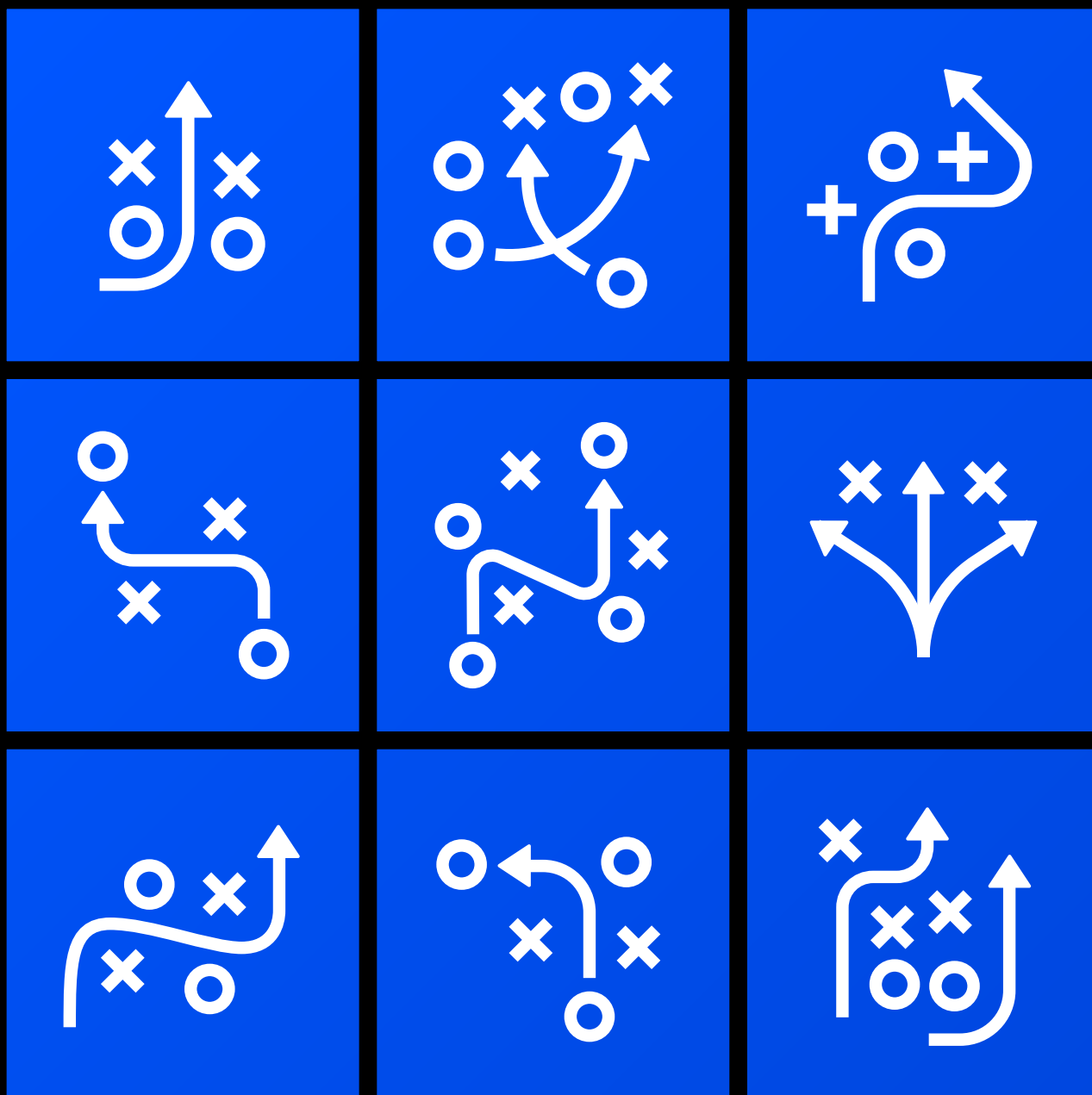


# Navigating Volatility



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# Preparing for uncertainty


## Shippers face ongoing volatility due to the cyclical nature of the U.S. freight market.

The [\\$1 trillion market](#) is massive and highly fragmented, leading to continual rate fluctuations as shippers, carriers, and brokers try to balance supply with demand while moving millions of goods through the supply chain.

In addition, shippers are at the mercy of uncontrollable factors. Economic headwinds, fuel costs, labor disputes, geopolitical tensions, severe weather, seasonality, and consumer behaviors all ripple into capacity challenges that drive volatility. The pandemic's residual effects compound the issue. Rapid evolutions in delivery requirements and consumer expectations have made omnichannel fulfillment processes increasingly complex, siloed, and vulnerable.

Managing this constant state of flux isn't easy. When it comes to volatility, it's not a matter of if rates will rise and fall, it's when and by how much; what goes up always comes down again in a cyclical market. It's as certain as the sun rising and setting. The duration and impact of those major swings keeps everyone guessing. The current freight market's downward trajectory dates back to April 2022 and is expected to cease in 2024. That means rates will become less favorable to shippers again soon. However, it's nearly impossible to predict the market corrections. With uncertainty on the horizon, your supply chains must be positioned to keep goods moving at optimal costs.

This is where external freight market intelligence is worth its weight in gold. Leveraging third-party freight data and analytics delivers essential context for shippers to benchmark performance with industry peers, enhance supply chain planning, and improve operational decision-making in the face of volatility. Follow this playbook to learn how freight data and analytics can help you navigate evolving market conditions with confidence and execute your business objectives.



**Well-curated data is the great differentiator. Companies with advanced, unified digital strategies are at a significant advantage as an industry that still suffers from data fragmentation rushes to close the gap.**

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**– Deloitte Future of Freight Report**


# Gain a 360-degree view of the market

Leveraging your internal data alone isn't enough to move the needle. Often siloed and fragmented, it fails to portray an accurate picture of the overarching landscape. You need additional context to stay apprised of evolving industry trends – how spot rates are fluctuating, how lanes are performing, how competitors are priced, and more. Without that comparison, you could be overlooking pain points or missing opportunities to optimize spending and secure additional capacity.

External freight market intelligence isn't meant to replace internal metrics. It improves your own reporting with insights into wider rate trends. A balance of external and internal insights gives you the confidence to make sound decisions around contract negotiations, cost cutting, budget performance, capacity management, and risk mitigation.

However, it's important to remember that your data is only as strong as your ability to act on it. There are a lot of freight analytics providers with varying capabilities, specializations, and objectives. Like any IT investment, you should approach the provider assessment process with a thoughtful strategy to find the right fit for your organization. Consider the volume of your freight, the complexity of your supply chain, and the specific metrics or insights you aim to obtain through the partnership.

During the provider assessment process, remember that data's true power lies in its reliability. For seamless integration, the solution should be interoperable with your existing supply chain technologies to consolidate datasets and ensure proper data hygiene. Streamlining data sources enables better cross-functional decision-making and clear visibility through the last mile.

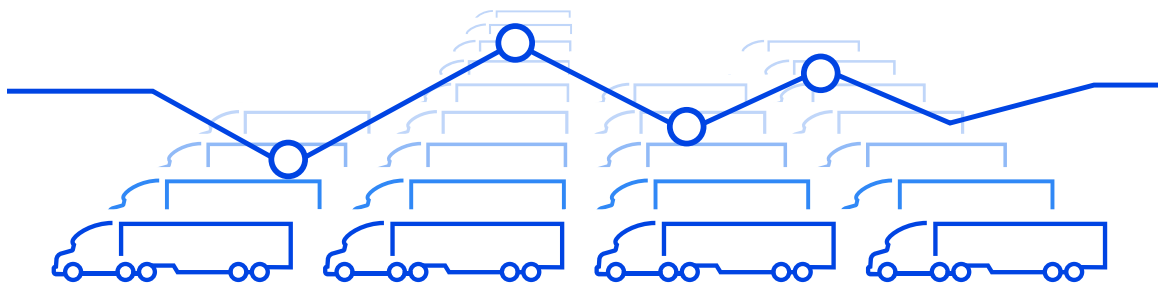


**High-performing companies invariably share one commonality: the ability to leverage data and analytics to make better supply chain decisions.**

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– [Gartner](#)

# Implement data-driven shipping strategies



Shippers have historically relied on legacy supply chain management (SCM) strategies that are costly and inefficient. Making critical capacity decisions based on siloed purchase order histories and manual reporting processes leaves your supply chain highly vulnerable to market volatility. Without a clear view of the bigger picture, it's difficult to adapt to fluctuations and bottlenecks. Your bottom line will suffer the consequences.

Utilize your centralized freight market database to refine existing supply chain management (SCM) processes for improved agility. With real-time rate and benchmark insights, you can identify key opportunities to optimize costs and mitigate risk for better resilience to market volatility.

### **Conduct data-centric strategic planning**

Strategic planning should be grounded in factual insights, not error-prone anecdotal reasoning. Conduct data-driven strategic planning based on real-time visibility into past, current, future spot/contract market rates. Insight on rate trends and market conditions guide confident decision-making amidst uncertainty. Analyzing historical datasets helps contextualize demand patterns, rate surges, and capacity fluctuations relative to seasonality. This allows you to quickly ramp up capacity ahead of important revenue periods like the golden quarter and produce season.

[Learn more about DAT iQ RateView Analytics Solutions.](#)

### **Align budgets and spend management to evolving conditions**

Amid periods of high volatility, awarding contracts with low prices runs the risk of losing capacity if the spot market accelerates and carriers seek more profitable freight. But on the other hand, relying too much on contracts could burden your bottom line. Freight market intelligence helps you find the right balance by aligning budgets and spend management to evolving market conditions.

[Supply chains directly influence as much as 75% of the cost of doing business \(Ernst & Young\).](#)

Using real-time rate forecasts builds flexibility into your budget to better manage volatility in the spot and contract markets. Forecasting models reliably

predict spot pricing trends and the direction of contract rates, indicating when and where the spot market is expected to heat up so you can make necessary cost adjustments to retain capacity in tight markets. You can also benchmark incumbent carrier rates relative to current market rates, and contextualize cost performance with service levels, contracts, and tender rejection considerations.


[Learn more about IQ Benchmark.](#)

### **Engage executive leaders with cost transparency**

The pandemic turned supply chain performance into a top C-suite priority. In their eyes, every dollar counts toward revenue when market volatility is high. You must be able to justify spending decisions and budgeting structures with internal stakeholders. Utilize freight analytics to contextualize operational challenges and inform your supervisors of the risks and costs associated with the organization's transportation network ecosystem.

Neutral third-party data is a reliable barometer for assessing freight spend. It gives an inside scoop on exactly what your organization should be paying in comparison to the broader market. Leveraging real-time benchmark and rate data allows you to uncover hidden trends related to spot and contract rate fluctuations. These trends can be used to help align rate performance assessments with what's actually happening across your supply chain.. The timely and relevant insights show executive leaders that the organization is positioned to mitigate spot market risks before they lead to exposure.





**It's increasingly clear that shippers and carriers are unified by a need to think more seriously and proactively about building strategic capability.**

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**– [CSCMP 2023 State of Logistics Report](#)**

# Optimize your transportation network

Consumers expect immediacy and quick delivery capabilities through the last mile after the pandemic accelerated e-commerce proliferation. Shipping delays and out-of-stocks due to mismanaged capacity result in decreased brand loyalty and revenue.

In turn, it's important to design an agile transportation network that can withstand volatility. Source your capacity with an eye toward diversifying carrier options, boosting operational efficiency, and maximizing flexibility to respond to whatever the market does next.



## **Assess supply chain Performance**

Pinpoint bottlenecks within your carrier network by benchmarking against anonymized data from the wider transportation market. You can personalize the analysis to meet your network's specific nuances, segmenting the data by fleet, region, duration, business case, and more. Comparing your performance with industry peers casts a light on where your network may be lagging behind. Maybe it's an over-reliance on a specific mode. Maybe you're leaving money on the table by neglecting the spot market. Following the data shows where adjustments need to be made to drive better results.

[Learn more about IQ Benchmark.](#)

## **Fine tune your transportation network**

After identifying areas of improvement, you can make data-driven decisions during the request for proposal (RFP) period to diversify your carrier base and design a resilient network. Diversification is key. Leveraging several different carriers on a single lane boosts flexibility by creating multiple opportunities to cover shipments amid fluctuating capacity. During the pre-selection process, follow the 80/20 rule (80% volume, 20% lanes) to identify high-priority lanes where additional flexibility will enhance cost optimization and efficiency.

Use your freight data to compare one way and roundtrip rates, drill down into key factors with advanced filtering, and analyze detailed market conditions to enhance network efficiency. These insights show the implications of certain tradeoffs – between for-hire carriers, dedicated fleets, and private fleets, for example – and their ability to mitigate risk while balancing spending and performance. In addition, they can be used for factoring in mini-bids to get ahead of rate increases when prices start to climb again in 2024.

## **Build resilience through strong partnerships**

Make a point to prioritize relationship building with your existing and new carrier partners throughout the RFP process. Freight analytics supports this effort through data-driven transparency. Neutral third-party data enables transparent negotiations because it's a single source of information both parties share. Contracts can be evaluated in relation to verifiable market insights instead of internal data or anecdotal reasoning so that negotiations happen in good faith. Aligning RFPs to reflect market forecasts and feed into surge pricing helps establish long-term partnerships that protect your shipments from market volatility and unexpected supply chain disruptions.



**Data science  
is turning the  
supply chain  
into a strategic  
advantage.**

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– [Northeastern University](#)

# Collaborate with your data partner

Navigating market volatility is a marathon, not a sprint. It's critical to continually assess evolving market conditions and be ready to adapt on the fly. However, knowing when and how to pivot your operations based on granular freight data can be complex without any guidance or personalization. This underscores the importance of selecting the right third-party freight analytics provider. You don't need another single-selling technology vendor – you need a strategic partner who empowers you to maximize your data's potential and turn insights into impact.

Your analytics provider should be committed to scaling alongside your organization as you advance your data maturity roadmap. At DAT Freight & Analytics, we believe in going above and beyond static one-size-fits-all frameworks. DAT iQ Analytics Services are tailored to enterprise shipper needs to help you plan with precision and execute with confidence. Our team of world-class analytics professionals delivers ongoing guidance on:

## **Integration:**

Streamlining and consolidating data across multiple supply chain technologies and business units to improve your data hygiene and compliance reporting functions.

## **Executive Reports:**

Creating robust executive reports that resonate with different audiences and key stakeholders to drive organizational buy-in.

## **Application:**

Understanding how to interpret and act on specific transportation network insights to maximize your solution's ROI.

## **Maturity:**

Driving successful adoption and implementation to become a more data-oriented organization with a strong analytics infrastructure.

**The full suite of DAT iQ freight market intelligence offerings empowers shippers with unrivaled and impactful business insights on rates, capacity, performance and more. Comparing your network against hundreds of leading North American shippers with more than \$150 billion in annual spend, our solutions generate a 360-degree view of the freight marketplace that takes the uncertainty out of transportation.**

**DAT isn't just a load board anymore. Contact us today or visit [DAT.com](http://DAT.com) to learn more about how DAT iQ can help navigate the volatility ahead.**



**Analytics**

[www.DAT.com](http://www.DAT.com)