

2024

The Shipping Playbook: The Ultimate Guide to Carrier Diversification

How diversifying your last mile carriers supports supply chain resilience, delivery speed, and revenue growth.



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Explore what you need to know about diversifying your carrier mix.

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Introduction

Diversifying carriers is vital for brands in a fast-paced, global economy.

There's no one-size-fits-all solution for shipping products. The same rings true for your brand's carrier mix. Brands have to strategically diversify their carriers to precisely match their needs.

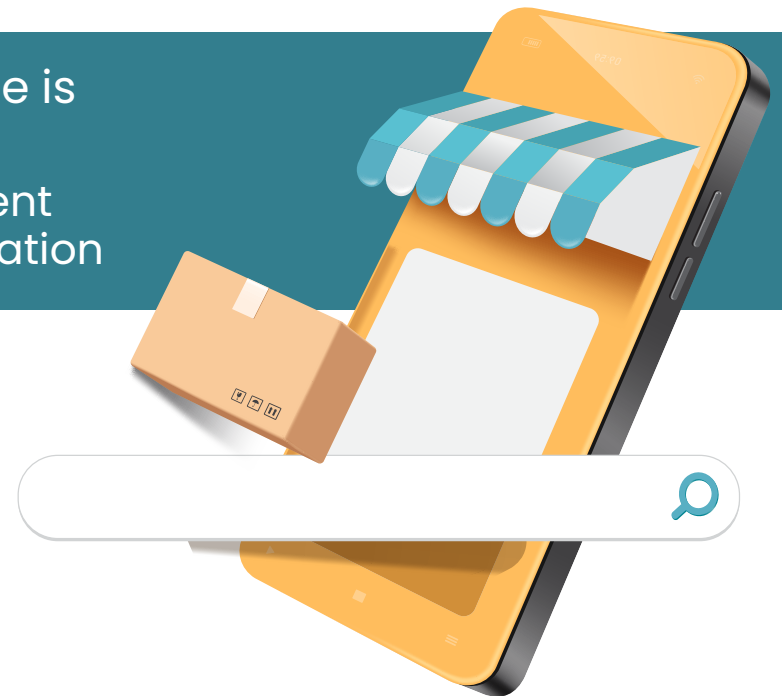
There was a time when brands could rely on a single carrier for their nationwide and international shipments. This was convenient and provided brands with a strong sense of stability and predictability. That's no longer the case. In today's shipping environment, relying on one carrier can actually leave your brand feeling unstable and out of control.

According to *McKinsey & Company* e-commerce is expected to drive a retail market worth

\$9 TRILLION by 2025, creating an urgent need for carrier diversification

Facing major supply-chain disruptions, labor hurdles, and rising costs, many brands are shifting gears to build partnerships with multiple carriers. The results: improved reliability, lower costs, better transit times, and risk mitigation.

Carrier diversity is now paramount to success.



We know firsthand the importance carriers play in logistics.

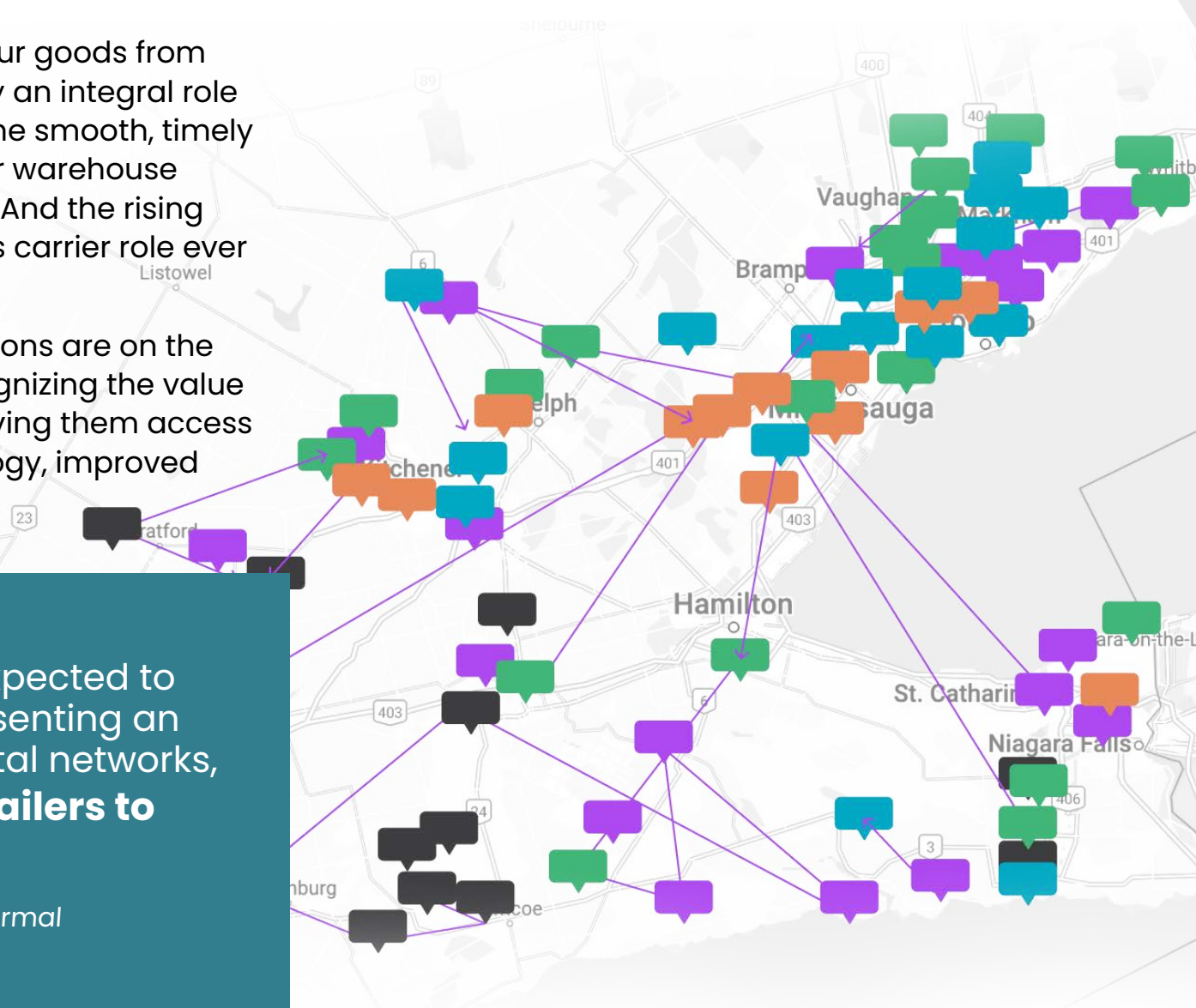
You know it too: their impact on your business can't be overstated.

Carriers don't simply transport your goods from one location to another. They play an integral role in your supply chain – ensuring the smooth, timely transportation of goods from your warehouse floor to your shopper's front door. And the rising complexities of logistics make this carrier role ever more crucial.

At a time when shopper expectations are on the rise, brands are increasingly recognizing the value of a diversified carrier network, giving them access to cutting-edge tracking technology, improved transit times, and reduced costs.

By **2025**, parcels are expected to equal mail in volume – presenting an immense challenge for postal networks, but an **opportunity for retailers to diversify their carriers.**

Source: McKinsey & Company Next Normal Parcel Delivery



Single-Carrier Utilization: A Risky Endeavor

Think of carrier diversification like having multiple backup plans ready to go.

It's like a shipping Swiss Army knife with all the tools you need to ensure your shoppers' deliveries stay on track, no matter what surprises pop up along the way.



Imagine relying on one carrier who suddenly ceases operations due to a labour strike?
Suddenly, your brand's entire shipping process is thrown off course, leading to headaches for you and your customers.

This is where a diversified carrier mix makes all the difference.

By spreading your shipments across different carriers, your brand can cover all its bases to keep your shipping and delivery operations running smoothly. So, when unexpected events like a system outage strikes, your brand, and your shoppers, have options.

Diversification is a safety net that keeps your shipments on track and your shoppers happy.

Diversifying carriers doesn't just help your brand avoid risks, it also leads to better shopper experiences. Strong partnerships with regional carriers allows brands to tap into their partners' local network expertise and technology (such as live-order tracking and electric-powered fleets), ensuring fewer delays, more visibility, and increased sustainability.

It's a win-win situation for you and your customers.



Consumers want assurance their orders will arrive as promised

83% VALUE PROOF OF DELIVERY

80% SEEK EASY-TO-USE TRACKING

68% DESIRE FLEXIBLE DELIVERY OPTIONS

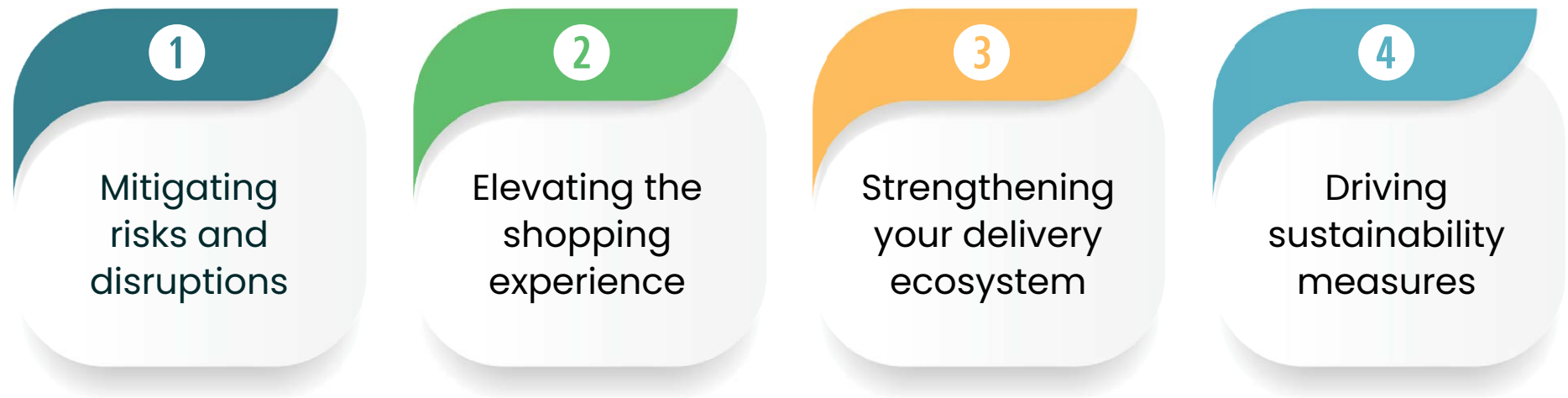
Source: [PwC Holiday Outlook 2023](#)

Supply-Chain Reliability: The Benefits of Carrier Diversification

For your brand to thrive, carrier diversification is crucial.

This proactive-shipping approach will shield your brand from potential disruptions, fostering a healthier, more reliable delivery ecosystem. It also encourages healthy competition among your carriers, leading to better service standards and optimized costs for you and your shoppers.

The four benefits you'll unlock with carrier diversification:



1 Mitigating risks and disruptions

Disruptions are an inevitable part of the supply chain. Are you prepared?

Your single-carrier shipping solution could leave your brand vulnerable to avoidable risks. Supply chain interruptions arise from a variety of sources, from natural disasters to rising costs, regulatory shifts, and, even, carrier challenges like strikes and system failures.

Within a finely tuned network of intricately connected people, processes, and products, even a minor bump can cause a major disruption – leading to setbacks for you and your shoppers.



HERE'S THE GOOD NEWS:

By teaming up with multiple carrier partners to broaden your shipping network, your brand can swiftly adjust and bounce back quicker when these disruptions arise.

With different carriers in your mix, your brand can have back-up carriers at the ready to save the day. So, when the unexpected strikes, alternative carriers can swoop in and seamlessly take over your shipments, keeping deliveries on track and shoppers happy with every order placed.

2 Elevating the shopping experience

A diverse carrier mix is key to unlocking shopper satisfaction and convenience.

With a diverse carrier mix, your shoppers will enjoy quicker shipping times, better pricing, and greater control over their orders.

So, how is this possible? By partnering with innovative upstart and regional carriers leveraging the latest technology. When carriers adopt enhanced tracking technologies, it gives shoppers the ability to monitor their shipments every step of the way, ensuring peace of mind.

What's more, by offering a range of shipping options, brands can empower shoppers with greater control over their delivery preferences. Only with a diverse array of carriers, can brands offer a variety of service levels, from express delivery to budget-friendly shipping options.

This tailored-shipping approach ensures each of your shoppers can select the shipping method that aligns with their preferences, ultimately enhancing their overall shopping experience.



DID YOU KNOW?

SOME **70-80%** OF E-COMMERCE PURCHASES ARE **DELIVERED VIA NETWORKS** RATHER THAN PICKED UP IN STORES.

Source:
[McKinsey & Company: The endgame for postal networks](#)

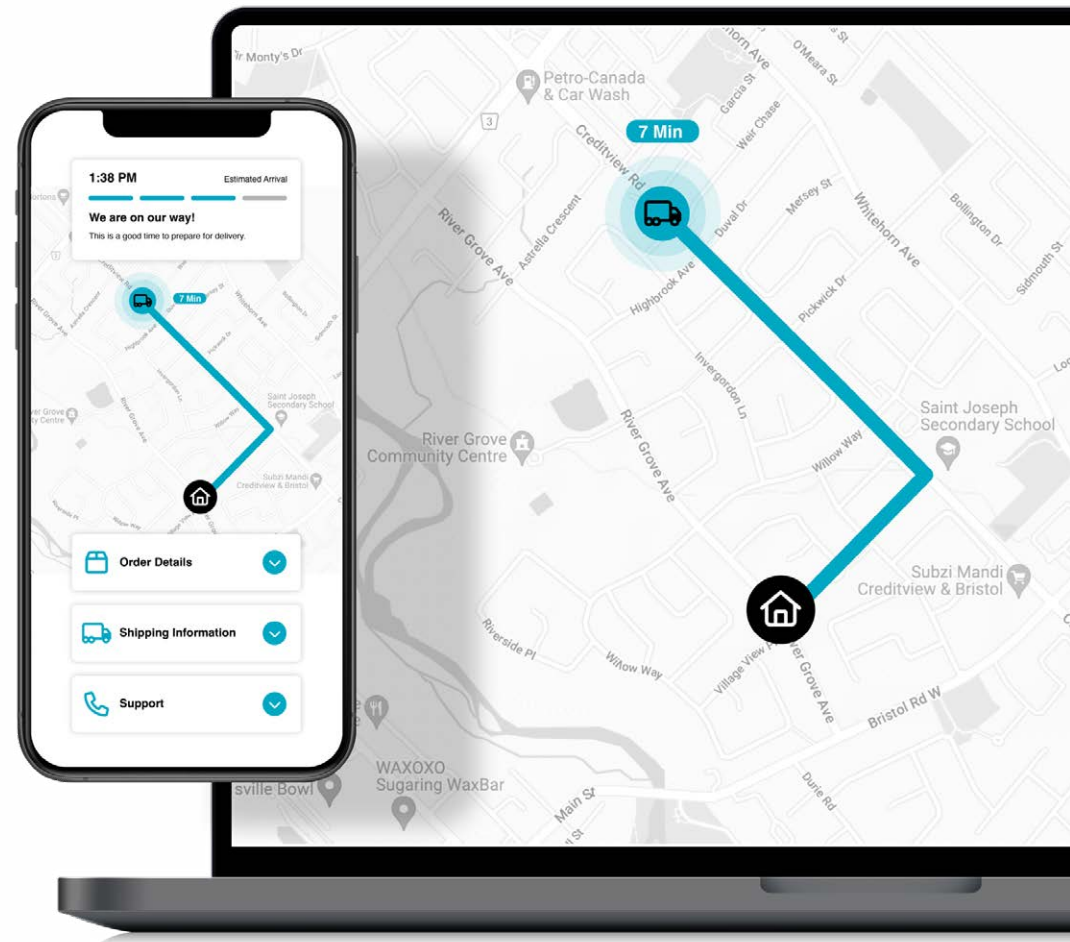
3 Boosting your delivery ecosystem

Carrier diversification is vital to strengthening the health of a delivery ecosystem

By partnering with multiple carriers, your brand will gain access to a broader network of logistics capabilities and resources that can be leveraged to enhance your shipping efficiency, including:

- **Optimized shipping strategy:** Diversifying carriers allows brands to align shipping preferences with the right carrier. Whether prioritizing regional expertise, delivery speed, or cost-efficiency, **the best shipping strategy is when the right carrier delivers to your customers.**
- **Enhanced capacity:** With access to a variety of carriers, you can leverage additional capacity during peak season to **prevent bottlenecks and maintain swift fulfillment.**

Leveraging a diverse range of carriers, routes, and resources will help your brand streamline operations, optimize order fulfillment and, ultimately, ensure the timely delivery of shipments.



4 Driving sustainability measures

SOME **46%** OF CONSUMERS REPORT BUYING MORE ECO-FRIENDLY PRODUCTS TO REDUCE THEIR CARBON FOOTPRINT. SINCE RETAIL SUPPLY CHAINS CONTRIBUTE TO A QUARTER OF GLOBAL EMISSIONS, BRANDS CAN SHARE CONSUMER VALUES BY UTILIZING SUSTAINABLE DELIVERY METHODS WITH CARRIER PARTNERS WHO PRIORITIZE THE ENVIRONMENT.

Source: [PwC's Voice of the Consumer Survey 2024](#)



Diversifying carriers can significantly advance sustainability goals and initiatives

As highlighted in [PwC's 2023 Survey](#), 86% of executives see supply-chain strategy as key to their company's ESG goals. Diversifying carriers helps brands align their delivery practices with sustainability goals.

Partnering with multiple carriers will give your brand greater control over your sustainability goals. Smaller carriers, in

particular, are increasingly adopting the use of electric vehicles (EVs) and leveraging advanced routing technology, which significantly decreases emissions. As more brands diversify their carrier partnerships with sustainability in mind, this will foster competition among carriers, encouraging them to adopt sustainable practices and technology to stay relevant.

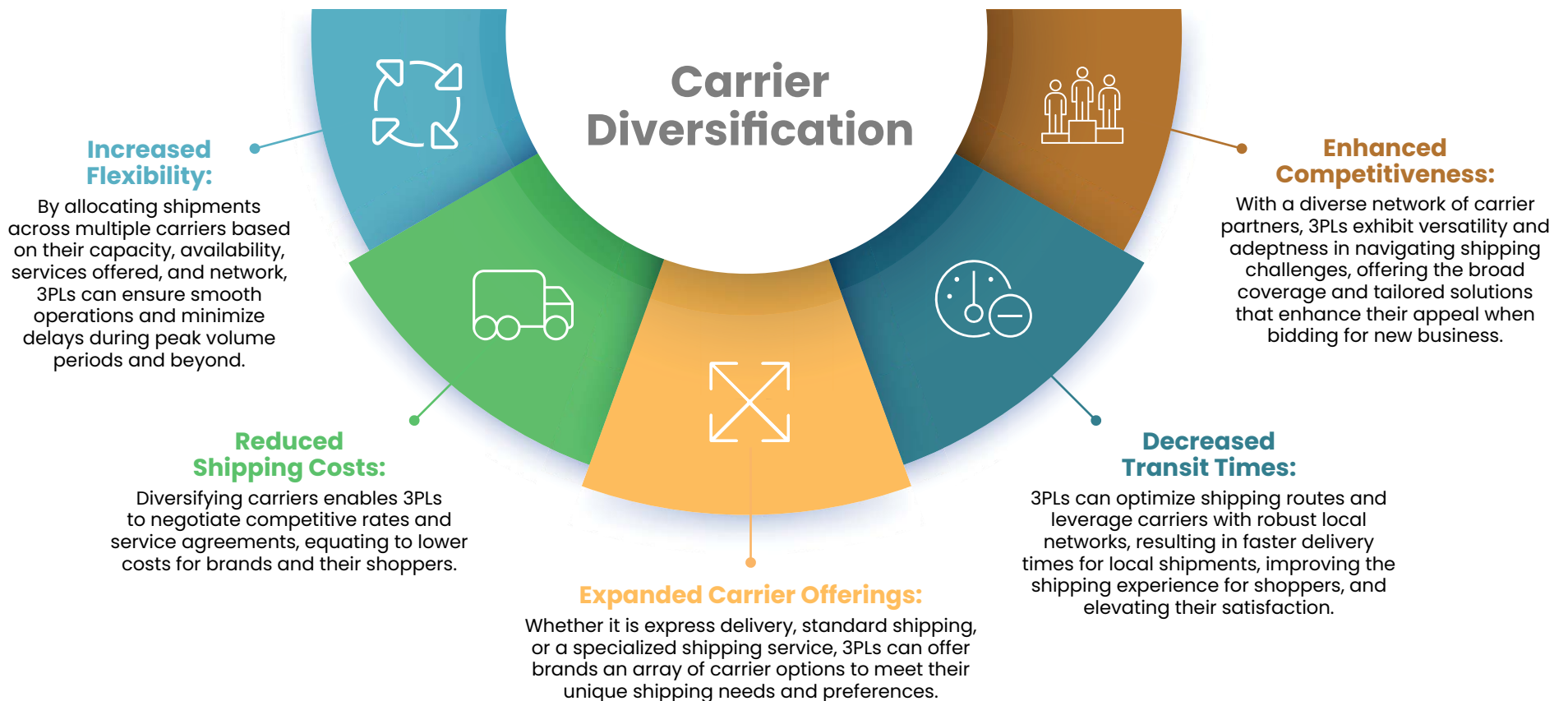


Diversification: 3PL Benefits

How Carrier Diversification Addresses Shipping Challenges

Carrier diversification enables third-party logistics providers to address shipping challenges more effectively.

Let's take a closer look at how diversifying carriers gives 3PLs an edge in overcoming shipping hurdles and elevating their capabilities, benefiting both brand partners and their shoppers.



What the Experts are Saying...



NATE SKIVER,
Founder of LPF Spend Management



I recommend investing in resources to implement and manage a multi-carrier program. Too many shippers either try to manage a program with insufficient resources, or don't pursue a multi-carrier strategy due to the complexity. Resources can include building a dedicated team, finding the right technology, and/or working with spend management providers.

What the Experts are Saying...



JOHN MCCLYMONT,
Principal, Operational Innovations



Don't underestimate the power of testing. The best way to know how well something works is to try it. Too many brands waste months at a time looking for (what they think is) perfection. Want to improve your logistics spend? Want to improve your customer experience? Want to grow your fulfillment offer? Then adopt pilot projects. You get to move pockets of volume to different partners to find out what gives the highest ROI. You'll also learn what doesn't work, making you stronger for the future.

What the Experts are Saying...



TROY LESTER,
Co-founder & CRO at WARP



Regional last-mile providers often offer faster and more cost-effective service in major metropolitan areas. To leverage these regional carrier options, shippers must evaluate whether they have sufficient volume within specific regional or super-regional zip codes to consider a split from legacy networks in hopes of diversifying their carrier mix.

A common pitfall when expanding into new last-mile relationships is underestimating the middle mile or injection costs per box. Without filling a truck on pickup, or nearly so, last-mile providers may need to pass back significant costs for picking up a shipper's freight. However, with innovative middle-mile solutions, companies can expand into as many new last-mile injection points as needed, without the burden of meeting minimum volume requirements.

5 Strategic Steps

5 Strategic Steps to Take When Diversifying Carriers

A diverse carrier network establishes reliability between brands and their 3PL partners

By following these steps, both brands and 3PLs can diversify their carrier networks, realizing increased reliability, optimized shipping operations, and an enhanced shopper experience:

1 Identify needs

Identify your needs and opportunities. Start by assessing your current shipping challenges and identify any opportunities for improvement. Then, determine your specific requirements, such as expanding delivery coverage, reducing shipping costs, and/or improving transit times.

2 Conduct diligence

Conduct due diligence on carrier performance and pricing. Research and evaluate potential carrier partners. Compare their service levels, track record of reliability, and pricing structures to ensure alignment with your service needs, shipping requirements, and budget.

3 Network design

Map out your mid-mile network. Develop a strategy for integrating regional carriers into your network. Do the carriers require injection into their sort centers? Or do the carriers offer a mid-mile service? These are key considerations as you develop your network.

5 Strategic Steps to Take When Diversifying Carriers

4 Technology

Understand how technology comes into play. Get ready to leverage your carrier partners' technology to streamline your processes and improve visibility across your network. Carriers typically provide label and tracking APIs in order to properly connect to a 3PL or brand's transportation management systems.

5 KPIs

Define key performance indicators (KPIs). Measure the effectiveness of your carrier diversification and identify further areas for improvement by monitoring metrics such as on-time delivery rates, transit times, and customer satisfaction. By actively managing performance, you will be able to load balance between your carriers to achieve the optimal last mile experience.

Best Practices for Cultivating Resilient Partnerships

Diversifying carriers is a critical strategy for brands seeking supply-chain resilience

Successful diversification goes beyond simply adding new partners to your carrier roster. It requires careful planning, effective communication, and the willingness to adapt your operation to navigate the complexities of the ever-shifting logistics landscape.



Final Thoughts

Gone are the days of relying solely on one carrier to handle all your shipping needs. **Carrier diversification** is essential to brand success and shopper satisfaction.

The shift away from traditional shipping strategies to **diversified carrier partnerships** is being driven by the need for resilience and adaptability in the face of supply-chain disruptions, rising costs, and heightened consumer expectations.

From mitigating risks and building supply-chain resiliency to enhancing the shopping experience and driving sustainability measures, the advantages are clear.

Now is the time for brands and 3PLs to **embrace the power of carrier diversification and unlock the full potential** of your supply chain.



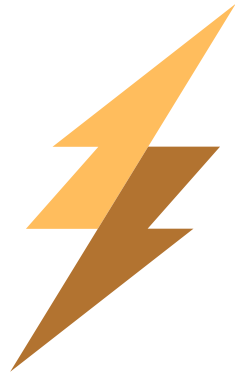
Carrier diversification is the path forward

Are you ready to level up your shipping game?

Get our Carrier Diversification Checklist to take the first steps toward greater resilience in your supply chain to mitigate risks, ensure seamless operations, better pricing, and happier shoppers.

[Download Checklist](#)





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