



ADDING VALUE:

HOW 3PLS CAN GROW THEIR CUSTOMER
RELATIONSHIPS



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Third-party logistics providers (3PLs) continue to be a valuable part in the supply chain. However, they are seeing increasing competition.

Historically, 3PLs were the market leaders in adopting new technology and were the first to deliver multicarrier ratings through a single service. However, that position is eroding because carriers are now offering multicarrier rate engines through their applications, which they bill as competition to transportation management systems (TMS) offered through 3PLs. (Although, the carrier platforms often lack a lot of the functionality that 3PLs' TMS support.) Additionally, LTL carriers are offering more competitive rates to smaller shippers through a dynamic pricing model while also moving 3PLs to a similar dynamic tariff to combat annual blanket pricing for all of the 3PLs' shipper customers.

The result is that 3PLs need to continue to innovate and expand their offerings to cut through the competitiveness of the marketplace and secure the continual business of their customers.

THE BENEFITS OF A 3PL PARTNERSHIP

While it is going to be essential for 3PLs to add services, they are still very valuable to their current customers. As a partner to shippers, 3PLs provide logistics and freight management services so the shipper can focus on its core business. Because 3PLs are focused on logistics, they have relationships with many carriers and can often help their customers save time and money by leveraging those existing relationships and their own expertise. Additionally, because they represent a number of companies and large amounts of freight, they can use that to get better rates on freight. 3PLs often have the needed technology in place to create automated processes that a number of smaller shippers may not be able to invest in for cost or infrastructure reasons.

However, even with all of these advantages, it won't be enough to continue to gain market share unless 3PLs expand with new value-added services. They will need to innovate to capture new customers, keep their current ones and deliver value that may not be available otherwise.



STRATEGIES FOR 3PLS TO INCREASE THEIR INTRINSIC VALUE

The entire logistics industry is changing, and each segment of the supply chain has to figure out a way to stand out from the competition. As more carriers and TMS providers target shippers, 3PLs are learning that they need to add new capabilities or services to their portfolio to ensure they maintain their role as the all-around logistics expert.

Below are some strategies that industry experts recommend for 3PLs to continue to thrive:



Increase visibility through feedback loops and reporting.

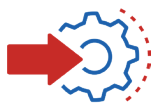
This is all about building a relationship with customers and creating a sense of trust through engagement. 3PLs need to provide the technology and the data as well as help their customers understand and analyze what the data means for their business. By doing this, 3PLs will be able to better understand and provide for their clients by knowing more about their business and what information and services they are looking for. By creating a feedback and reporting methodology with each client, the 3PL will truly prove itself to be invaluable.



Expand services and modes, including volume LTL, parcel and local carrier strategies.

By offering more modes and services, 3PLs truly become full-service for logistics. With the boom of ecommerce, some 3PLs are expanding to offer fulfillment, kitting and bagging, labeling, final assembly and export management services. If a 3PL can add services beyond its core, the company can be a one-stop shop for the full shipment process.





Integrate operations.

Through integrating its solution with a customer's ERP, TMS or WMS, the 3PL becomes an essential part of their business process. This will also allow the 3PL's system to capture front-end order data, which will help the company gain even more knowledge to assist its customers.



Drive more cost savings to their customers.

By helping customers save money through enhanced rate negotiations with carriers, best practice analysis, mode shifting and access to real-time lane rate reductions, a 3PL shows how valuable it is as a partner to its customers. This can be done without hurting the bottom line of the 3PL. Because customers will have access to more data, more modes of shipping and other add-ons, customers will look at the 3PL as a true logistics expert and increase usage of its services.



Simplify the billing process.

A number of shippers have noted that the billing process of 3PLs is not customer friendly. It is often still done manually, leaving it error-prone and slow. If a 3PL can automate the process, it increases their value proposition to customers. With an automated system, accuracy and timeliness improves. Plus, the billing system can be tailored by attributes, invoicing days and more to meet each customers' needs.

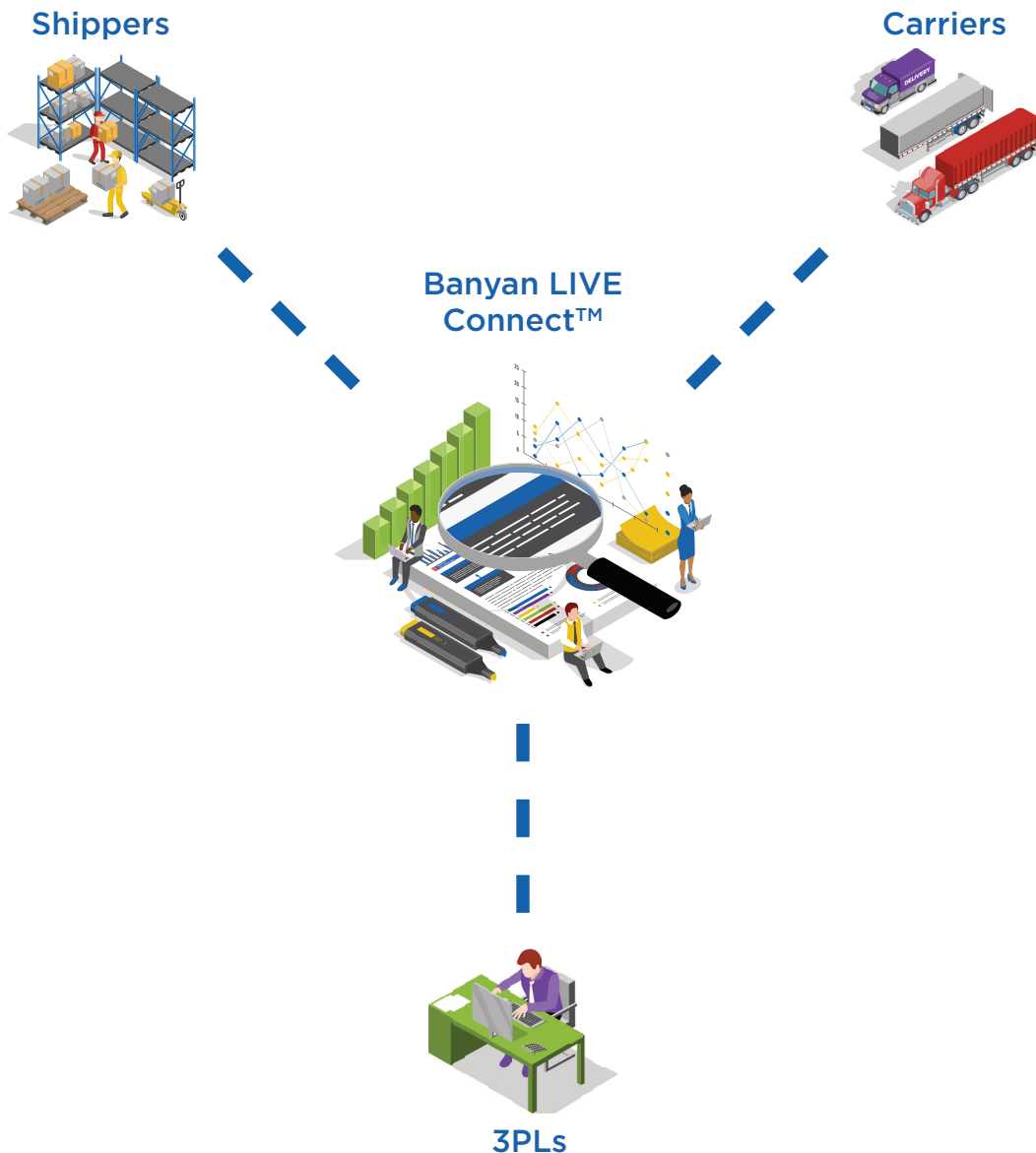
THE TAKEAWAY

With APIs and advanced technology becoming the norm in the logistics industry, 3PLs will need to do more to stand out amongst competition, which includes TMS providers and the carriers themselves. 3PLs already have the knowledge and expertise in the industry. However, they will need to strategize on how to use the data they have for their customers' best interest and by providing value-added services and creating efficiencies that not only save clients time but also money without hurting their own bottom line and core competencies.

ABOUT BANYAN

At Banyan Technology, we are creating a unified force – connecting shippers, 3PLs, carriers and supply chain partners and empowering everyone with unprecedented intelligence and actionability.

As North America's leading provider of live carrier and API connectivity for transportation management, we provide real-time intel, actionable insights and instant access to opportunities that drive greater operational efficiencies and create significant value for your bottom line.



#1

API IN THE MARKET WITH
NEARLY 3X THE CARRIER
CONNECTIONS THAN ANY
OTHER PROVIDER

12%+

CUSTOMERS' AVERAGE
SAVINGS ON FREIGHT SPEND
WITH BANYAN

95%+

LTL FREIGHT MOVED BY
CARRIERS CONNECTED
TO OUR API



“Banyan’s Live Lane Specials™ is a true differentiator. It has proven to provide shippers with an immediate savings of 10% to 15%. Without Banyan, we could not take advantage of opportunities to save significantly more money for our shipper customers.”

– James Adams, CEO and Co-founder, Revolution Trucking



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Contact us today and a Banyan logistics specialist will arrange a no-obligation consultation.

Schedule a Consultation

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