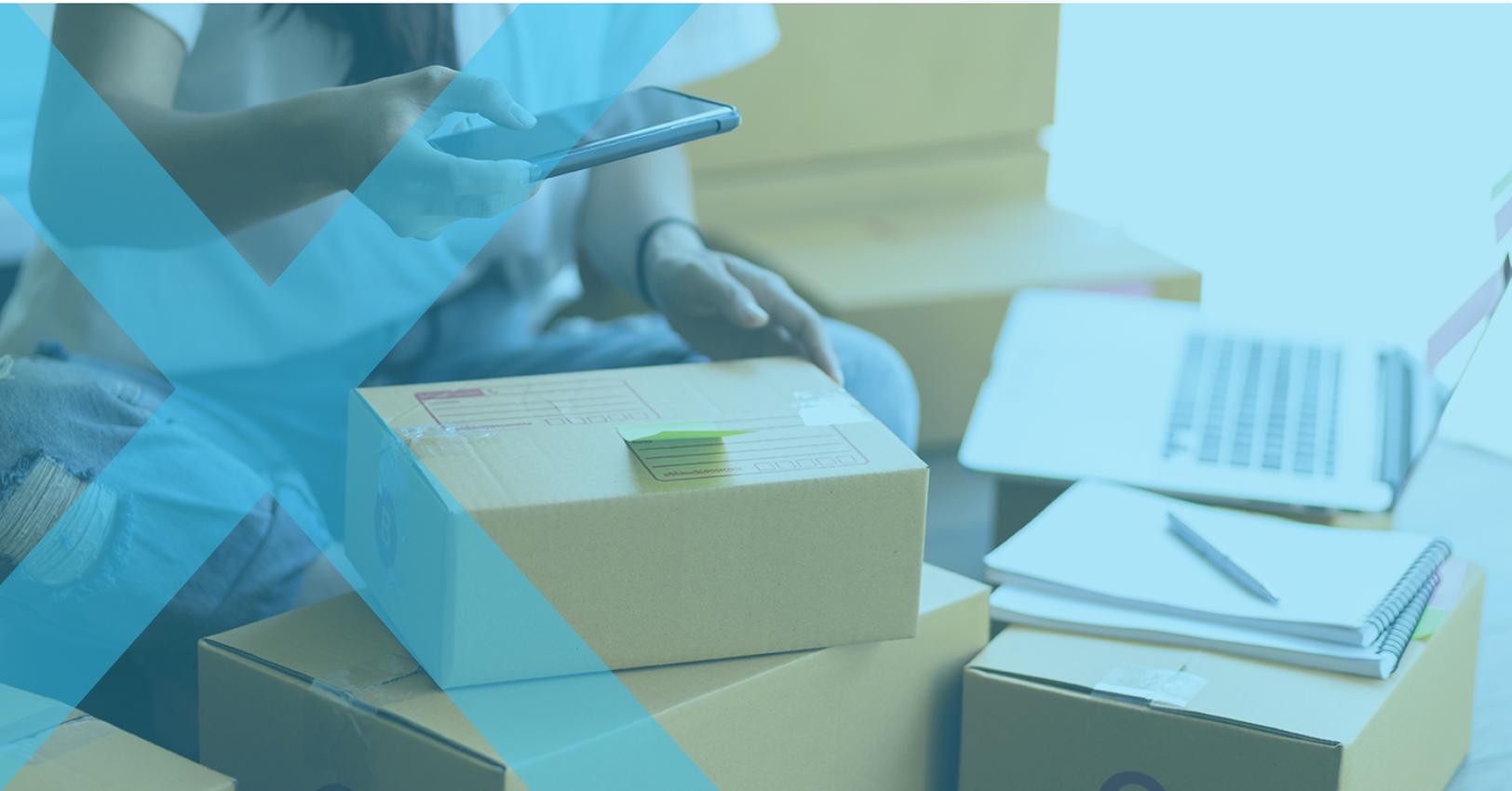




ocean^x

Diversifying Your Carrier Network

The past few years have brought about a dramatic increase in eCommerce sales and direct-to-consumer (DTC) brands. 2020 was the first year where online sales soared through the roof as consumers stayed home in response to the COVID-19 pandemic. Instead of making trips to shopping malls, consumers visited online stores to make their purchases.





Pre-pandemic, consumers completed somewhere around **32 percent of their purchases online**. During the pandemic, however, that value rose to 58 percent of all purchases. While this spike may level out a bit in the coming years, much of this growth in online sales is expected to be permanent. DTC brands must set up their businesses to handle new levels of shipping volumes if they want to ship orders quickly, meet delivery times, and keep customers coming back.

Even with more brick-and-mortar stores reopening in 2021, eCommerce sales continue to grow, albeit at a slightly slower pace than during the stay-at-home orders of 2020. eCommerce sales grew an estimated **17.9 percent in 2021**. And now, it's projected that DTC and eCommerce sales will continue to grow at an estimated rate of 17.3 percent in 2022.

This may mean great things for DTC brands and eCommerce businesses, but there is one challenge to be wary of in 2022:

Shipping delays and carrier backlogs.

All of these new purchases must be delivered, and online retailers need to secure fast, affordable shipping from carriers who have the capacity to keep up. The solution? **A diverse network of large and regional carriers.**





CARRIER CHALLENGES IN 2022

For DTC and eCommerce brands, the shipping and unboxing experience replaces the experience of walking into a brick-and-mortar storefront. It's an essential part of the customer experience. Because of this, DTC brands don't have the luxury of dealing with shipping delays and other issues.

Freightwaves estimates that parcel delivery in 2022 will be very similar to 2021. Carriers will have the upper hand while the huge influx in parcel volume will remain elevated while eCommerce activity continues to climb. [And as the logistics expert shared](#), "Demand will continue to exceed supply even though the national carriers are adding meaningful capacity to their networks and migrating to seven days a week deliveries to improve fluidity."

Throughout 2021, Freightwaves and other logistics experts encouraged eCommerce brands to diversify their carrier networks. Why? To limit how much they rely on large carriers who are taking on a bigger and bigger shipping volume—big names like FedEx and UPS.

Logistics are likely going to be just as challenging in 2022, where demand will continue to outpace supply, even while national carriers add more and more capacity to their networks and deliver seven days per week.

Even amidst these challenges, consumers expect fast shipping—and if they don't find the fast shipping they are looking for? They'll go elsewhere. [87 percent of customers](#) have shared that delivery time is a major influence in their purchasing decisions.

For DTC brands and carriers everywhere, 2020 was a year of learning and growing. Supply Chain 24-7 shared that [the main reasons consumers were dissatisfied](#) with shipping during the initial months of the COVID-19 pandemic were:

- **Deliveries arriving late:** 32 percent of respondents
- **Slow delivery time or lack of delivery options:** 27 percent of respondents
- **Expensive shipping costs:** 19 percent of respondents

eCommerce brands that take advantage of an entire portfolio of carriers rather than relying on a single-carrier strategy or only a large national carrier can help eliminate these pain points and provide a better experience for their customers.



ALL ABOUT DIVERSIFYING YOUR NETWORK

What does diversifying a carrier network look like in practical execution?

It doesn't mean having to rule out carriers like FedEx, UPS, and USPS entirely. It means adding to your range of options to provide more, better shipping choices and a full, multi-carrier portfolio that serves the needs of every customer.

Gone are the days where logistics were solely a function of operations. Now, logistics is a function of customer success; it enhances the overall customer experience. By altering your carrier strategy and diversifying your carrier portfolio, you can meet the needs of each customer with fast, affordable shipping no matter where they are located or what specific needs you have for shipping your products.





Working with a single carrier or a national carrier can pose some problems:

- **No Choice (Or Very Little Choice):** If you only have a few carriers to choose from, you lose the opportunity to choose the best shipping option for each order to keep costs low for you and your customers. You also cut down on the number of shipping options available to customers.
- **Shipping Cost Issues:** Without carrier options, you have fewer rates from which to select, especially when national carriers are implementing [all kinds of surcharges](#) related to peak season and the pandemic.

By expanding your carrier network to include regional carriers and small carriers that serve specific major metropolitan areas, you can keep shipping rates down, offer more shipping options to your customers, and speed up delivery times. Regional carriers in particular can fill the void of larger national carriers and provide excellent transit times in greater metropolitan areas—all at a great cost.

Some carriers offer economical shipping rates and relatively fast shipping times, which appeals to a certain type of customer, and other carriers have elevated carrier programs that come with a slightly higher cost and offer even better transit times. A diverse carrier portfolio allows you to offer both options.





HOW A DIVERSE CARRIER NETWORK CAN SUPPORT PEAKS

During peaks, eCommerce and DTC customers are concerned about two things:

- That the products they are interested in purchasing are in-stock and available
- That their orders will arrive in a timely fashion

In 2021, DTC brands and their carriers were better positioned to handle the peak season influx of shipping, but these businesses have to stay vigilant moving forward if they want to meet these consumer demands.

The OceanX team supports its clients' endeavors leading up to peak season by providing access to a diverse carrier portfolio. Additionally, OceanX begins to monitor average transit times across the board down to the smallest detail, breaking down performance by state and fulfillment center. This monitoring starts mid-summer, well before peak season begins, to establish a performance baseline that can be used to plan for peak season. Then, this information is shared with OceanX clients weekly so they can stay apprised of carrier performance.





Starting in the summer, OceanX begins focusing on their clients' peak season strategies, making plans and examining the entire carrier network to refine fulfillment strategies, arrange great rates, and ensure stellar delivery times.

Enterprising DTC and eCommerce brands should work with their 3PL partners to communicate what is most important in building a robust carrier program. OceanX understands that a successful 3PL partnership depends on communication to discover what is best for your brand and your customers.

To learn more about how OceanX can help you diversify your carrier network, provide better customer service, improve shipping times, and secure great carrier rates, [connect with the OceanX team today](#).

