



## **Fortune 100 Retailer Uncovers \$30 Million in Transportation Savings with FreightWaves SONAR**

An in-depth look at how a Fortune 100 retailer utilized FreightWaves SONAR to make data-driven decisions.

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## SUMMARY

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A Fortune 100 retailer, like many others, suffered a shock to the supply chain over the past two years that reared its head in the form of higher transportation costs. The result directly impacted the bottom line and caused the company to enter the market for a solution to help in getting transportation costs under control.

The retailer had **run requests for pricing (RFPs) in the past relying heavily on historical data but hadn't been able to benchmark itself against its competitors.** The retailer had concerns about moving to rates that were more in line with market rates because of the service levels it required.

Those concerns were quickly put at ease and potential savings were identified using FreightWaves' Supply Chain Intelligence (SCI) platform.

In a short period of time, running the retailer's network through FreightWaves' SCI platform, it was able to identify lanes that present:

- + **Easy-to-find cost savings.**
- + **The benchmarking ability at a lane level.**
- + **The ability to maintain needed carrier compliance levels.**

Just by targeting the low-hanging fruit, the retailer found over \$30 million in transportation savings just by adjusting rates to the benchmark rate.

Even if freight along those lanes were to fall into the spot market, the retailer would have still garnered more than \$10 million in savings when its benchmark rate is compared to the FreightWaves Trusted Rate Assessment Consortium (TRAC) all-in spot rates.



### ISSUE

Increasing transportation costs leading to missed budgets, shrunken margins, and more costly mini-bid processes



### OUTCOME

\$30M in annual transportation cost reduction, faster and economical bid cycles, and maintain carrier compliance expectations



### SOLUTION

Advanced freight market insights and peer benchmarking using FreightWaves SONAR Supply Chain Intelligence

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## IN UNPRECEDENTED TIMES, HISTORICAL DATA FAILS THE STRESS TEST

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The headlines have been filled over the past two years with retailers and shippers highlighting rising supply chain and transportation costs as the reason for bottom lines to get squeezed and earnings results to suffer, despite consumers boosting top-line revenue growth. A leading retailer was no different, but as the freight market started to shift back in its favor, the retailer recognized the opportunity that was presented to it and knew action needed to be taken.

The retailer's concern with attacking a new RFP by just looking at historical rates and spot market trends is that attacking all lanes with the same focus would result in increased service failures as well as capacity

disruptions from underbidding lanes that were more important.

With the need for limited network disruptions and maintaining high levels of on-time, in-full deliveries, the retailer knew there had to be a better way to attack the RFP without the risk.

The retailer needed a way to hone in on the low-hanging fruit in order to drive substantial transportation savings, while also keeping carrier relationships strong on lanes that were difficult to cover.

## UNCOVERING \$30 MILLION IN TRANSPORTATION SAVINGS THANKS TO BENCHMARKING

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The result of focusing on just the low-hanging fruit allowed the retailer to be **confident in getting more significant savings while not reducing performance expectations**. These are lanes where capacity was ample and shippers maintained the pricing power in the lane.

Just by focusing on the lanes where the retailer has pricing power and can drive rates down to a more competitive rate than what those in the same industry

are paying, the retailer was able to generate more than **\$30 million** in transportation savings, which directly flows to the bottom line of the business.

Even if all the freight in the easier-to-cover lanes fell into the spot market, the retailer would have garnered nearly **\$10 million** in savings when comparing current linehaul rates to the all-in spot rate produced by the FreightWaves TRAC.

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## HOW SONAR LED TO THE OUTCOME

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Through the use of the FreightWaves SCI platform, one of the leading retailers was able to compile all of its lanes into a single platform and benchmark itself against its competitors, which are ultimately bidding on the same capacity.

Within the SCI platform, each lane is scored between 1 and 100. The higher the lane score, the easier the lane is to cover, and conversely, the lower the score, the more difficult the lane is to cover.

More than 50% of the lanes that the retailer was running in the RFP had lane scores of 40, indicating that capacity along these lanes was challenging to secure and the possibility of rebidding these rates closer to what the retailers' peers are paying posed a risk to service the retailer didn't want to take.

Even though the retailer opted not to focus on rebidding these lanes, through the SCI platform, the retailer was able to see that in the future, if this was an area that the retailer wanted to focus on after getting the low-hanging fruit accounted for, the savings generated by bringing its current rate up to the peer benchmark rate would generate more than \$60 million in savings.

By choosing to focus on lanes where the lane score was higher than 60, which indicated that the retailer

should be able to adjust prices without sacrificing service, **the retailer was able to take a more targeted approach.**

Using the data to drive decision-making regarding transportation costs can be challenging, but having a tool like SONAR SCI at the retailer's disposal would allow the retailer to benchmark its rates throughout the year and adjust them as the market dictates. This allows the retailer to ensure not only that service requirements are being met but also that the retailer isn't overpaying for service if the market shifts in one direction or another.

Click here to find out more information about FreightWaves [SONAR SCI](#) and [TRAC](#). If you are interested in benchmarking your freight spend and making actionable, data-driven decisions, [schedule a free consultation here.](#)