

# Carrier Freight Matching for Logistics and Shipper Companies

## A Glance at Clean Freight Strategies

### TRUCKLOAD-AS-A-SERVICE

In the United States, there has been a recent shift to a “truck-as-a-service” shipping model. Technology matches shippers and carriers for individual loads. The truck-as-a-service market is expected to reach \$79 billion by 2025, with the digital freight brokerage segment reaching \$54 billion.



size of truck-as-a-service market by 2025



size of digital freight brokerage market by 2025

*A variety of approaches can help to match shippers with carriers in ways that reduce empty truck miles. One such approach, digital freight matching (DFM), involves using mobile computing and smart phone technology to automate the buying and selling of freight transportation services. Third-party logistics providers (3PLs) can also use industry knowledge or more traditional outreach to identify nearby carriers.*

### WHAT IS THE CHALLENGE?

For shippers, identifying carriers that are nearby, available in the right timeframe, and meet the necessary specifications can be a challenge. Ninety-seven percent of US carriers have 20 trucks or fewer, which means that shippers may not be able to meet all shipping needs with one carrier. Without a strategy for identifying optimal carriers, shippers may end up paying for deadhead miles (when drivers travel to pick up new loads or return to a base of operations empty). Deadhead miles are inefficient, wasting time, labor, fuel, and fleet capacity.

### WHAT IS THE SOLUTION?

To reduce deadhead mileage, 3PLs can use their industry knowledge and new technology to better match freight with nearby carriers. Strategies include:



**Targeted email blasts.** Some firms use geographically targeted email blasts to identify carriers. When they receive an email soliciting availability and interest, carriers can bid to notify 3PLs of their available pickup and delivery windows and vehicle specifications.



**Digital freight matching.** DFM is a more recent method that uses a software application or other technology to match shipper loads to carriers. DFM uses cloud-based software, geolocation technology, inputs from shippers about load requirements, and inputs from carriers about capacity. Apps allow shippers to see the status and location of shipments, fuel use, and routes. Some DFM tools use a model similar to app-based ridesharing, using algorithms to recommend matches.



**Freight brokerage.** Traditional freight brokerage means brokers working with shippers to match freight to carriers. Brokers form relationships that span many freight modes. These relationships can yield market information that DFM companies may not have access to and potentially result in brokers' offering unique services unmatched by DFM. Freight brokers also offer exception handling, backup when equipment breaks down, relationship management, and access to transportation management systems. DFM apps can complement freight brokerage offerings.

### COSTS





Digital freight matching is paid for with commissions, technology fees, flat fees, transaction fees, and/or shipper and carrier-based fees. Some apps also offer unique pricing features, such as automatic price quoting and negotiable price quoting.



**Bundling algorithms on DFM apps can reduce deadhead miles by more than 20%.**

### SAVINGS AND BENEFITS

Benefits of these strategies include:

-  **Reduced deadhead miles.** DFM apps and email blasts can locate nearby carriers, minimizing the distance that trucks are driving to pick up loads. Algorithmic load bundling, in which carriers can book a bundle of two loads on a DFM app, can reduce deadhead miles by more than 20%.
-  **Cost savings.** In addition to the savings from reduced deadhead miles, these tools allow shippers to choose from a variety of carriers. During the freight-matching process, companies can compare the prices of different carriers and choose the most cost-effective option.
-  **Data and transparency.** DFM apps provide valuable information such as truck specifications and shipment status.
-  **Time savings.** These tools, particularly DFM apps, allow companies to quickly identify available carriers. This quick turnaround speed can provide more flexibility for last-minute shipments.

## NEXT STEPS

- 1** Assess current shipment patterns. Identify inefficiencies, such as empty space in loads, deadhead miles, or delays.
- 2** Explore freight matching options, including DFM apps, email blasts, or freight brokerage. Conduct a cost-benefit analysis and determine which strategy best aligns with the company's shipping needs.
- 3** Conduct a pilot and train employees. Consider using this strategy alongside other operational strategies such as supplier sourcing, inventory management and others.