Shipment Visibility *Expectations* Aren't What You Think
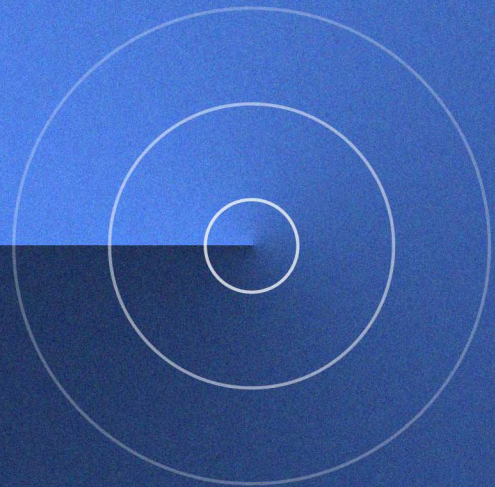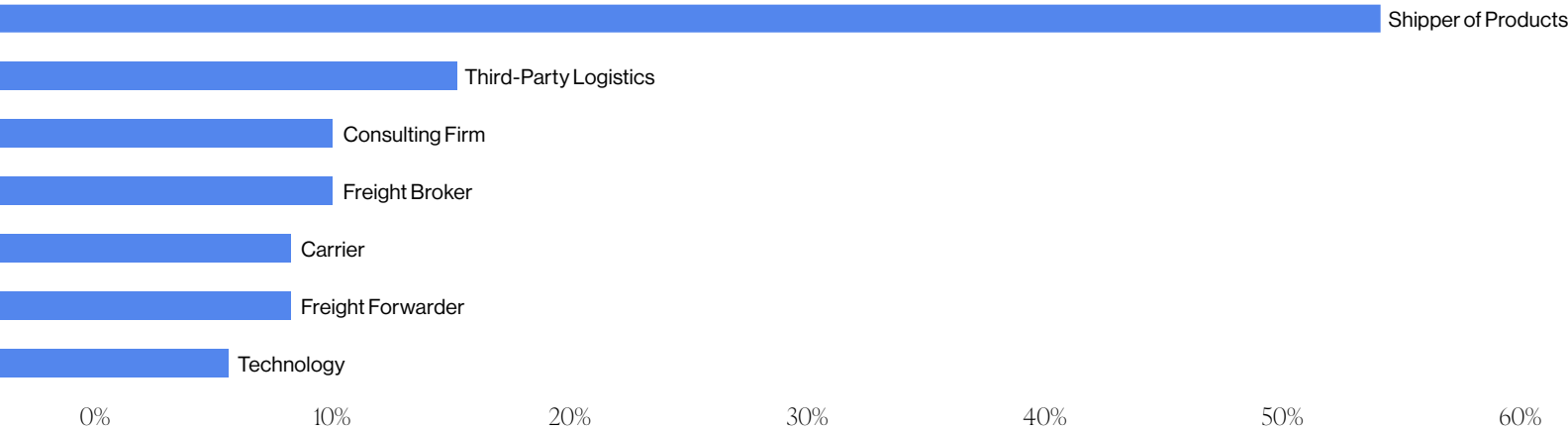
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Overview

"Visibility" is more than just a red hot industry buzzword. Visibility technology companies – including project44, FourKites and Tive – have all received funding boosts and participated in successful acquisitions in recent months. A push for visibility is a push for transparency, and in today's supply chain, transparency is more important than ever.

Visibility solutions are steadily moving away from "add-on feature" territory and into the "bare necessities" arena. Still, an uptick in demand from customers and partners does not mean that every industry segment has adopted these solutions at the same rate or with the same vigor.

FreightWaves partnered with real-time visibility provider Tive to figure out how different industry players have adapted to the increased demand for visibility. FreightWaves surveyed companies across virtually all segments about the current state of their visibility solutions, their priorities going forward and what they value most in a visibility provider.

The majority of survey respondents – almost 60% – were shippers. Other respondents included third-party logistics providers, consulting firms, freight brokers, carriers, freight forwarders and technology providers. Aside from shippers, no other segment made up more than 20% of respondents on its own.

Respondents by *Segment*

| Segment	Percentage
Shipper of Products	~54%
Third-Party Logistics	~15%
Consulting Firm	~11%
Freight Broker	~11%
Carrier	~8%
Freight Forwarder	~8%
Technology	~6%

Overview

Given the amount of buzz visibility solutions have generated over the past several years, it was intriguing to find that the majority of respondents did not currently have an in-transit visibility solution in place at the time of the survey.

Of the shippers surveyed, only 37% reported using in-transit visibility solutions. Respondents across other sectors reported significantly higher adoption, with 57% using in-transit visibility solutions. Adoption rates slightly lower than 60%, while somewhat disconcerting, are not particularly shocking. Rates lower than 40% within the shipping segment, however, are more surprising.

This disparity between shippers and other industry players is wide, with adoption results being almost the inverse of one another. This is particularly interesting because, historically, companies across the entire supply chain have been quite vocal about the importance of enhanced visibility when it comes to keeping shipments safe.

Do you currently have an in-transit *visibility solution in place?*

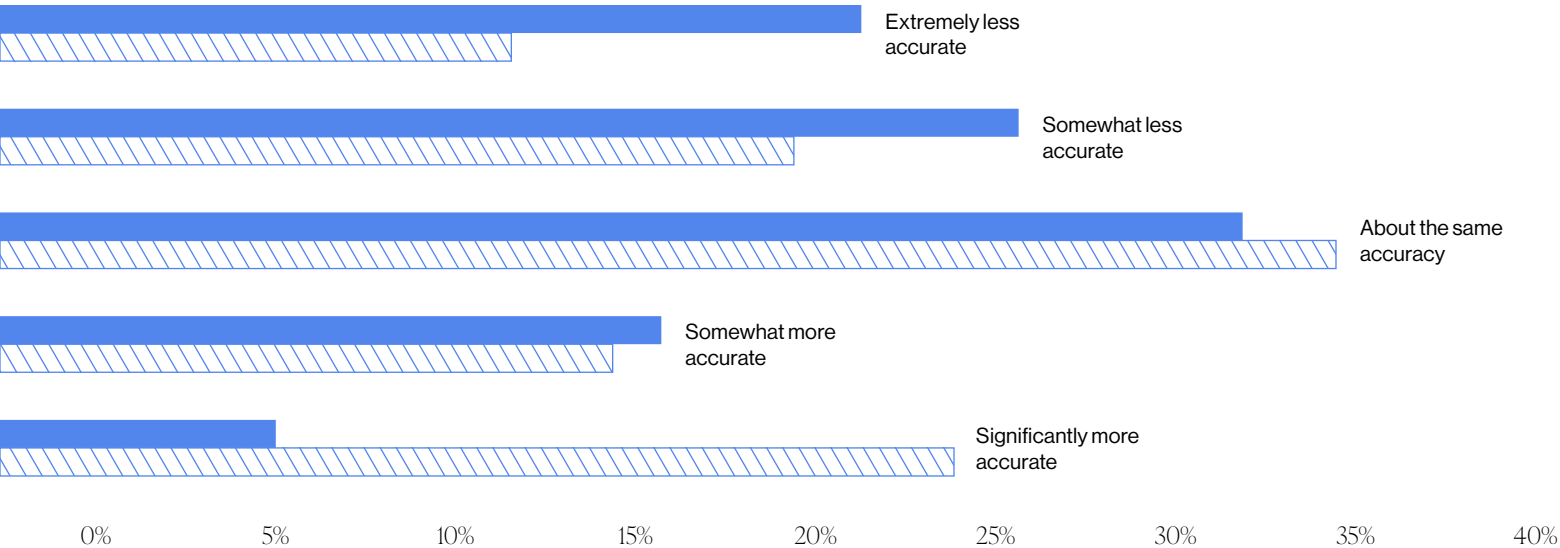Shippers ▮ 63% ▨ 37%

All Else ▮ 43% ▨ 57%
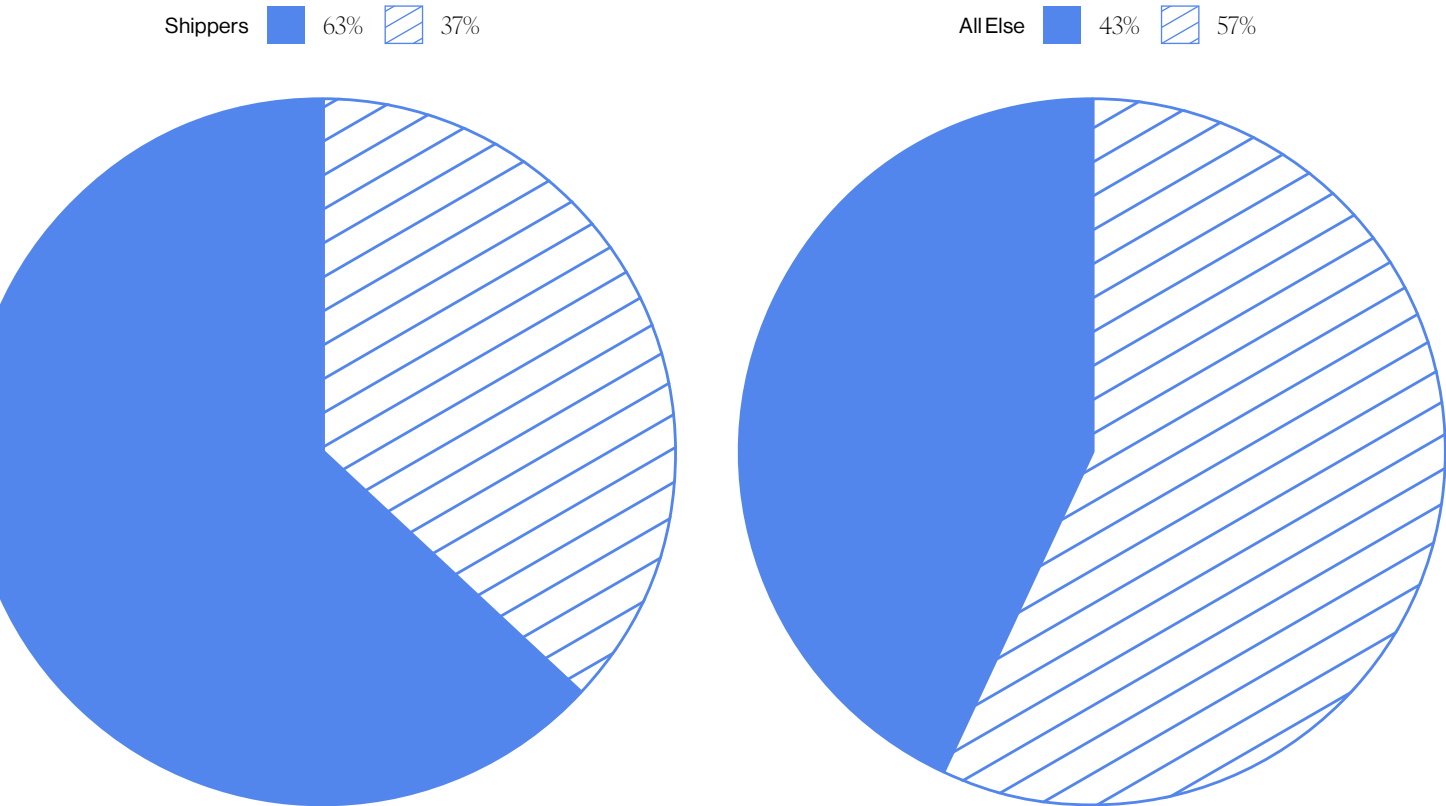
Shippers Slow to Prioritize *Technological Solutions*

Shippers seem to be more hesitant to adopt visibility solutions than others within the logistics industry. This is particularly perplexing because shippers do not typically lag too far behind others when it comes to other types of technological adoption.

There are a wide variety of reasons shippers may be more hesitant to adopt a full-service visibility solution. Companies may be wary of adopting technology they perceive to be a "passing trend," or they may not have found a solution they believe will do a better job than their current, more old-school processes. Additionally, some shippers may rely on their carriers and 3PL partners to provide visibility solutions without giving much thought to adopting their own.

No matter their reasoning, however, many shippers are acutely aware that their lack of visibility technology could be hurting their ability to compete among their peers and may be harming their customer satisfaction scores.

How would you rate the current state of visibility of your freight as compared *to your competitors?*

Extremely less accurate

Somewhat less accurate

About the same accuracy

Somewhat more accurate

Significantly more accurate

| 0% | 5% | 10% | 15% | 20% | 25% | 30% | 35% | 40% |

Legend: Shippers (solid) | All Else (hatched)

Shippers Slow to Prioritize *Technological Solutions*

Confidence levels varied greatly among survey respondents when they were asked to rank the quality of their visibility offering against those of their competitors. It is clear, however, that surveyed shippers believe their visibility offerings are worse than those of their competitors at higher rates than companies representing other industry segments.

Over 20% of shippers said the current state of their visibility was "extremely less accurate" than that of their competitors, and over 25% said it was "somewhat less accurate." Just over 30% of shippers believed their visibility to be on par with that of their competitors, and less than 25% believed they were excelling when compared to their competitors. By comparison, almost 40% of non-shippers surveyed believed they were doing "somewhat" or "significantly" better than the competition.

For shippers, this crisis of confidence extends to how they believe their visibility offerings impact customer satisfaction as well.

What percentage of your freight do you believe has more than enough visibility to make you *and your customers satisfied?*


Shippers   All Else
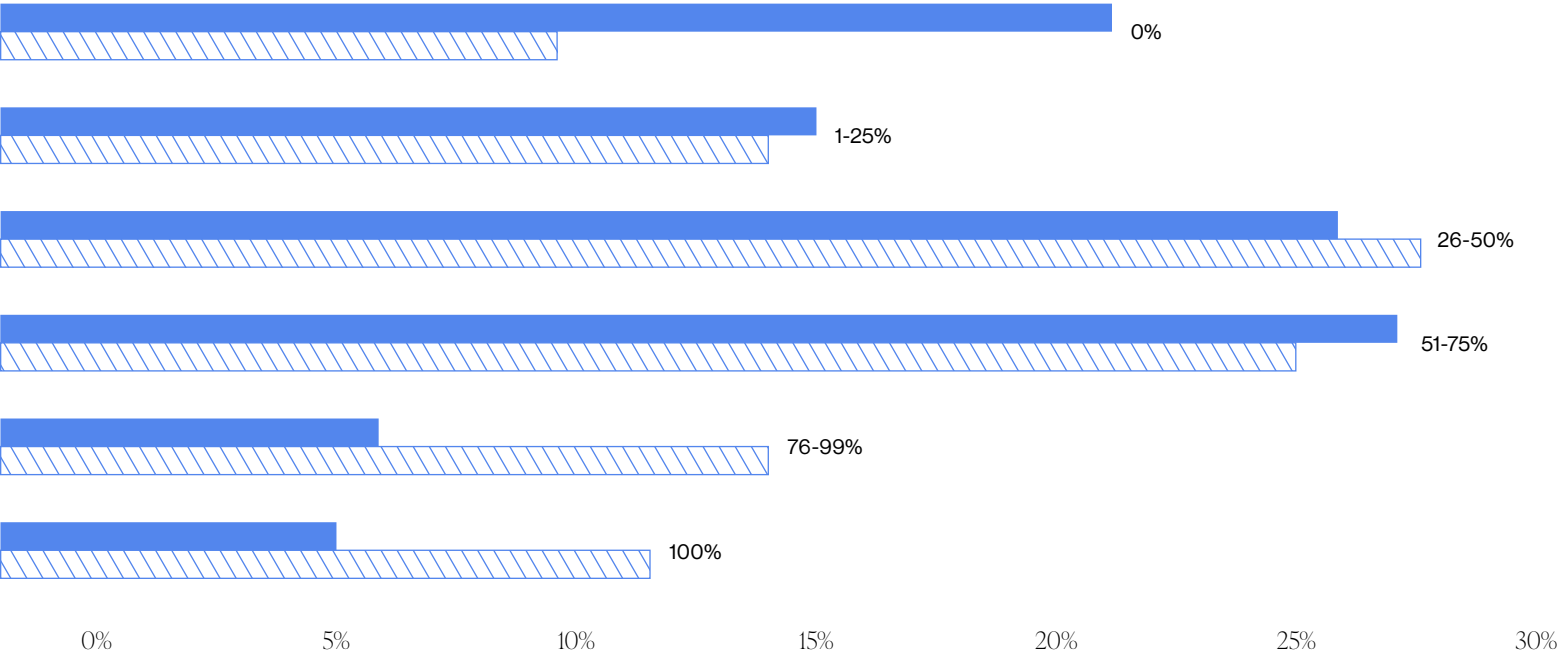
Shippers Slow to Prioritize *Technological Solutions*

Over 20% of surveyed shippers said they believe 0% of their freight has "more than enough" visibility to make both themselves and their customers satisfied. Over 15% said only between 1% and 25% of their freight had more than enough visibility. About 25% said between 26% and 50% of their freight had more than enough visibility.

These results indicate that most surveyed shippers believe that less than half of their freight has the amount of visibility required to ensure maximum customer satisfaction. While over 35% of shippers were satisfied with the level of visibility associated with a higher percentage of their freight – between 51% and 100% – only 5% believed the visibility on all their freight was up to par.

Once again, shippers appeared less confident in their visibility offerings than their non-shipper counterparts. This continues to indicate that shippers are aware that their relative hesitancy to adopt visibility technologies has negatively impacted their operations.

How do you perform track and trace processes now to gain visibility *for your freight?*


Legend: Shippers / All Else
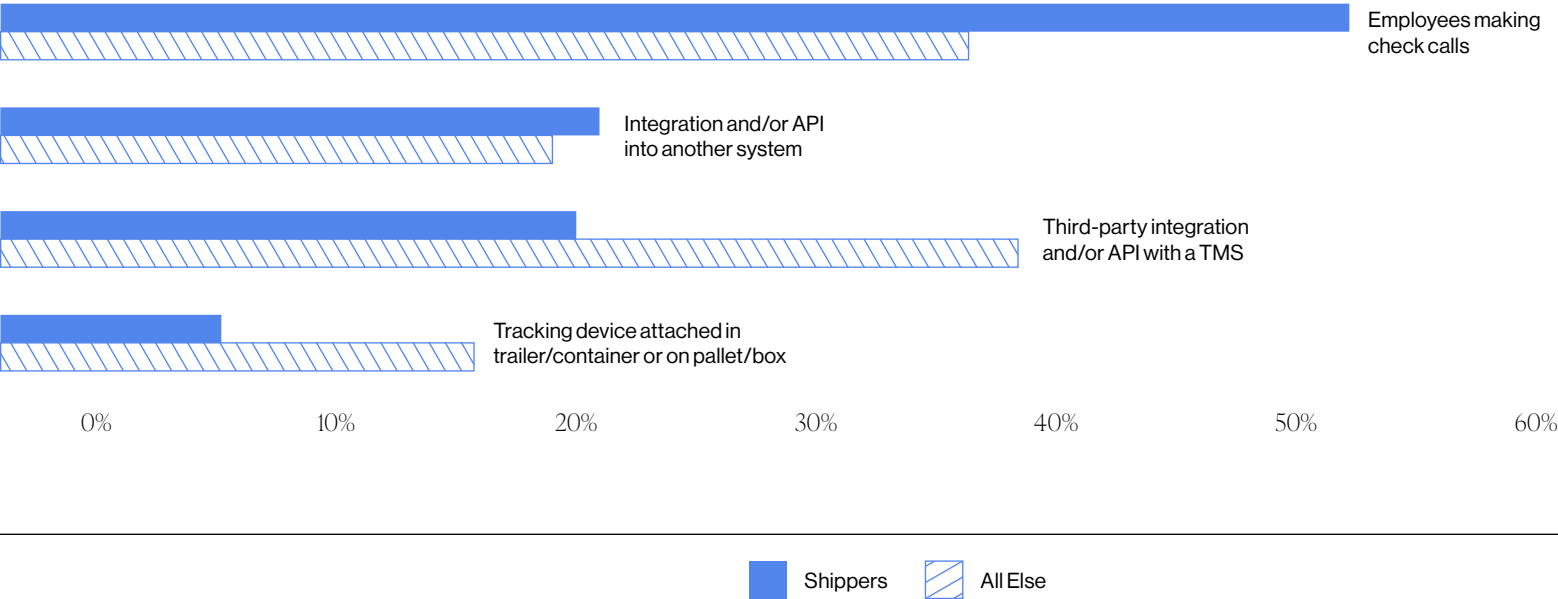
Shippers Slow to Prioritize *Technological Solutions*

Over half of surveyed shippers reported relying on check calls to gain visibility into their freight. Significantly more shippers continue to perform track-and-trace processes via check calls than their non-shipper counterparts. Given the previously discussed disparity in visibility tech adoption, this result is unsurprising.

While most shippers reported using the old-school check call method, a smaller percentage of shippers did report utilizing integrations and/or APIs into another system (~20%), third-party integrations and/or APIs with a TMS (~20%) and tracking devices attached in trailers/containers or on boxes/pallets (~5%).

It is likely that more and more shippers will adapt to these higher-tech options as the demand for real-time visibility continues to increase across the supply chain and newer, more innovative solutions continue to enter the market.
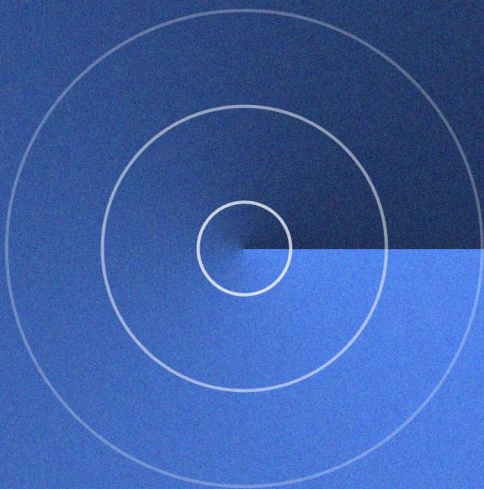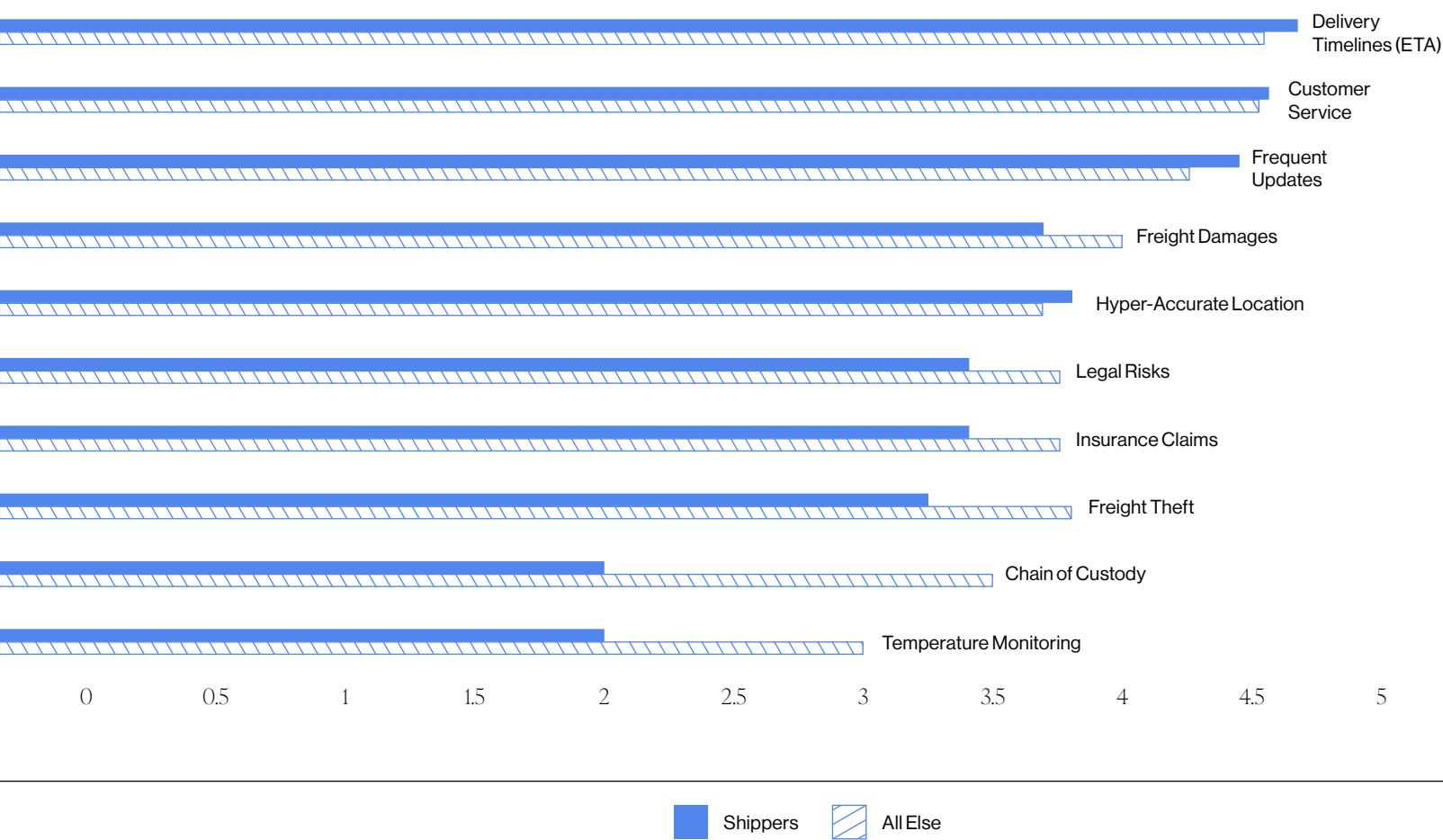
Visibility Expectations Remain High *Despite Slow Adoption*

Despite shippers' lagging uptake, expectations surrounding visibility continue to become more and more demanding. It is clear that visibility is valued among both supply chain partners and end consumers. This is largely due to its ability to streamline operations, pinpoint problems and increase accountability surrounding everything from sustainability to on-time delivery.

While shippers seem to be adopting visibility technology at a slower pace than their non-shipper counterparts, shippers and non-shippers alike appear to value basically the same things when it comes to the purpose of visibility.

On a scale of 1-5 (5 being most important), how important are each of these criteria when it comes to having visibility into your freight's *location and condition?*

| Criteria	Shippers	All Else
Delivery Timelines (ETA)	4.7	4.6
Customer Service	4.5	4.5
Frequent Updates	4.3	4.25
Freight Damages	3.7	3.8
Hyper-Accurate Location	3.7	3.75
Legal Risks	3.4	3.75
Insurance Claims	3.4	3.75
Freight Theft	3.25	3.75
Chain of Custody	2	3.5
Temperature Monitoring	2	3

Legend: Shippers · All Else

Visibility Expectations Remain High *Despite Slow Adoption*

Real-time visibility provides a wide array of insights into each shipment, but survey respondents agreed that information surrounding delivery timelines, customer service, frequent updates and freight damages was the most important.

Other factors – including information about hyper-accurate location, legal risk, insurance claims and freight theft – proved valuable among both shippers and non-shippers. Shippers reported valuing chain-of-custody transparency and temperature monitoring significantly less than their non-shipper counterparts.

These results make it clear that shippers understand the benefits of visibility technology, and they appear to know what they value in a visibility solution.
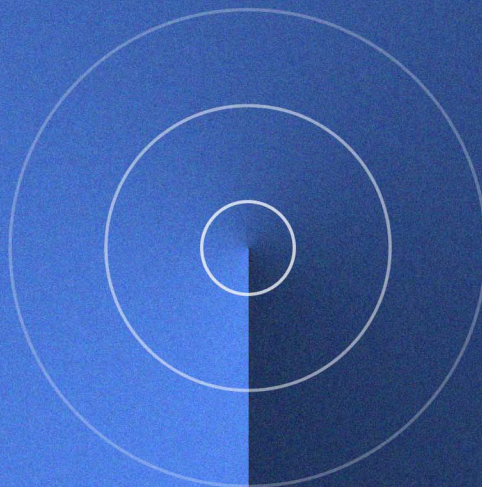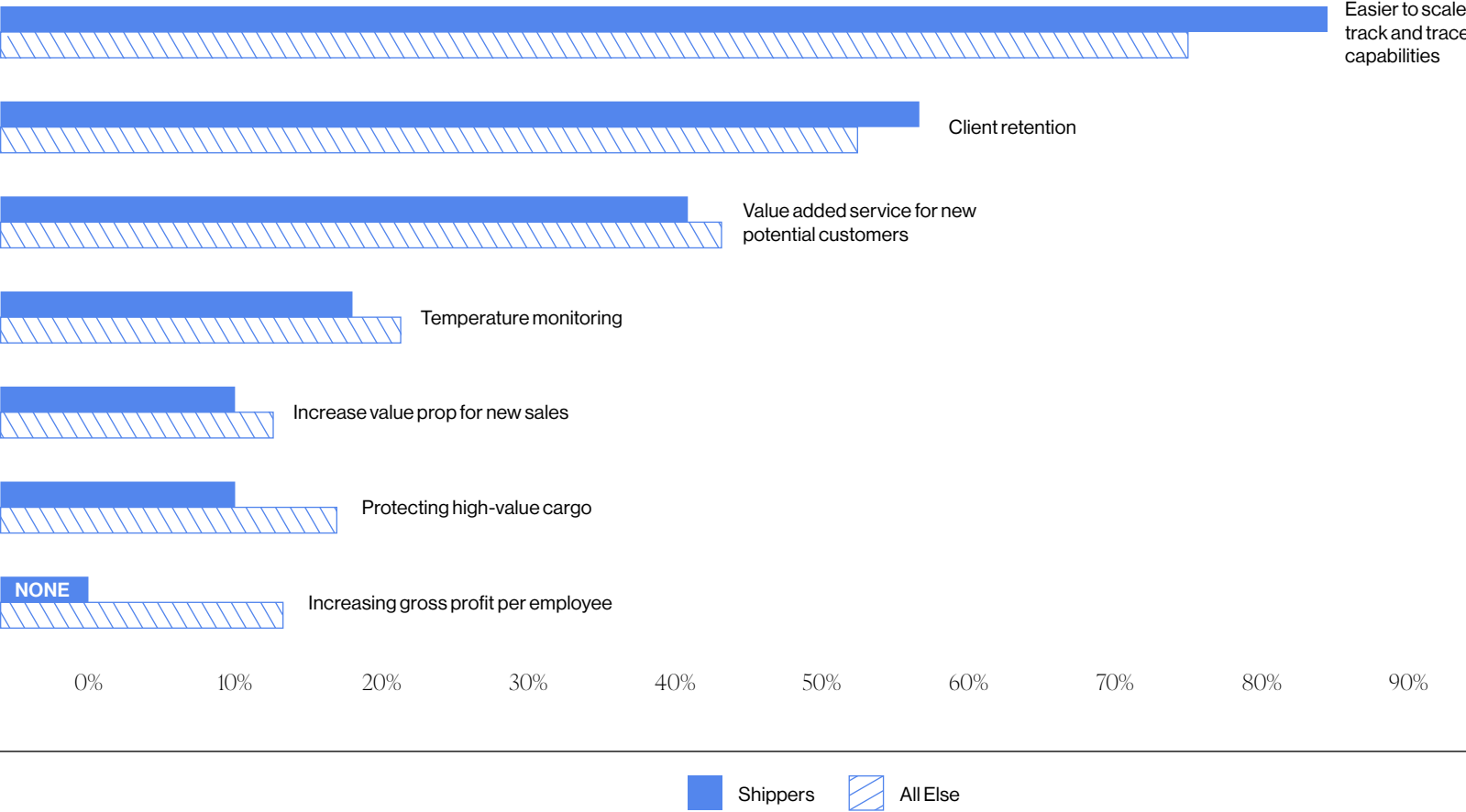
Understanding the Benefits of *Visibility Technology*

Despite the majority of shippers reportedly not using an in-transit visibility solution, almost 90% of surveyed shippers who do use one believe that partnering with a visibility company makes it easier to scale their track-and-trace capabilities.

Over half of shippers also said partnering with a visibility company to automate the track-and-trace process improves client retention rates.

What are some of the benefits you see from partnering with a visibility company to automate the *ltrack and trace process?*

Easier to scale track and trace capabilities

Client retention

Value added service for new potential customers

Temperature monitoring

Increase value prop for new sales

Protecting high-value cargo

NONE

Increasing gross profit per employee

0%   10%   20%   30%   40%   50%   60%   70%   80%   90%
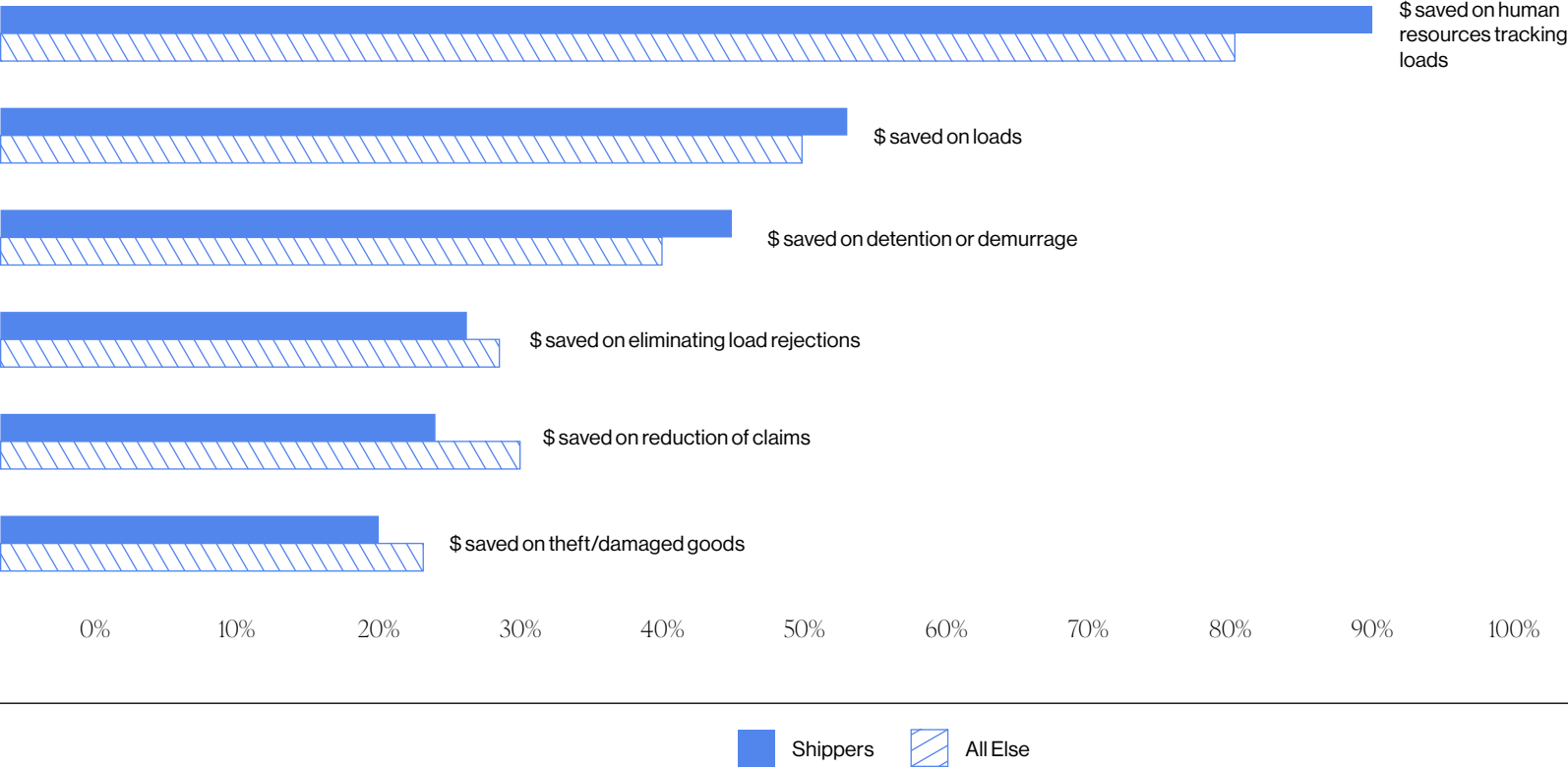
Shippers   All Else

Understanding the Benefits of *Visibility Technology*

A smaller percentage of shipper respondents said partnering with a visibility company represents a value-added service for new potential customers (~40%); improves temperature monitoring (~20%); increases the value proposition for new sales (~10%); and protects high-value cargo (~10%).

This indicates that the large majority of the 37% of shippers that are using an in-transit visibility solution have found the solutions to be valuable additions to their businesses.

How do you calculate ROI on your *In-Transit Visibility provider?*

$ saved on human resources tracking loads

$ saved on loads

$ saved on detention or demurrage

$ saved on eliminating load rejections

$ saved on reduction of claims

$ saved on theft/damaged goods

0%   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%

Shippers   All Else

Understanding the Benefits of *Visibility Technology*

Various factors come into play when companies evaluate the return on investment (ROI) on their in-transit visibility partners. About 90% of shippers using in-transit visibility solutions reported evaluating ROI on their partners based on the amount of money saved on human resources tracking loads. About the same percentage reported that scaling track-and-trace capabilities was the primary benefit visibility solutions provide their companies, indicating that many of these shippers are likely reaching their money-saving goals.

Almost 60% of shippers reported calculating ROI based on money saved on loads, while almost half valued money saved on detention or demurrage. A smaller percentage calculate ROI based on money saved on eliminated load rejections (~30%), money saved on reduction of claims (~30%) and money saved on theft/damaged goods (~20%).

These results are more or less in line with the responses seen from non-shipper survey respondents. This suggests that – while all segments assess the value of a visibility solution in basically the same way – shippers either require a higher level of conviction to commit to a new solution or face additional hurdles on the road to tech adoption.

On a scale of 1-10 (10 being most important), how important is it for you to have access to a network of visibility data without having to make major changes to *your visibility platform?*

Shippers									
All Else									
1	2	3	4	5	6	7	8	9	10
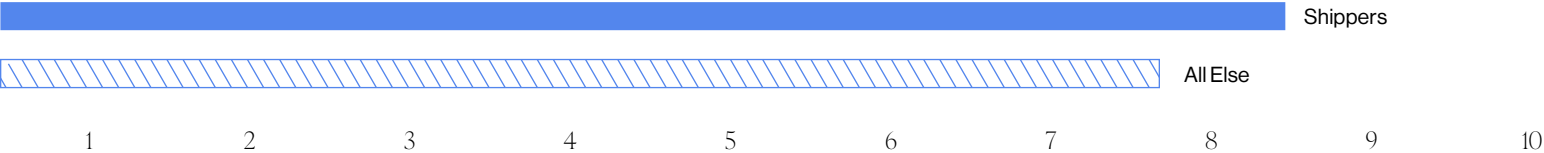
Perhaps unsurprisingly, shippers reported a higher level of skepticism when it comes to overhauling their visibility platforms. On a scale of 1 to 10, shippers assigned an 8.4 to the importance of having access to a network of visibility data without having to make major changes to their visibility platforms. By comparison, their non-shipper counterparts assigned this concept a value of 7.7.

This trepidation and distaste for change may contribute to shippers' slowness to adopt newer, more complex visibility solutions.

Conclusion

Shippers and non-shippers alike appear to value the same things in a visibility solution. Shippers have proven to be more hesitant about adopting modern, more innovative solutions than their non-shipper counterparts, however. As the focus on real-time visibility intensifies, this relative lack of adoption will likely start ruffling feathers with supply chain partners and end consumers alike.

Shippers are expected to upgrade their offerings and seek out in-transit visibility partners at higher rates in the new future as a means of responding to industry pressure and keeping up with technological advancements. When they do, they will likely seek out solutions that require minimal effort to implement and do not result in too many unnecessary platform changes.

Shippers' relative rigidity may contribute to their overall hesitancy to leave their tried and true visibility tactics behind and adopt a more radical full-service visibility solution. Visibility providers hoping to appeal to shippers should tap into this hesitance and design minimally invasive solutions that allow shippers to upgrade their visibility offerings without overhauling their entire operating systems.