



6TH ANNUAL BROKER & FORWARDER BENCHMARK SURVEY

○ Insights into how the pandemic shaped strategies,
tactics and technology thinking

SEE THE SURVEY RESULTS >

About the Survey

Over the past six years, Descartes has conducted an annual benchmark survey of customs brokers and freight forwarders to identify the strategies, tactics and technology thinking they are using to address challenges, stay competitive and succeed in today’s rapidly changing marketplace.

Survey participants represented a wide range of industry leaders including Descartes customers and followers, trade association members and industry publications readers to provide a balanced view of the forwarding and brokerage communities.

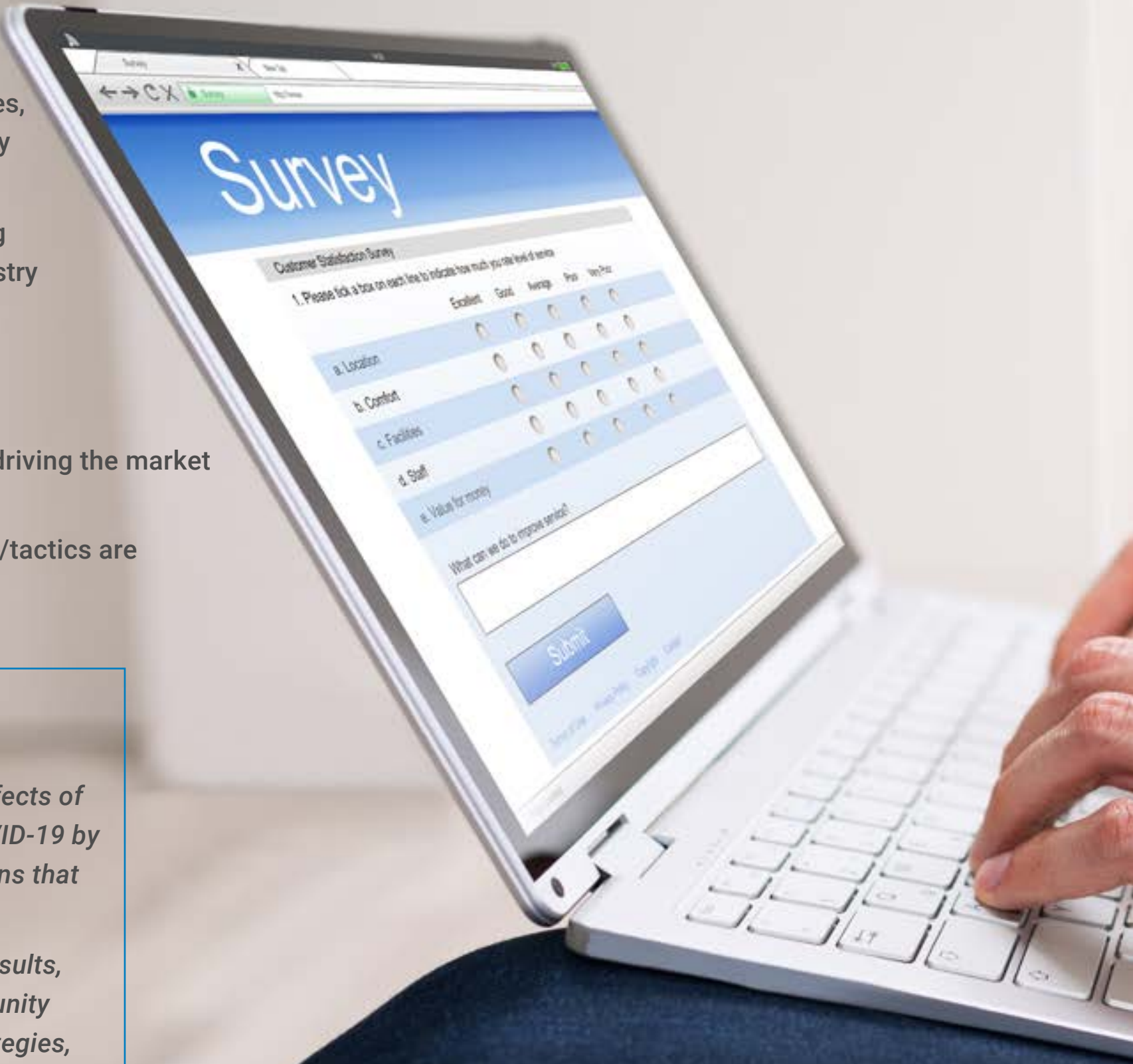
Each year our benchmark survey:

- identifies key economic, regulatory and industry changes and trends driving the market
- examines the competitive landscape
- uncovers which capabilities, technologies, and competitive strategies/tactics are making the greatest impact
- provides the outlook for future IT investment

THE 2021 SURVEY: GAUGING THE PANDEMIC’S IMPACT

Last year’s survey was conducted in late 2019 and early 2020 before effects of the pandemic were widespread. In light of the increased impact of COVID-19 by March, we decided not to release the 2020 survey results due to concerns that pre-COVID data would no longer be representative.

The 2021 survey was conducted in late 2020 and early this year. The results, compared with findings from our five earlier surveys, provide an opportunity to assess how – or if – brokers and forwarders have changed their strategies, tactics and technology before and during the pandemic.



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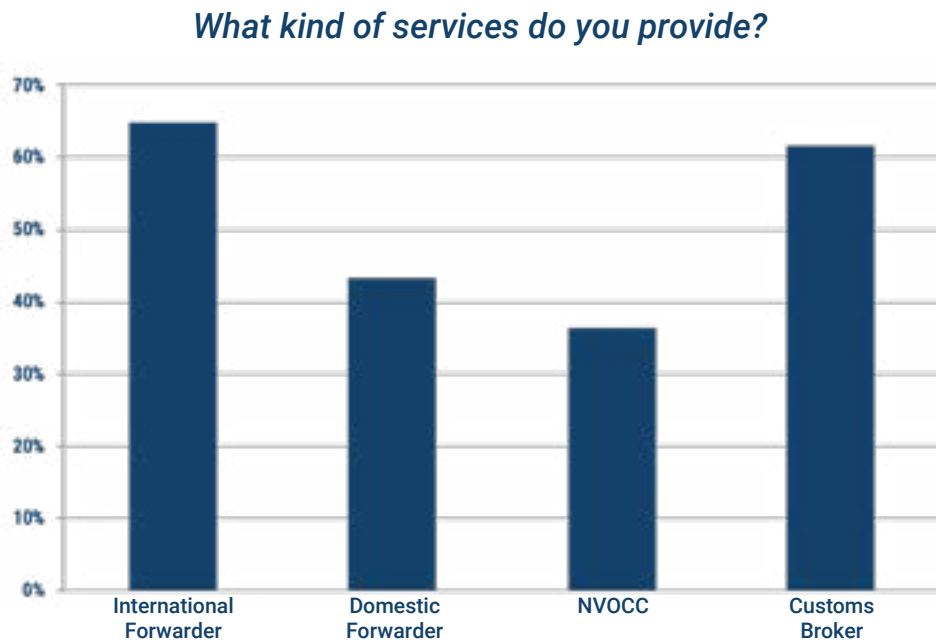
Who We Surveyed



This year’s 250 survey participants represent both domestic and international forwarders, along with customs brokers and NVOCCs. Here’s a quick snapshot of the participant demographics based on service categories, global footprint and focal transportation modes.

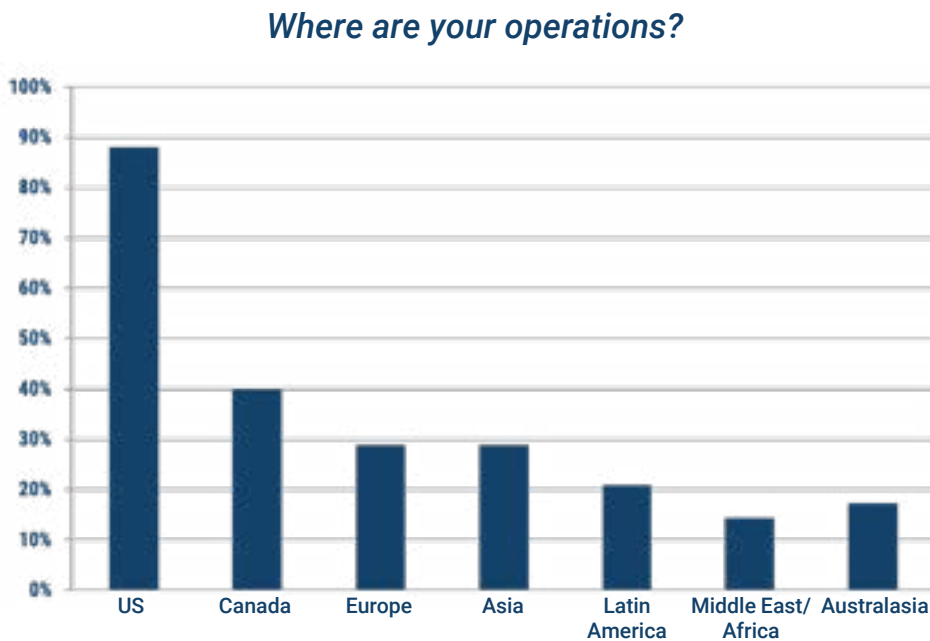
Minimal change in services provided

- International forwarding (64%) and customs brokerage (61%) retained the top two rankings of services provided by survey respondents, although both slipped slightly from last year.
- Both domestic forwarders and NVOCCs gained 4% over the 2020 findings.



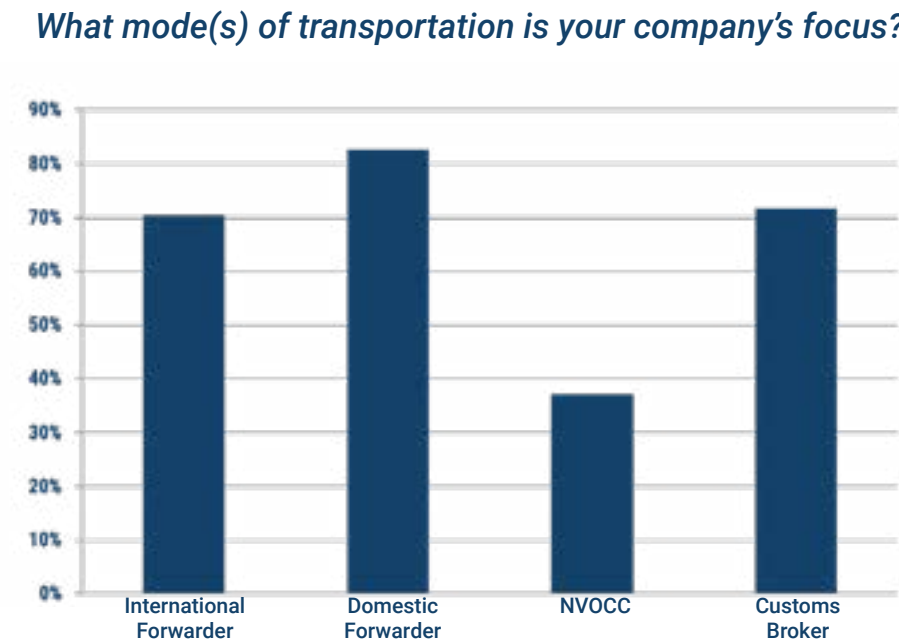
U.S. and Canada lead geographic coverage

- Respondents continue to have a strong North American presence for operations, with the U.S. (88%) and Canada (40%) once again cited as the top two locations, with the U.S. increasing 17% and Canada gaining over 6%.
- Participants with operations in Asia (+4%), Australia (+3%) and Latin America (2%) increased over the previous survey.
- The number of respondents with operations in Europe declined from 45% in 2020 to 29% this year.



Ocean continues to dominate

- As in 2020, ocean (83%) once again led as the mode where most survey respondents focus.
- Truck (71.6%) edged out air (70.4%) for second place, reversing the 2020 ranking order.
- While the mode breakdown was similar to 2020, air was down almost 7% and rail grew over 5% in 2021.



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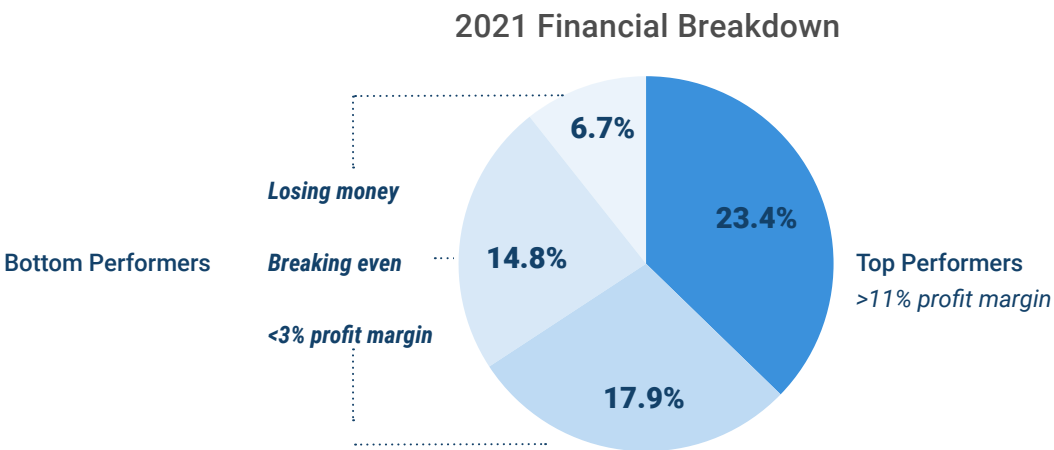


As in all previous surveys, we asked respondents to rank their companies’ financial performance based on profits. Based on this information, respondents were consolidated into two performance groups for further analysis and comparison with results from earlier benchmark surveys.

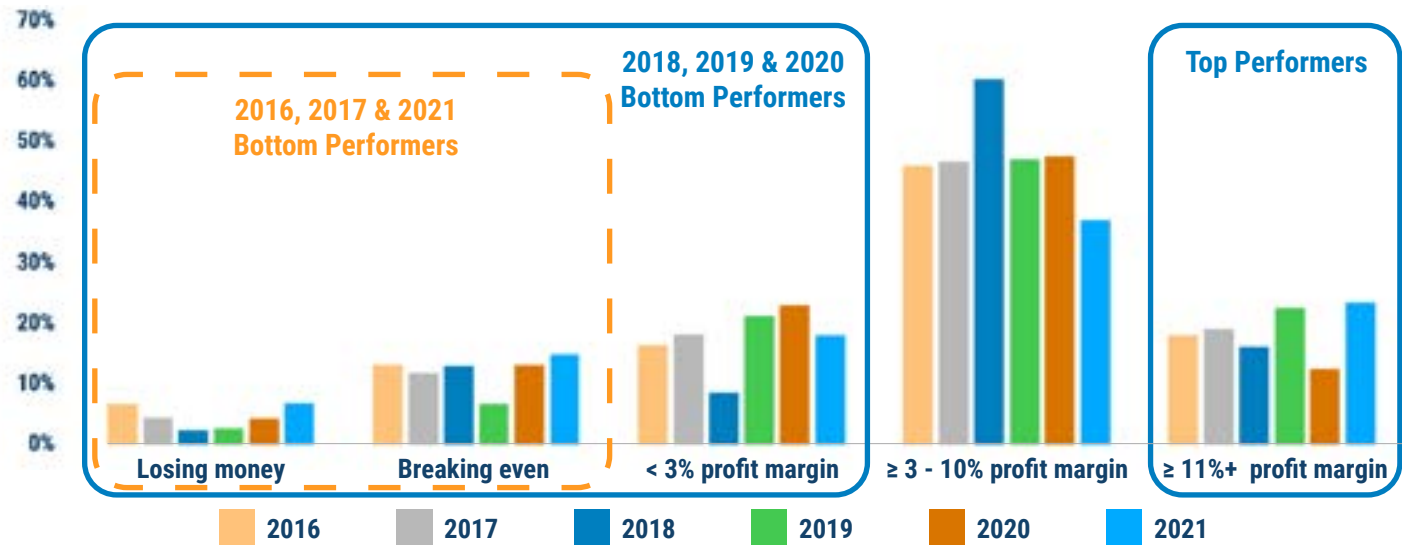
Financial Performance

Changes in financial performance metrics

- The industry “haves” and “have nots” accelerated in 2020.
- The number of this year’s Top Performers almost doubled versus the 2020 benchmark.
- Among Bottom Performers, the lowest 2 levels of financial performance (Losing Money & Breaking Even) increased from 17.5% to 21.6% in the 2021 benchmark.



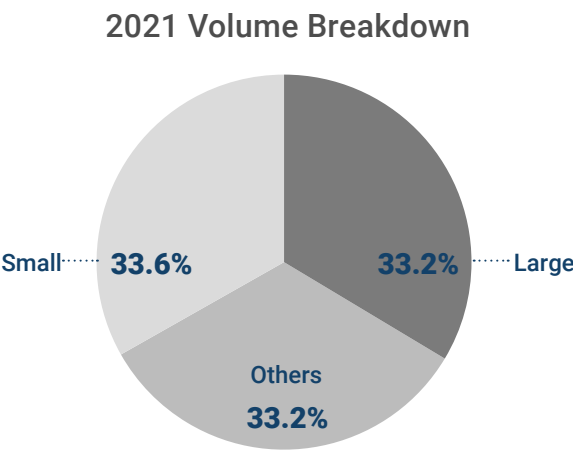
How well financially is your company doing today?



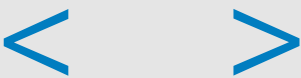
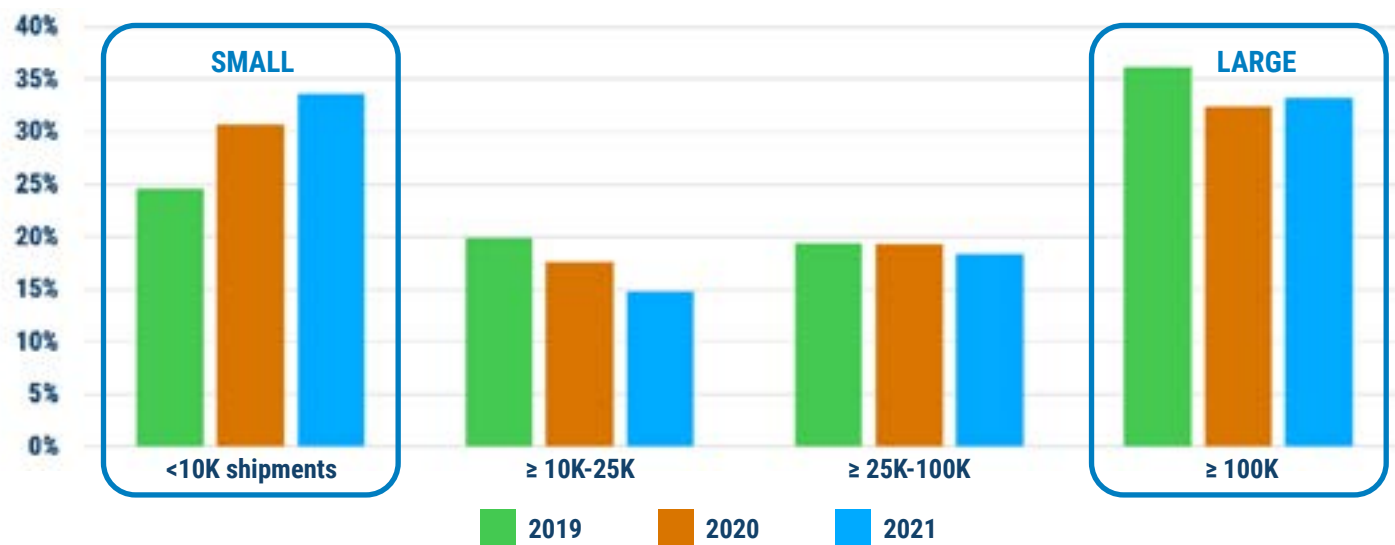
Annual Shipment Volume

We continued volume analysis, which was added to the 2019 benchmark survey, to explore the difference in strategies, tactics and technologies between Large (>100K) and Small (<10K) volume brokers and forwarders.

- Size seems to matter in the 2021 benchmark, as there is a definite correlation between volume and financial performance.
- Large respondents (42%) were 3x more likely to be a Top Performer than Small respondents (17%).
- Small respondents (49%) were 2x more likely to be a Bottom Performer than Large respondents (6%).



Yearly Shipment Volume



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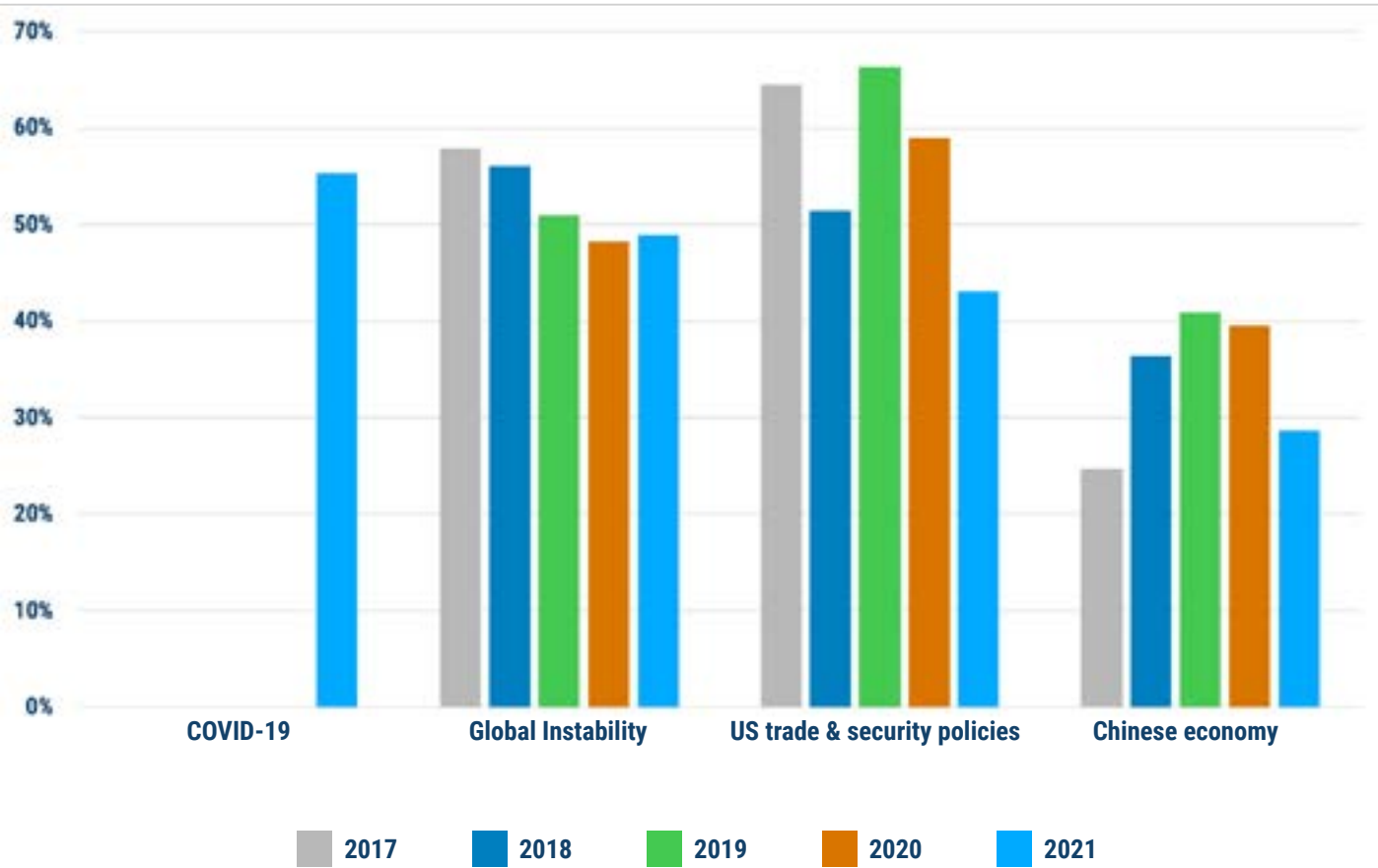
Key Trends & Practices: Changes Impacting the Future Market



We asked respondents several questions regarding how economic and regulatory changes will impact the industry in the future, as well as how ecommerce growth and the competitive landscape are influencing their business today.

Macroeconomic

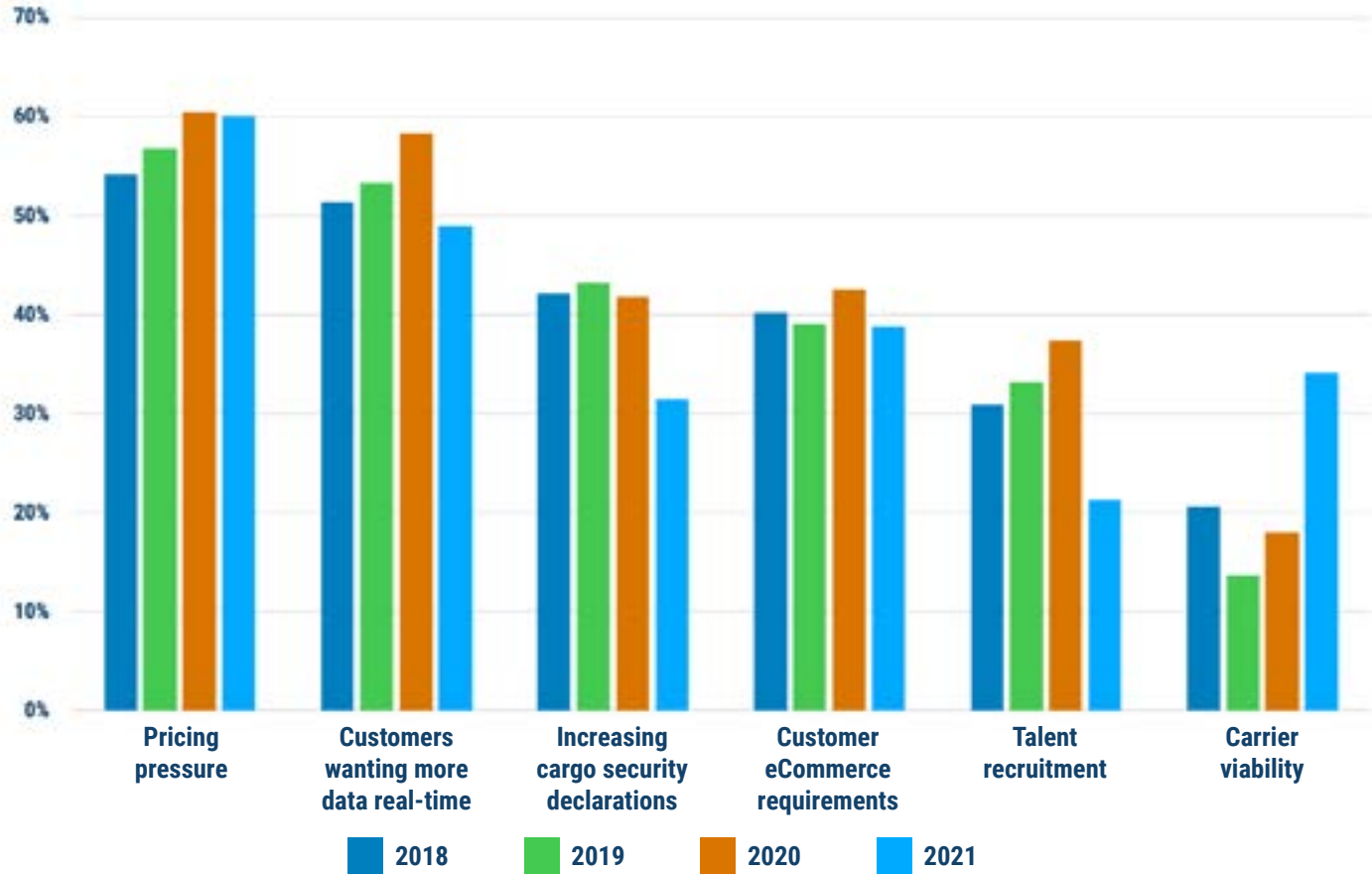
Top 4 macroeconomic changes will have the greatest effect on the industry over the next 5 years



- It's not surprising that COVID-19 (55%), which was added to the 2021 benchmark, was ranked as the change having the greatest impact over the next five years.
- Global instability (49%) stabilized and captured the #2 ranking, not far behind the top spot.
- US trade and security policies (43%) continued its decline, falling from #1 last year to #3 in 2021.
- The effect of the Chinese economy (29%) was down significantly in the 2021 benchmark, although the result may have been significantly different if the survey had been conducted in April 2020.

Industry and regulatory

Top 6 regulatory or industry changes will have the greatest impact on the industry over the next 5 years



- Respondents continue to rank pricing pressure (60%) and visibility (49%) as having the greatest future impact on the industry.
- Pricing pressure is more acute for Bottom Performers (71%) than Top Performers (55%)
- Real-time data was significantly more important to Top Performers (53%) versus Bottom Performers (37%)
- Carrier viability climbed to the fourth overall ranking (34%) and the #2 issue for Small respondents (42%).

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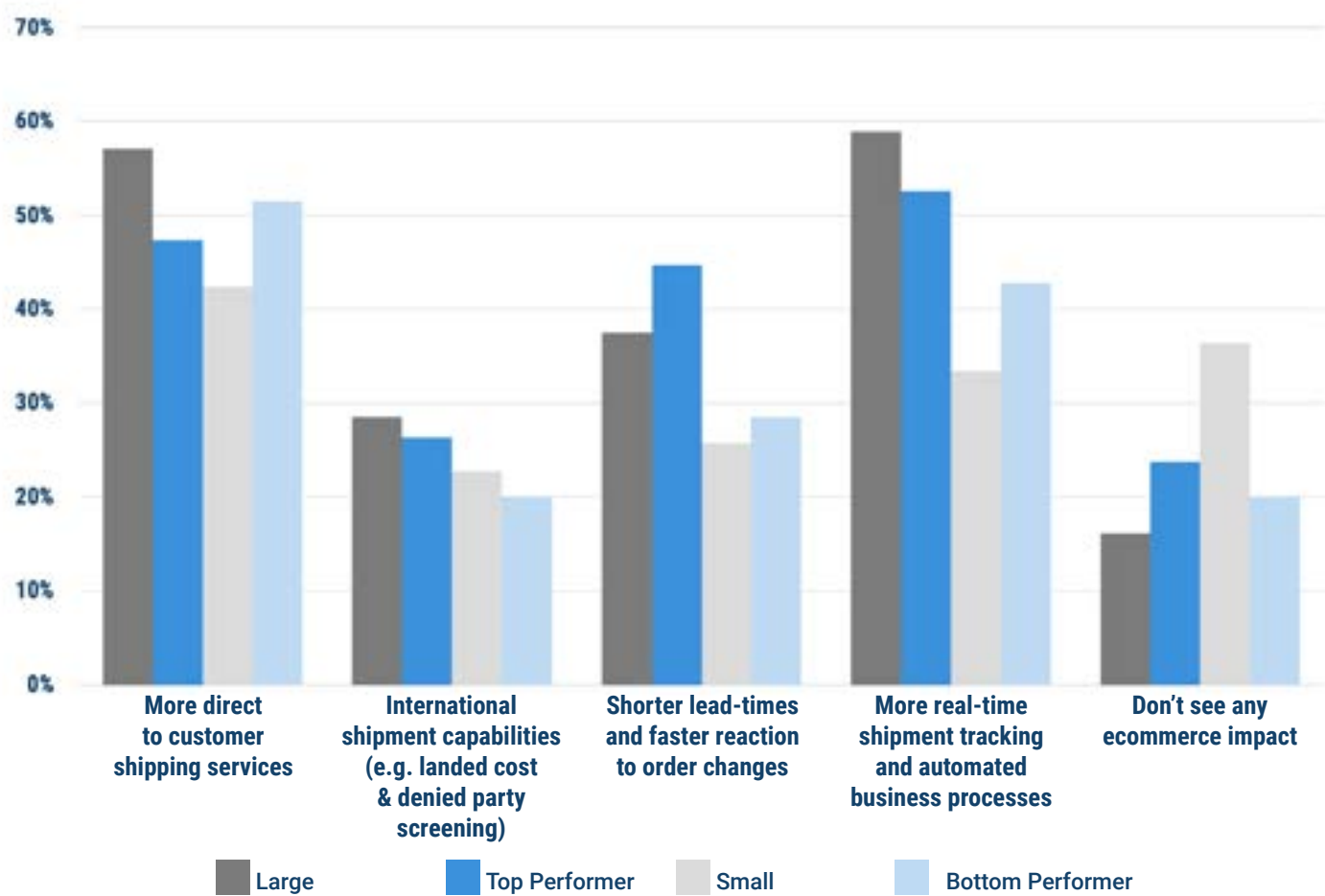
Key Trends & Practices: Changes Impacting the Future Market (cont.)



We asked respondents several questions related to transportation management regarding the future significance of current market and business drivers, value measurement, where information is used and concerns about competitive strategies.

Ecommerce impact

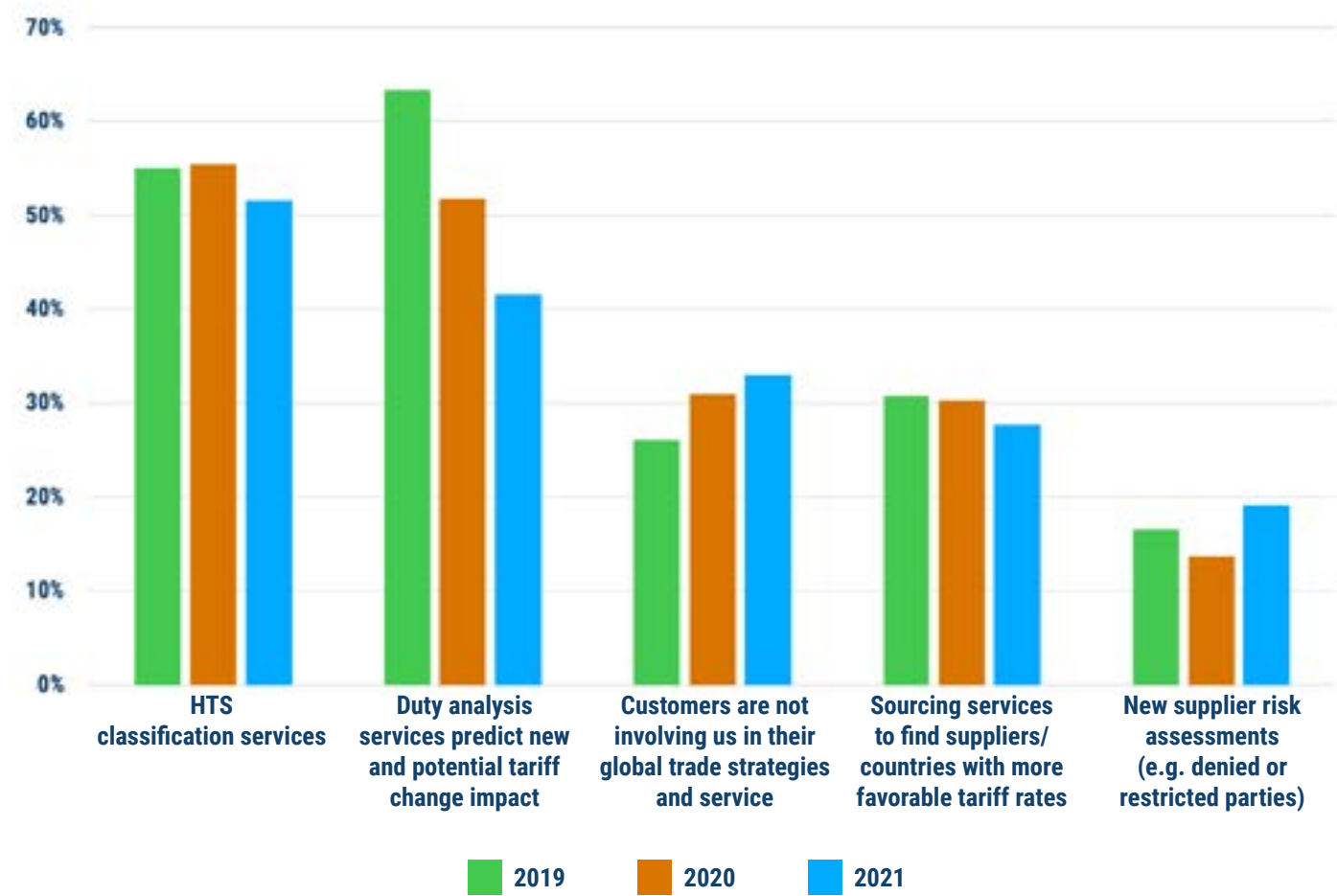
How are B2B and B2C ecommerce customers impacting the forwarding and brokerage industry?



- Overall, expectations for real-time tracking and automation (53%) remained #1 and was closely followed by direct to customer shipping (51%).
- The high percentage of Large respondents (59%) can be attributed to their need for real-time tracking and automation to participate in ecommerce as opposed to small respondents (33%).
- Too many small forwarders and brokers (36%) are not participating in ecommerce.

Trade Services

With the spate of tariff changes underway, which of these global trade-related services are customers requesting from your organization?



- HTS classification (52%) is stable and remains the top overall global trade-related service requested by customers.
- 2021 respondents didn't paint a good picture for brokers, with duty analysis services declining by 1/3 in three years while the percentage of customers not involving brokers and forwarders continued to climb.
- Large brokers are more requested to provide sourcing services (100%) and duty analysis (50%).

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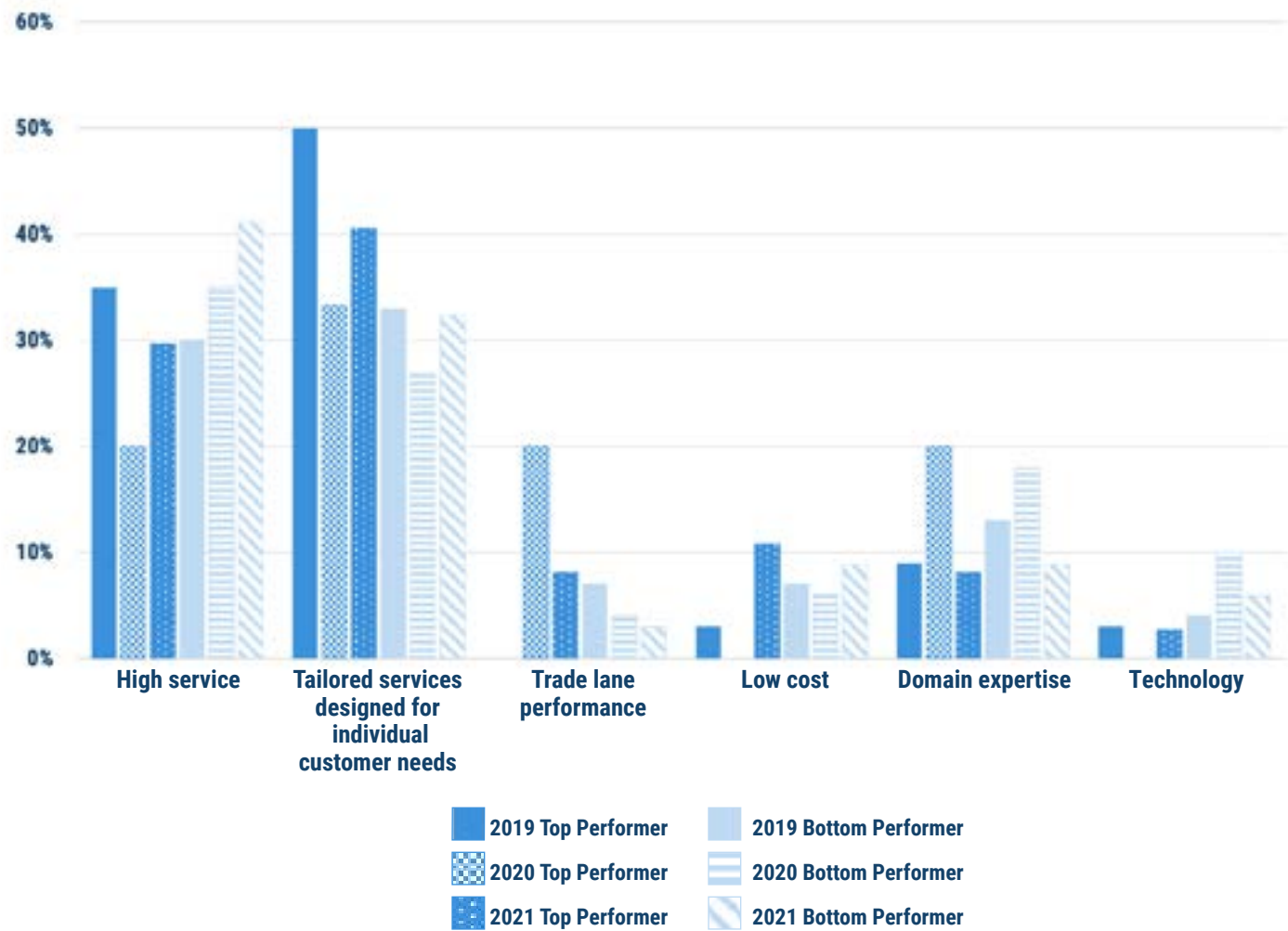
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Greatest advantage

- Participants selected high service (37%) as the overall top choice for their greatest competitive advantage followed closely by tailored services (34%) – a 3 year trend.
- Domain expertise is a distant third at 10% and nothing else really mattered – again.
- Bottom performers (41%) are increasingly focused on service excellence that apparently hasn't translated into greater profit.

What is your greatest competitive advantage?



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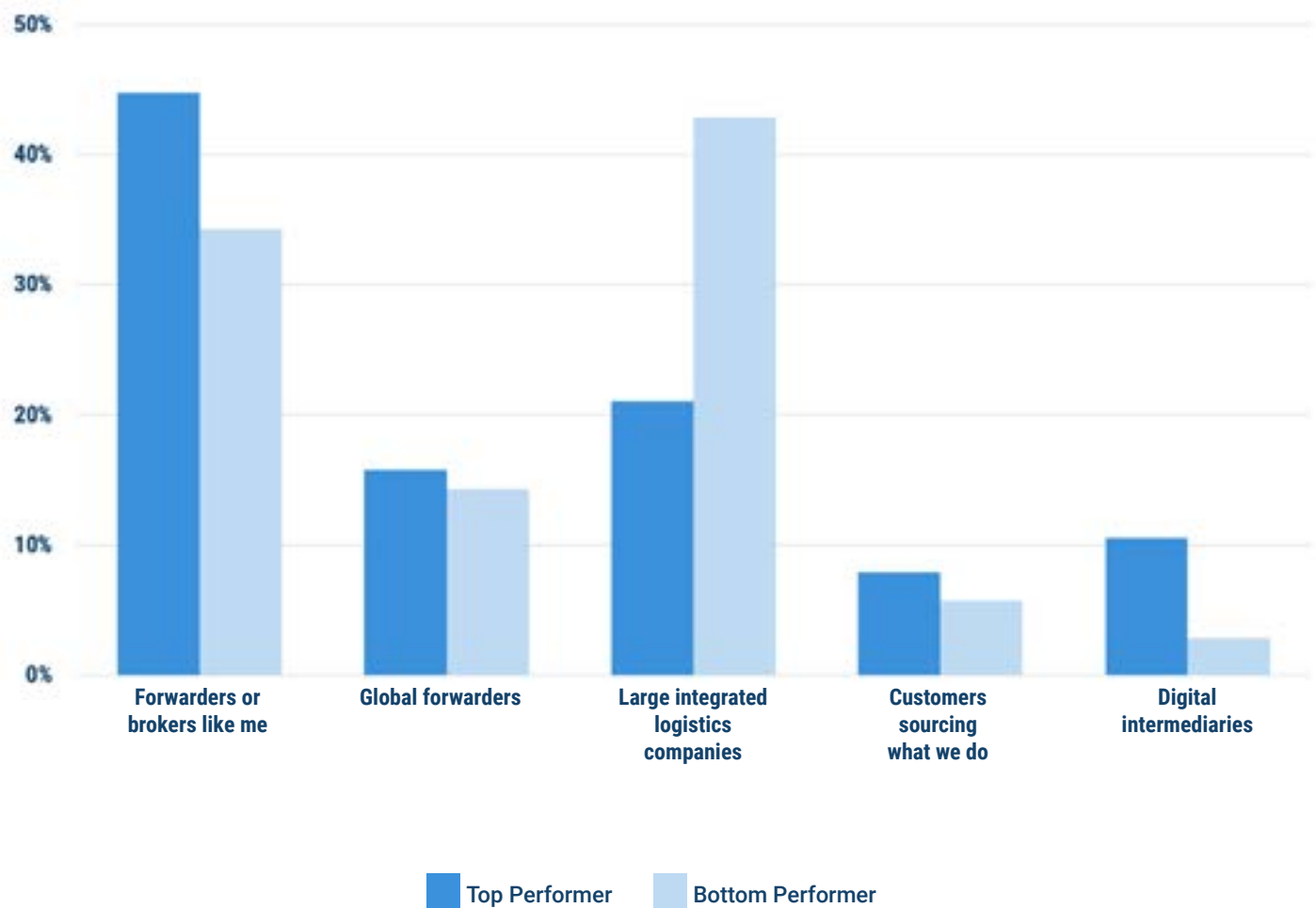
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Strongest competitors

- The 6-year average of “forwarders or brokers like me” (34%) is the #1 overall response.
- Large integrated LSPs (30%) moved from #3 to #2, up 7%.
- Bottom Performers (43%) are 2x more concerned about large integrated LSPs than Top Performers (21%)

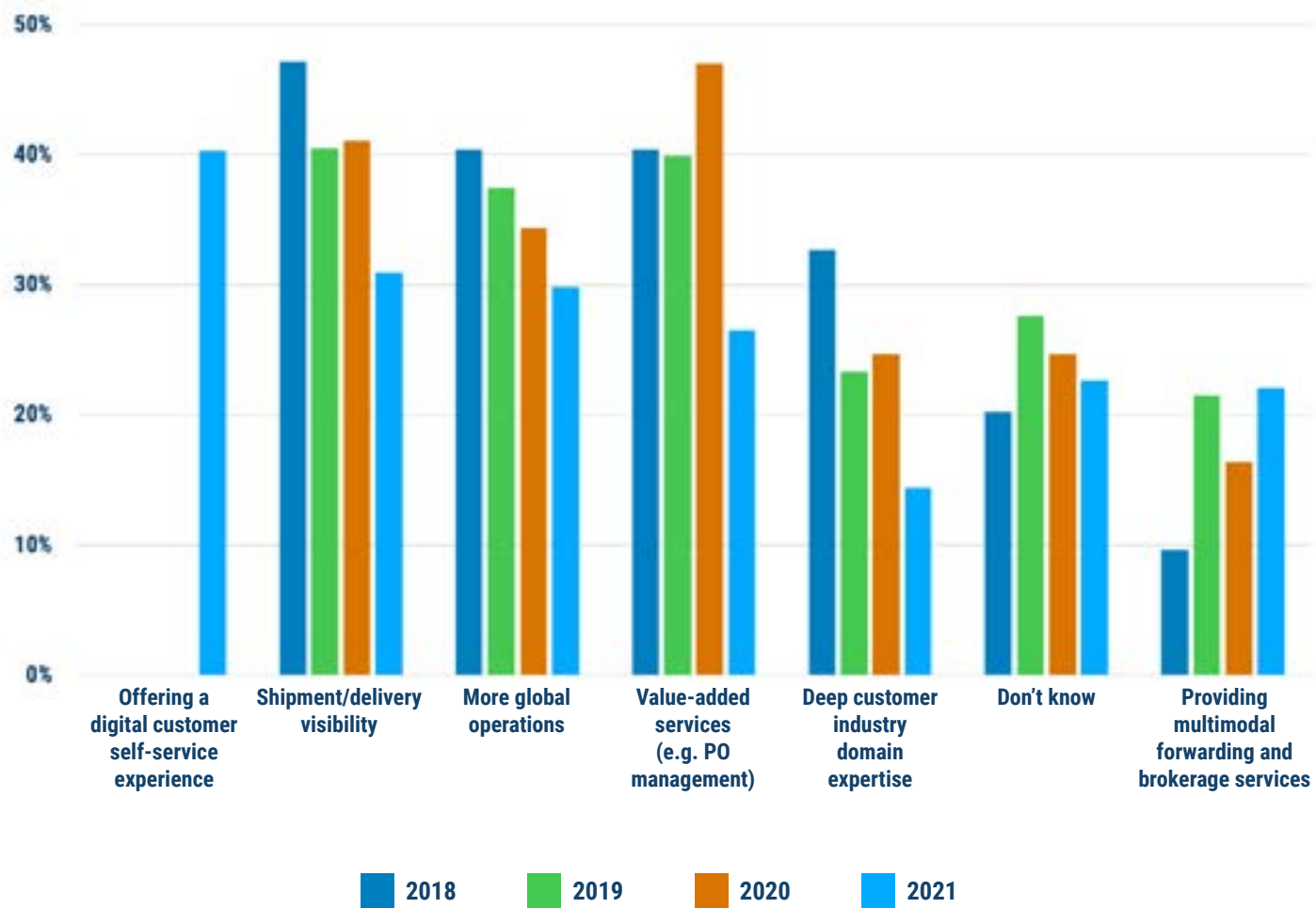
Who are your greatest competitors today?



Competitors’ Advantage

- This year, the new choice “digital customer self-service experience” (40%) debuted as the highest ranking advantage held by competitors.
- Value-added services (27%), the overall top spot in 2020 (47%), dropped to #4 in 2021.
- Large respondents (49%) were much more likely than Small respondents (33%) to cite competitors providing digital customer self-service.

What is the competition doing that you wish you did?



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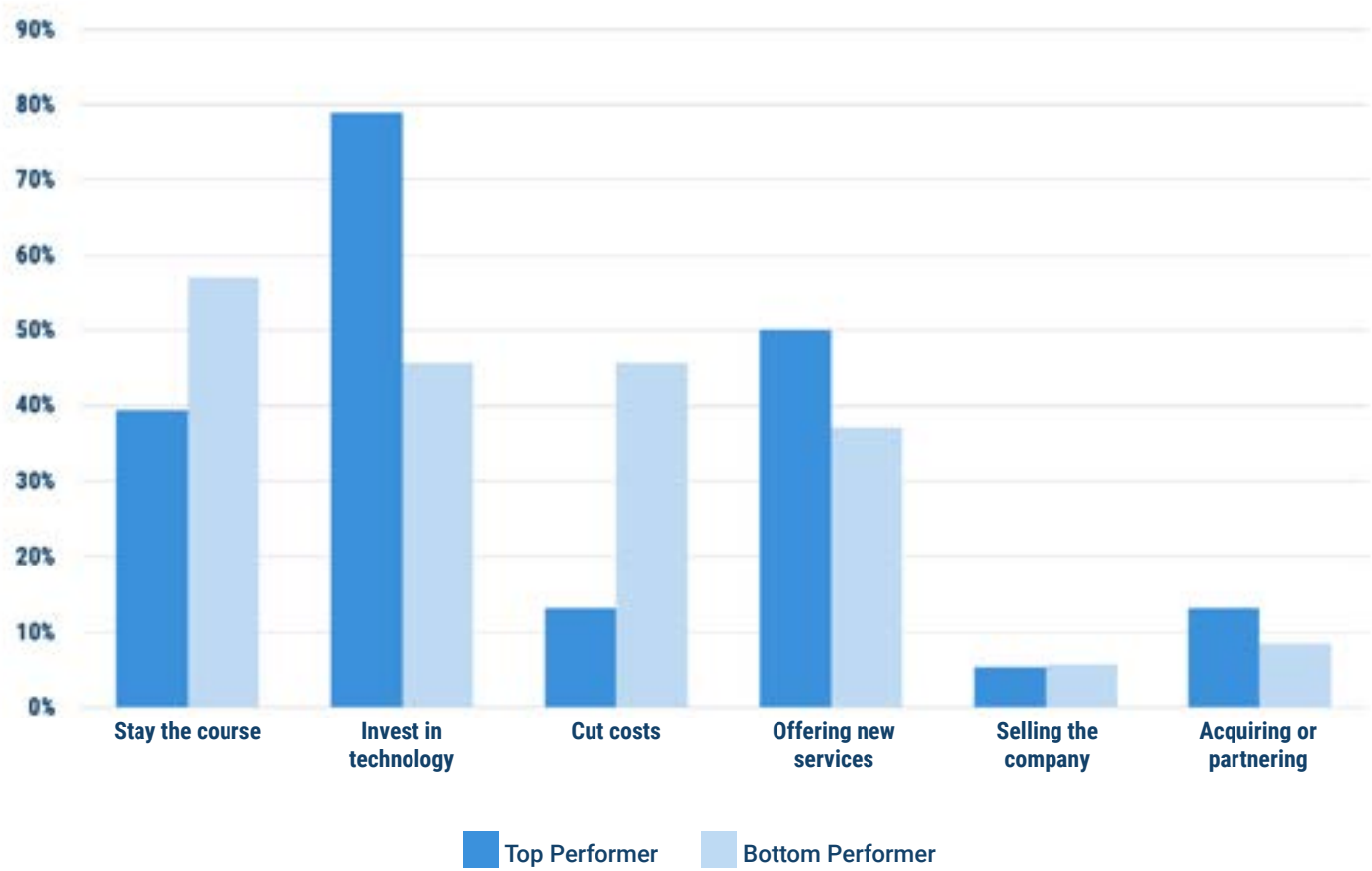
Survey respondents were asked how they are strategically planning to address economic and industry change, as well as profitably grow their business.



Preparing for change

- While investing in technology (67%) has been the top and dominant overall strategy cited in all six surveys, it declined 7% versus the 2020 benchmark.
- Top performers (79%) are more focused on investing in technology than Bottom Performers (46%) who are 3.5x more focused on cutting costs (+33%).
- This year, Small respondents are once again more focused on investing in technology and offering new services (80%) than Large respondents (45%).

How are you preparing for the macroeconomic and regulatory changes?



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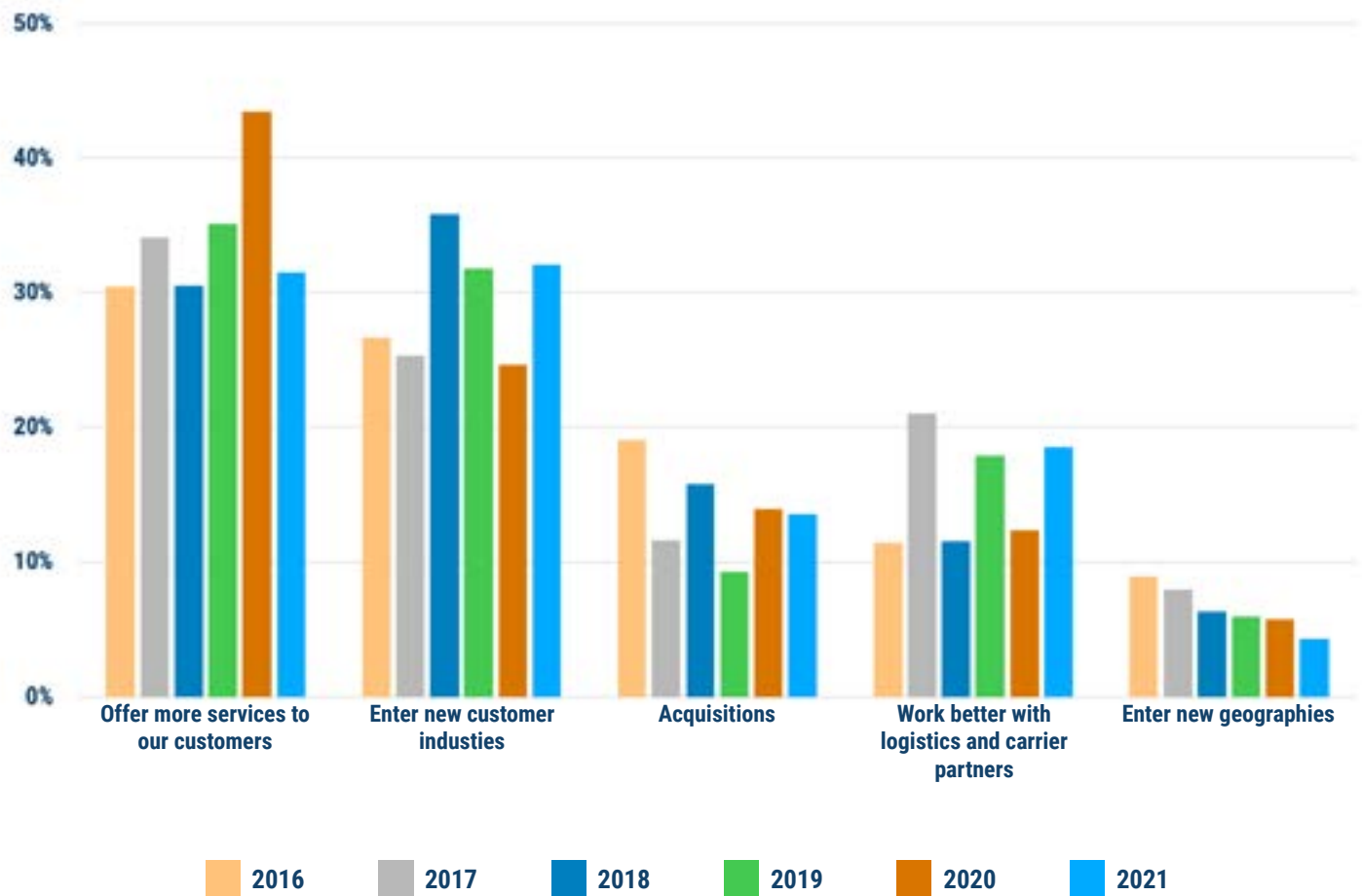
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Primary growth strategy

- Respondents ranked entering new industries (32%) as the top overall growth strategy in the 2021 benchmark, followed very closely by offering more services (31%).
- Top Performers are more focused on entering new industries (42%) versus Bottom Performers (31%).
- Bottom Performers (40%) are over 2x more focused on offering more services than Top Performers (18%).

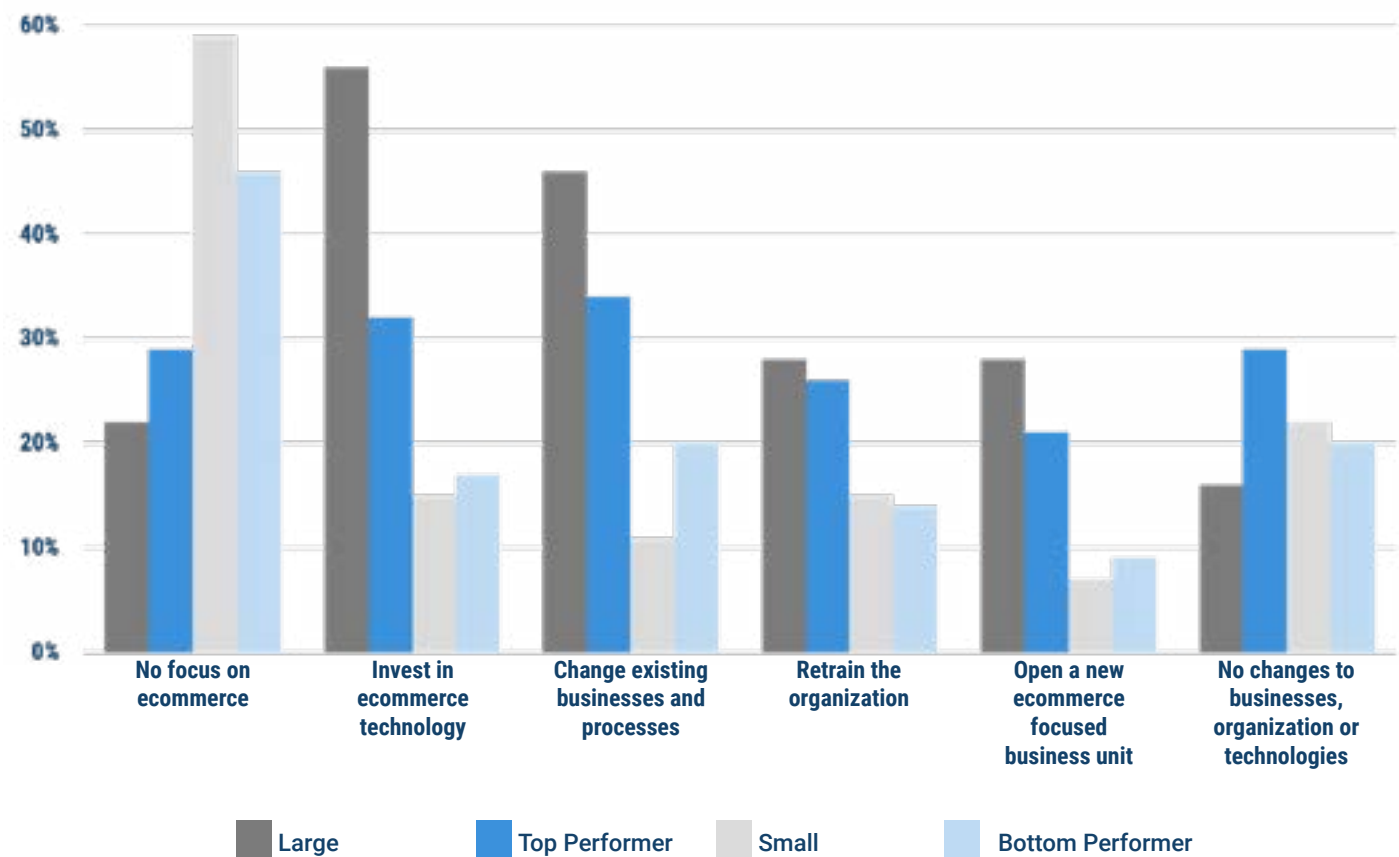
What is the primary way you expect to grow your business?



Capturing more ecommerce

- In this year’s survey, no focus (36%) was ranked as the top ecommerce growth strategy, barely passing invest in technology (35%) – the third year that these two strategies have been extremely close.
- Large providers are much more actively pursuing ecommerce investment (62%) and other strategies while many Small providers (59%) aren’t focused on ecommerce at all.
- Almost 2/3rd of Bottom Performers have no focus or effort related to ecommerce.

What is your company doing to capture more of the B2B & B2C ecommerce business?



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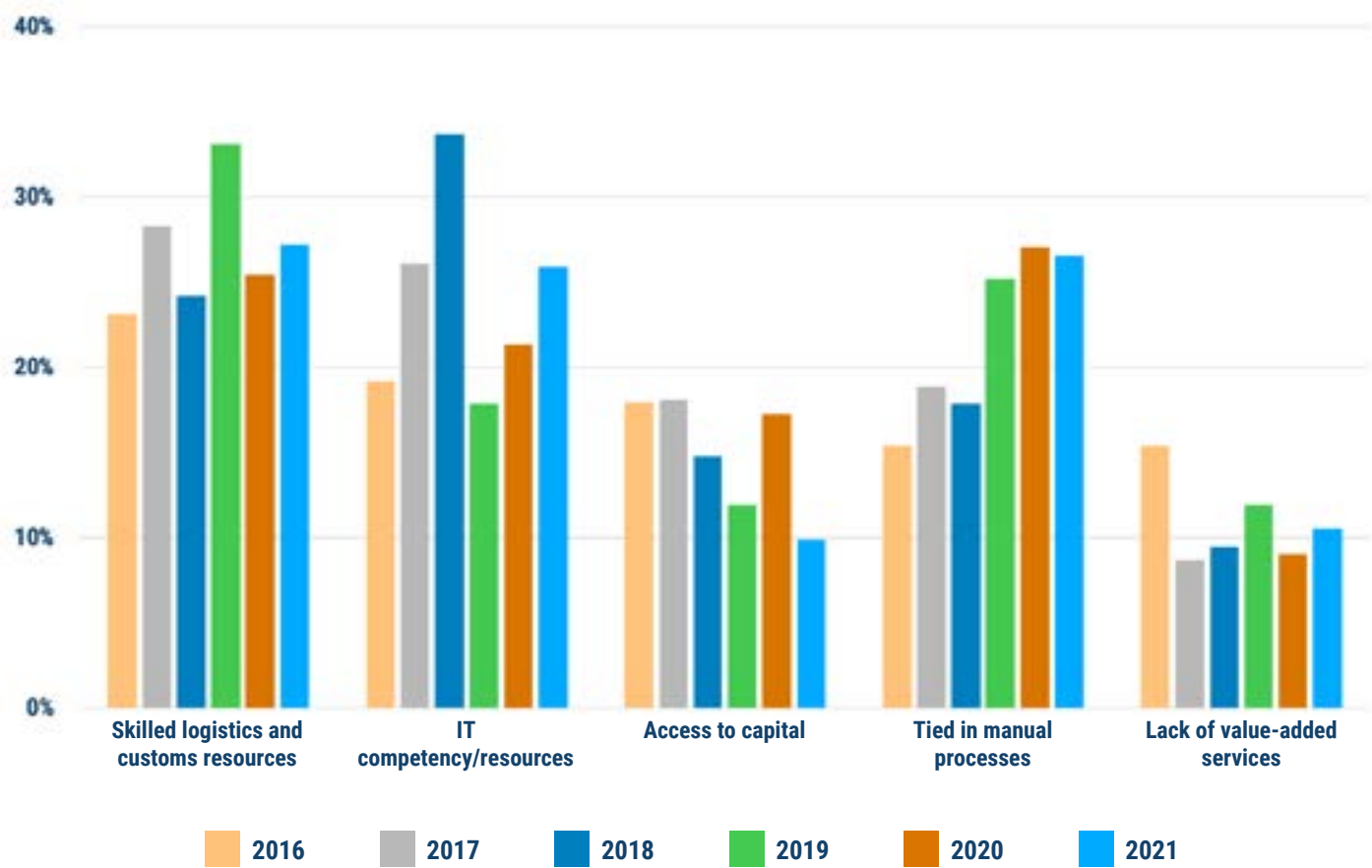
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Growth Inhibitors

- Tied up in manual processes has emerged as the top growth inhibitor. It ranked #1 overall in both 2019 and 2020, #2 overall this year with 27%, and as the 2021 top issue for Bottom Performers (37%).
- Top Performers are 2.5x more challenged by logistics and customs resources than Bottom Performers (37% vs. 14%, respectively).
- Large providers are 4x more challenged by IT competency than small providers (44% vs. 11% respectively).

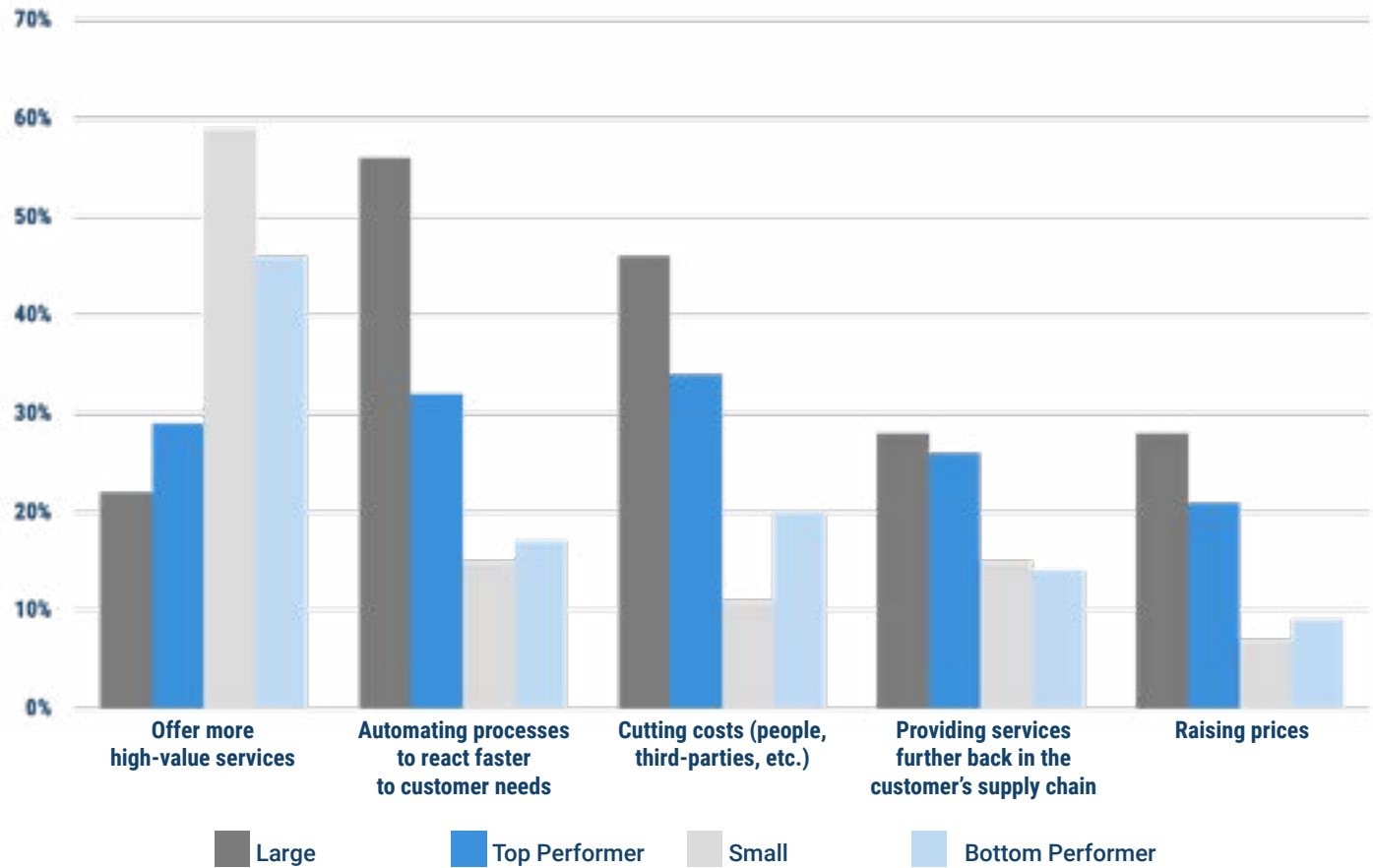
What is your greatest inhibitor to growth?



Improving margins

- Offering more high value services (57%) took the top overall spot in 2021, ending the 4-year run of automating processes (47%) as the #1 tactic for improving margins.
- Top Performers and Large respondents are more focused on value creation (high value services, automation agility and services extension) in the 2021 benchmark.
- Bottom Performers and Small respondents are more focused on financial engineering (cutting costs and raising prices).

What are the most important tactics you are using to improve your margins?



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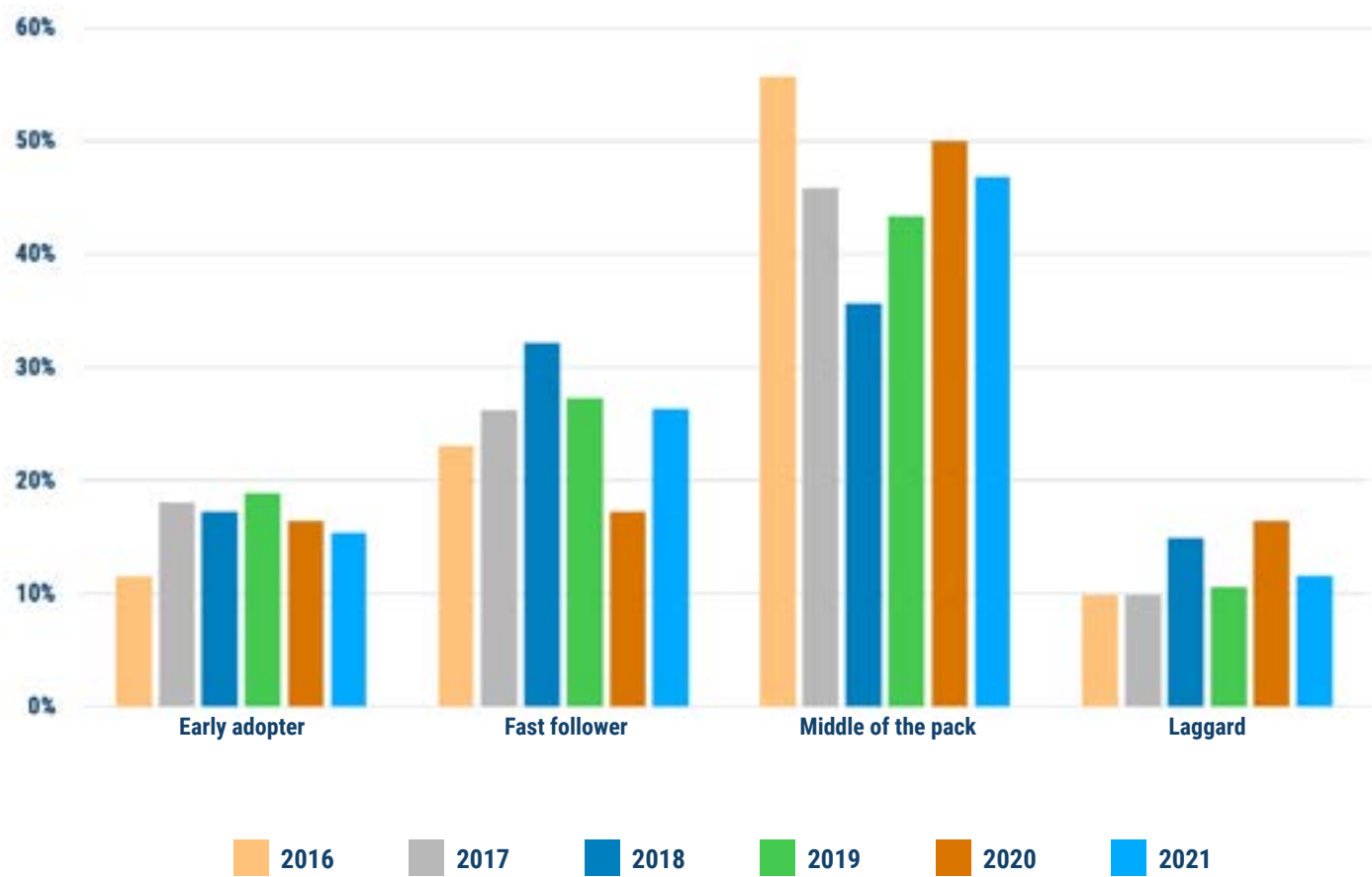
This year’s survey asked participants questions designed to learn how they view the importance of technology to future growth, as well as their plans and strategies for adopting, investing in and leveraging it to create value for their companies.



Technology adoption strategy

- Over the last four years, forwarders and brokers overall are slowly becoming more technologically conservative.
- In 2021, Top Performers (51%) were 2.5x more aggressive in adoption strategies (Early adopters/ Fast followers), while 25% of Bottom Performers considered themselves technology Laggards – 5x the number of Top Performers.
- Large respondents (43%) were considerably more aggressive than Small respondents (29%) in this year’s survey.

How would you describe your company’s technology strategy?



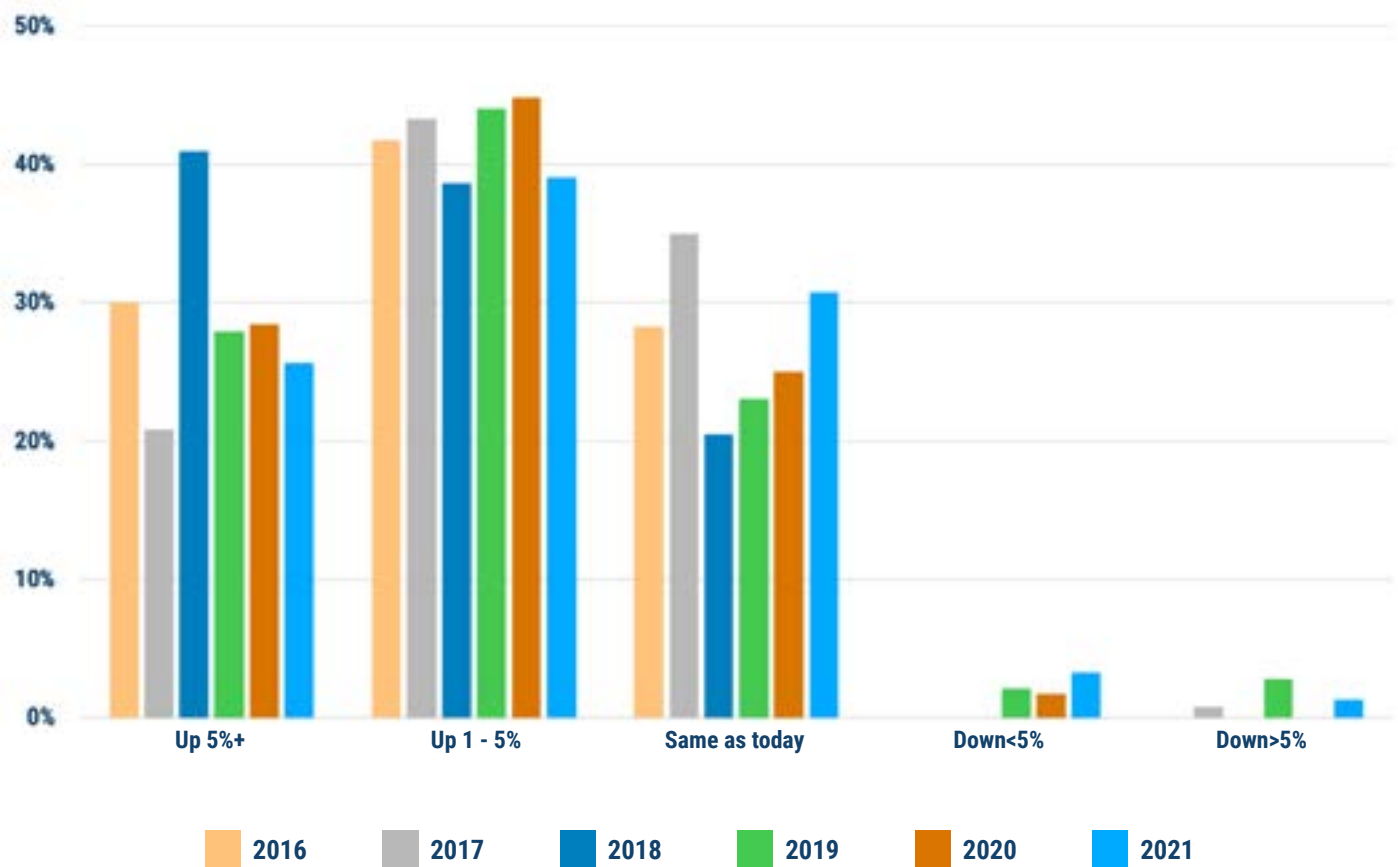
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IT spend outlook

- IT spend continues to increase, but the number of respondents who show it growing slightly slower increased in the 2021 benchmark.
- However, Top Performers (46%) say they will increase IT spend >5% -- 3.5x more than Bottom Performers (13%).
- Considerably more Large respondents (78%) will increase IT spend than Small respondents (51%).

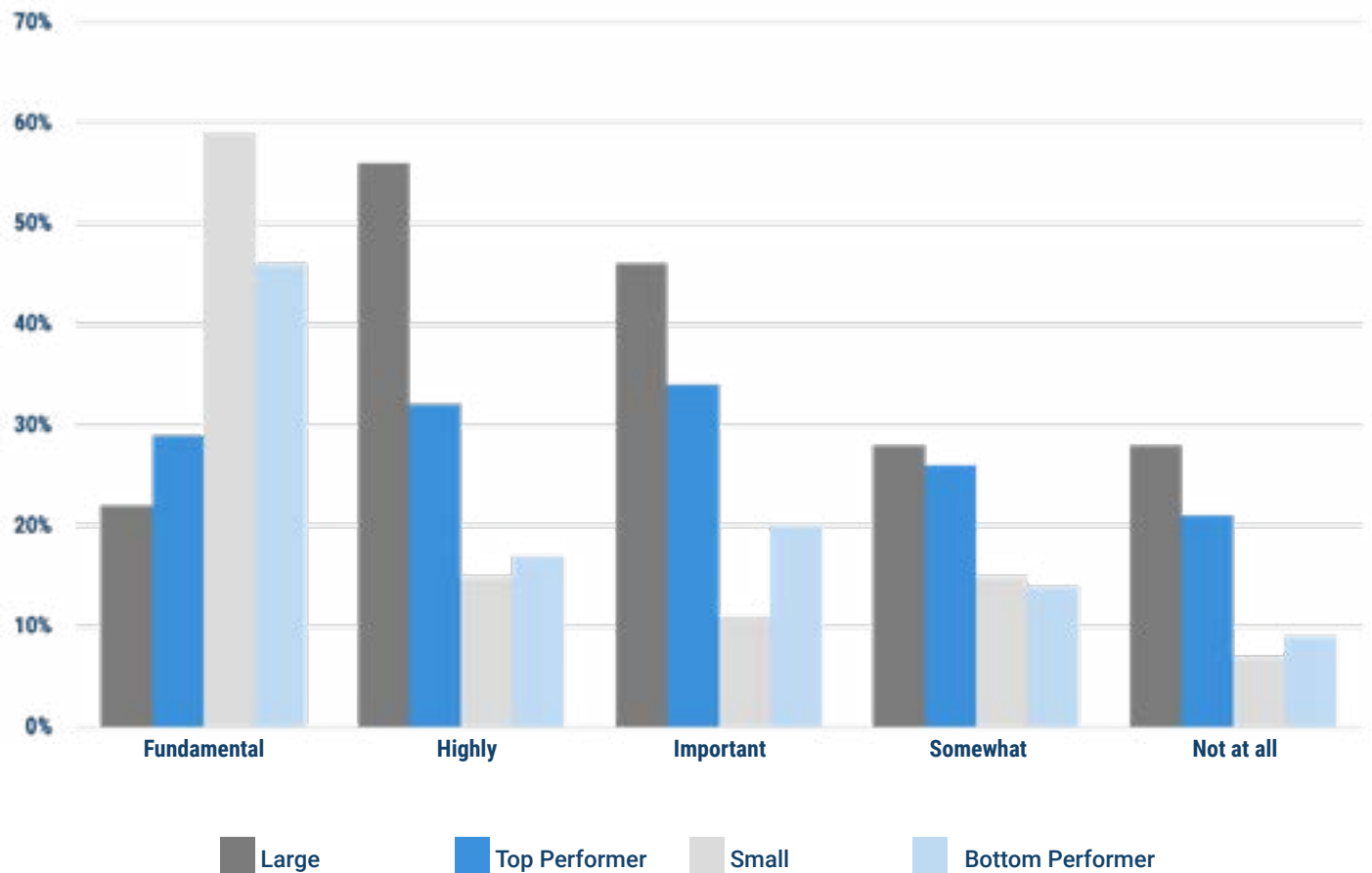
How will your IT spending change over the next 2 years?



Importance to growth strategy

- Overall, 35% of respondents ranked technology as fundamentally important to growth, making it the top response in the 2021 benchmark, up 3% over the previous two years.
- Technology as a fundamental part of the growth strategy was 3x more important for Top Performers (43%) versus Bottom Performers (13%).
- Large respondents were also much more likely than Small respondents to cite technology as fundamental to their growth strategy (41% vs 25% respectively).

How important is technology to your growth strategy?



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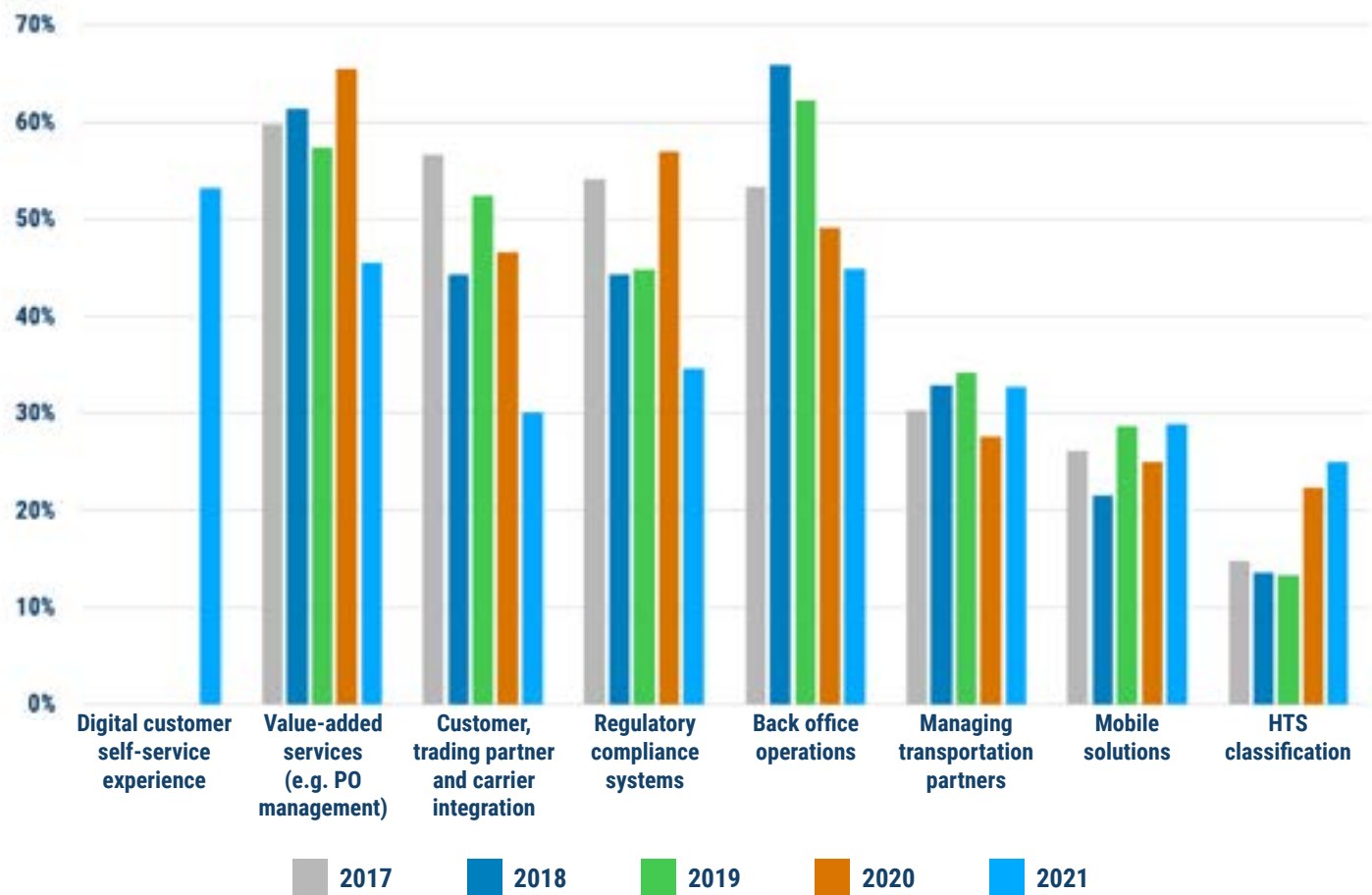
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Delivering greatest future value

- In its first year in the survey, digital customer self-service instantly became the top overall response (53%) for future IT value-drivers.
- Digital customer self-service was the top response for Top & Bottom Performers and Large & Small respondents, with an especially high percentage of Large respondents (67%) citing it as #1.
- Overall, value-added services (46%) dropped to #2, a decrease of 20% versus 2020, closely followed by back office operations (45%).

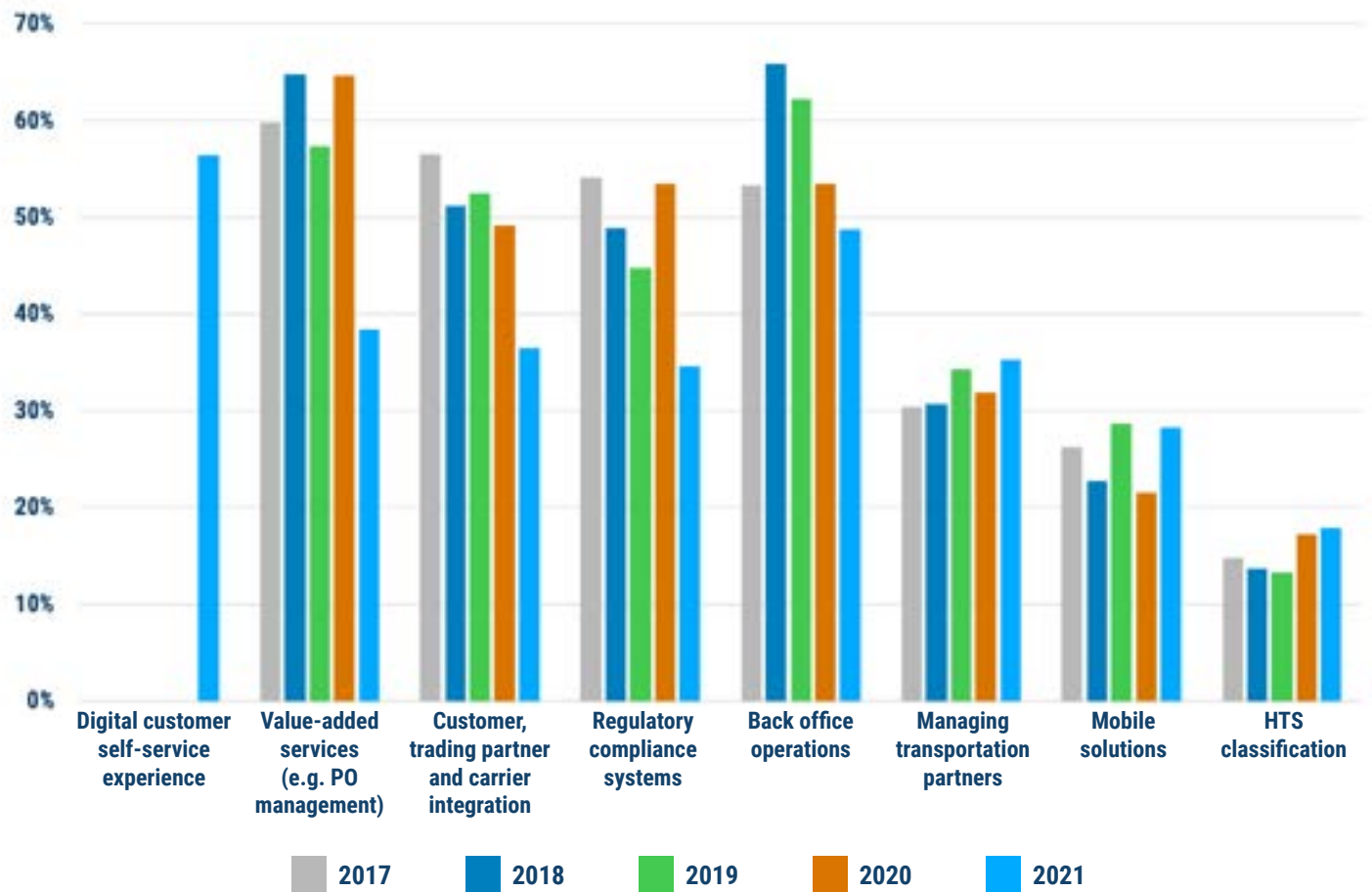
Where do you believe is the greatest value from IT for the next 2 years?



Future IT investment

- Digital customer self-service (56%) ranked as the #1 future IT investment in the 2021 benchmark, cannibalizing value-added services (38%) by 26% versus 2020.
- Large and COVID-19 respondents (65%) are even more focused on digital customer self-service.
- Back office and regulatory compliance tied for the top spot with Top Performers (56%), with digital customer experience following closely (49%).

Where will you make your greatest IT investments in the next 2 years?



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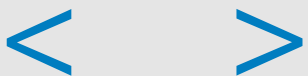
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- It is no surprise that COVID-19 was judged to be the dominant factor shaping the market in 2021, although it didn't significantly alter survey responses in comparison to previous years.
- Pricing pressure remains at the forefront of industry changes and is growing in importance.
- eCommerce is still viewed as a Large/Top Performer opportunity.
- Top Performers and Large respondents are more focused on value creation and the IT investment that supports it.
- Bottom Performers are stuck in the “high service, but low margin” rut and are at risk of being left behind technologically.
- The digital customer self-service experience jumped to top of mind for creating value and future IT investment – especially among large and COVID-19 impacted respondents.



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Descartes solutions for broker and forwarder enterprise systems enable you to digitally transform operations, improve shipment visibility and comply with customs regulations.



DIGITAL CUSTOMER EXPERIENCE

- Enable customers to quote, rate, book and track shipments on-demand and measure trading partner performance



SHIPMENT MANAGEMENT

- Automate and streamline global forwarding operations
- Real-time Shipment Visibility
- Track shipments via GPS and other real-time methods across transportation modes



CUSTOMS COMPLIANCE

- Automate and streamline customs declaration and security filings to speed goods across borders



FOREIGN TRADE ZONE (FTZ) MANAGEMENT

- Manage Foreign Trade Zone (FTZ) and bonded warehouse operations



WAREHOUSING AND PO MANAGEMENT

- Gain better visibility and control of inventory and purchase orders



ACCOUNTING AND BILLING

- Manage bottom-line performance and cash flow across complex forwarding operations



CLASSIFICATION

- Better classify goods and help customers reduce duty spend



DENIED PARTY SCREENING

- Reduce the risk of transacting with denied, sanctioned or restricted parties worldwide



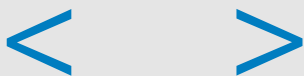
LEAD GENERATION

- Pinpoint potential new customers and track competitors



DATA ANALYTICS

- Access a powerful business intelligence solution that transforms and visualizes shipment, operational and financial data



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About Descartes Systems Group

Descartes is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses.

Customers use our modular, software-as-a-service solutions to:

- access global trade data
- file customs and security documents for imports and exports
- route, schedule, track and measure delivery resources
- plan, allocate and execute shipments
- rate, audit and pay transportation invoices
- complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community

Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more about [Descartes Broker Enterprise Systems solutions](#), and connect with us on [LinkedIn](#) and [Twitter](#).



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