



What's inside

Welcome to the Freight Insights Report3
The freight market flip of 20224
The year in facility performance6
Case study: Using facility insights16
ways to reduce dwell time and mprove facility ratings18

Welcome to Convoy's 2022 Freight Insights Report

An analysis of the year in freight, featuring trends and insights gathered from Convoy's network.

To create this report for you, our data science and shipper insights teams pored over shipment data captured through our digital freight network. That includes:



More than 1,000 unique data points captured on every load shipped with Convoy across millions of pickups and deliveries



More than 3 million ratings and reviews about your facilities from carriers in our network — 74% of carriers have provided their feedback



Precise location data for more than 400,000 trucks and thousands of Convoy's drop trailers that give you to-the-minute pickups, deliveries, dwell times, and more

This data from Convoy's network, along with publicly available transportation and economic data, offers a clearer picture of what the year had to offer.

What's inside

We dive deep into the macro events that shaped North American truckload freight in 2022 and how these trends impacted shippers and carriers at the micro level: at facilities.

The result is network-level performance insights that you can use to analyze your own 2022 facility performance — with each insight, we show you how within Convoy's online shipper platform. Think of it as a guided tour that helps you access the most useful data in a way that is relevant to you. We've also made Freight Insights Report readers privy to a first look at our just-launched benchmarking tools.

Use these insights and tools to build a plan for improving your facility performance and controlling facility costs in 2023.

In freight, preparing for the future means learning from the past, which takes us back to 2022, a year that supply chain leaders on Convoy's Customer Advisory Board described as "a roller coaster."



It was yet another volatile year in freight that surprised us with one of the fastest market flips we've seen (aside from the pandemic-induced turn in the spring of 2020). It leaves us asking — will it cycle back just as fast in 2023?

JANUARY

The tender rejection rate at its peak for the year

The '21 holiday season was epic, with sales up 16%. Robust post-holiday spending mixed with port congestion created market volatility. The tender rejection rate (TRR) sat at 25%. Little did we know this would be its peak for the year.



JAN

FEBRUARY

Then spending shifted

Spending shifted to services, softening demand for pandemic-popular goods like sweatpants and exercise bikes. As inventories built up, retailers started canceling orders. Convoy's cancellation rates reached their four-year high.

MARCH-JUNE

The market plummeted

In March, the TRR was 20%. By June, it was 8%. This was one of the most rapid and unexpected shifts we've seen in the freight market (that wasn't driven by a mandated lockdown). The last time we saw a similar drop, it took an entire year, ebbing away from 25% in July 2018 to 5% in July 2019.

OVER THE SUMMER

Lead times broke records

In soft markets, shippers shorten lead times in pursuit of better rates. We saw this in Convoy's data: Spot lead times averaged fewer than three days — the lowest in four years. But we didn't see this happen with contract lead times, which remained elevated throughout the year, at 7 to 7.5 days (even higher than the 6.7 to 7 days we saw in the tight market of 2021). We think it's because shippers recall the stress of being without a truck and wanted guaranteed capacity on certain freight.

AUGUST

More truck drivers than freight

Spending on services continued into summer. Remember the airline travel chaos? Convoy saw 20% more carriers placing 15% more bids on fewer shipments — a telltale sign of a soft market and our biggest jump in bid volume since early pandemic days.

NOVEMBER

Inflation reached 40-year highs; interest rates hit 7%

The Fed increased rates for its sixth time (June marked the Fed's largest rate hike since 1994). Interest rates reached 7% for the first time in two decades. Home buying slowed. Despite inflation, spending broke records on both Black Friday and Cyber Monday.

DECEMBER

The tender rejection rate at its lowest of the year

2022 came to a close with the lowest observed TRR of this freight cycle, almost as low as the pandemic-induced TRR of 2020.

Was this a fundamental shift in how market swings occur?

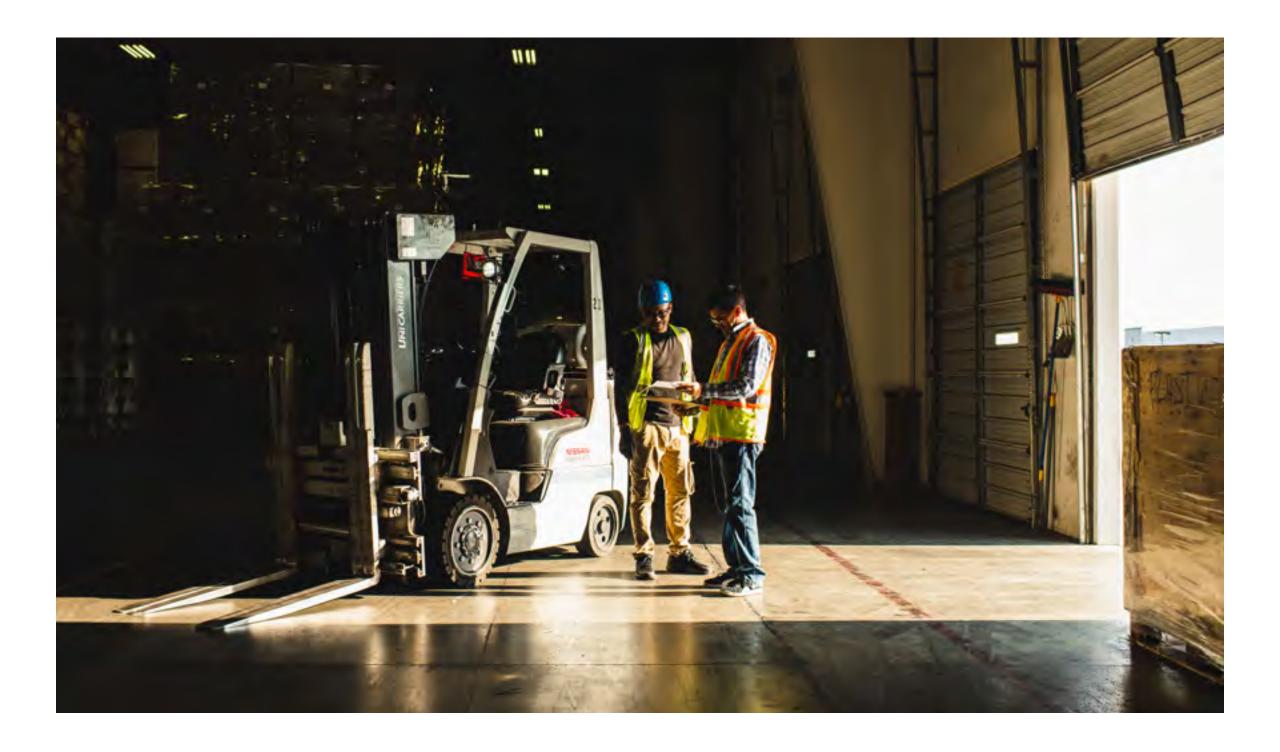
We don't have the answers — yet. We do know the market will cycle back. When and how quickly is anyone's guess. The companies that will stay ahead of the volatility are those that increasingly leverage technology, data, and insights to turn their supply chain, and their facility operations, into a competitive advantage. We'll show you





2022

It was a year of extremes. Make 2023 a year of balance. Facility insights can help.



Supply chain leaders on Convoy's Customer
Advisory Board described 2022 as "a pendulum,"

"a roller coaster," "chaos." Nothing went according
to plan. In the new year, it's about finding balance.

That includes controlling what you can and being
prepared for what you can't.

And one place you can control what's happening is in your facilities — if you have the right level of operational visibility and the tools that help you benchmark facility performance.

Enter Convoy Hi-Fi Visibility, an unparalleled level of depth and insights into your freight network. Hi-Fi Visibility provides the industry's most detailed real-time tracking of your live and drop shipments along with analytics that help you identify inefficiencies in your facilities. With Hi-Fi Visibility, you can understand: Why have our accessorial costs so much? Why are dwell times longer than usual at this particular facility? What caused our facility rating to drop? The answers to these questions will help control costs, improve facility performance, and deepen your relationships with carriers.

So when the market turns, however fast, you'll be ready.

What's in this section:

- Read insights and benchmarks for facility ratings, dwell times, detention, and more from across our network.
- With each insight, follow the steps for how to make these network-wide performance insights relevant to you using Convoy's <u>online</u> <u>shipper platform</u>.

Have questions about how your performance compares to what you see in this report? Talk to your account team to schedule time with our shipper insights and freight transformation teams. They'll identify points of inefficiency and opportunity in your operation and provide actionable guidance on how to address them.

Facility insights

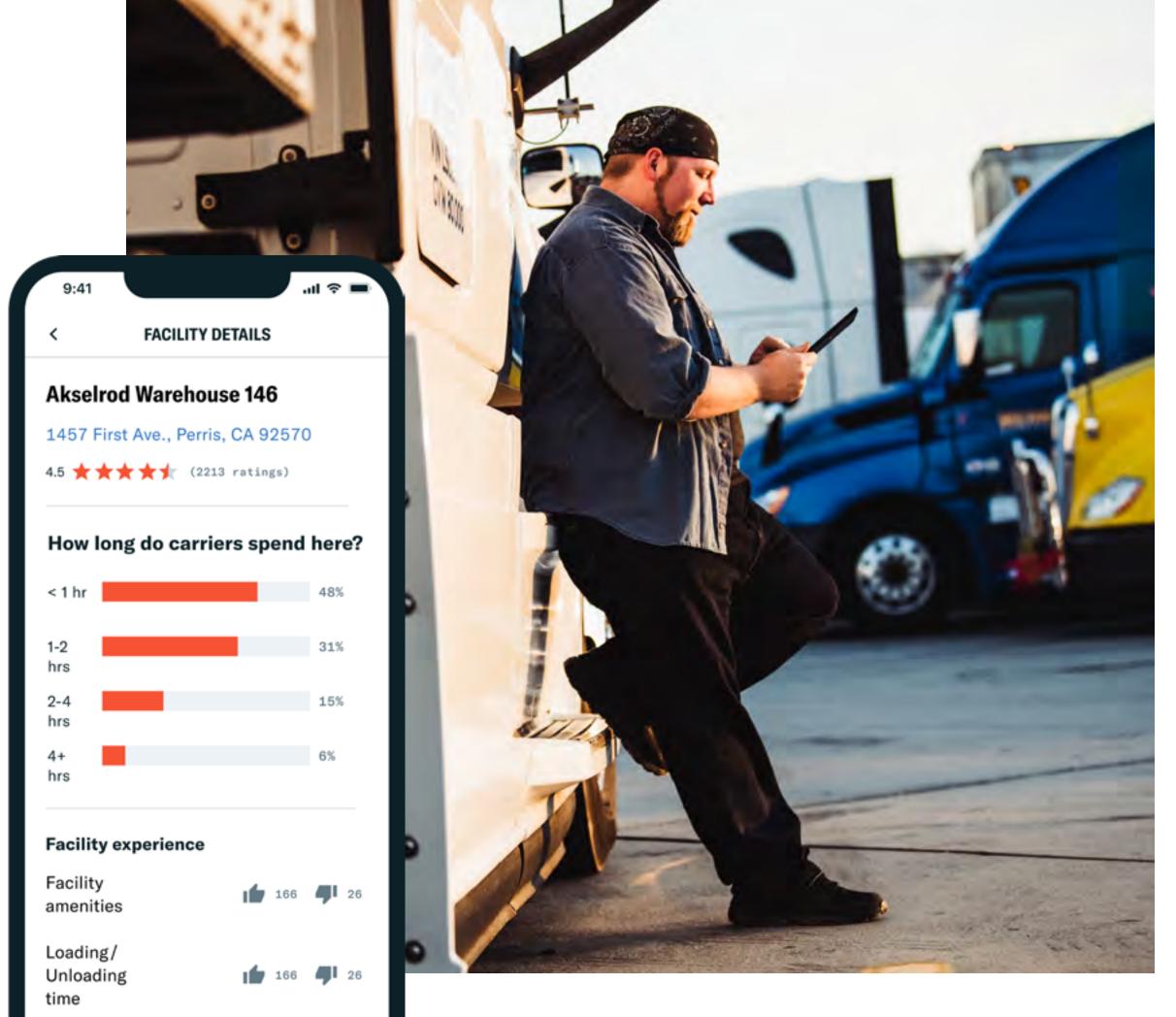
INSIGHT

84% of carriers in Convoy's network often or always read ratings and reviews for your facilities before deciding whether to bid on shipments.

More than 400,000 trucks in Convoy's network haul your shipments — and 74% of those truck drivers have reviewed your facilities in the Convoy app. That's more than 3 million ratings and reviews that are available to you in real time in Convoy's online shipper platform.

Those ratings and reviews are also available to all carriers, including those whose truck drivers have never been to your facility. "If I'm going to a facility I've never been to before, I'll look at Convoy's reviews before I bid on the load," Convoy Haul Star Jacinda Duran told us. If those facility ratings and reviews are negative, they can deter new carriers from taking your shipments.

Parking



Negative facility ratings can deter new carriers from taking your shipments and increase your costs.

INSIGHT

Negative facility ratings cost you money.

When carriers see negative ratings and reviews and do make the decision to bid, they tend to increase their rate per mile — especially in major markets — to make up for any idle time that may chew into their potential of more loads and higher earnings.

Like any customer experience, positive experiences increase the likelihood of carriers returning to your facility. Repeat carriers create better outcomes for shippers, including attracting more bids on shipments in the Convoy app. This increased competition drives down truck costs. And, of course, positive experiences make for positive ratings and reviews, which increase your access to capacity.

So what should you consider to be a positive rating from a negative one? More on that in our next insight.

INSIGHT

In Convoy's network, a facility score of 4 or lower implies a bottom-performing facility.

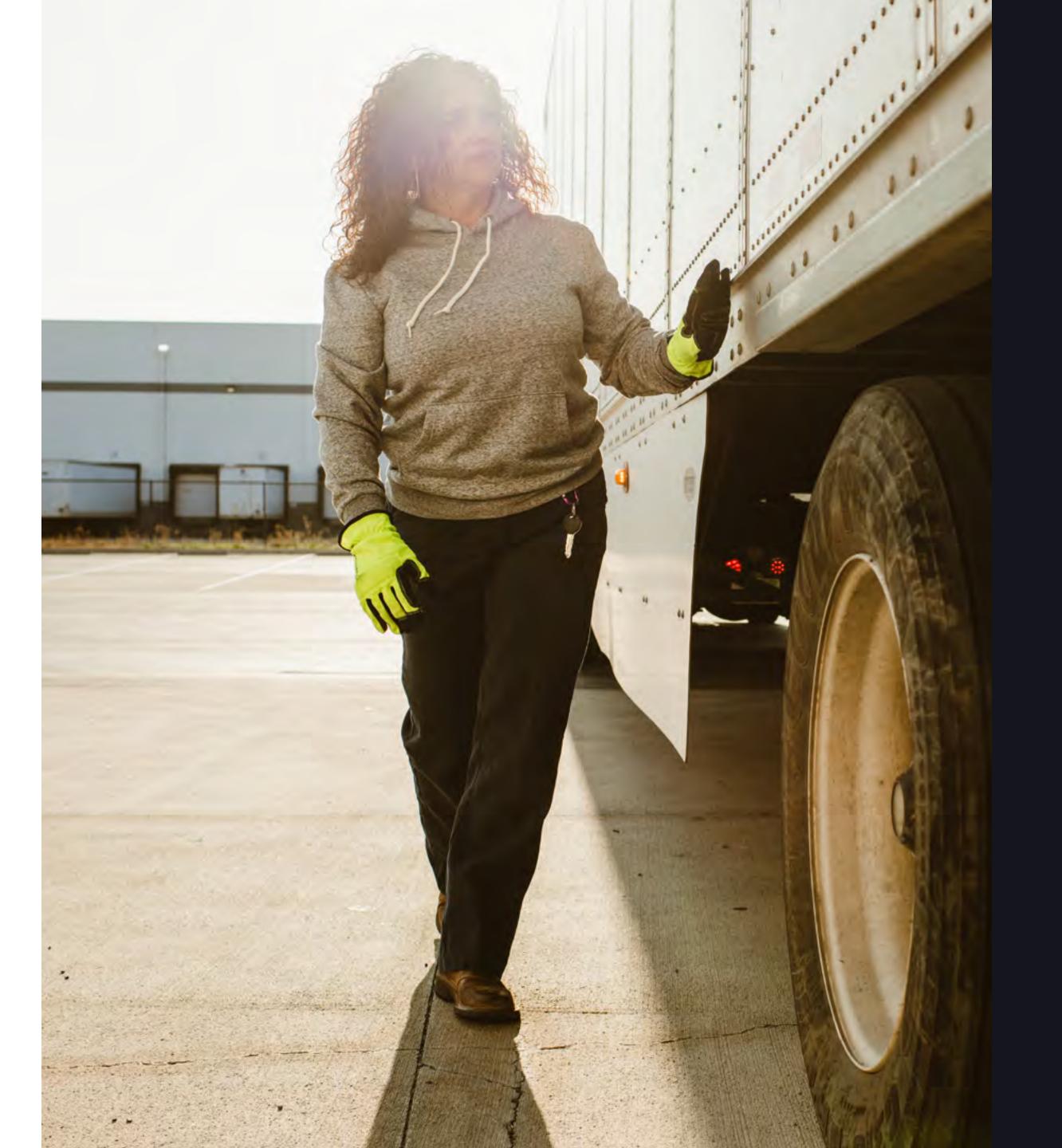
While many assume 3 is average on Convoy's 5-star rating scale, the average facility rating in our network is 4.3. In fact, a facility with a rating of 4 or lower sits in the bottom 20% of facilities.

Facility scores are driven by dwell time

Have a below-average facility rating? Look at dwell times. In 84% of 5-star ratings, short dwell times were cited as the top reason for the positive rating; in 82% of 1–4 ratings, long dwell times were cited as the top reason for the negative rating. Read: Dwell time matters the most.

How to improve your facility score

Every additional hour of wait time reduces your average facility rating by .2 points. That may not seem like much, but say your facility has an average dwell time of four hours and a facility score of 3.9. Improving dwell time by two hours could potentially improve your rating by .4 points, making your facility score 4.3. That's the difference between a bottom-performing facility and an average one.



Aside from dwell time, what else matters to carriers?

Carriers cited good communication as the number-two factor for reviews — that includes both clear instructions and respectful interactions between drivers and staff.

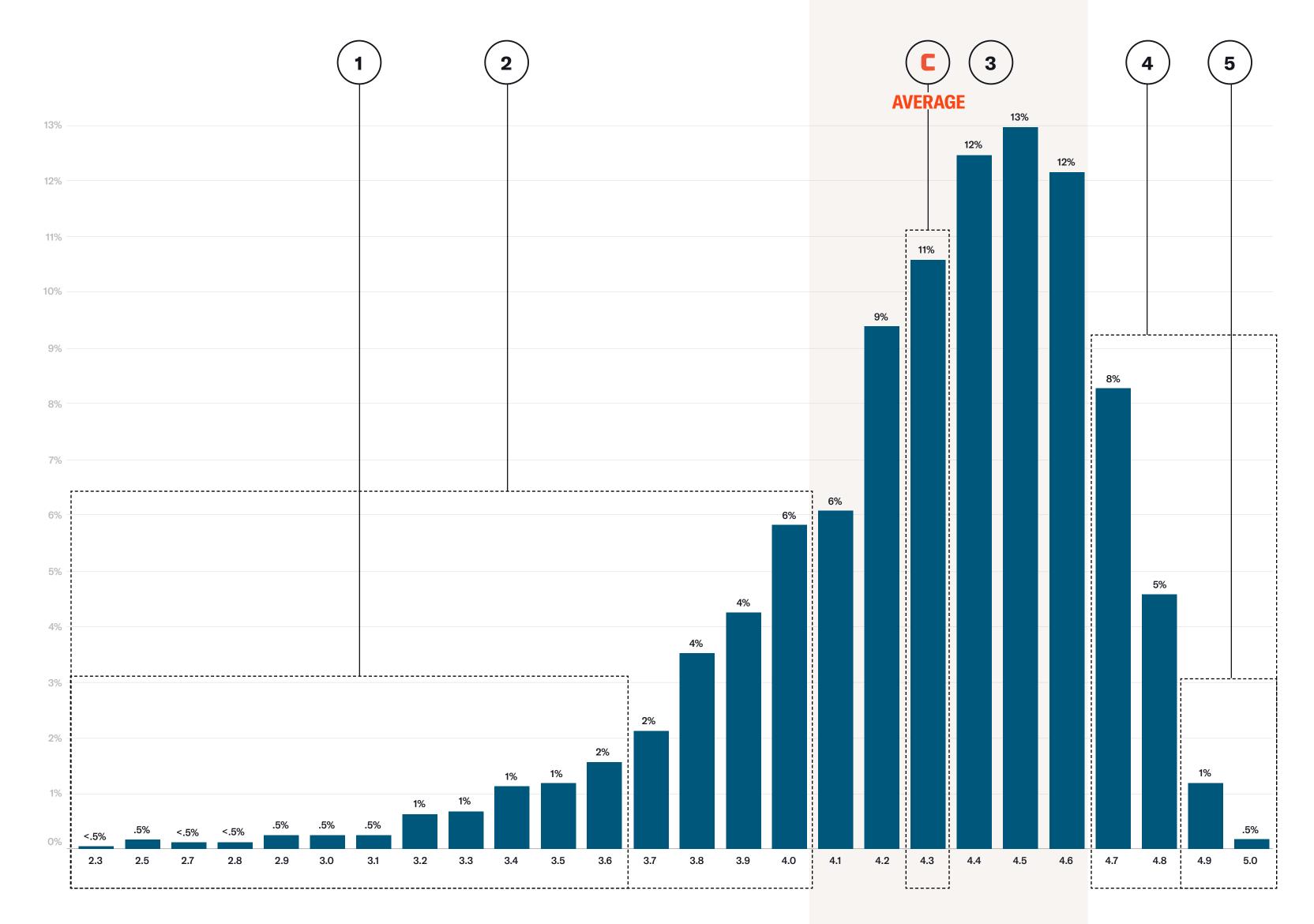
"People at facilities have a big impact on the carrier experience," Convoy Haul Star Jacinda Duran told us. "Getting a smile or being referred to by name are small things that can make a big difference."

Rounding out the top three is access to and conditions of your facilities. Have a muddy lot or cramped docks? Drivers note it and want other drivers to know what to expect as well.

Where does your facility stand?

- A facility score of 3.6 or lower puts you in the bottom 5%.
- A facility score of 4 or lower puts you in the bottom 20%.
- The average facility score in Convoy's network is 4.3.
- 3 65% of facilities have achieved a rating between 4.1 and 4.6. This means they're providing a facility experience consistent with the majority of other facilities.
- A facility score of 4.7 or higher puts you in the top 15% of facilities.
- 1% of facilities in Convoy's network have near-perfect scores of 4.9 or 5. Top-performing facilities are consistently recognized for short dwell times.

The average facility rating in Convoy's network is 4.3



Check your ratings and reviews

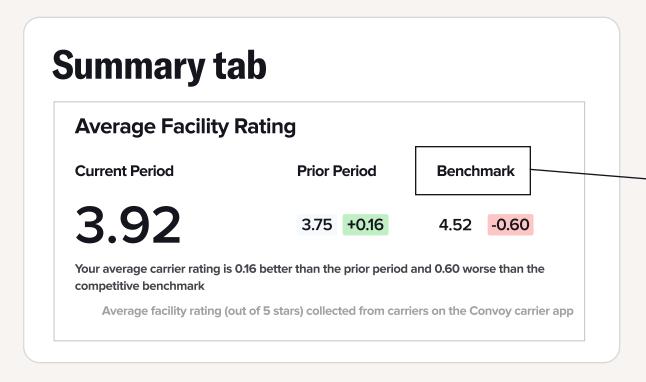
Compare your 2022 performance and build your plan for improving facility performance and controlling costs in 2023.

START HERE

Log in to your facility insights dashboard

If you shipped more than 100 loads with Convoy in 2022, you have enough data to analyze your performance.

Ship with Convoy but haven't yet accessed the platform? You may have an account that you just need to <u>request access</u> to.

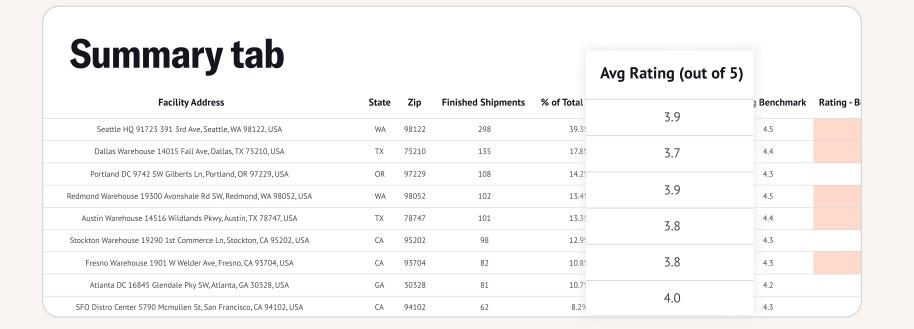


Get your Average Facility Rating

This offers a great starting point for understanding your facility performance today and in the prior period.

New! Benchmarking

See how your facility rating stacks up to your industry and other regional facilities.



Zero in on bottom-performing facilities

Sort by average rating to identify your bottom-performing facilities. Knowing which facilities sit below the benchmark will help focus your attention on the facilities with the most opportunity for improvement. Convoy can help—reach out to your account team to learn more.

Carrier Feedback tab Rating Description Comments Score 2 Very tight dock area Dec 4, 2022 No parking Dec 4, 2022 Poor service or communication Issue with detention 1 hr at the gate. 2 hours to unload. 1 hour to get Poor service or communication paperwork from lumper. Don't go here. Poor service or communication Dec 5, 2022 Issue with detention

Read carrier feedback for an on-the-ground perspective

Go to the Carrier Feedback tab to get verbatim carrier reviews that offer an on-the-ground perspective, like if carriers are frustrated with lengthy dwell times. Also get your rating breakdown, percentage of returning carriers, and more by facility.

INSIGHT

Shippers are already embracing opportunities to keep dwell time low.

Average dwell times have dropped by 15 minutes since the beginning of 2019 to two hours in 2022. That may seem like a small drop, but 15 minutes across two loads could become a truck driver's 30-minute break required as part of hours-of-service regulations. An extra 15 minutes across four drop-and-hook loads becomes an hour that could be spent on local hauls.

In the last four years, shippers across industries have improved their dwell times, with retail and CPG shippers making the most significant reduction in dwell time by 42 minutes. Meanwhile, industrial and food and beverage shippers have not only shortened

their dwell times since 2019, but their Q4 2022 average dwell times are lower than this year's average dwell of two hours.

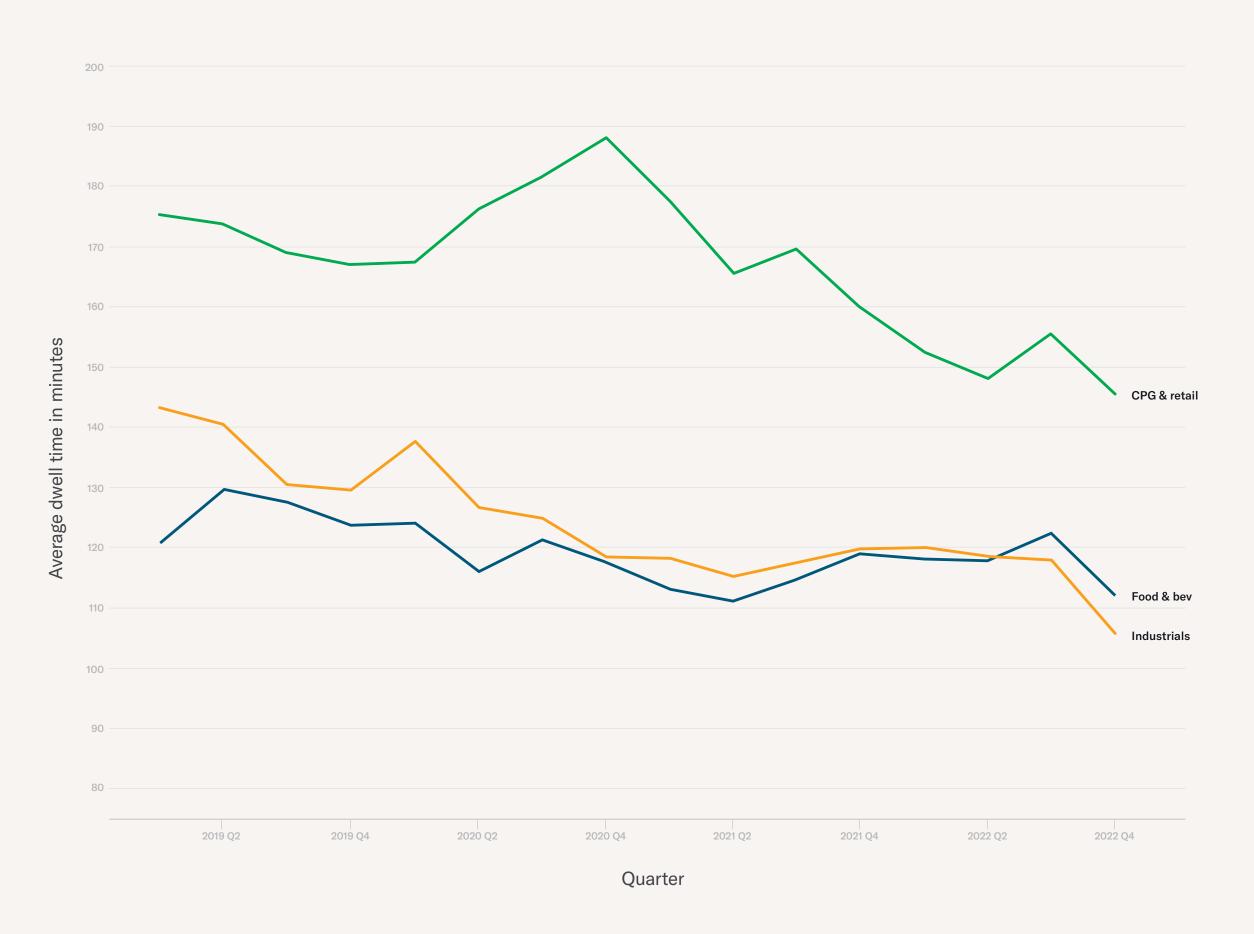
While the lower dwell times could be attributed to lower freight volumes in 2022, we also know that shippers understand the impact of long dwell times on carriers and their rate per mile. Our shippers access their facility insights on demand on a regular basis to actively monitor dwell times and flag longer ones to their teams for continuous improvement. They recall the stress of competing for trucks in the tight market of 2021 and are working to make their facilities more attractive to carriers.

As more and more shippers improve dwell times, competition for capacity will increase.

	Peak quarter since January 2019	Q4 2022	Delta
CPG & retail	Q4 2020: 3 hours, 7 minutes	2 hours, 25 minutes	↓ 42 minutes
Food & beverage	Q2 2019: 2 hours, 10 minutes	1 hour, 52 minutes	↓ 18 minutes
Industrials	Q1 2019: 2 hours, 23 minutes	1 hour, 45 minutes	↓ 38 minutes

Average dwell times have dropped by 15 minutes since the beginning of 2019

Dwell time (mins) by industry by quarter



Analyze your dwell time performance

Compare your 2022 performance and determine which facilities have opportunities for shorter dwell times, lower costs, and improved carrier relationships in 2023.

START HERE

Log in to your facility insights dashboard

If you shipped more than 100 loads with Convoy in 2022, you have enough data to analyze your performance.

Ship with Convoy but haven't yet accessed the platform? You may have an account that you just need to <u>request access</u> to.

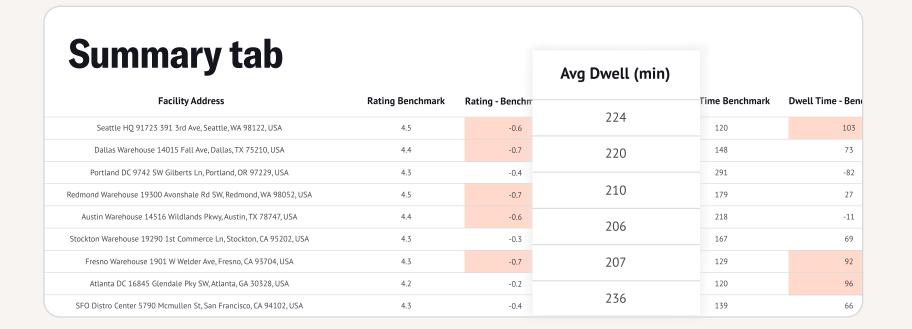
Average Dwell Time Current Period Prior Period Benchmark 207 min 215min -8 120min +87 Your dwell time is 8 mins better than the prior period and 87 mins better than the competitive benchmark Time spent at facility from geofence arrival to departure

Get your Average Dwell Time

This offers a great starting point for understanding your dwell time performance today and in the prior period.

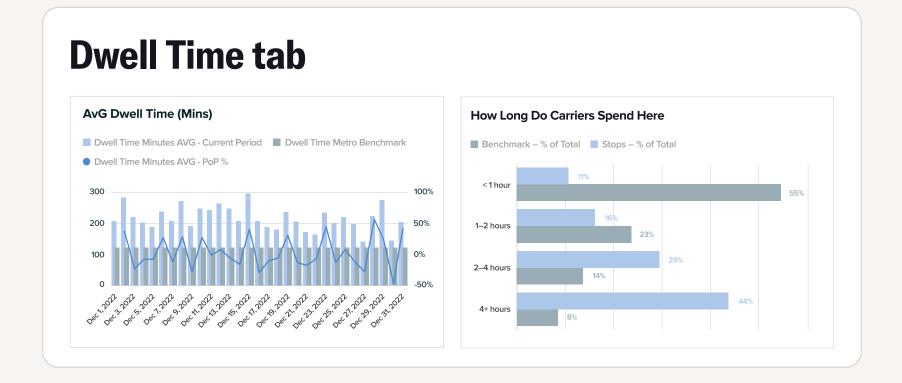
New! Benchmarking

See how your dwell time performance stacks up to your industry and other regional facilities.



Find the facilities with longer dwell times

Sort by average dwell time to identify facilities with the longest dwell times. Knowing which facilities have longer-than-average dwell times helps focus your attention on the facilities with the most opportunity for improvement. Convoy can help — reach out to your account team to learn more.



Analyze dwell time trends

Go to the Dwell Time tab to look at dwell time trends by facility. Look for outliers — for instance, by analyzing average dwell time performance in the last six months, you could find a correlation between longer dwell times and the implementation of a new process or carrier.

INSIGHT

If your average cost per shipment for accessorials is above \$43, you're paying more than 80% of shippers.

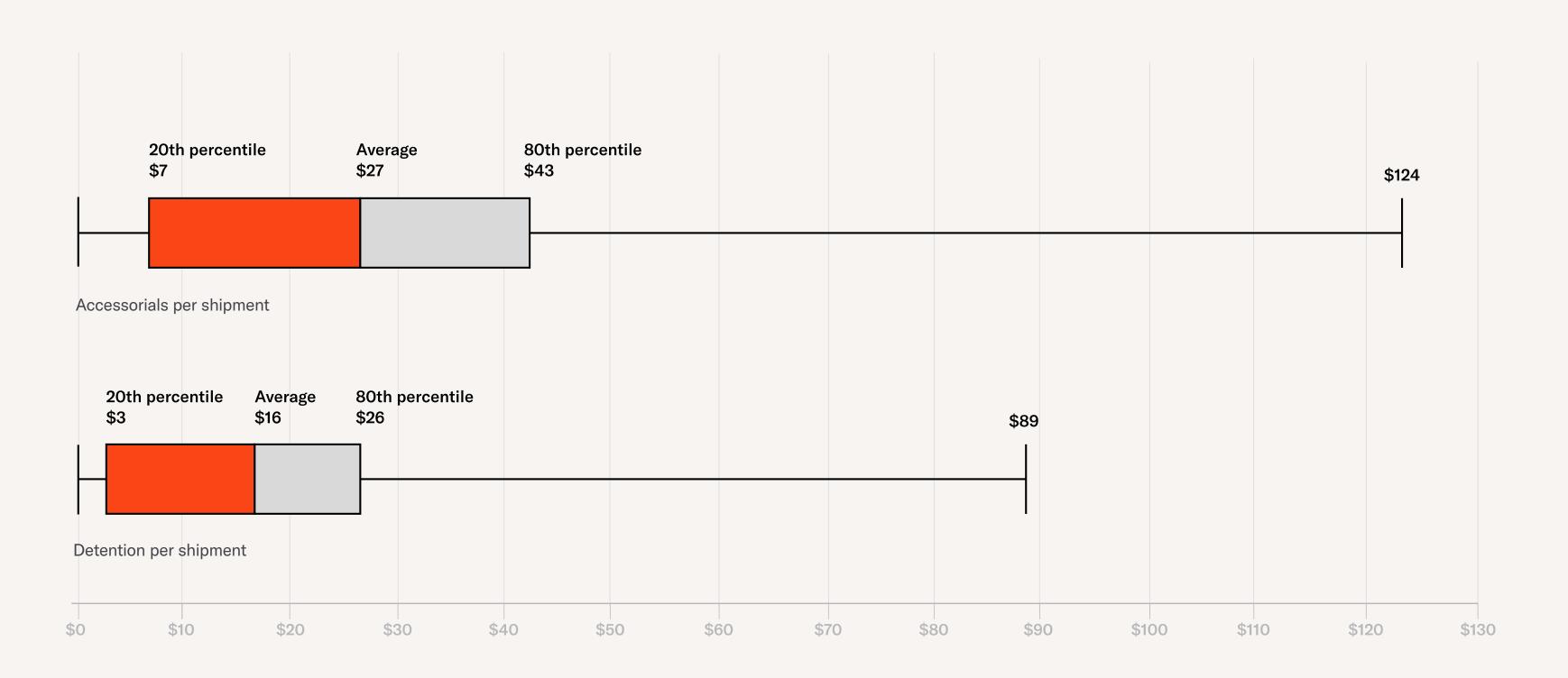
In 2022, the average accessorial spend per shipment was \$27. To see how accessorial spend compares based on percentiles, consider the following: If you're paying \$7 or less per shipment in accessorials, you're in the top 20% of Convoy shippers. Conversely, if you pay \$43 or more per shipment in accessorials, you're in the bottom 20%.

Now, let's talk detention. In 2022, the average detention spend per shipment was \$16. If you're paying \$3 or less in detention, you're in the top 20%. Conversely, if you're paying \$27 or more per shipment in detention, you're in the bottom 20%.

For the first time, Convoy offers these benchmarks for comparing your accessorial and detention spend within Convoy's online shipper platform.

This industry-leading benchmarking can show you specific areas for cost improvement.

In 2022, the average accessorial spend per shipment was \$27



Identify your accessorial spend

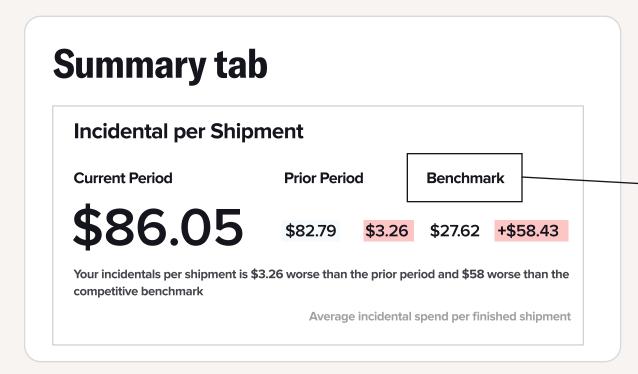
Compare your 2022 performance and build your plan for controlling your accessorial costs in 2023.

START HERE

Log in to your facility insights dashboard

If you shipped more than 100 loads with Convoy in 2022, you have enough data to follow along.

Ship with Convoy but haven't yet accessed the platform? You may have an account that you just need to <u>request access</u> to.

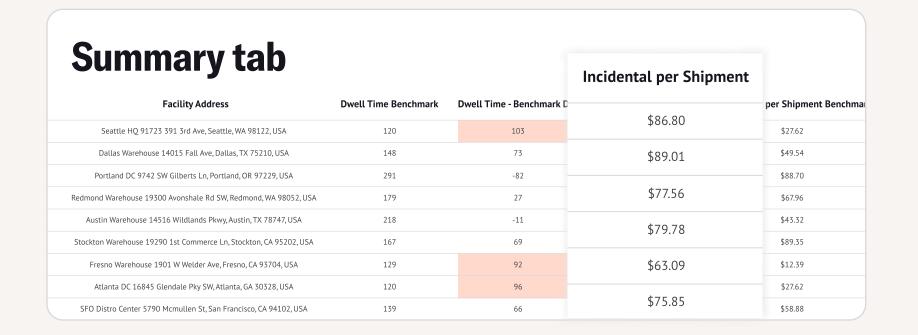


Look at your Incidental per Shipment

This offers a great starting point for understanding your accessorial spend today and in the prior period.

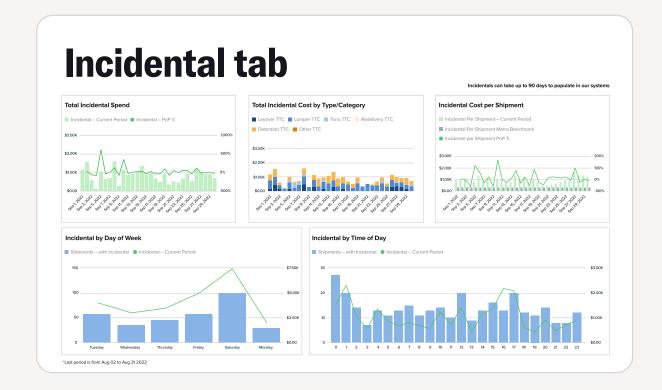
New! Benchmarking

See how your accessorial spend stacks up to your industry and other regional facilities.



See which facilities have higher accessorials

Sort by Incidental per Shipment to identify facilities with higher accessorial spend so you can focus on where you have opportunity to control costs. Convoy can help — reach out to your account team to learn more.



Analyze accessorial trends

Go to the Incidental tab to get a breakout of accessorials by day, time of day, and more for specific facilities. For instance, higher accessorials at a certain time of day may signal overscheduling that's causing longer dwell times.

There's a second tab, the Incidental Breakdown tab, that offers a by-shipment view. Clicking on a specific shipment to see detailed shipment history can also help diagnose why spend was high.



CASE STUDY

Using facility insights to improve performance and lower costs

PROBLEM

At one of its biggest facilities, a Fortune 500 manufacturer saw high detention costs because of longer-than-usual dwell times on drop-and-hook loads — which was curious considering drop loads typically have shorter dwell times. Carriers rated this facility 3.5, putting it in the bottom 5%, and their feedback hinted at broader scheduling and operational problems.

PROCESS

Our shipper insights and freight transformation teams compared drivers' actual transit times to the facility's appointment times, which were set by the manufacturer's 3PL, and made a surprising realization. Drivers were arriving so early for their appointment times that they were waiting hours to unload.

For instance, a driver would pick up a shipment at 9 a.m. and arrive at the manufacturer's facility around 12:30 p.m. — but the delivery appointment time wasn't until 6 p.m. The driver held onto the trailer for close to six hours longer than necessary.

In these cases, drivers don't get the most out of their full 11 hours of service, which hurts their productivity and reduces their earnings. The result: negative facility ratings and reviews, higher truck costs, and higher accessorial costs.

RESULTS

Convoy provided lane-by-lane transit recommendations that the manufacturer's 3PL now executes. The manufacturer also lengthened the facility's hours.

53% reduction in excess transit time

60% reduction in pickup dwell time

22% reduction in truck costs

70% reduction in detention costs

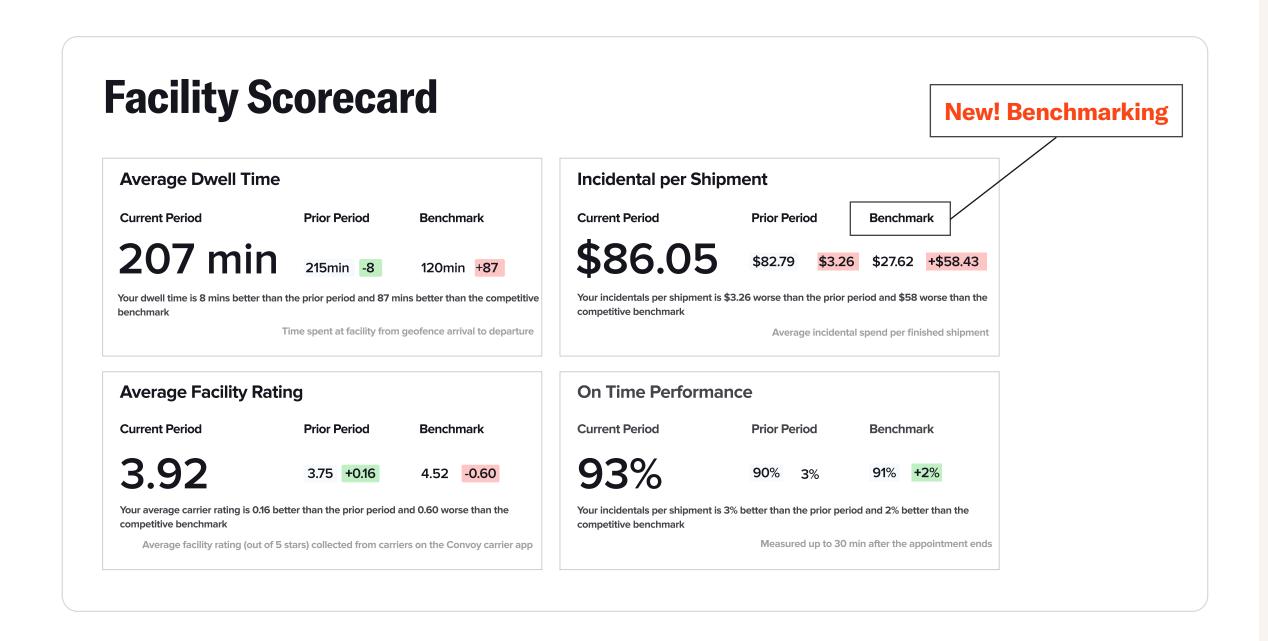
facility rating
(above average, up from 3.5)



There's more to this story than fits on the page

Watch the webinar with Director of Shipper Insights Adam Price and Senior Manager of Carrier Programs Samuel Morales.





1. Access facility insights on demand

Monitor your accessorial spend, dwell time, facility feedback, and more in real time so you can pinpoint opportunities for improvement and control costs.

2. **NEW!** Benchmark your performance

Access new benchmarking tools that show how your facility performance stacks up to nearby facilities and your industry peers so you can identify and prioritize the facilities that need improvements.

3. Track your freight in real time

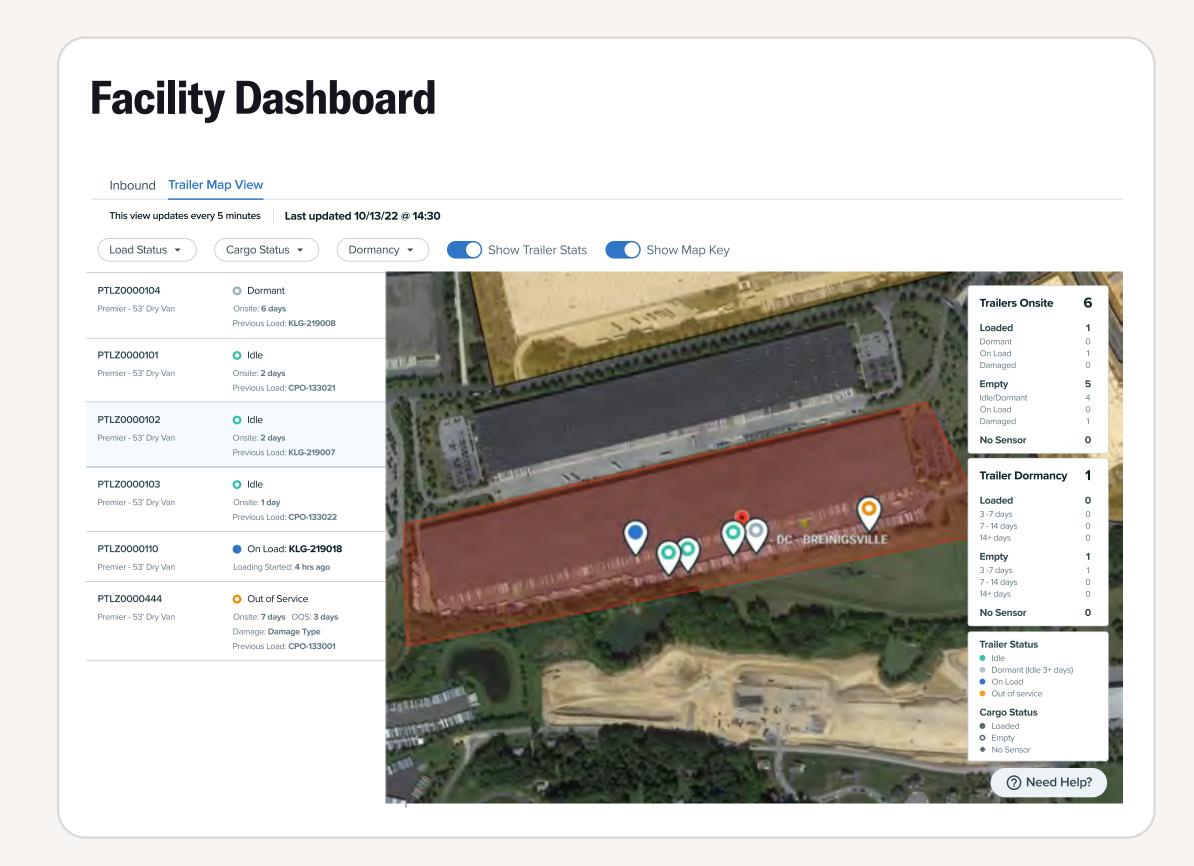
Access your truck's live GPS location every minute. We capture dwell time from the minute a driver enters a facility for more granular dwell-time insights. See predictive ETAs and status updates that cover 30+ detailed reason codes, including facility delays.

SHIP WITH CONVOY?

Log in or request access to your account.

NEW TO CONVOY?

<u>Contact us</u> to see how facility insights can improve your supply chain visibility and operational performance.



4. Get drop capacity across your routing guide

Drop-and-hook reduces dwell time, improves facility ratings, and keeps facility throughput high. With Convoy Go, get access to nationwide drop coverage across primary, backup, and spot, for added flexibility when demand surges. Our Facility

Dashboard provides visibility into trailer status, so you can schedule primary, backup, and spot drop loads as you expect trailers.

GET STARTED

Learn more about flexible drop with Convoy Go.

About Convoy

Convoy is the nation's leading digital freight network.



We move millions of shipments through our connected network of trucks and drop trailers, providing the reliability and performance of an asset carrier but with unparalleled flexibility. Through the use of machine learning and automation technology, we reduce waste and inefficiency in freight — saving money for shippers, increasing earnings for drivers, and eliminating carbon waste for our planet. Forward-looking Fortune 500 shippers like The Home Depot, Procter & Gamble, Niagara, and Unilever trust Convoy to haul their most important freight and deliver unique analytics and insights that improve the resilience of their supply chains.













More trends and insights from Convoy

Freight research

Our monthly Freight Market Update insights

<u>Webinar</u>

Using facility insights to optimize your supply chain operations

Webinar

Unblocking facility bottlenecks using on-demand insights

20









