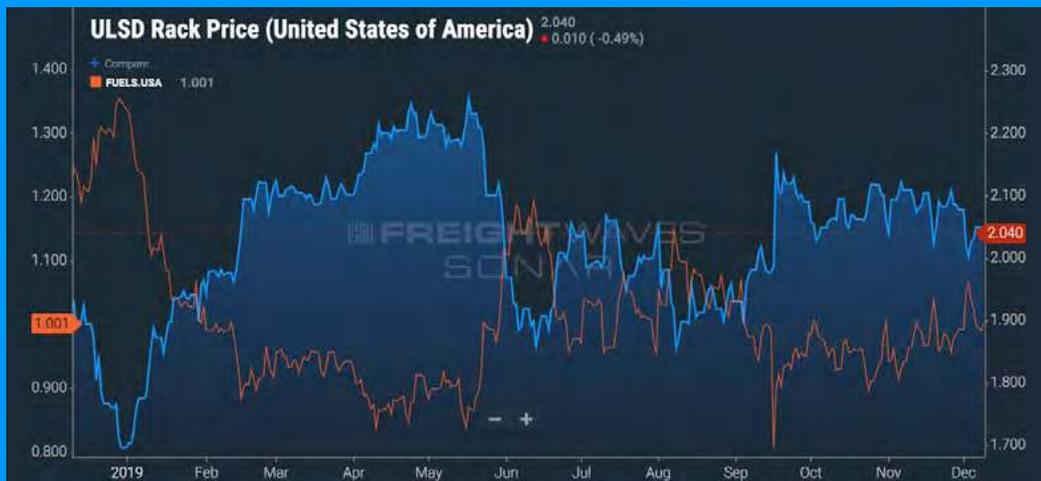
Little planning for backhauls leads to missed opportunities.
Lane Score allows spot market carriers to maximize asset utilization by leveraging backhauls based on quantifiable measures of how easy it will be to cover a subsequent load and whether loads are available for transit as well.

Contract OTR Carriers

While spot market carriers continue to have a strong presence in most markets, carriers will always want to maintain a degree of contracted freight. Contracted freight provides stability. Unfortunately, contract OTR carriers may still run into several problems. However, they can also apply SONAR data and insights to overcome them as follows.

Capacity is still subject to the spot market.
While contract OTR freight sounds dedicated, it is crucial to recognize that contract freight is not necessarily guaranteed freight. As a result, contract OTR carriers still need to consider the spot market's effects and leverage a Lane Scorecard for bids to renegotiate terms when necessary and maintain profitability.

Inability to predict rates during uncertainty.
Predictive rates can help contract OTR carriers increase the accuracy and validity of freight quotes and avoid overextending capacity or undervaluing available moves. SONAR achieves this goal by providing visibility into markets through historical and forecasted data. Thus, users can better align contract rates with market activity.

Trouble predicting lead times for ocean shipments and managing drayage.
Using the Ocean Shipments Report, specifically the Top 100 Consignees dashboard, helps to understand maritime movements and recognize what markets will have a higher demand, i.e., capacity constraint. In turn, contract carriers can target sales efforts in those markets to grow business.

Working with too many brokers/LSPs limits the ability to measure performance.
Lane Scorecard aids OTR carriers recognize when they may be working with too many brokers or logistics service providers (LSPs) by measuring frontline workers' performance to gauge profitability.

Limited insight into load profitability.
Lane Signal and custom pages for management provide additional insight for contract OTR carriers to identify the most profitable loads and avoid bookings that effectively leave money on the table.

**Lack of transportation benchmarking against peers.**
SONAR datasets and Indices also help contract carriers benchmark performance and rates against their peers. Since the supply chain continues to flex in response to market conditions and demand, ongoing benchmarking efforts ensure carriers are offering the best rates and service possible without undervaluing or overvaluing their value.

Dedicated Fleet Carriers

Unlike contract carriers, dedicated fleets are all-in in terms of planning capacity and meeting customers' demands. Dedicated fleets do not have the luxury of refusing freight. However, dedicated fleets will need to recognize a few challenges in managing day-to-day operations, asset allocation and utilization, and setting rates that allow their existing contracts to remain intact. For instance, consider these issues among dedicated fleet carriers and how SONAR can help:

Capacity is still subject to the spot market.
Easy-to-view data and 3D maps help dedicated fleet carriers make planning decisions and guarantee coverage for existing contracts. For those carriers that are not a part of TCA InGauge, SONAR includes several key carrier benchmarking datasets, like Net Revenue per Truck per Week, Operation Ratios, Average Length of Haul, and more. These datasets provide visibility into how a carrier is performing compared to industry standards.
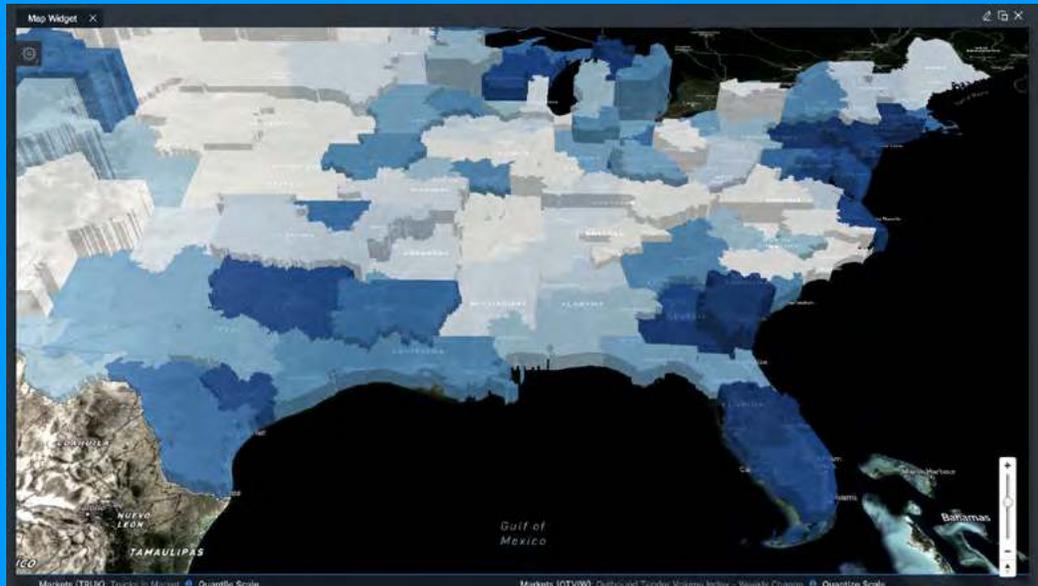

Private drivers aren't necessarily going to take a pay cut.
Lane Scorecard provides immediate insight into the going rates, the likelihood of rejection, and ease in covering loads across all lanes. Since private drivers aren't necessarily going to take a pay cut, dedicated fleet carriers must always have the most lucrative loads at their disposal. Only by creating strategic value for their customers can dedicated fleets justify an increased rate. And since dedicated fleet rates are generally higher, as well as the problem with limited capacity, dedicated fleets must exploit every opportunity to increase revenue.

Owned assets tend to incur higher back-office costs.
Fuel Surcharge in Lane Page data can help owned assets manage total landed costs by reducing back-office process costs. Remember that back-office expenses will be higher for companies operating owned assets. Therefore, the added work that goes into managing those assets must be offset by considering the full view of freight transportation costs, including accessorials and never undervaluing service.
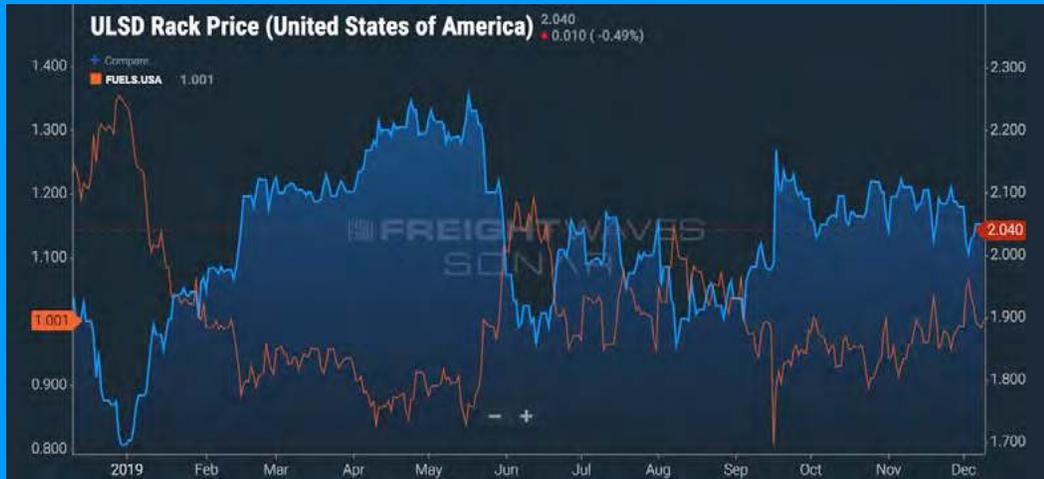
Keeping FTEs in check based on size is another challenge.
Logistics Managers Index/Dashboard can also help dedicated fleets gain a comprehensive view of costs and supply chain data insights to manage full-time equivalents (FTEs). That's an essential function as the size of dedicated fleets can vary widely and may be subject to rapid shifts during uncertain times.
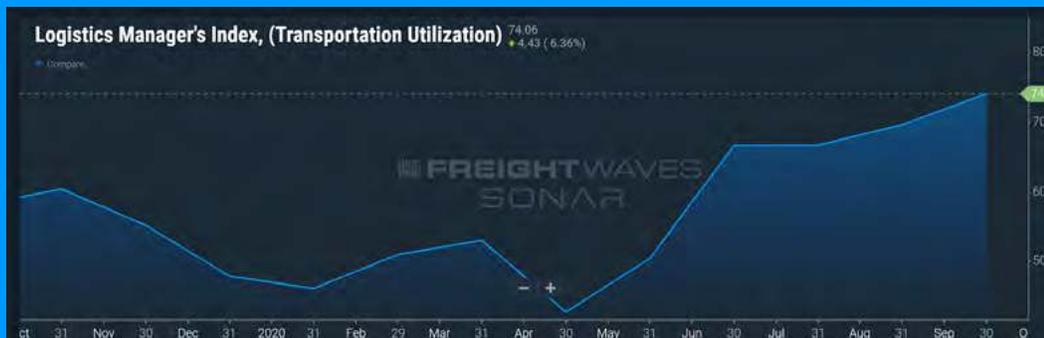
Inability to see all backhaul opportunities increases landed costs.
Lane Score1 and Lane Score2 data further provide insight into whether dedicated fleets are maintaining profitability across contracts and which moves among those guaranteed services will provide the most revenue. Specifically, that leads to leveraging Lane Score data to maximize all backhaul opportunities and avoid the nightmare costs associated with driving empty miles

SONAR helps carriers thrive

SONAR compiles data across millions of connections and countless transactions to generate meaningful insights into market activities, predictions for rates and capacity, and much more. The value of SONAR does not end with one-off moves or single contract carriers. Instead, its benefits and use cases extend to all carrier types – from the Big 3 down to the smaller, regional carriers with fewer than five trucks. Meanwhile, the broad capabilities of SONAR empower carriers to benchmark operational efficiency and profitability, measure market dynamics, and make data-driven decisions.

Request a SONAR demo online to learn more today.