

# REGIONAL ALTERNATIVES

with **ROB SHIRLEY**



## Let the Games Begin

The business of transporting, warehousing and delivering freight and packages generates \$3.5 trillion in annual revenue worldwide. Competition is very much alive and well in every sector; no carrier has a share overall that is higher than three percent. The economy is very tough, fuel costs change rapidly, direct orders from the Internet are expanding, the global marketplace is reality and technology continues to get better at lower prices. All of this creates one of the largest and most interesting games in the world.

The global carriers have the most complicated decisions with huge layers of variables from language, culture (internal from acquisitions, external because of different countries), currency exchange rates, trade barriers, labor cost, laws, customs, different-sized equipment, complex organizational structures, communications, opportunities, competition, worldwide weather and fuel as a large factor (jet fuel, gasoline and diesel).

The regional carriers are generally more nimble because of lower overall costs, organizational structures with more control, smaller footprints and closer relationships to customers who are their size. They are building up their technology prowess and relationships beyond their standard service footprints.

It's no surprise, then, that Regionals and Globals are feasting from the failure of DHL to succeed in the bruising USA marketplace.

How do carriers decipher what to offer customers when the alternatives are ever expanding: regional-national-global, dim weights-weight based, fuel surcharges, distance based by mileage-zones, discounts, ground-air, residential-commercial, drop off or pick-up, tracking-tracing, regular distribution or variable pickup, same day-next day-early bird-AM-PM-2day-3day, multiple shipping locations, outbound-inbound-third party, pickup-delivery times, agreement-contract, payable terms-edi billing, waybills-automated shipping, software-Telematics/GPS and guarantees?

Many regional carriers and even the USPS have decided to turn the complex into the simplistic. The USPS' flat rate box (available January 18) offers unlimited weight in a video tape-sized box, delivery in two business days and a price of \$4.95 from-to anywhere in the USA.

Eastern Connection covers a third of the USA population by servicing the northeast. Its Chairman, Ted Kauffman, states, "Our ground service provides next day delivery for any five pound package picked up and delivered within the entire northeast for less than \$7.00. We also provide faster priority services and handle heavier packages at very competitive rates."

Clark Security's VP of Logistics, John Williams, tells me he is a major shipper using primarily UPS. They have had excellent experience with OnTrac, a regional parcel carrier on the west coast and would entertain next day ground from Regionals that have excellent service and competitive pricing for their distribution centers in Lexington; Chicago; Silver Springs, MD; and Waltham, MA. If you have got the wherewithal to compete, John invites you to email him at [John.Williams@ClarkSecurity.com](mailto:John.Williams@ClarkSecurity.com).

Service to customers that is built upon "think global and act local," with top drawer technology and simplicity can generally trump the alternatives.

Rob Shirley has been in the logistics industry and its technology for the last 30 years. He is EVP of Celevoke, a key provider of asset tracking services for carriers and shippers in 154 countries. You are invited to contact Rob about concepts for his column at [Rob.Shirley@Celevoke.com](mailto:Rob.Shirley@Celevoke.com) ■

Shippers should seriously consider regional carriers if:

- 1 - 20% or more of the volume to their customers is within a six hour drive
- 2 - They require anything unique that the globals don't offer or charge more for
- 3 - If having an alternative makes sense in their overall vendor mix
- 4 - Saving money on transportation costs is important