

Freight Shipping Trends for 2023

The 2020 pandemic is still having an impact on freight shipping around the world. However, its effects have become less and less as the shipping industry moves toward the new normal. And from 2022, several freight shipping trends have emerged which only foreshadow what 2023 and 2024 might bring.

Last year, global supply chains and shipping were going through challenging times. There were staffing issues, lockdowns and backups in ports all over the world. Retailers and consumers felt these problems and according to the National Retail Federation, 97% of its members were impacted by these factors. Consumer expectations have not slowed down though. More than 62% of consumers surveyed expect their orders to arrive in less than 3 business days.

What follows is a breakdown of the trends that seem to be prevalent for this year as well as how they will impact retailers. While there are still challenges to freight shipping, you can expect an overall improvement in terms of speed and the amount delivered.

Third Party Logistics Providers for Everyone

There was a time when third party logistics providers were only used for large retailers. Today, even small retailers are using this form of logistics for their shipping models. If there is one trend that is truly taking off in 2023, it is the use of third-party logistics providers. The annual growth rate is roughly 8.5% and is higher in the Asia Pacific area.

Using a system of pre-negotiated contracts, this form of fulfillment is not only growing in popularity, it is creating more peace of mind with retailers. Not to mention that it is lowering delivery costs which in turn increases profit margins. It also helps that third party logistics lowers risks so that retailers are not relying on a single large shipment that may or may not arrive.

Shipping Chain Delays

One issue that still dogs the industry is the worker shortage and slow turnaround times for many ports around the world. This has contributed to shipping delays which many customers find annoying at best. Currently, the expected time of arrival that customers expect is still not being matched by shippers. But that gap is shrinking thanks to new hiring and fewer regulations from the pandemic that hold back shipping.

Delivery Time Transparency

Although speed is still a relevant factor, knowing when the desired items will be delivered is of paramount importance to consumers. With a greater emphasis on transparency, customers are demanding more information on when their item will be shipped, how fast is it arriving, and where in the delivery chain is the item located. With expectations built into when items should arrive, transparency can help avoid many customer-related issues when it comes to delivery.

Faster Delivery

But let's not overlook the advantages of speedy delivery. The faster an item gets into the hands the customer, the more pleased the customer will be with the business.

Roughly one-third of global shoppers will abandon a purchase if the shipping takes too long. That number rises for shoppers in North America who are less patient with waiting for their packages to arrive. The "Amazon effect" is where consumers bring their expectations of fast delivery to all of their retail relationships and it needs to be considered when planning strategy and execution in the retail business.

Lower Shipping Costs and Backlogs

With increased demand returning and fewer regulations comes lower prices for freight shipping goods. It is expected that shipping prices will continue to drop. However, worldwide events which has sparked inflation, particularly in the oil industry will keep prices from dropping to their pre-pandemic levels. If oil prices continue to drop, then you will see even lower shipping costs.

Elastic Logistics

With new times comes new approaches to shipping. The tried-and-true methods are being tested with new solutions being introduced to satisfy retailers. The focus is flexibility when it comes to having items shipped to meet customer demand.

The emphasis on elastic logistics which means varying the shipping methods based on what is ordered uses new technologies such as artificial intelligence or AI along with the cloud. Predicting consumer demand and then meeting it with new shipping methods.

Just-in-Time Inventory Management

Inventory management is one of the most important aspects in running any goods-oriented business. The Just-in-Time management approach may seem sketchy at first, but it is based on the solid principle of reacting quickly to changing times.

The flexibility garnered from this approach means reacting before a crisis arrives. A just-in-time approach differs from a just-in-case, such as when items run out of inventory at the time they are in the most demand. A just-in-time approach foresees such situations and reacts before they become issues.

Reduced Carbon Emissions with Deliveries

The concern over climate change means a greater emphasis on reducing carbon emissions. This means companies which are transparent about how their items are shipped and focus on the environment will have a positive impact with their customers.

Both tracking and offsetting carbon emissions bolsters the brand and has changed the way some items are shipped. For customers concerned about climate changes, this is a selling point.

Sustainable Packaging

One trend that has been continuing since before the pandemic is packaging that is sustainable. Almost half of global consumers are comfortable with purchasing from companies that spend more to ensure sustainable packaging of their products.

The minimal packaging approach is gaining more traction in 2023. With many consumers citing this form of packaging as being most important.

Supply Chain Distribution Efficiency

Another trend that has been around for decades, but is rising in prominence due to the pandemic is creating more efficiency in the supply distribution chain. Finding ways to cut down on delays, more direct shipping routes, and streamlining businesses to cut down on waste and increase productivity helps to speed up deliveries.

Sometimes, this is due to finding the right supply chain partner that matches the type of retail business. With direct sales, brokerages, wholesale, and dual distribution methods available, finding the right shipper is of great importance to efficiency in moving products.

As global freight shipping goes into 2023 and beyond, the outlook is bright for retailers and shippers thanks to the pandemic restrictions fading and new forms of shipping emerging.

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About the Author:

Elias Amash, President of GRIP, is an industry veteran with more than 30 years of experience in global sourcing, manufacturing, distribution, retail merchandising, fulfillment, marketing, technology, and operations. He is a trusted partner to hundreds of retailers and has “leveled up” the industry with GRIP’s undying commitment to offering only the highest levels of service to its customers. Amash has published several books: 8 Skills That Pay Off Forever, The Top 10 Most Important Lessons, The Retail Advantage: How to Win the War with Amazon, Retail Survival: Who Lives, Who Dies and Why, The 50 Most Important Lessons in Life, The Future of Retail, Importing from China: The Good, The Bad, and The Ugly, and 101 Bright Ideas: Winning Tactics to Increase Retail Sales.

About GRIP:

GRIP was incorporated by Charles Amash in 1980 and has grown into one of the nation’s top suppliers of innovative products to the retail industry. Located just south of Grand Rapids, Michigan, GRIP features a 200,000 sq ft state of the art warehouse facility including a 2,000 sq ft product showroom. GRIP carries a product line of over 1,000 specialty tools, tarps, automotive, cargo control, cleaning, LED lighting, magnetics, outdoors, household items, impulse and general merchandise. GRIP has a proven track record of excellence in supplying retail clients with innovative products, timely fulfillment, and world-class customer support. At GRIP, everything is about earning your business...one customer at a time. It’s about building relationships and fostering business partnerships that will last long into the future. Our goal is to have Customers for Life. The future at GRIP is exciting and we’re hoping that you can be a part of it as one of our many Customers for Life.

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