A massive gap is opening with a few forwarders fully embracing digitization and an online experience, while others are slower than ever.
EXECUTIVE SUMMARY

From the CEOs of the world’s largest forwarders and carriers, to venture capital firms voting with their wallet, to research papers on the future of the industry, 2016 is the year in which the freight industry was galvanized by online transition.

Online sales is generally regarded as the very core of a digitization strategy. Freightos conducted a mystery shopping survey of twenty top forwarders to see how much the talk has been backed up with results. So far, it’s mostly talk, but also a little action.
DID FREIGHT GO ONLINE IN 2016?

The key results for the 2016 mystery shopping survey, compared with the same survey conducted in 2015, are:

1. Kuehne + Nagel is the first major forwarder to instantly quote multiple modes on their website without a paywall.

2. Survey questions directly measuring technology uptake showed small improvements. For instance, four forms are now interactive wizards, one more than last year.

3. Most forwarder’s processes are still manual. It took on average 101 hours (4 days) to provide a simple manual spot quote, 11 hours longer than in 2015. For most forwarders, automation and online sales are not yet a reality.

4. It took an average of 15 hours to personally follow up a quote request (7 hours in 2015), only 9 out of 20 forwarders provided a quote (the same number as last year), and only three subsequently followed up (one less than in the previous survey).

A massive gap is opening with a few forwarders fully embracing digitization and an online experience, while others are slower than ever.
**Changes Required for Full Online Sales Transition**

Full online transformation of freight sales covers three stages of the sales process:

1. Digital marketing attracts buyers to the website  
   An additional digital marketing survey included in this research revealed that only 30% of these top twenty forwarders use paid search to drive website traffic (PPC), and only 20% publish blogs.

2. Website encourages potential buyers to quote  
   Top forwarders have made most progress at this stage. For instance, seven forwarders already have an easily located dedicated freight quote form. Two of them are prominently featured on the homepage (one more than last year). Tech-enabled forwarders excel here.

3. Automation of back end processes  
   One top forwarder has shown that it can be done for responding to LCL quote requests. Others will soon follow. There is much more back end processing that can be automated, such as following up on the quote, booking and sale automation, payments, and track and trace.

**In Any Change There Are Winners and Losers**

Online transition is shaping the industry's biggest change since the freight container. Yes, it takes time for an industry to change; ask the film, hotel or taxi industries. But a new generation of shippers expects online service. And, from Amazon to online forwarders, there is no shortage of competitors entering the market.

Forwarders that hold back now will be out of the running.
When the leaders of the largest logistics companies in the world all talk off the same message sheet, it’s time to listen. From investor calls to conferences or media interviews; low profitability, new competition, and customer expectation are pushing the industry to embrace the shift online as the way to expand, or at the very least, maintain their market position.
“We consider digitalization not as disruption, but as part of our ongoing business evolution.”
Dr. Detlef Trefzger, Kuehne + Nagel Group CEO

“What is needed here is a unified global technology platform that can help deliver online quotation and booking ... Everyone is moving in that direction, and logistics managers will come to expect it from all forwarders - regardless of size.”
Tim Scharwath, DHL Global Forwarding CEO

“Digitisation is changing the industry. Customer experience will change ... Demarcation lines between industry participants will change.”
Søren Skou, Maersk Group CEO

“When contemplating online sales, some of the main challenges faced by International Freight Forwarders are the need to maintain a comprehensive portfolio of door to door competitive pricing and the re-engineering of the sales process.”
Eric Martin Neuville, Geodis Wilson COO

The numbers say it too. In a recent survey by Freightos of over 90 senior executives from the world's largest logistics companies, 62% saw online freight sales platforms as an opportunity, while only 15% saw it as a threat.

Customers are also looking for a more comprehensive online service. Respondents in the same survey ranked real-time tracking and booking as the IT factors that shippers most expect.

Tech analytics firm CB Insights project that over $5 billion will be invested in supply chain and logistics technology this year, a staggering 1,300% increase from three years back.

Global forwarders have the inside running on the rest of the pack, with the organizational and financial clout to complete online transition, and will gain more from economies of scale. They also have the experience that newcomers lack.

Are top forwarders making the most of their current advantage?
The small and mid-size shipper market is a massive opportunity for struggling forwarders. In the US, a full 97% of importers have under 500 employees and are responsible for roughly a third of the US' global imports. In 2014 alone, SME imports and exports exceeded $1 billion of goods. Forwarders have traditionally been apprehensive of the high cost of sale of spot quoting, but sales automation will change this.
HOW THE FORWARDERS WERE RATED

The best way to assess current online quoting progress is firsthand. This study closely followed 2015 Freightos’ mystery shopper survey methodology. The mystery shopper, posing as a rapidly expanding US-based importer, requested pricing for a door-to-door LCL shipment from a city in China to Chicago.

Identical quote requests were submitted via the websites of the same top freight forwarders used in the 2015 survey.

All necessary information was provided at the outset, including origin, destination, load type and HS code, load weight, dimensions, incoterms, etc. When relevant text fields were available, the mystery shopper also clarified that the freight forwarder was being compared with a direct competitor.
Mystery Shopping Survey Methodology

Inbound Sales
How well the forwarder supported online sales with their website infrastructure, specifically in driving website visitors and pushing them through the sales cycle.

Responsiveness
Once the prospect submits a request, how well the forwarder dealt with the inbound lead. Was there an automated confirmation email? How long did it take a salesperson to follow up?

Closing the Sale
Providing a quote is necessary to close a deal but certainly not sufficient to make it happen. The key to closing business is following up. How well did they follow up?

WHAT THE SURVEY TESTED

HURDLES IN GETTING A QUOTE

TOP FORWARDERS AT THE STARTING BLOCK
1st HURDLE ONLINE FORM
2nd HURDLE ONLINE FORM WORKS
3rd HURDLE PERSONAL FOLLOW UP
FINISH LINE PROVIDED QUOTE

FORWARDERS SURVEYED
In part, the survey was a race to provide a quote, with forwarders falling out of the race at hurdles along the way. But it’s not just about crossing the finish line, providing a quote, it’s also about winning the sale. Those forwarders who follow up after providing the quote are much more likely to win the sale.
### HOW MANY FORWARDERS MADE IT PAST EACH HURDLE?

Three forwarders fell at the first hurdle — even getting the quote request — because they didn’t even have a rudimentary online form. This is a slight improvement from the four that fell at this hurdle last year.

The next hurdle, having an online form that actually worked, brought down another two forwarders. This, despite multiple attempts to get the form to work.

Did a salesperson make contact soon after the quote was requested? This year seven forwarders missed this critical third hurdle, five of them dropping out, and two skirting around the hurdle to make it to the finish line.

As for last year’s survey, nine forwarders eventually made it to the finish line – providing a quote.

### THE HURDLE RACE

<table>
<thead>
<tr>
<th>Stage</th>
<th>Criteria</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting Blocks</td>
<td>Is a top forwarder</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; Hurdle</td>
<td>Has some form of online quoting</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Hurdle</td>
<td>Online form works</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Hurdle</td>
<td>Followed up in person</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Finish Line</td>
<td>Provided a quote</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

![Diagram showing percentage of no working contact form and instantly provided quote](chart.png)

- **No Working Contact Form**: 25%
- **Instantly Provided Quote**: 5%
WHICH FORWARDER WON?

Five forwarders made the effort to manually provide a quote, but unfortunately made no effort to follow up to convert the sale. No medals for them. This is the worst of both worlds, spending money on acquiring leads but not making the final effort.

Only three forwarders followed up after providing a manual quote in order to seal the deal.

Although they didn't follow up on the quote, gold medal goes to Kuehne + Nagel, the sole forwarder who instantly provided a freight quote – days ahead of their rivals, and years ahead in technology.

THE MEDALS

<table>
<thead>
<tr>
<th>Medal</th>
<th>How they finished the race</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of the medals</td>
<td>Manual quote. No follow up</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Minor medals</td>
<td>Followed up on manual quote</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Gold medal</td>
<td>Provided instant online quote</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Followed Up After Quote
3 Forwarders

Average Time To Follow Up In Person
15 hours
A GREAT EXPERIENCE?

A great customer experience means *there is a form*, that is *easy to find* on their website, *captures all required information* first time, and then *seamlessly* and *promptly* provides a *professional quality* quote. Soon after, a *salesperson follows up* to close the deal. How well did the top forwarders shape up against these components of a great customer experience?

There Is A Form
Three top forwarders don’t have an online contact form, and two more aren’t checking that theirs is working.

Easy To Find
Seven dedicated quoting forms were easy to find. Of those, two were prominently featured long wizard quote request forms on the homepage - one more than last year.

Captures All Required Information
Encouragingly, four forwarders (two more than last year) now have long wizards. All up, ten forwarders (one more than last year) have some type of dedicated quote request form (basic, short wizard, or long wizard).

Seamlessly
Only three forwarders (three less than in 2015) emailed back requesting information that had previously been provided. One of them still managed to incorrectly provide an air freight quote.

Promptly
Still, only five forwarders have automated confirmation emails - one more than last year. It took an average of 15 hours to follow up in person (7 hours in 2015). And it took an average of 101 hours to manually provide a quote, ranging from 3 hours to 214 hours. In 2015, those times were 90 hours, 30 hours, and 840 hours, respectively.

Professional Quality
Nearly every quote was visually appealing and straightforward to understand. All except one was in PDF format. That quote was typed as an email, not as an attachment, and it was much less detailed than the others. The quote format has greatly improved. Last year’s survey included several quotes in text, spreadsheet, and word document formats.

Salesperson Follows Up
Five of the forwarders who manually quoted, and the one forwarder who instantly quoted, failed to follow up on the quote.

Online sales delivers good customer experience, as well as speed.
WHAT MAKES A GREAT FORM

C.H. Robinson’s quote request form (below) is prominently placed on their homepage, clearly showing that they are out to win new business. The form is a long wizard, and includes drop boxes for improved accuracy.

At the other end of the spectrum, the only form available on some forwarders’ websites were cursory standard enquiry forms, which assumes that the requester knows what information would be required to quote. Virtually all shipment information has to be squeezed into a comments field.

WHAT MAKES A GREAT QUOTE

DHL Global Forwarding’s completed quote form (below) is a good example of an attractive layout, being well set out and straightforward to understand.

“Someone once said – and excuse my French – if you have an industry with shit service then you deserve to be disrupted. That is the reality that all the shipping lines are faced with today, all the freight forwarders, and that is the challenge that we must collectively rise to.”

Michael Hansen, Maersk Line Global Head of Sales
Starbucks have elevated the process of purchasing a cup of coffee to an art form. The brand speaks for itself, pulling in customers even when that means walking past other coffee shops to get there. Once inside, ordering and purchasing is quick and easy for even the most complicated orders (double latte mocha with a shot of vanilla, hold the foam). Easier still, customers using the Order & Pay mobile app skip the queue. In no time customers are content, coffee in hand.
Bringing Great Customer Experience To Freight

Getting more technical, Starbucks excels at three stages of the process: brand **awareness** that attracts the customers, a great buying experience (**front end**) and the **back end** processes to rapidly crank out cups of coffee.

Freight is more complicated than even the most extravagant expresso order, but the analogy still applies.

The mystery shopping survey was designed to measure the last two stages. The survey results show that some top forwarders have developed some form of front end automation. And one forwarder has already nailed its back end processes, providing an instant quote.

That just leaves the first stage, awareness. Selling online is much more successful when potential buyers are being drawn to the website. Digital marketing turns the corporate website into a sales channel, bringing in more prospects, and more buyers.

**MAERSK**

“In recent years, price has dominated the customer decision. Digitisation and integrated solutions are game-changers to bring quality back into the equation.”

Vincent Clerc, Chief Commercial Officer Maersk Line

**CORE B2B DIGITAL MARKETING TECHNIQUES**

**Content Marketing**
Creating material of interest to a target audience, often distributed by social media, word of mouth, press, etc.

**Paid Search - Pay Per Click (PPC)**
Displaying ads at the top of search engine results for related search terms.

**Display Advertising – Banner Ads**
Advertising on pages that individuals in a target audience are surfing.

Digital marketing turns the corporate website into a sales channel.
DIGITAL MARKETING SURVEY

This year, an additional research survey was included, benchmarking top forwarders’ online presence. The results show that like front end quote automation and back end sales automation, it is still early days for digital marketing.

Paid Search (PPC)

Most forwarders have yet to find that this is a great way to attract customers. From SimilarWeb, only 2.5% of traffic is paid traffic (the rest is organic search). Take out the 14 forwarders that aren’t using paid search, and that jumps to 5.5%. One forwarder means business though, with a 17% share.

Content Marketing

Shouting for attention is how to win on the internet today. And that’s why content marketing – blogs, webinars, and research papers – have become popular outside of the freight industry. But only four top forwarders regularly publish blogs. One forwarder goes one step better, producing webinars. UPS deserves a special call out for sponsoring their own section within the WSJ Logistics Report.

Display Advertising

According to SEMrush and SimilarWeb data, display ad usage was low to non-existent in the US for the surveyed forwarders.
WHY AREN’T FORWARDERS MOVING FASTER?

Top forwarders worked hard to become top forwarders. But current top forwarders don’t seem to be lining up with top technology. Here’s what may be holding them back.
Why Aren’t Forwarders Moving Faster?

Until recently, industry leaders generally perceived full automation as impractical. If anything, emerging freight quoting technology was a threat; for instance enabling new competition from online freight forwarders like iContainers. But several reports this year show that this perception has changed. Online sales platforms are now seen as critical for ongoing business success.

It can take six miles for a supertanker to come to a full stop. So it’s no surprise that it takes a long time for larger forwarders to change sentiment, adopt new technology, and roll it out globally. Freightos is aware that, behind the scenes, several top forwarders are currently trialing or rolling out sales platforms.

Top Forwarders Are Not Using Online Sales Platforms

How do you rate providing online pricing platforms for shippers?

Source: The Future of Freight Survey

- Opportunity: 62%
- Neutral: 23%
- Threat: 15%
TOP FORWARDERS ARE FOCUSED ON OTHER SERVICES

With core services on razor thin margins, global forwarders are expanding across the supply chain (into rapidly growing value added services, such as warehousing) and expanding up the supply chain to 4PL and even 5PL. These services are currently much more profitable than most of the services that move freight. But that doesn't need to be the case. **Sales automation, by reducing errors and the cost of sale, will improve the profitability of freight services.**

INDUSTRY-WIDE, WHICH SERVICES ARE CURRENTLY PROFITABLE?

**SOURCE:** THE FUTURE OF FREIGHT SURVEY
TOP FORWARDERS ARE FOCUSED ON RETENTION

Plunging freight costs led to customers abandoning their negotiated tariffs in search of better offers. Compound that with 3PL customers increasingly consolidating providers, it’s easy to see why retention may be top priority for forwarders. However, sales technology should help customer retention by freeing up some of the sales reps currently spend on internal sales support.

TOP FORWARDERS HAVE HIGHER AUTOMATION PRIORITIES

Freight forwarding is still largely characterized by manual process. A recent Drewry report predicts that all transaction type activities with low returns, from lead generation to freight settlement, will eventually move online.

Drewry

Large or profitable players who revisit their business models and make investments to operate quality services at the lowest possible cost and least environmental impact will succeed. 3PLs who miss their digital transformation may see their business limited to customs and documentation service or consolidation.

Drewry e-Business Disruptions in Global Freight Forwarding
Global forwarders aren’t the only contestants in the race. Global freight is a trillion dollar industry, creating a very real incentive for new companies to enter the mix. Serious contenders include dedicated young startups, capital rich tech companies looking to expand market share in other industries, and some mid-size forwarders who are looking to break from the pack.
LogTech Startups: The Junior Athletes
A bevy of tech-enabled logistics startups are joining the race, backed by over $5 billion in funding. This includes several online forwarders that leverage technology and processes to provide customers with better service. As these companies expand, so too will consumer expectations. This will heat up the race. However, if large forwarders can match online forwarders for service, they can leverage economies of scale and experience to stay in the lead.

Mid-Size Forwarders: The Breakaways
In 2016, Transport Intelligence and Drewry studies focused on how logistics will be shaped by digital transformation. Both speculate that mid-size forwarders are at risk but note that new technology can also help agile mid-size forwarders compete better.

Drewry sees technology-driven forwarder networks, like BuyCo, affording mid-size forwarders the technology, network capacity or prices to compete with market leaders. Similarly, online freight platforms provide automation at low-cost through a share model.

"New, exciting technologies are being developed which have the potential to ... allow small and medium size forwarders to compete more effectively against the big corporates as technology becomes increasingly cheap and democratized."

Tech Giants And Carriers: The Outsiders
It's now increasingly likely that Amazon will become a logistics competitor. They even listed their current logistics partners as competitors in a recent SEC filing. With a history of bringing services in-house, automating and then offering them as an external service, they may be a formidable logistics player.

Others are following suit. At the turn of 2017, Alibaba announced that Chinese companies can now reserve space on Maersk vessels directly through Alibaba's website. Uber is already trialing driverless vehicles for last mile deliveries, as well as testing an online Uber for Trucking platform, like Amazon.

Carriers are the other outsiders crashing into the race. Ocean carriers already directly control about 60% of ocean freight. Air cargo carriers had largely kept out of managing air freight, but recently Delta commenced online cargo freight quoting and booking, to be followed by others like Qatar Airways.
Customer expectations and the threat of commoditization is driving technology adaptation like real-time tracking and online sales. Other top forwarders are putting on the heat, as are various up-and-coming runners. The race is on.
A full online transformation takes years to achieve. With the exception of a major milestone – the first instant LCL quote – the results of the 2016 survey showed only a slight improvement on 2015. But there has been a change in attitude, as can be seen by:

**A newfound resolve to automate**
Nearly every top forwarder is making an intense effort to automate. One recent manifestation of this resolve is DB Schenker’s recent announcement that they are combining air, ocean and trucking business units to better support intermodal quoting.

**An accelerated competitive environment**
Competitive pressure is driving automation like real time tracking and online sales. Other top forwarders are putting on the heat, as are various up and coming runners.

**The fear of commoditization**
Competing on price didn’t work for the carriers. Forwarders are looking to add more value and provide their customers a better service.

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The freight industry is going online. Forwarders can now either innovate or get left behind.

The last year saw a conversation shift in the executive suites and boardrooms of logistics industry leaders. The talk is of online transition. Freight may be incredibly convoluted but other industries - like banking and insurance - also faced tough transition challenges.

Not every forwarder will survive. Top forwarders have the inside track for now but technology adaption over the next few years will spell out who wins ... and who never finishes.

Zvi Schreiber, Freightos CEO
About Freightos

Freightos © is making international trade frictionless by bringing the trillion dollar global freight industry online. The Freightos Marketplace gives importers and exporters instant transparent access to the best global freight services, making shipping cargo as easy as booking a passenger flight.

Behind the scenes Freightos AcceleRate software as a service automates the complex tasks of freight rate management, routing and pricing, and business intelligence.

With Freightos, leading freight forwarders, carriers and shippers automate thousands of price quotes each week, including complex door-to-door quotes which combine ocean, air, and land shipping. In the meantime forwarders not using Freightos take an average of over 100 hours to quote a price.

Notable customers of Freightos include top twenty global 3PLs like Hellmann Worldwide Logistics, CEVA Logistics, and Nippon Express, as well as Fortune 100 companies, such as Sysco. In order to support its customers, Freightos collects a “Big Data” asset of millions of price points per month.

Venture-backed, Freightos is registered in Hong Kong with a highly experienced team of over one hundred software and technology experts across offices in the Middle East, Asia, Europe, and the US.

Freightos is regularly featured as a thought leader in prestigious media, including Reuters, Bloomberg, Techcrunch, and the Wall Street Journal; and in industry research, such as Gartner, Frost & Sullivan, and KPMG.

See the future of freight at: www.freightos.com