

Breakthrough
a **US Venture** company

2023 State of Transportation Report



Introduction

Transportation leaders are facing mounting pressure to reduce costs and emissions in freight operations. Volatile fuel prices, capacity fluxes, and other macroeconomic challenges are on the minds of industry leaders who are still reeling from the disruption of the last few years.

All of this is happening as transportation teams are working to regain sustainability progress that was eroded by the pandemic, which forced a three-year delay in emissions reduction action. But now, network priorities have shifted, and leaders must recalibrate their strategies to adapt to the new market balance.

It's a process that will require the right teams, tools, and partnerships to take advantage of emerging opportunities for decarbonization, efficiency, and cost savings over the next 12 months.

To understand how transportation leaders are navigating macroeconomic challenges and planning for the future, **we surveyed 500 transportation leaders**, including shippers and carriers, about the current state of the transportation industry.



KEY FINDINGS

70%

of transportation leaders say strengthening mutually beneficial transportation contracts with current partners is a key focus area for the next 12 months

59%

of transportation leaders predict freight capacity will be more available over the next 12 months

94%

of transportation leaders agree consumer demand for more sustainable products makes reducing emissions a more critical priority in the next 12 months

99%

of shippers agree they would take advantage of electric or alternative energy vehicles if carriers in their networks offered them — and **79% strongly agree**

INSIGHT 1

Macroeconomic forces continue to shape transportation challenges

Macroeconomic trends like inflation, economic growth rate, employment growth rate, government policies and regulations, trade, and industrial production continue to cause headaches for transportation leaders in 2023. Of the top challenges for the next 12 months, volatile diesel fuel prices ranks highest on transportation leaders' list of concerns. With cost pressures mounting on all sides due to inflation, it's understandable transportation leaders are eager for relief.

Unfortunately, they won't find it in linehaul rates. **Nearly two-thirds (63%) expect linehaul rates to remain higher than average over the next 12 months**, a product of increased labor and equipment costs.

Capacity, however, will be easier to procure for transportation leaders this year. The capacity constraints of the past few years have eased, and may ease further — **59% of transportation leaders predict freight capacity will be more available over the next 12 months**. It's a trend that will enable decision-makers to reprioritize strategic planning because the current range of available options offers space to make adjustments to their networks.

Top challenges impacting transportation networks over the next 12 months:



Volatile diesel
fuel prices
51%



Limited
freight capacity
37%



Driver
shortages
36%



INSIGHT 1 CONT.

With capacity loosening, now is a good time for transportation teams to reevaluate their partnerships and ensure they are investing in strategic relationships. Shippers looking to uncouple themselves from transactional relationships have the opportunity to identify and establish partnerships with strategic brokers and core carriers. In fact, transportation leaders should take advantage of current market opportunities to strengthen partnerships across the board, as the insights below suggest.

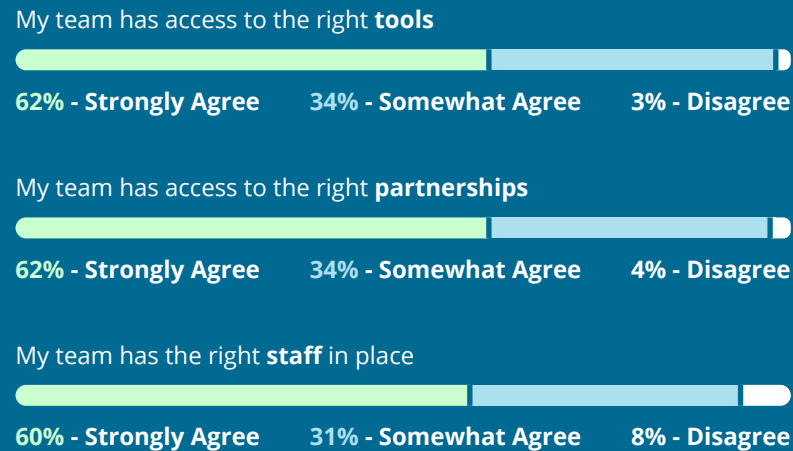
Another positive trend: Transportation leaders feel prepared to address market uncertainty. Nearly all agree their teams have the right tools (97%), partnerships (96%), and staff (92%) to effectively navigate transportation

challenges in 2023. However, there may still be opportunities to fine-tune operations in these areas, with roughly a third saying they “somewhat agree” versus three-fifths saying they “strongly agree” in each category.

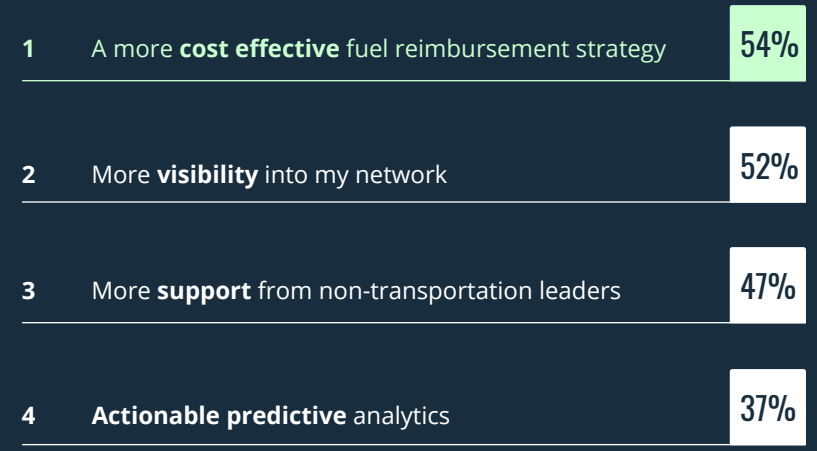
In particular, new tools and partnerships may help transportation teams achieve their goals and overcome challenges over the next 12 months.

More than half of transportation leaders agree a more cost-effective fuel reimbursement strategy and more visibility into their networks would be most beneficial — two areas where transportation data and technology partners can provide support.

Degree to which transportation teams have access to the resources necessary to navigate transportation challenges in 2023:



Most helpful resources for achieving transportation goals and overcoming challenges in the next 12 months:



INSIGHT 2

Emissions reduction is top of mind – but transportation leaders need support to make meaningful progress

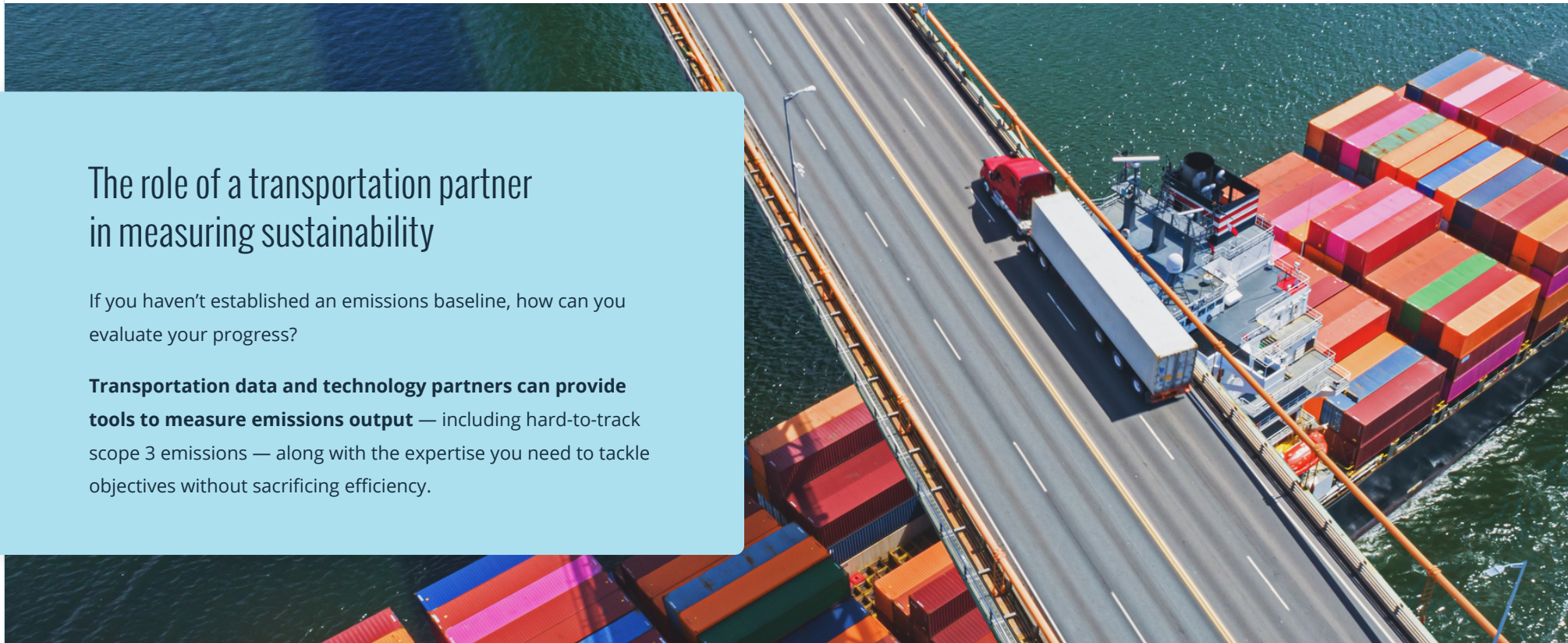
Transportation leaders feel pressure from all sides to improve freight sustainability. **Nearly all (94%) agree** consumer demand for more sustainable products makes reducing emissions a bigger priority in the next 12 months. And business leaders seem to recognize consumers' desire for increased sustainability. Internally, direction to prioritize emissions reduction comes from the top, with 42% of transportation professionals saying pressure to improve transportation sustainability most often comes from the C-suite.

But making headway on emissions reduction goals appears daunting in the current economic climate. Three in five transportation leaders (61%) believe ongoing macroeconomic forces will make it **nearly impossible** to meet emissions reduction goals over the next 12 months. An additional 33% believe it will be somewhat difficult, with only 4% believing current economic conditions will have no impact on their company's ability to meet emissions reduction goals.

The role of a transportation partner in measuring sustainability

If you haven't established an emissions baseline, how can you evaluate your progress?

Transportation data and technology partners can provide tools to measure emissions output — including hard-to-track scope 3 emissions — along with the expertise you need to tackle objectives without sacrificing efficiency.



INSIGHT 2 CONT.

Given this context, it's no surprise **shippers** are searching for solutions. An overwhelming majority of respondents on the shipper side (99%) agree they would take advantage of electric or alternative energy vehicles if carriers in their networks offered them — and 79% strongly agree.

Carriers have heard calls for more alternative energy options loud and clear. Nearly all (97%) see value in adding EVs to their fleets — and 59% plan to do so by the end of 2023.

Despite the widespread interest in EVs, the majority of carriers are still in the pilot phase of adoption, meaning loads moved on EV equipment will be minimal in the immediate future. It will take time for them to test EV capabilities and collect real-world data on ownership and usage costs before expanding their fleets.

Fortunately, transportation leaders do not have to wait for EV and alternative energy equipment and infrastructure to become mainstream to start achieving their emissions goals. **In fact, many may be overestimating the difficulty — and cost — of making emissions progress in the near term.**

The abundance of intermodal capacity available in the market paired with the rise in alternative energy vehicles means **the ability to hit sustainability targets has never been greater.** But transportation teams need the right tools, data, and partnerships to implement solutions that deliver quick efficiency improvements, reducing both costs and emissions. Fortunately, these solutions and partners are readily available to help transportation teams achieve quick sustainability wins.



CARRIERS' PROGRESS ON PLANS TO ADD EVS TO THEIR FLEETS

3%

Unlikely to explore EV technology

8%

Planning not yet in progress, but see potential value in EVs

15%

No date set, but early-stage planning for EVs is in progress

15%

Will add EVs in 2024 or beyond

59%

Will add EVs by the end of 2023

INSIGHT 3

Strengthening partnerships is paramount for success in the current economy

If there's one area where shippers and carriers find common ground, it's this: **Success hinges on partnerships.**

As transportation leaders look to navigate current economic and sustainability challenges, solidifying relationships with current and new partners will be key for both shippers and carriers. In fact, 70% say strengthening mutually beneficial transportation contracts with current partners is a key focus area for the next 12 months.

In a historically transactional industry, this may be an encouraging sign partnerships are shifting toward a more cooperative environment.

Carriers and shippers can look to external transportation data partners for support in establishing, tracking, and reporting on metrics. These insights will help both parties measure progress toward goals, uncover new synergistic opportunities, and contribute to more seamless RFP processes.

As shippers search for new carriers, they will need to balance a comprehensive list of competing priorities. **Network priorities like cost, capacity, and reliability will be top of mind** as shippers explore carrier partnerships over the next 12 months.

Most important focus areas (or KPIs) for transportation teams in the next 12 months:

Strengthening mutually beneficial transportation contracts with current partners **70%**

Establishing relationships with new partners to increase efficiencies **50%**

Reducing internal silos that hinder efficient transportation decision-making **33%**

Reducing emissions in line with internal goals/science-based targets **33%**

Consolidating vendors **29%**

Pinpointing and correcting lane-level disruptions more quickly **26%**

Uncovering fuel savings opportunities **25%**

Inbound and outbound **lane optimization** **12%**

INSIGHT 3 CONT.

Autonomous vehicles and alternative energy shipping options are also considerations for nearly half of decision-makers, indicating shippers are taking a broader view when evaluating how potential carrier partners can help them meet their long-term goals. Another way shippers are looking toward the future: **94% agree they are interested in partnering with carriers piloting autonomous vehicles.**

Despite shippers' desire to establish new carrier relationships, it's not always a straightforward process. Half (49%) say they lack information about

available carriers, while 44% struggle to establish relationships with carriers in certain geographies.

Identifying carriers through traditional networking methods and web searches is tedious — and frequently fails to deliver results. Instead, shippers should lean on transportation data and technology partners to suggest available carriers in a streamlined manner.

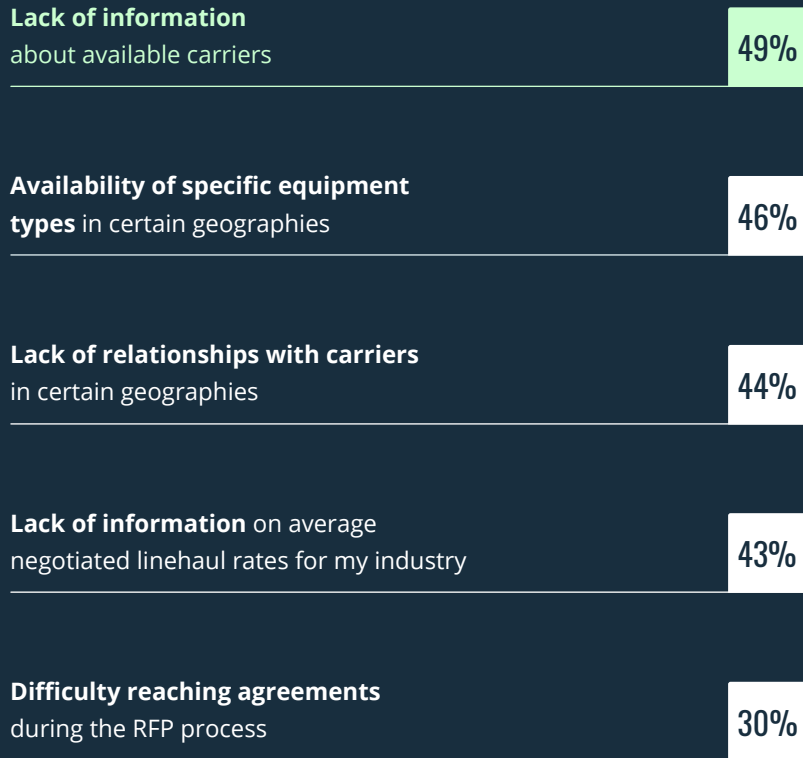
Are carriers missing opportunities to connect with shippers?

Two-thirds (65%) of carriers say professional relationships with shipper contacts are a top consideration when establishing a partnership with a shipper. **But by ignoring options outside of existing professional circles, carriers may miss out on relationships with shippers looking for their unique capabilities.**

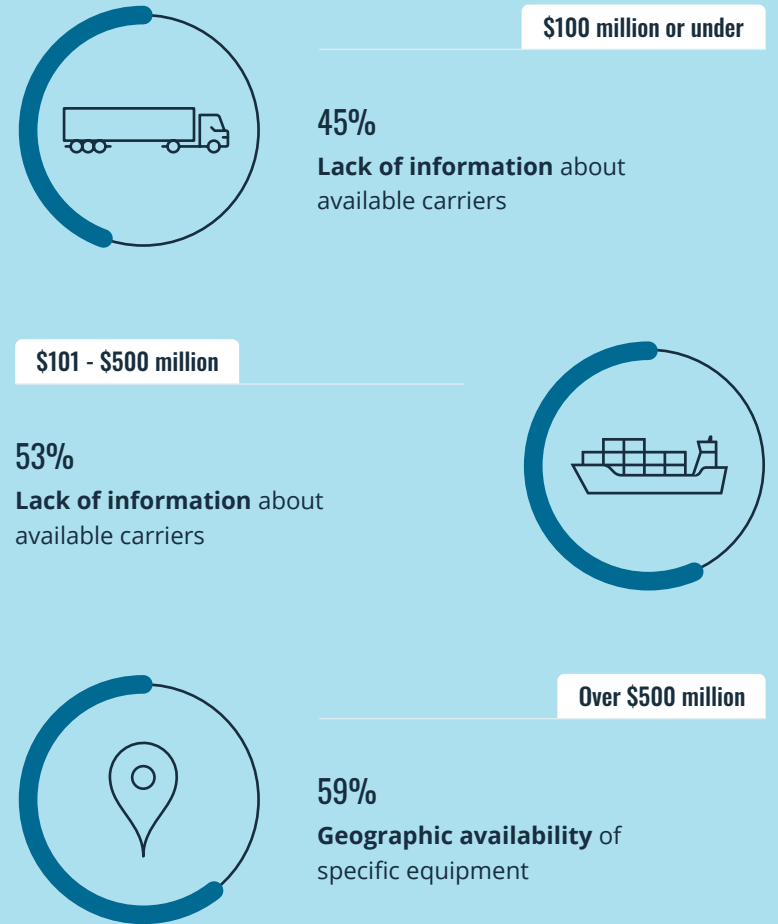
Carriers should consider redirecting some of their networking efforts toward transportation technology providers. These partners can connect them with relevant shippers seeking to establish new relationships.



Shippers' top hurdles to finding carriers that meet their needs:



Shippers' No. 1 hurdle to finding carriers that meet their needs, by revenue size:



Shippers that generate higher revenue are **more likely to face geographic hurdles** in locating a specialized carrier to meet their needs.



Despite hurdles, 2023 offers ample opportunity for transportation teams

The next 12 months will undoubtedly present challenges for transportation leaders. But amid uncertainty, new opportunities are emerging to adopt forward-thinking transportation strategies.

Across the board, transportation leaders plan to double-down on strengthening current partnerships while exploring new relationships to fill specific gaps — especially when it comes to sustainability. But they may need help identifying and quantifying opportunities as they juggle multiple priorities, like cost savings and emissions reduction.

Breakthrough has the expertise and technology you need to:

- Fine-tune your transportation strategy
- Set emissions benchmarks
- Achieve greater network visibility
- Strengthen partnerships

Equip your team with the tools they need to proactively and efficiently navigate transportation challenges. [Schedule a demo today.](#)



Methodology

Breakthrough surveyed 500 transportation decision-makers (including 350 shippers and 150 carriers) in the U.S. regarding their transportation goals, priorities, and predictions for the next 12 months. The survey was conducted March 8 through March 23, 2023.

About Breakthrough

Breakthrough, a division of U.S. Venture, Inc., is a leading innovator empowering shippers with data, technology, and market knowledge to reduce cost, create fair partnerships, and improve transportation network efficiency and sustainability. By leveraging a robust dataset of over \$25 billion in annual freight spend, Breakthrough uncovers freight optimizations and removes distortion from traditional transportation practices. Together with its shipper clients, Breakthrough is transforming the transportation industry by building a more effective and sustainable freight ecosystem. The company was named to Fast Company's Most Innovative Companies in Logistics in 2021, is a recipient of the prestigious "Winning Through Innovation" award from Unilever, and is a five-time recipient of Procter & Gamble's "External Business Partner Excellence Award."

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