Client Connection
News and Updates from Data2Logistics

What You Need To Know

Truckload Freight Getting In Gear

Truckload carriers are reporting steadily growing freight demand. “We’ve had 3½ years of the truckload recession,” John Steele, chief financial officer of Werner Enterprises, said on March 9. “So, it is difficult for shippers to understand and comprehend that the market is turning, but it is, clearly turning.” We have seen similar statements from no less than five other truckload carrier executives. This comes after 18 months of excess capacity.

Internet Truckstop reported in their weekly index that truckload demand hit its highest level since September 2008. This is signaling that demand is approaching a point where it will outpace supply in the not to distant future. As we have reported in previous issues of out Client Connection, a lot of capacity has left the market through carrier business failures. This was confirmed last month by A.C.T. Research who estimated that the total Class 8 fleet has shrunk by 210,000, or 13%, in three years.

Excess capacity for Vans is shrinking and is now reported to be running at 3% to 4%. This is a significant improvement from peak excess capacity of at least 15% at this time last year. We see demand growing in Texas, California, parts of the Midwest, Pennsylvania and Alabama, as well as Georgia. If this trend continues carriers will slowly gain back pricing power.

A survey by Transport Capital Partners (TCP) is showing that larger truckload carriers are looking for companies to acquire. TCP reported that 37% of the carrier who participated in the survey seeking to buy another carrier. This will increase the capacity of acquirers but will not increase the capacity in the marketplace.

Shippers should recognize that the marketplace supply demand equilibrium is shifting and prepared for high freight rates in the second half of this year.

Our Auditors Want You To Know…

The headline reports of FedEx and UPS General Rate Increases do not typically represent the impact on our customer shipping expense. You can be sure that there devil is in the details and the type of shipping that specific customers do.

Here are some examples.

A large number of zip codes have been added to the current extended delivery area surcharge list. In the case of FedEx there is an additional $0.25 fee for the extended delivery area surcharge zip codes for the US and up to a $6.00 fee for Express for shipments to certain remote zip codes in Hawaii.

On their web site UPS indicates that extended delivery area surcharge is only for international shipments. However a careful review of the UPS service guide reveals this is not the case. Their service guide lists the Delivery Area Surcharges rates as Commercial $1.70 and Residential $2.50. The Extended Delivery Area Surcharge for Commercial is shown as $1.70 and Extended Delivery Area Surcharge for Residential is $2.75.

FedEx has added on call pickup fees to their service guide. They are catching up to UPS who has assessed these fees for years

FedEx's On Call Pickup Charge is $3.00 per package for future day pickups request via electronic shipping, $4.00 per package for future day pickups request via FedEx customer service representative. The service fee for same day pickups requested via electronic shipping is $4.00 per package and $5.00 per package same day pickup requested via FedEx customer service.

Single shipment charge is not addressed specifically in the service guide, but we are seeing the $3.00 per package fee for each pickup made at a location that is not set up for a daily pickup. This may be reasonable if the carrier is coming out for one shipment but we are seeing this accessorial charge applied to instance where hundreds of packages are tendered at once.

If you have question regarding carrier charges or further information on how you can avoid pricing surprises that you may be unaware of, please contact, Karin Speaker at 239.707.7204 or Karin.Speaker@Data2Logistics.com.