

We Asked, You Answered

Results of the 2009 PARCEL
Best Practices Survey

— By Marll Thiede —

Of the 12 years that we have been conducting our Best Practices Survey, this year by far was the most disheartening. The economy has taken its toll, and we see our readers taking pay cuts and freezes, taking on more responsibilities (doing more with less) and some even saying, “So long” as layoffs cut out management positions. We also saw the dissolution of DHL domestic service, narrowing the competitive landscape in the parcel transportation arena. Last year, only 22% of shippers projected they would be changing their carrier mixes this year, but a whopping 46% ended up having to deal with switching carriers. But it wasn’t just because of DHL’s exit. As a bad economy took hold, cost was an overriding reason why our survey respondents said they switched. However, they are optimistic, with only 22% once again saying they will be changing their carrier mixes in the next 12 months. And this time, they plan to spread out their parcels to not only the three remaining national carriers (FedEx, UPS and USPS) but more plan to use LTL and regionals for parcel shipments than in years past. It

appears that shippers are a bit nervous about putting all of their eggs in one basket and anxious to start testing the alternative transportation providers.

FedEx seems to be making a push on pricing as well. As one respondent commented, “FedEx Ground is giving aggressive rates.” Of those respondents who said they would be moving volume, most said they would be moving to FedEx, followed by UPS and USPS. That could be why FedEx moved up in the “Rate Your Carrier” portion of our survey. Of the six categories we asked you about, FedEx topped four of them.

We would like to thank those who took time to complete our survey. More results will appear in the next issue of PARCEL as well as on our website, www.PARCELindustry.com, over the next few months. Watch for next year’s survey, which will be coming to you in shorter sections — more surveys but less time-consuming. Who knows what next year will bring with pending lawsuits, strikes and a very slow economic recovery. We intend to find out, with your help, and report it all to you. ■

Rate Your Carriers

Scale of 1 to 10
(10 being the best)

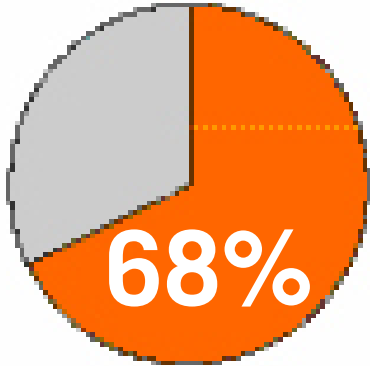
↑ Improved from ‘08

↓ Worsened from ‘08

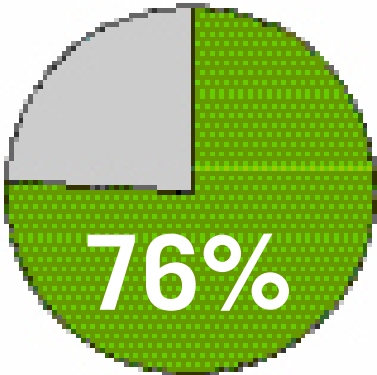
	FedEx	UPS	U.S. Postal Service
CUSTOMER SERVICE	7.3 –	7.3 ↓	5.7 ↓
ON-TIME SERVICE PERFORMANCE	8.1 ↑	8.0 ↓	5.9 ↓
DELIVERY PERFORMANCE	7.9 ↓	8.0 ↓	6.3 ↓
CLAIMS PROCESSING	6.8 –	6.3 ↓	4.7 ↓
REFUNDS FOR LATE DELIVERY	6.7 ↑	6.3 ↓	4.3 ↓
PRICING	7.0 ↑	6.7 ↓	5.7 ↓

Economic Impact on Operations

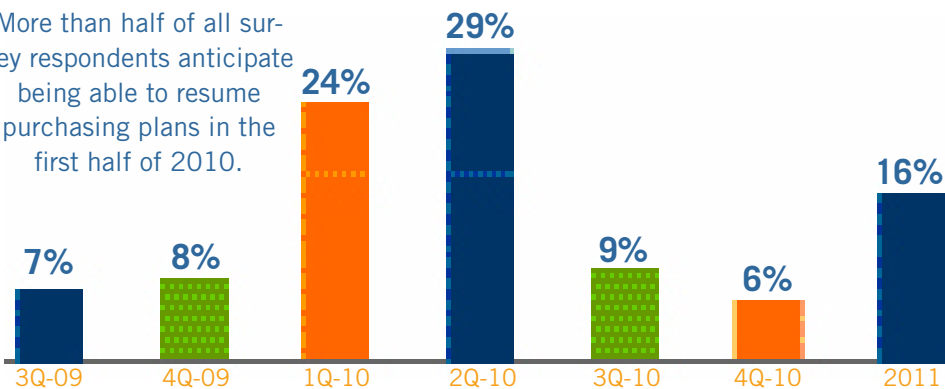
A majority of companies reported the economy had an impact on parcel operations.



Even more companies changed purchasing plans in the last 12 months.

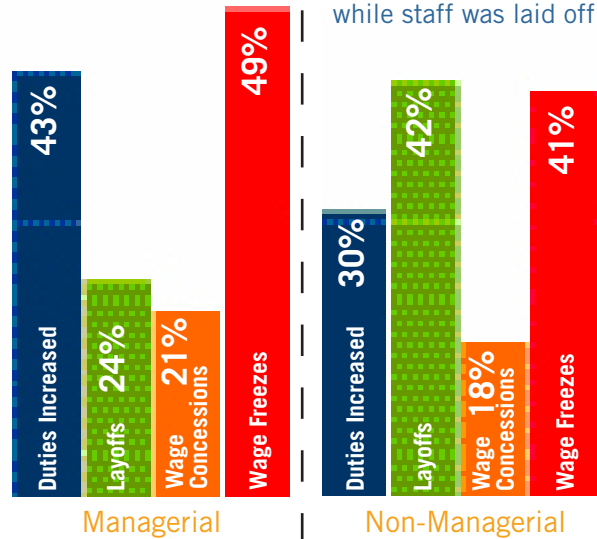


More than half of all survey respondents anticipate being able to resume purchasing plans in the first half of 2010.

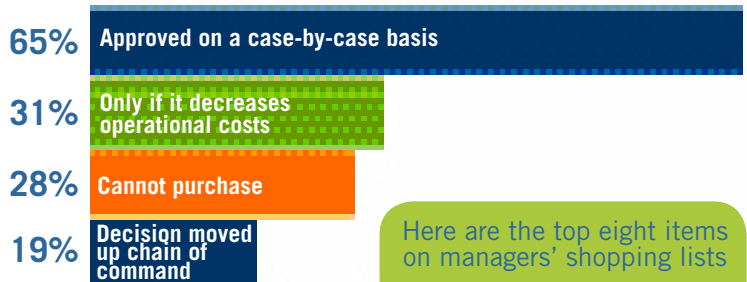


(as a percentage of overall transportation costs)

Of those who were affected, management was more likely to have wage freezes, while staff was laid off.

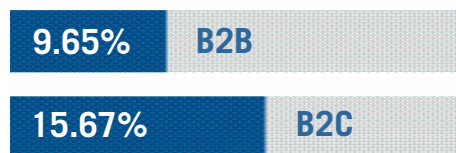


Of all companies, most have shifted purchase decisions to a case-by-case basis.



Here are the top eight items on managers' shopping lists

- Barcode Scanners
- Labeling Equipment
- Forklifts/Pallet Jacks
- Receiving Systems
- Barcoding Software
- Weighing Systems/Scales
- Package Sealing Systems
- Shipping Manifest Systems



The gap between accessorial fees charged to business deliveries and residential deliveries is growing.

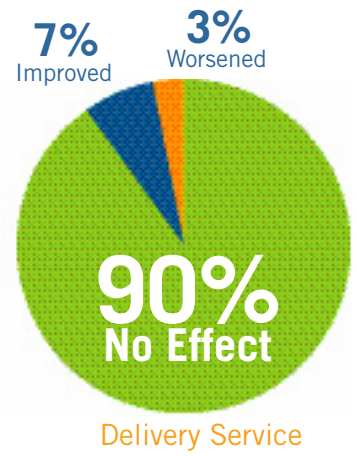
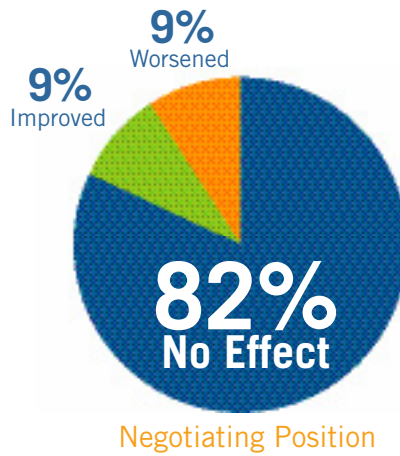
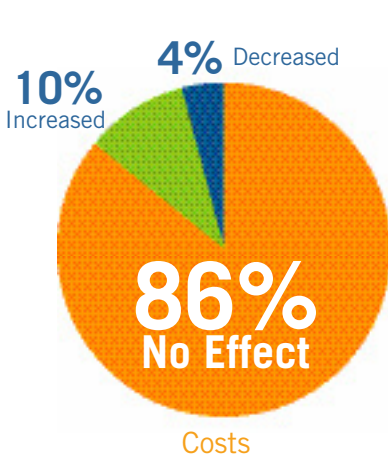
Transportation

Money issues were the top three complaints shippers had about their primary carrier.

1. Accessorial charges
2. Fuel Surcharges
3. Pricing
4. Service Failures
5. Residential Deliveries

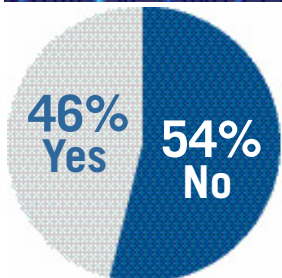
	#1	#2
FedEx	Accessorial	Fuel Surcharge
UPS	Accessorial	Fuel Surcharge
USPS	Tracking	Pricing

Since USPS doesn't have as many surcharges, the biggest complaints were tracking and pricing, both of which it is addressing.



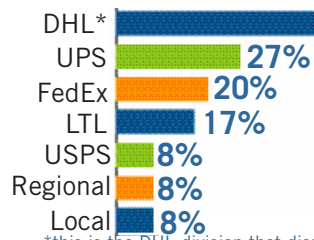
With the dissolution of DHL, we asked shippers what effect it had on their transportation costs, negotiating positions and delivery services.

In the past 12 months



Percent of shippers that changed their carrier mixes

Moved from (of those who changed)

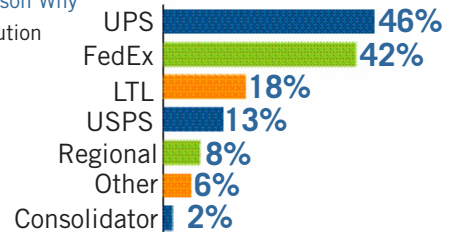


*this is the DHL division that dissolved

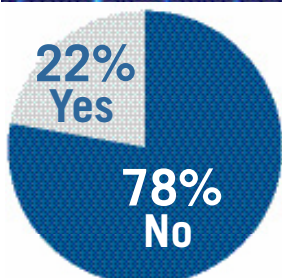
#1 Reason Why

- Dissolution
- Cost
- Cost
- Cost
- Cost
- Cost
- Cost

Plan to move to

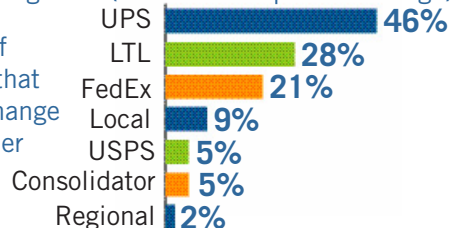


In the next 12 months



Percent of shippers that plan to change their carrier mixes

Moving from (of those who plan to change)



#1 Reason Why

- Cost
- Cost
- Cost
- Cost
- Cost
- Cost
- Cost

Plan to move to

