

THE STATE OF THE SHIPPING INDUSTRY REPORT

Seven Trends To Watch for in 2024

Learn what you need to navigate turbulence
and optimize your shipping for better outcomes.

About WWEX Group

The WWEX Group of brands, which comprises [Worldwide Express](#), [GlobalTranz](#) and [Unishippers](#), offers full-service logistics expertise to more than 125,000 customers across the country. With access to industry-leading small package, truckload, less-than-truckload and managed transportation solutions, customers benefit from enhanced visibility and value for their supply chains. The company also is the second largest privately held freight brokerage and largest non-retail UPS Authorized Reseller® in the U.S., with an annual systemwide revenue of \$4.02 billion. To learn more about WWEX Group, visit wwexgroup.com.



In 2023, the shipping industry experienced an elevated level of adversity not seen in many years. Most notably, the nation was mired in a freight recession that created a ripple effect with broad implications that impacted shippers, businesses, carriers and logistics companies. Industry experts point to many reasons for the recession, including COVID-19, soft demand from consumers, businesses that were overstocked with products and a sea of carriers fighting for business to keep their doors open. As we now know, the recession will reach deep into 2024, leaving shippers unsure how they will efficiently move products to consumers while carriers battle for each piece of business to remain profitable.

On the other hand, the [American Trucking Associations released its forecast in November of 2023](#) that stated “Overall truck tonnage will grow from an estimated 11.3 billion tons this year to 14.2 billion tons in 2034.” While that is promising news for everyone in the shipping industry, long-term projections must be met with caution when looking at only the year ahead.

Parcel carriers, who remained relatively strong in 2023, weren’t exempt from turbulence. [UPS reported Q3 consolidated revenues](#) of \$21.1 billion compared to \$24.2 billion in 2022, and both UPS and FedEx announced rate hikes for 2024. That said, UPS remains optimistic and in its [Global Logistics and Distribution Outlook: The Importance of Diversifying Your Operations](#) forecast, the shipping giant said, “In summary, we expect 2024 to be a stable year that will allow companies the ability to grow.”

How To Navigate the Shipping Industry in 2024

Despite any uncertainty in the shipping industry, there are tools and resources for shippers looking to navigate continuing challenges. There are opportunities to utilize technologies that digitize the entire supply chain, adding greater visibility, reliability and automation. Sustainability and AI also present opportunities for businesses to increase profit and efficiency.

And while some freight carriers will continue to struggle and/or go out of business, there are ways to optimize your shipping strategy in 2024 by partnering with logistics companies with deep industry relationships, product offerings and financial stability.

For parcel shippers, there are avenues to work with shipping partners that, due to their long-standing relationships with top parcel carriers, can find top rates, services and solutions to help protect your bottom line and keep products moving to consumers.

Many companies continue to partner with third-party logistics (3PL) providers. These companies can offer multiple shipping solutions including parcel shipping, freight shipping, logistics strategy services, managed transportation solutions, expedited options and much more. They also nurture relationships with the leading freight and parcel carriers in the industry and can provide top rates and services, while providing strategic advice on how to optimize your supply chain and navigate turbulent times.

Looking ahead to 2024, WWEX Group – the parent company of Worldwide Express, GlobalTranz and Unishippers – provides industry analysis on the seven trends shippers should watch for in the coming year. We also highlight actions that shippers across all modes and sizes can take to ensure a profitable 2024.

In summary, we expect 2024 to be a stable year that will allow companies the ability to grow.

– UPS Supply Chain Solutions®

The Freight Recession Is Not Over

The most important trend we are watching this year is the freight recession which began in late 2022 and early 2023. Like most freight recessions, the current one we find ourselves in is quite complex. Since at least early 2022, industry experts saw a freight recession on the horizon. When exactly the freight recession will end is not yet known. However, many in the industry say they expect a recovery to begin this year, perhaps in the second half of 2024. To better understand the current freight recession and why it matters this year, let's take a look at the main reasons for its existence.



COVID-19

During the pandemic, consumers spent like never before. Many were working at home and spent lavishly on décor, home offices, exercise equipment and other products. This was further compounded by stimulus money that was pumped into the economy by the U.S. government. However, when the pandemic ended, consumer spending resumed to its pre-COVID levels, leaving businesses — including big box chains — with excess inventory. With the dip in consumer demand, companies had less need to move products, which had a negative impact on freight carriers everywhere — large and small.



Excess carriers and capacity

To take advantage of the COVID-19 spending surge, new freight carriers flooded the market to meet the rising need to move products. Some estimates say that the number of new freight carriers during this time **increased by as much as 50 percent**. Now that consumers are spending less, there is excess freight capacity in the marketplace and carriers have had to lower rates to attract loads and are competing for business. In fact, many carriers have gone out of business, most notably Convoy and Yellow freight carriers. Some industry analysts say that in time, the freight industry will automatically right-size itself.



Fuel prices, inflation and labor shortages

Fuel prices were an additional burden on carriers last year. While there was a short reprieve during the summer months, fuel prices rose again in Q3 and Q4. In fact, in November 2020 (during the pandemic) fuel prices were \$2.462 per gallon, compared to **\$4.146 in November 2023**. Already stung by the lack of shipping volumes, this caused carriers to continue to struggle. Additionally, there continued to be a shortage of labor, and carriers found it difficult to find drivers to operate trucks. In fact, **30 million U.S. workers across all industries resigned their jobs** from January through August 2023.

Why is 2023 important for 2024?
The recession continues.

The major challenges that the shipping industry faced during the freight recession in 2023 will bleed over well into 2024, according to most reputable industry analysts and insiders. According to a **CNBC Supply Chain Survey**, there will be “no growth for the first half of 2024, and at best a mildly positive turn in the second half of the year.” Specifically, of those surveyed, “half expect a 5% increase; 33% expect a 10% increase; and among the 17% that were the most optimistic, a 15% increase is anticipated” in Q3 and Q4 of 2024. So, while data suggests that this year will not improve to pandemic or pre-pandemic prosperity, the market will show improvement toward a normalization of some kind.



WWEX Group Pro Tip

While freight carriers will continue to face hardships including labor shortage, fluctuating fuel costs and lower freight rates, there are things you can do as a shipper to navigate these times of adversity. Working with a 3PL partner can certainly help. A 3PL can provide the following support:

Carrier network

A 3PL should have an extensive network of reliable less-than-truckload (LTL), full truckload (FTL) and specialty carriers, among other freight types. They should also have a strong relationship with these carriers and provide top rates, consistent capacity and expert advice on which carriers are right for you.

Industry expertise

Navigating a freight recession is not easy to do alone as a shipper. A top 3PL can advise you on carrier selection, supply chain optimization, technology, pricing, shipping strategy and should provide deep industry analysis that can help you make decisions to protect your bottom line.

Financial stability

In times of adversity, many logistics companies and carriers are finding it hard to stay in business. Shippers like you need to work with a 3PL that is financially stable and has a proven track record during prosperous and inclement times.

Shipping technology

Trucks, planes, trains and ships may move products, but it is the technology behind them that powers shipping. A 3PL should provide you with a robust transportation management system (TMS) where you can find carriers, compare rates, get real-time visibility and manage all of your logistics. The TMS should also allow you to manage both parcel and freight shipping.

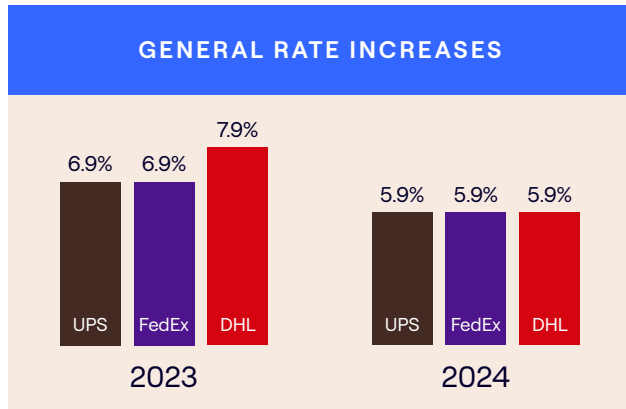
Diverse suite of shipping solutions

During the freight recession, your needs might change, and your customers' behavior might change, too. That's why it's important to work with a 3PL that is equipped with a suite of shipping solutions including freight, parcel, international, air, expedited, warehousing, managed transportation and more.

Increased Parcel Rates: What You Should Know

Parcel shippers and carriers remained largely unscathed in 2023 and did not feel the impact of the post-COVID downturn as much as the freight industry did. However, the parcel industry has seen increasing competition in the past few years, particularly with the rise of Amazon and other companies.

To remain competitive and keep up with rising inflation, all major carriers and the United States Postal Service (USPS) announced [general rate increases \(GRIs\) for 2024](#). The key takeaway is that GRIs across the board were actually lower than the ones introduced in 2023. Here is a breakdown:



To be clear, between 2014 and 2021, UPS and FedEx held steady at an annual 4.9% GRI. So, the current rate increases didn't appear out of nowhere. And in fact, as the numbers show, this year's GRI will be less severe than last year.

Regarding the USPS, the numbers should be broken out separately since there is no general rate increase. Multiple sources point to an overall 3% increase across the board. Most notable, however, are [the following increases for 2024](#):



While rates continue to rise, no parcel carrier is making any major moves that were that were not expected or dramatically lower or higher than their competitors. Carriers will continue to remain competitive with each other and allow the market to largely dictate their rate hikes.



WWEX Group Pro Tip

Rate hikes most likely will continue to occur every year. But there are ways to stay competitive and get the best rates possible. Working with a 3PL that has a relationship with a major parcel carrier can help. These shipping partners leverage their relationships with carriers to get top rates, services and solutions for their customers. They can also provide the technology, shipping strategy, expertise and service to make parcel shipping easier. This helps you save money, increase efficiency and ship smarter.

Supply chain resiliency is a must.

Disruptions in the supply chain have created difficulties at one point or another for most businesses that ship products. Whether it is challenges that occur over a long period of time like changing consumer behavior, or events that develop rather quickly like COVID-19 or severe weather, shippers have always had to deal with the aftermath of disruptions that impacts their business.

For shippers, it's important to understand supply chain resilience, which refers to the ability of a supply chain to resist or react to disruption and minimize its impact. In more recent years, it also refers to the ability of the supply chain to forecast disruption, allowing companies to prepare and act quickly.

In fact, it's such an important topic that the Biden administration recently created the [White House Council on Supply Chain Resilience](#), a new U.S. government agency that will collaborate with the private sector to protect our supply chains.

With COVID a few years behind us and the world currently embroiled in multiple instabilities, shippers should take steps to ensure their supply chain is resilient to unexpected change. Here are four tips:



Complete supply chain visibility

Many businesses have supply chains that are spread across the world. They are complex, to say the least. That's why it's important for companies to have complete visibility over their entire supply chain. This allows them to identify areas that are causing delays, unnecessary costs and inefficient processes. It also provides transparency for customers, giving them insight into when products are in stock and when they will arrive at their location.



Inventory optimization

During COVID, consumer spending skyrocketed. And in peak season 2023, businesses were once again busy during the holidays. However, in between those times, the shipping industry had a difficult time understanding where the market was going. Moving forward, companies should analyze consumer behavior to optimize inventory and find the appropriate levels of product to keep in stock.



Supply chain digitization

Many companies are next-leveling their shipping by digitizing their entire supply chain — from procurement to delivery. This allows them to leverage tools such as automation and business intelligence and utilize internal data along with information from suppliers. This can help them increase accuracy and process shipments faster.



Supplier and carrier diversity

If disruption impacts your suppliers — like the pandemic did — your business will be impacted, too. That's why supplier diversity should be a top goal in 2024. Secondly, it is not wise to work with just one carrier, particularly during a time when some are going out of business. Creating diversity along your supply chain will allow you to continue operating in case your supply chain or shipping partners experience difficulties.



WWEX Group Pro Tip

To ensure supply chain resilience, work with a shipping partner with a history of providing the following services:

- Supply chain optimization
- Improved transit time and on-time delivery
- Optimized retailer consolidation
- Strategic account management team
- Single-source technology platform
- Improved product visibility
- Inventory management
- Reverse logistics
- Comprehensive carrier network
- Limited access and final mile delivery
- Customized daily reporting

Optimize Your Freight Shipping

As the freight recession is expected to continue deep into 2024, it's time to optimize your freight shipping operations to ensure you can navigate future turbulence. There is much efficiency and cost savings to be had by understanding which type of freight shipping is best for your shipments.

Less-than-truckload (LTL) and full truckload (FTL) are the bread and butter of the freight shipping industry. And although they have similarities, many shippers often select the wrong mode when moving freight. Here's a look at what you should know:

Number of pallets and size/weight limits

An LTL shipment weighs between 150-15,000 pounds and can include up to 10 pallets. An FTL shipment weighs more than 15,000 pounds and/or requires more than 10 pallets.

Cargo fragility

If your shipment is fragile or you are looking to minimize handling and the risk of damage or theft, FTL may be the best option since you get the entire truck and don't share space with another company. With LTL shipments, your freight is sharing trailer space with other shipments and is going to be handled and moved around more often.

Partial truckload vs. volume LTL

Volume shipping is a subset of LTL, and generally consists of loads of more than six pallets that weigh between 8,000 and 10,000 pounds – larger than your average LTL shipment. These larger LTL shipments can be a more economical option than FTL. Partial truckload is a subset of FTL and includes shipments with eight to 18 pallets with a weight of 8,000-27,500 pounds. Since partial truckload shipments don't usually take up the entire truck (but are too big for LTL), carriers can utilize the additional space for other customers and offer you a break on pricing.

Special service and equipment requirements

With LTL freight, you have more flexibility on additional levels of service if they are needed. For example, if your freight requires "white glove" pickups or deliveries, lift-gate services or freeze protection, LTL shipping is the way to go. Your service options are more simplified with FTL.

Direct shipping vs. multiple stops

FTL is usually the faster choice when speed is a factor since only one company's shipments are loaded onto the truck. This allows FTL shipments to proceed directly to the destination with no stops. With LTL, there are more stops and loading/unloading, which means a longer delivery timeline. If you're more concerned about cost and less concerned about speed, LTL can make more sense.

Security needs

FTL shipments are generally more secure than LTL, since your freight is handled a lot less and is shipped straight to the consignee. If you have above-average concerns about the value and security of your shipment, which is especially important in international freight, spending more on FTL may be worth the peace of mind.



WWEX Group Pro Tip

Check out these additional resources to optimize your freight shipping:

[How 3PL Freight Services Help Shippers](#)

[LTL vs. FTL freight: What's the difference?](#)

[8 Tips on How To Reduce Freight Costs](#)

[4 Steps for Managing Your Freight Costs with 3PL Freight Services](#)

[6 Key Factors That Impact Your Freight Shipping Rate](#)

[Guide To Comparing Freight Service Types](#)



Evaluate Your Shipping Partners

To ensure your company safely navigates tumultuous times, make 2024 the year you re-evaluate your shipping partners. After all, during downturns, you want to know that those you are working with can supply you with the services and solutions you need.

FreightWaves, a leading logistics news source, recently released a white paper titled [“How Shippers Should Be Thinking About Freight in 2024.”](#) In it, they surveyed a wide range of professionals from logistics managers to CEOs, and in industries ranging from manufacturing, healthcare and food/beverage. They asked those surveyed to rank the following in terms of importance – on a scale from one to five – when selecting a shipping method:

MOST IMPORTANT FACTORS WHEN SELECTING A SHIPPING METHOD



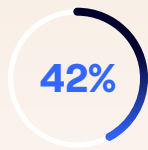
Additionally, the white paper presents data from those surveyed about “What factors would make you hesitant to switch to a smaller, more relationship-focused logistics provider?” On a scale of zero to 100%, here is how participants answered:



Concerns about scalability



Lack of track record



Limited technology offerings



Uncertainty about cost benefits



Minimal environmental initiatives

There are many takeaways from the white paper. One obvious one is that shippers are looking for reliability and cost savings and would like to work with logistics partners with a history of success that can provide scalability. It may seem like a lot to ask but there are shipping partners and carriers out there that can provide that level of service.



WWEX Group Pro Tip

If you plan to look for a shipping partner or switch to a new one in 2024, here are five attributes that they must have to ensure your success:



A complete understanding of parcel and freight shipping

Look for a shipping partner that completely understands the shipping industry, the challenges you face and customer expectations. This will help them dive into customer demographics, shipping trends, technology and supply chain issues and utilize those insights to integrate both parcel and freight into your shipping strategy.



A one-stop shop for shipping logistics

A shipping partner should provide you with a one-stop shipping experience. That includes expertise in service selection, account management, customer service and all key areas that provide savings and efficiency. They should also provide you with a single source for all lines of business shipping, too, including parcel and freight.



Reputable carrier relationships

A shipping partner should provide a vetted network of freight carriers, as well as a strong relationship with a leading parcel carrier. That means they can provide shipping solutions regardless of how you ship your products.



Innovative shipping technology

Look for a shipping partner with an innovative TMS that allows you to book both freight and parcel from one account and login. It will also allow you to buy insurance, view/pay invoices, track shipments, create labels and more.



Carrier capacity solutions and negotiated prices

Your shipping partner should also be able to get shipments on trucks when capacity is tight. They should also utilize those same relationships and industry clout to get top rates and negotiated prices for customers.

Sustainability Is Front and Center

In an increasingly global economy, businesses around the world are finding new revenue growth by expanding their customer base. Free trade and digital technology have paved the way for small and large businesses alike to increase their brand and enjoy unlimited opportunities.

However, it is no secret that shipping and transportation do have an impact on the environment. A product manufactured in China that must make its way to Nebraska may need to travel by boat, rail and finally truck to reach its destination.

Additionally, environmental awareness has increasingly become a hot button political issue with consumers oftentimes making purchasing decisions based upon a company's sustainability policy. It's not necessarily a new trend, but recent data does suggest that it becomes a larger concern for consumers each and every year. In fact, [a report released in 2023](#) states "between half to two-thirds of consumers said they will pay more for sustainable products," and for "consumers ages 18 to 34, the percentage reaches 80%."

For the protection of the environment and your brand, it has become increasingly important to make sustainability a key initiative in your business and shipping strategy. Here are five ways you can start:

Supply chain optimization

Many companies are opting for renewable/reusable materials in their products to reduce their carbon footprint and utilizing technology to optimize their route planning and limit empty miles. They are also using technology for real-time visibility which allows them to monitor shipments in real time to create efficiencies.

Intermodal logistics

Utilizing freight for coast-to-coast shipping isn't always the most environmentally friendly or cost-effective way to transport your products. By considering air and rail for continental shipping, you can optimize routes and prevent your shipments from adding to traffic congestion.

Warehousing and facility management

Incorporating green practices into your facilities is a great way to increase sustainability. Water reduction and renewable energy solutions are just a couple of ways to approach this. You can also look at inventory management practices to increase efficiency in your facilities.

Packaging

It may seem small, but after a year, packaging can add up. Shippers have the opportunity to utilize green packaging made of renewable products to reduce their carbon footprint. They can also leverage recycling programs for packaging that cannot be reused.

Reverse logistics

This is the practice of gaining the most value out of your returned products whether they are resold or recycled. By having a reverse logistics plan in place, companies can ensure that most of their products don't end up in landfills and can be used somewhere down the line.

One half to two-thirds of consumers...**will pay more for sustainable products.**

– Scot Case | VP, National Retail Federation



WWEX Group Pro Tip

A leading 3PL can help you with a sustainability plan that you can implement throughout your supply chain. This can be a long-term, short-term and/or real-time strategy that touches everything from raw material procurement to route optimization for less fuel consumption.

AI Is More than a Buzzword

Artificial intelligence (AI) is a term that is thrown around a lot and has increasingly become a vital tool for many industries. Definitionally, AI is the process of building machines that accomplish tasks that are typically done by humans – learning, reasoning, decision-making and many other functions.

In logistics, both shippers and shipping partners have found creative ways to leverage AI to increase efficiency and save money. This is particularly important during times of disruption or when companies look to expand their business at scale.

According to the news source [Medium](#), AI can help you ship smarter in the following ways:



Efficient route planning

AI has the power to evaluate traffic conditions, weather and lane data to determine routes that are the most efficient and save time. This reduces the time of delivery and minimizes fuel consumption, helping to create more sustainable shipping practices.



Predictive analytics

By utilizing large amounts of data, AI can predict shipping disruptions, optimize shipping routes and forecast consumer demand. This functionality can help companies reduce delays, increase customer satisfaction and streamline shipping operations.



Real-time tracking and visibility

Real-time visibility is a crucial tool for shippers looking to optimize their supply chain. Through AI, both customers and shippers can monitor their shipments from loading all the way to delivery. This kind of transparency creates trust and improved satisfaction with your customers.



WWEX Group Pro Tip

When looking for a 3PL shipping partner, be sure to ask about their technological capabilities. They should offer a transportation management system (TMS) that relies on AI for route planning, real-time visibility and freight security. They should also provide a warehouse management system (WMS) that can help keep inventory at the proper levels and forecast consumer demand.

And while AI will continue to be an integral part of your shipping operation, it's important to understand that expert consultation is necessary to optimize it and ensure you are asking the right questions about how you procure, store and move your products.



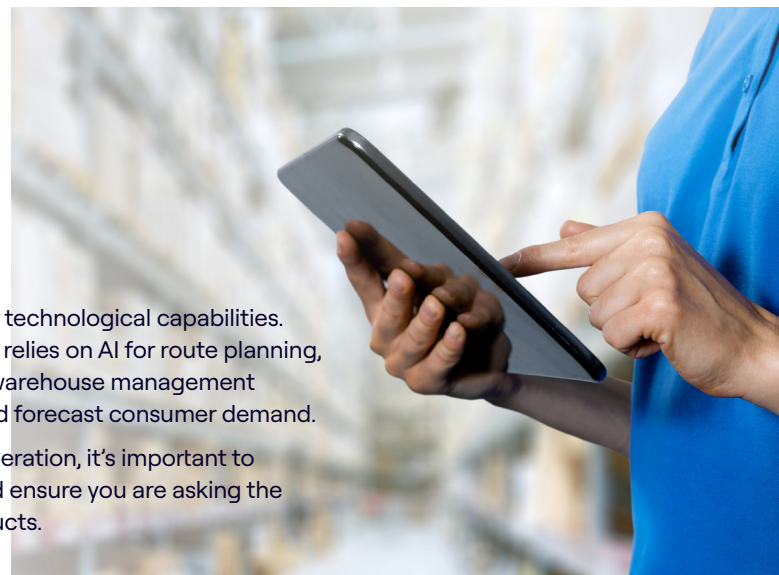
Smart warehousing and inventory management

AI technology isn't just used once your products are shipped. Companies are also utilizing tools to make a significant impact on warehousing and inventory. Using AI-powered robots, companies can now efficiently sort and move goods, optimize space and improve order fulfillment times. AI can also reduce excess inventory, forecast demand and prevent products from going out of stock.



Enhanced freight security

The combination of AI surveillance and monitoring systems has escalated shipping security efforts. AI can analyze video feeds to identify security threats and irregularities. AI sensors can also monitor freight conditions and ensure goods are shipped in their required conditions. This is important for perishable or temperature-sensitive shipments.



2024

State of the Shipping Industry Conclusion

Despite market volatility from the freight recession and rising parcel rates, 2024 marks a year of remarkable growth opportunities in the logistics industry. With new technologies and processes, businesses can manage their shipping like never before – with greater speed and cost savings. Additionally, there are opportunities to increase customer satisfaction through sustainability efforts and supply chain resiliency and optimize your freight operations for better shipping outcomes.

However, fending off market volatility while making adjustments to your shipping strategy can be difficult. That's why working with an industry leader like WWEX Group can help supply the people, processes and technology to position your supply chain for success.

When you partner with WWEX Group, you gain a team of logistics experts who leverage our **award-winning logistics solutions, virtually unlimited capacity, and best-in-class technology** to protect you from market volatility this year and beyond.



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