

8TH ANNUAL

BROKER & FORWARDER BENCHMARK SURVEY

THE FREIGHT PARTY IS OVER

About the Survey

Over the past eight 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 from across the globe 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 2023 SURVEY: WHAT HAS CHANGED IN THE LAST YEAR?

Global logistics slowed considerably in the second half of 2022 and 2023 is shaping up to look more like 2019's volumes. Forwarders and brokers are adjusting their strategies, tactics and technology decisions to address yet another "new normal" with lower shipment volume, higher costs and customers who are back in control of the market. We are proud to have conducted the benchmark for the 8th year to capture how forwarder and broker thinking has changed over time but will be using data from the past 5 years.

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About the Survey

Who We Surveyed

This year’s 272 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, focal transportation modes and shipment size.



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Increase in international forwarding due to the greater global participation

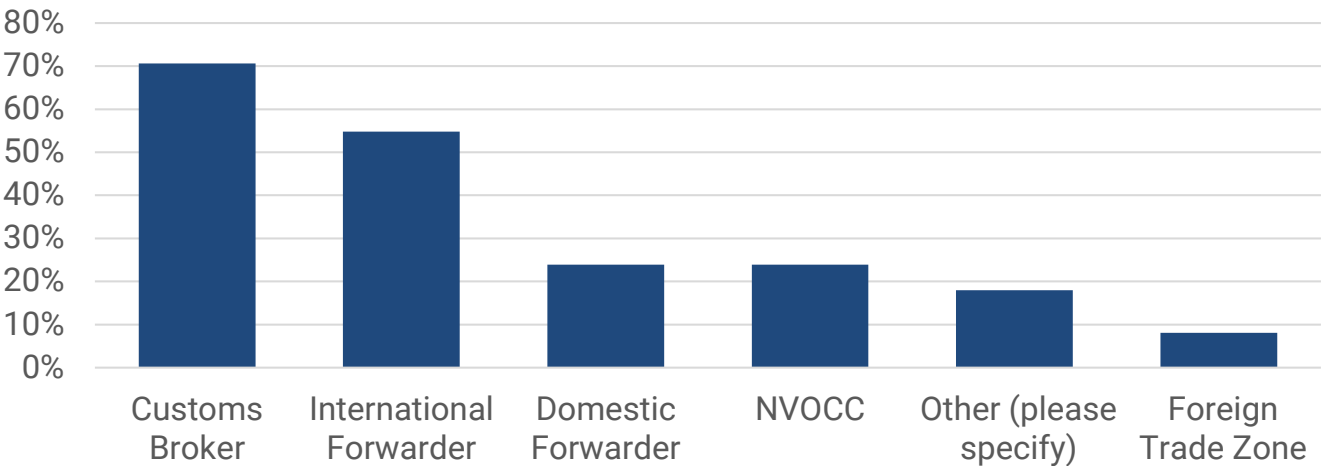
- International forwarding higher in 2023 than 2022 (72% versus 65%, respectively) because in a number of countries, brokerage operations are handled by shippers

Record participation by logistics service providers offering customs house brokerage services

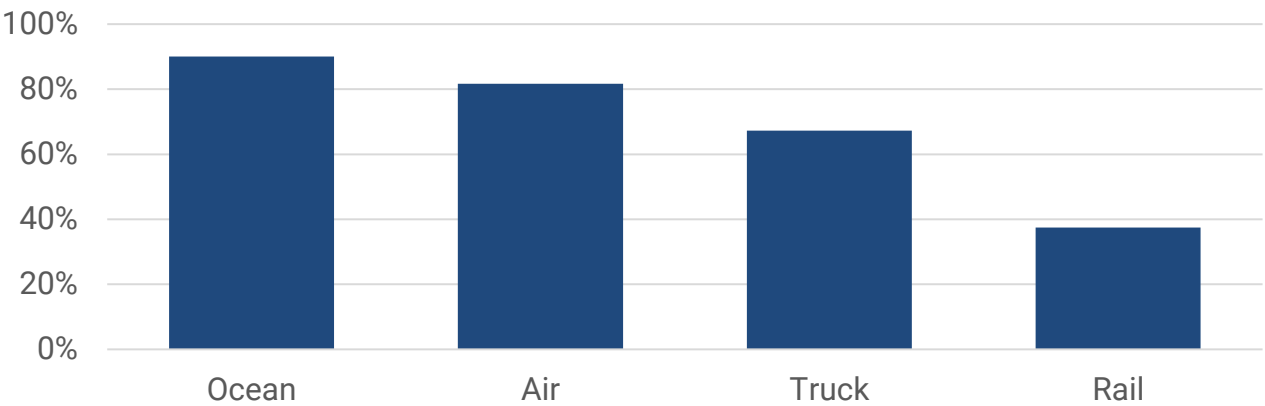
- Highest percentage of respondents offering customs brokerage services – 21% higher than 2022’s study
- More focus on multimodal operations
- More modal coverage by the participants – 82% offer 2 modes, 67% offer 3 modes

Who We Surveyed

What kind of services do you provide? (select all that apply)



What mode(s) of transportation is your company’s focus? (select all that apply)

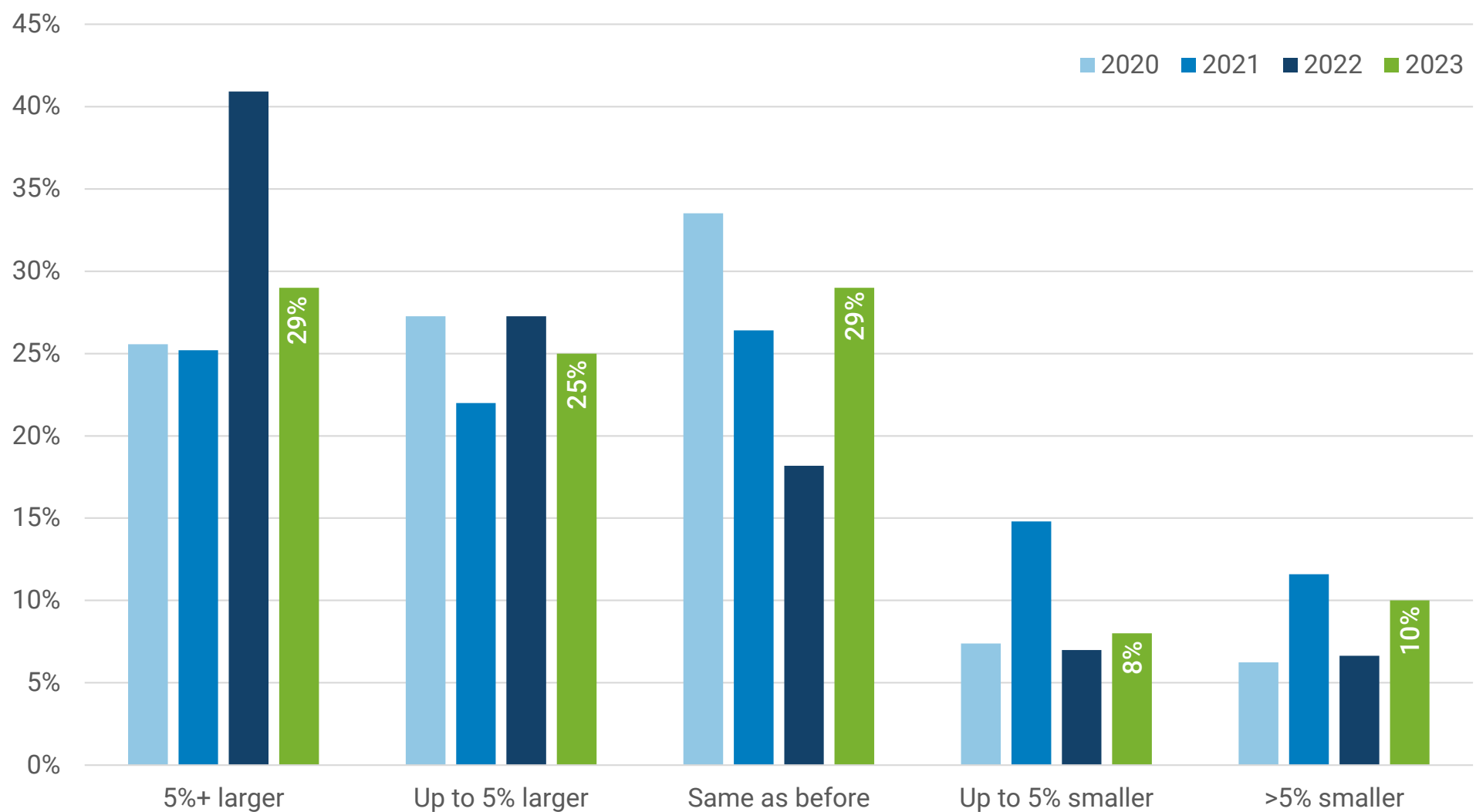


Who We Surveyed (cont'd)



Shipment size continues to increase, but at a slower rate

How has the size of your customers' shipments changed over the last 2-3 years?



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Who We Surveyed

Performance Analysis



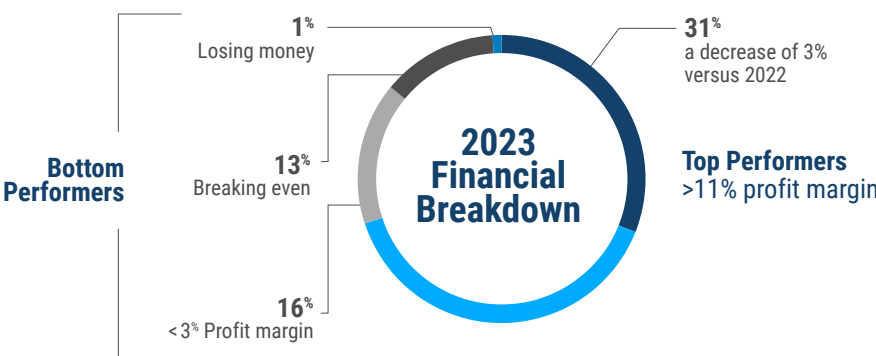
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As in all previous surveys, we asked respondents to rank their company's financial performance based on profits. Based on this information, respondents were consolidated into two performance groups for further analysis and comparison with results from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

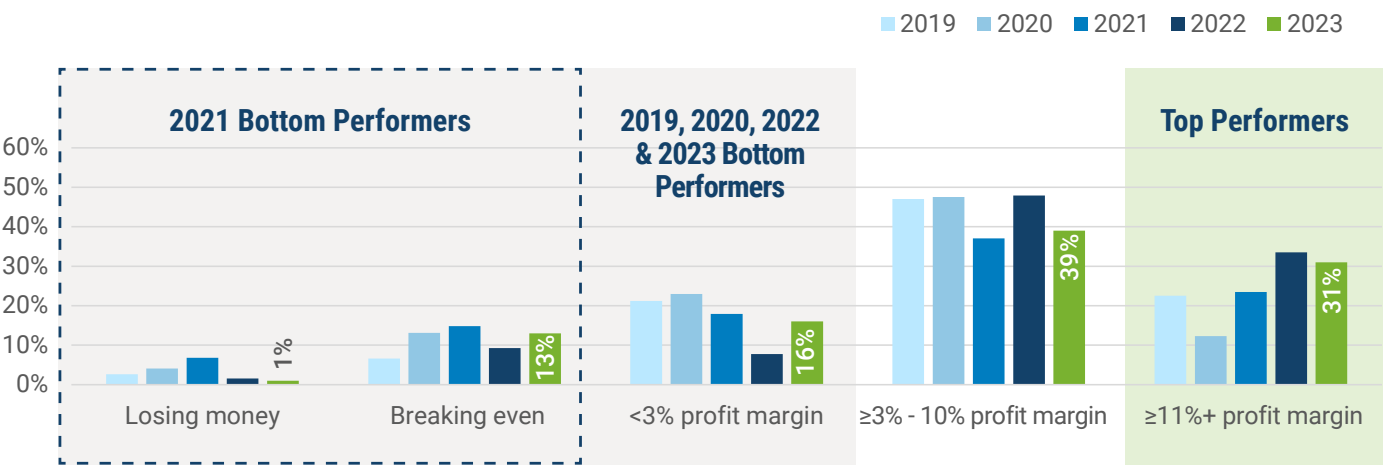
2023 survey financial breakdown:

Changes in financial performance metrics

- Survey margin responses reflect the declining shipment prices that the market saw in 2022
- Large volume forwarders and brokers (40%) are more likely to be Top Performers than Small ones (28%)



How well is your company doing today?



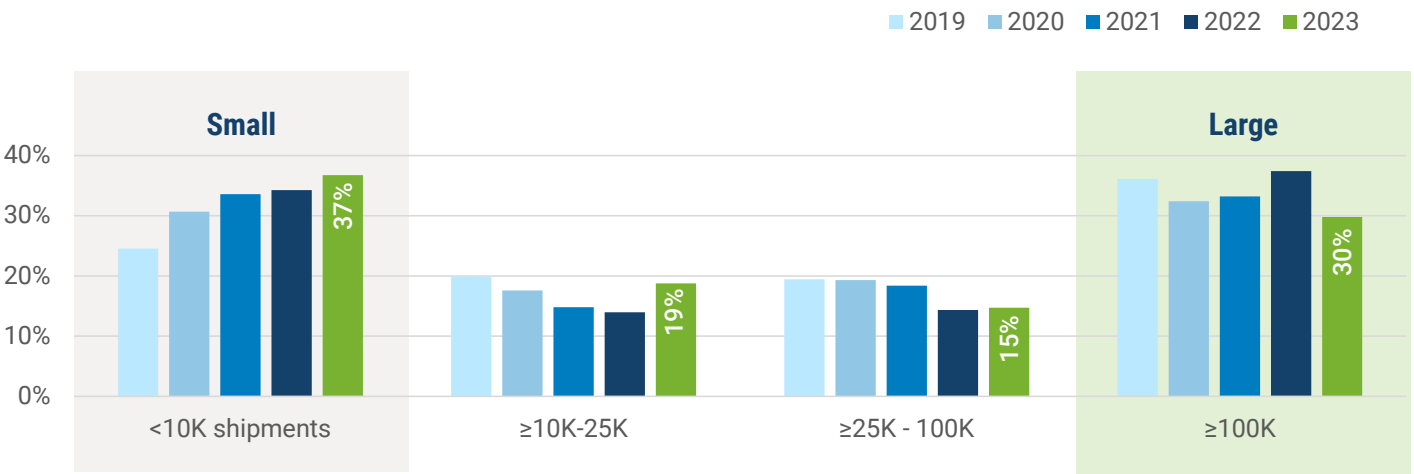
Annual shipment volume

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 matters in the 2023 benchmark survey
- Large respondents (37%) were 1.8X as likely to be a Top Performer than Small respondents (21%)
- Two-thirds (68%) of bottom performers had shipment volume <25K



What is your yearly shipment volume?



Key Trends & Practices: Changes Impacting the Future Market

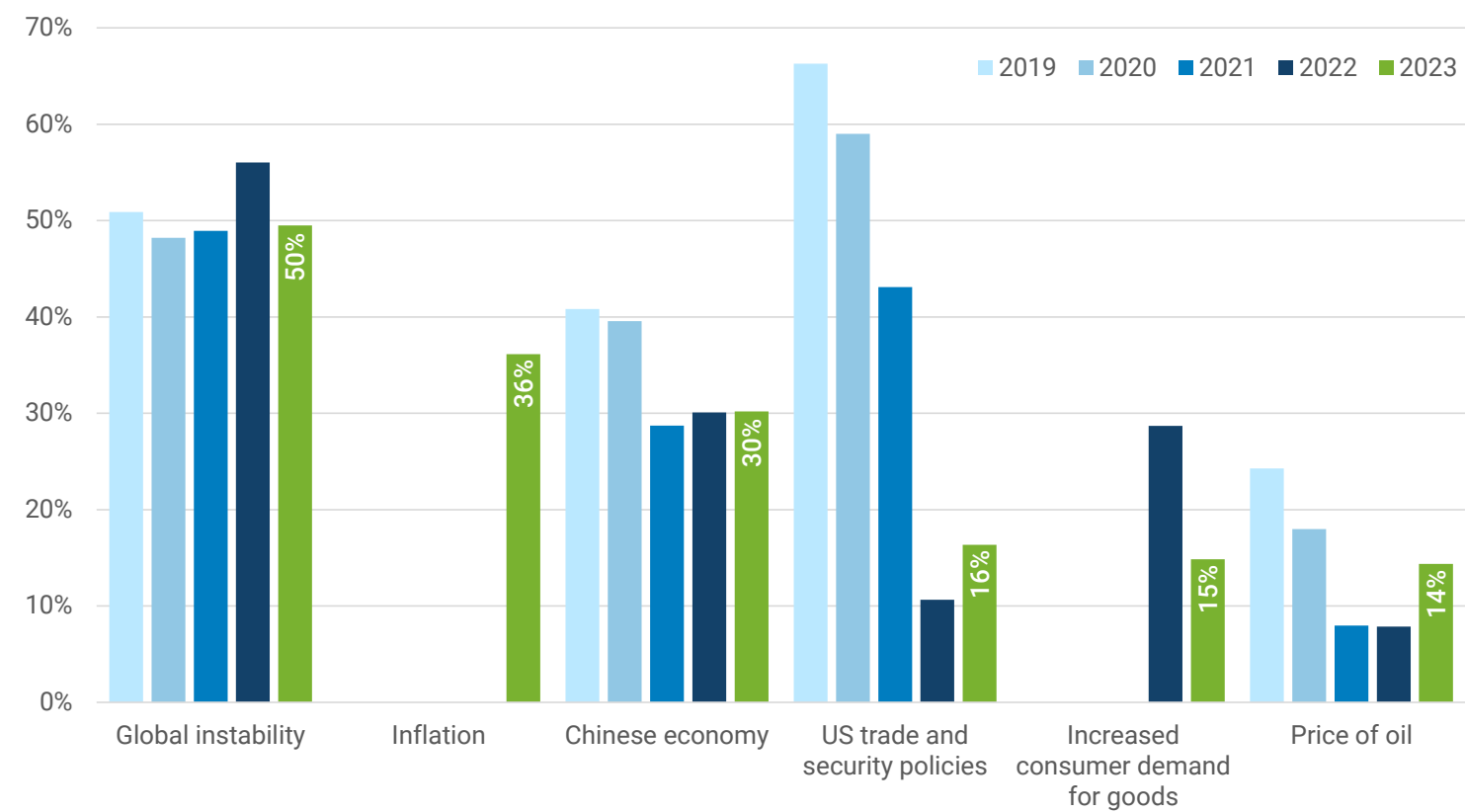
We asked respondents several questions regarding how economic and regulatory changes will impact the industry in the future, as well as how ecommerce growth and the competitive landscape are influencing their business today.



Macroeconomic

- Global instability remained on top in 2022 (50%) and a new answer option, inflation, was second (36%)
- COVID dropped from #2 (44%) in 2022 to #7 (12%), a 72% decrease
- Global instability was even more important to Large respondents (62%) than Small ones (39%)
- Bottom Performers (45%) were most concerned about inflation

What macroeconomic changes will have the greatest effect on the industry over the next 5 years? (select two)

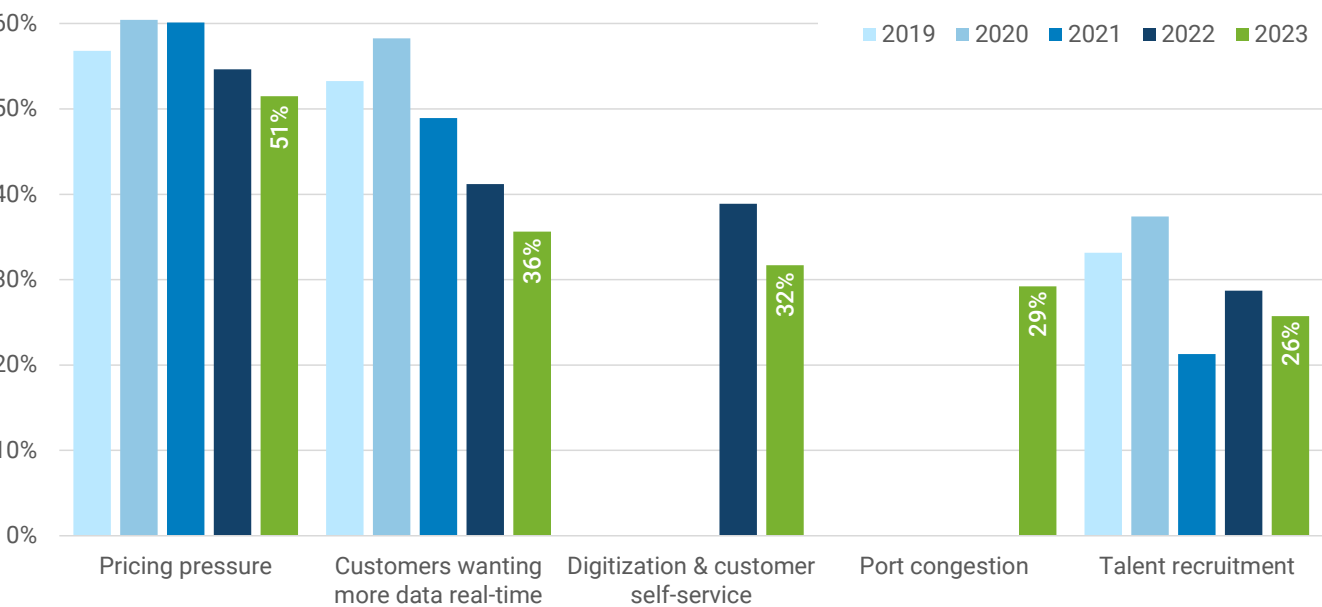




Regulatory and industry

- Pricing pressure remained the #1 industry challenge (51%) while real-time visibility moved up to #2 (36%)
- New choices in 2022 “Carrier capacity shortage” plummeted from 52% to 22% in 2023 and “Digitization and customer self-service” moved up to #3, but declined 7% to 35% in 2023
- Pricing pressure was less important to Top Performers (44%), but customers wanting more data in real-time was most important (46%), while Bottom Performers had an opposing view (64% and 23%, respectively)

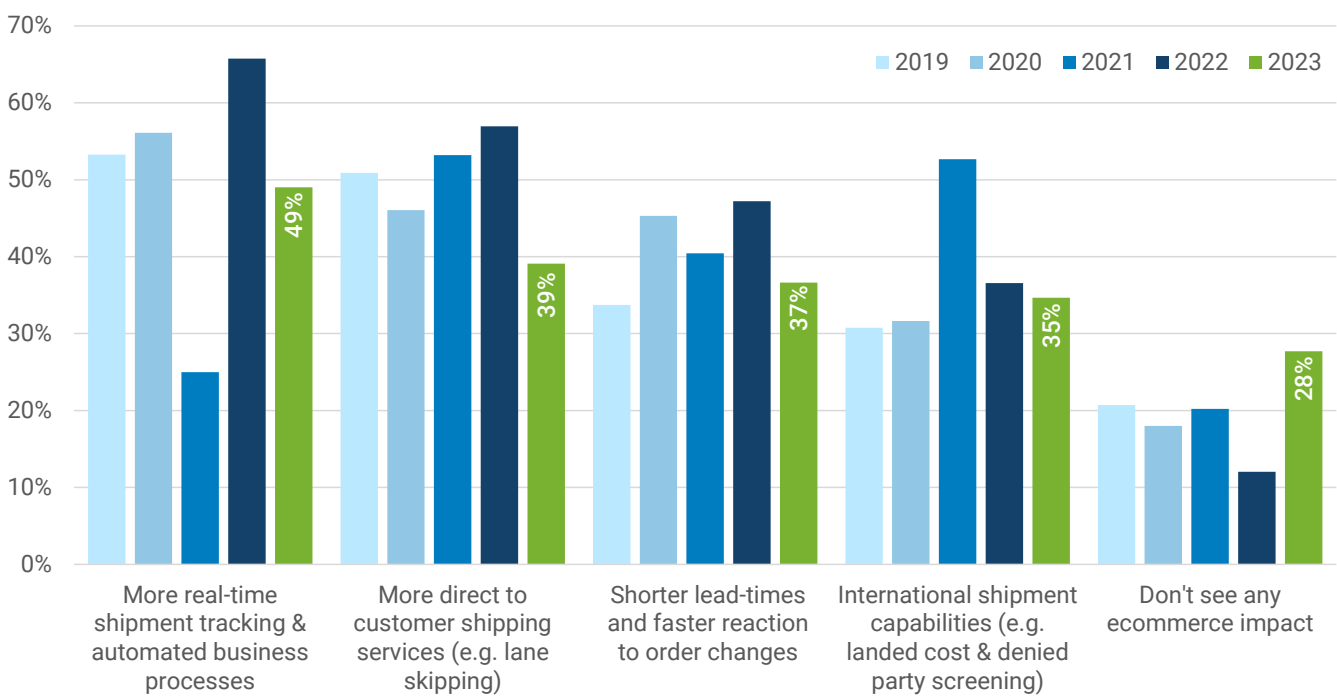
What regulatory or industry changes will have the greatest impact on the industry over the next 5 years? (select three)



Ecommerce impact

- More real-time tracking & automated business processes (49%) was the top overall choice in 4 of the last 5-years
- With the exception of 2020, all years had the same pattern of importance – real-time shipment tracking #1, direct to consumer #2, shorter lead-times #3, international shipment capabilities #4 and no ecommerce impact #5
- Large volume respondents were more impacted by real-time shipment tracking (59%) and international shipment capabilities (48%)

How are B2B and B2C ecommerce customers impacting the forwarding and brokerage industry? (select all that apply)



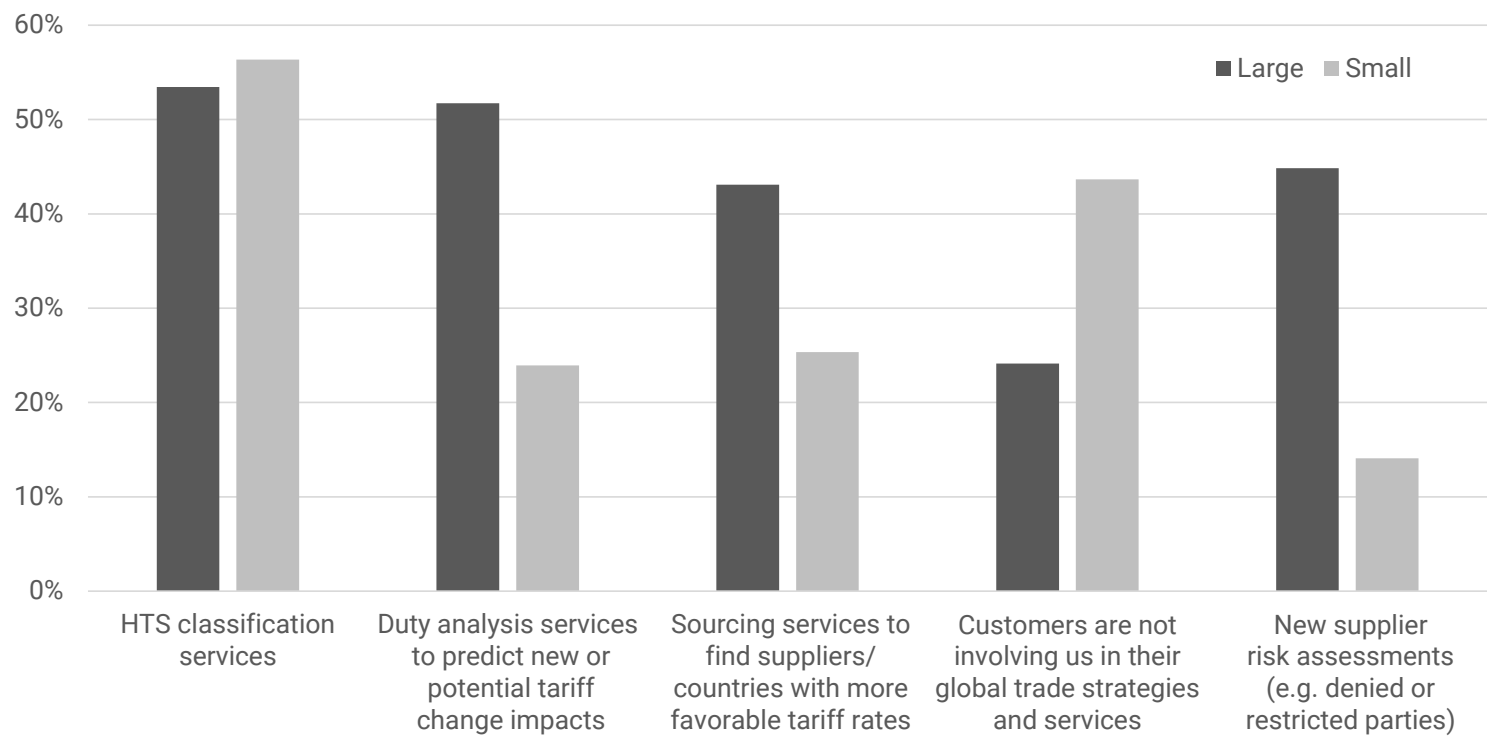
Key Trends & Practices: Changes Impacting the Future Market (cont'd)



Trade services

- HTS classification returned to the top response (54%) overall followed by duty analysis (39%)
- Large volume respondents were much more likely to have customers request global trade services (duty analysis +18%, sourcing +18% and supplier risk assessment +31%) than Small volume respondents
- Small volume respondents (44%) were 1.8X more likely to not be involved in customers' global trade activity than large volume respondents (24%)

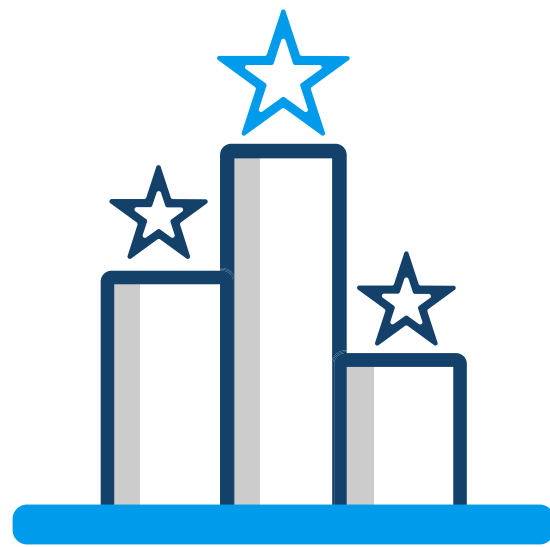
With the spate of tariff changes underway, which of the global trade-related services are customers requesting from your organization? (select all that apply)



Key Trends and Practices:
Changes Impacting the Future Market

Key Trends & Practices: The Competitive Landscape

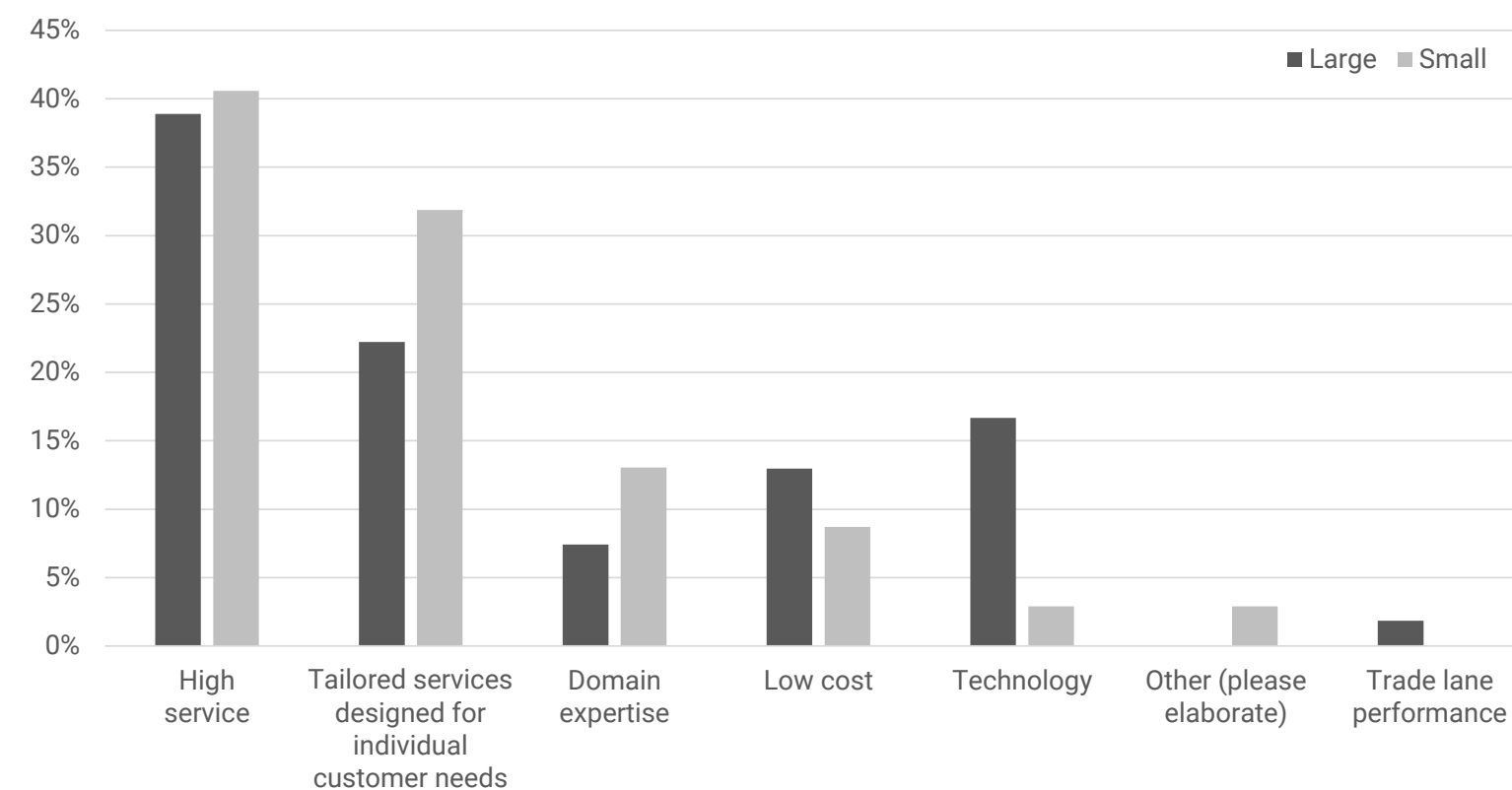
We asked respondents several questions regarding how economic and regulatory changes will impact the industry in the future, as well as how ecommerce growth and the competitive landscape are influencing their business today.



Greatest advantage

- High service (44%) was the overall choice followed by tailored services (37%) – a 5-year trend
- Tailored services is more important to Small volume respondents (32%) than Large volume respondents (22%)
- Tailored services is more important to Top Performers (33%) than Bottom Performers (25%)

What is your greatest competitive advantage?



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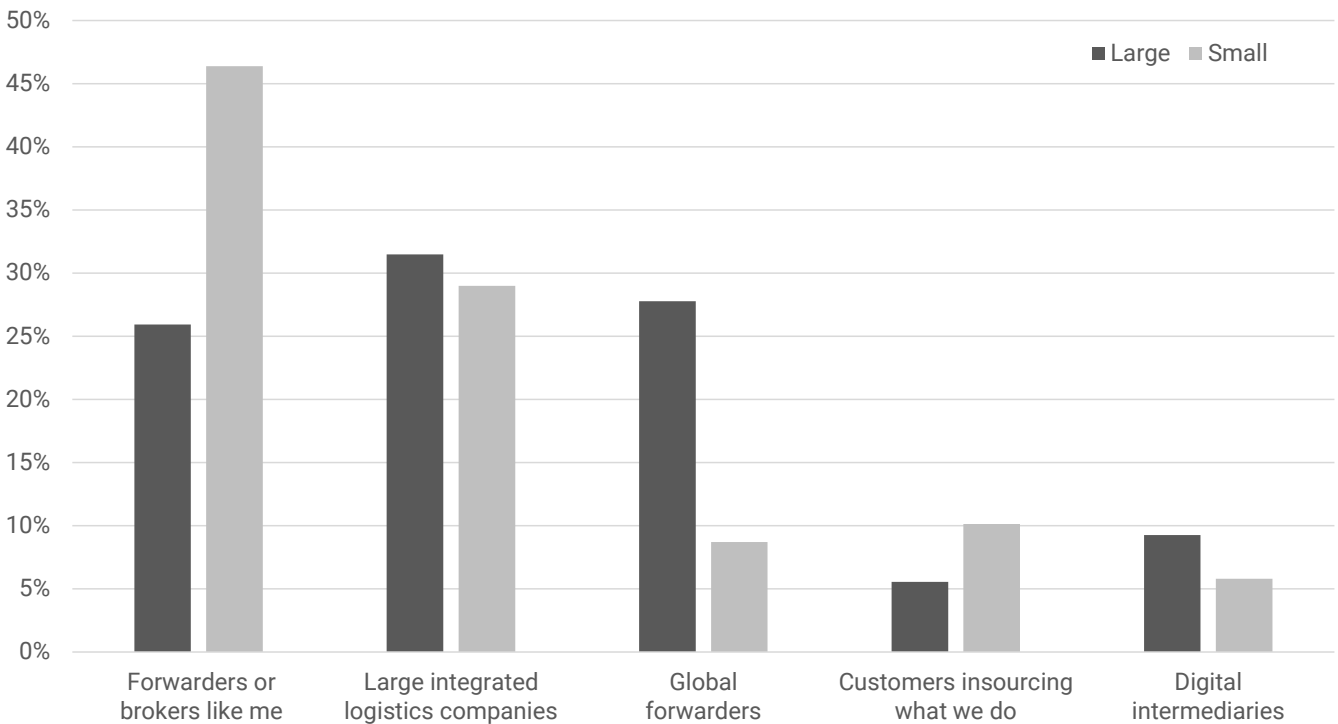
Key Trends & Practices: The Competitive Landscape



Strongest competitors

- For the 8th year, average of “like me” (40%) is the #1 overall response, followed by Large integrated logistics companies (26%) and global forwarders (21%)
- Almost half (46%) of Small volume respondents see their greatest competitor as LSPs of the same size
- Large volume respondents are 3X more likely to see global forwarders (28%) as their competition than Small volume respondents (9%)

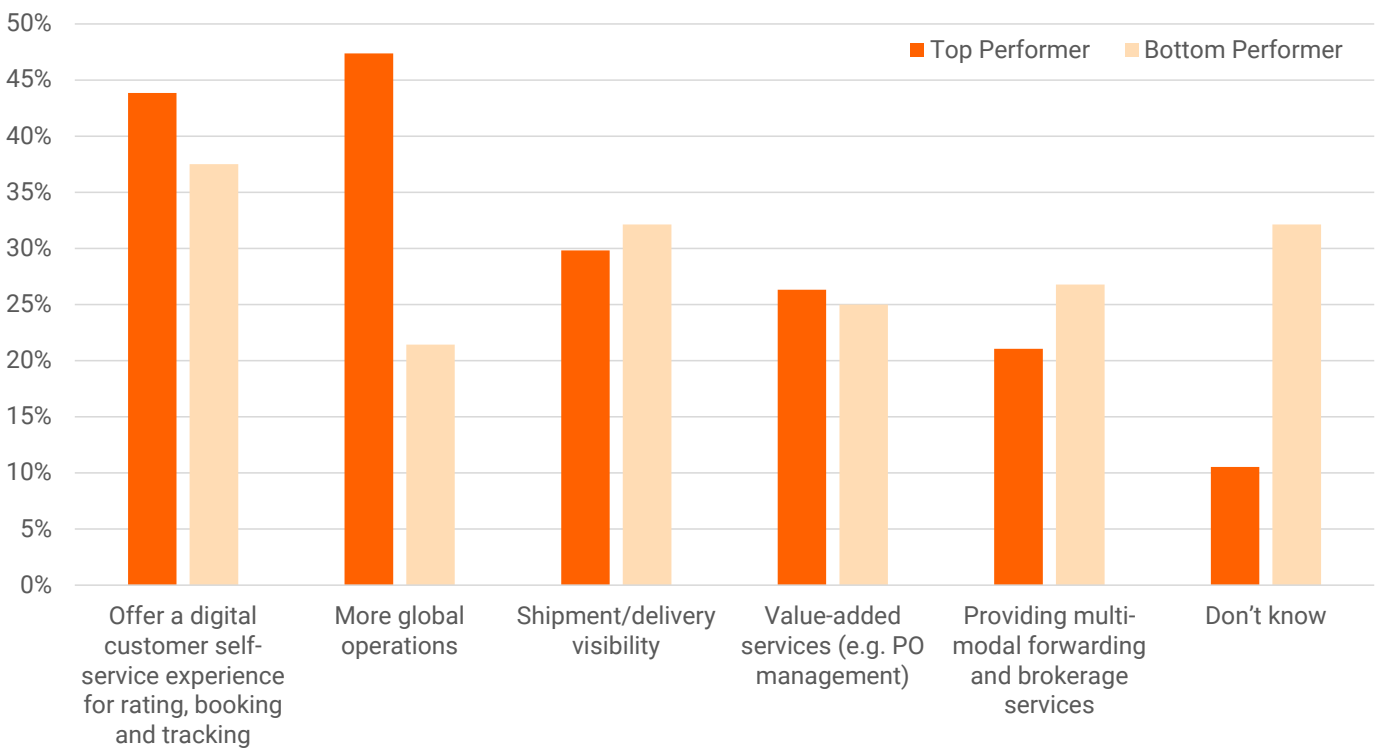
Who are your greatest competitors today?



Competitors' advantage

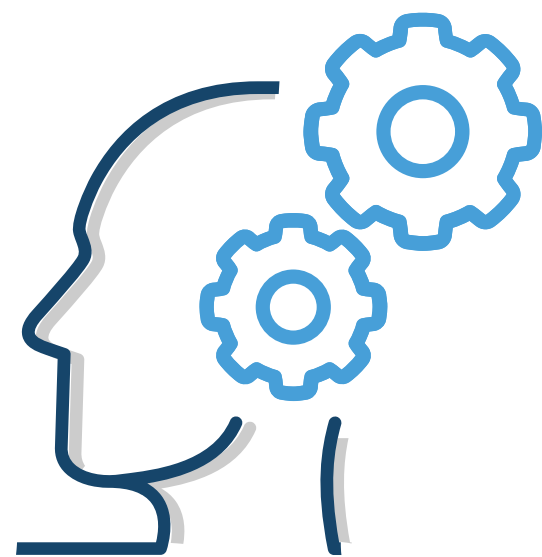
- Digital customer self-service (43%) remained #1 overall, but decreased by 8% in 2023
- More global operations (34%) moved from #3 in 2022 to #2 in 2023 and the was the first choice of Top Performers (47%)
- Small volume respondents (32%) were 3X more likely to not know what the competition was doing for competitive advantage than Top Performers (11%)

What is competition doing that you wish you did? (select two)



Strategies & Tactics

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

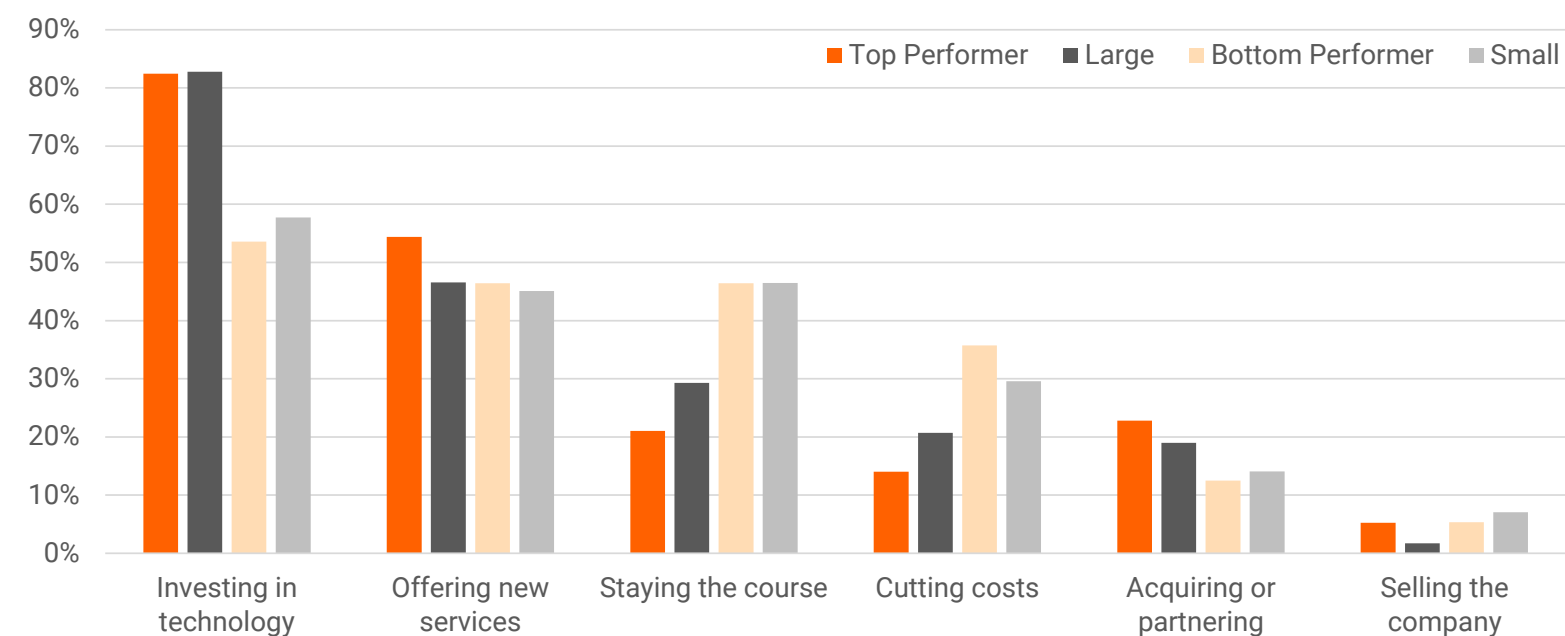


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Preparing for change

- Investing in technology (70%) has been the top and dominant overall strategy for all 8 years, but down 7% versus 2022
- Top Performers (82%) and Large volume (83%) respondents are more focused on investing in technology than Bottom Performers (54%) and Small volume (58%) respondents
- Bottom Performers are 2.2X and 2.6X more likely than Top Performers to stay the course and cut costs

How are you preparing for the macroeconomic, industry and regulatory changes? (select two)



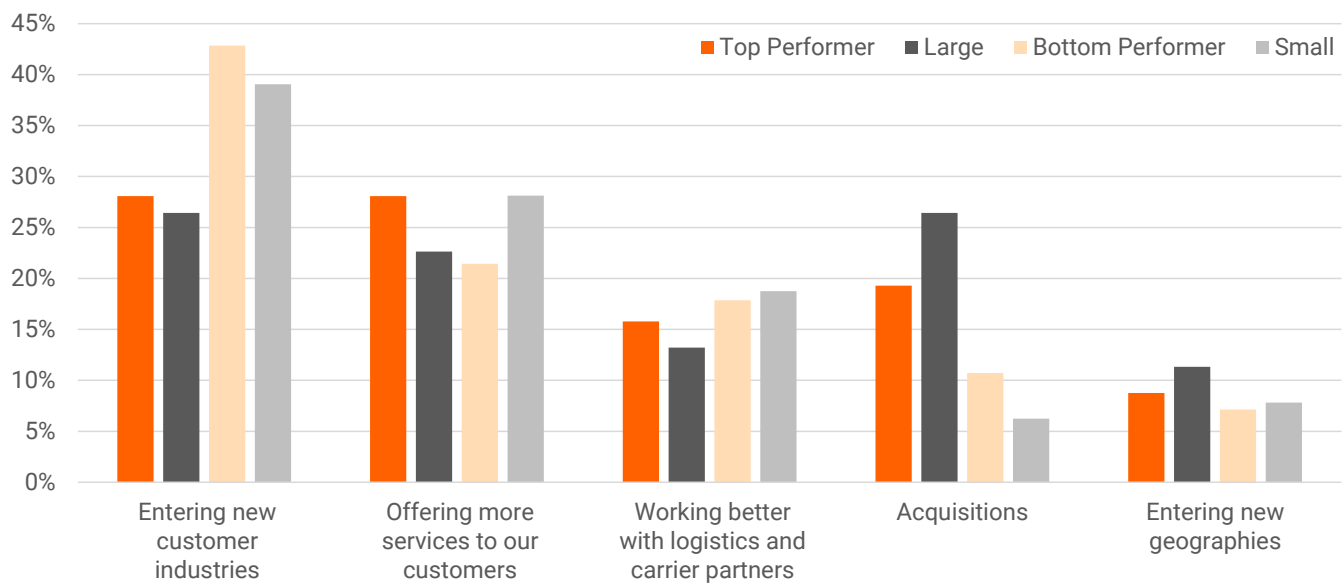
Strategies & Tactics



Primary growth strategy

- 2023 responses reversed the top 2 responses with entering new customer industries (34%) #1 and offering more services to existing customers (27%) #2
- Bottom Performers are 1.5X more focused on entering new customer industries (43%) than Top Performers (28%)
- Acquisitions was tied for first (26%) for Large volume respondents and 4X higher than Small volume respondents (6%)

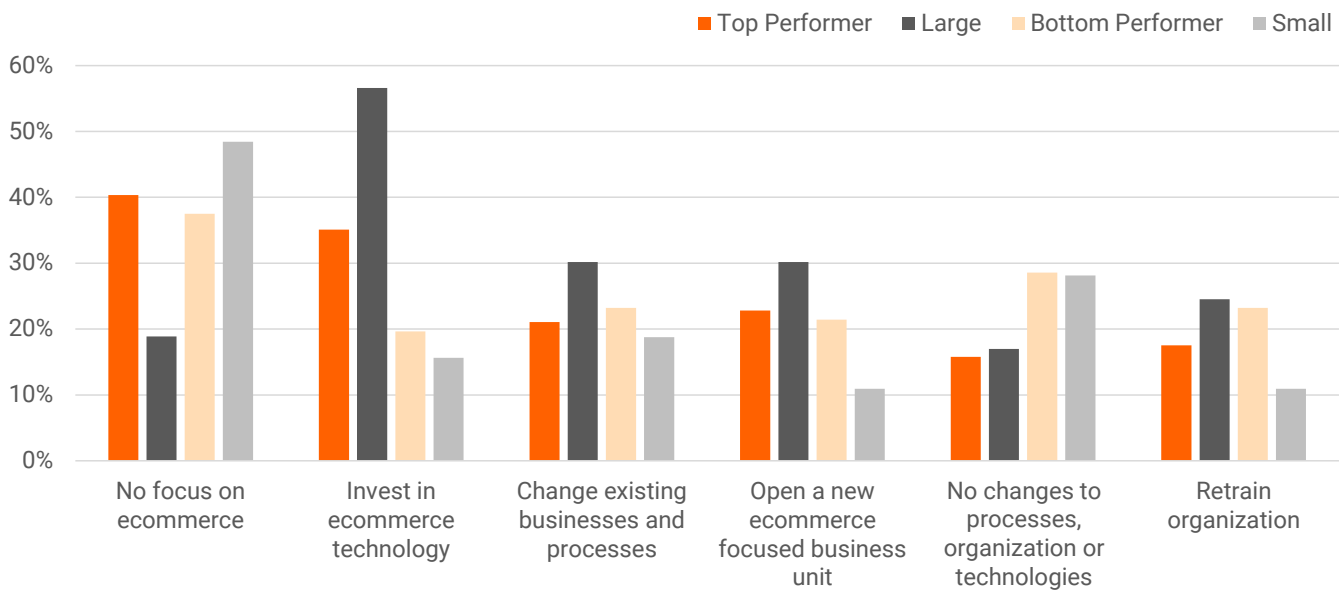
What is the primary way you expect to grow your business? (select one)



Capturing more ecommerce

- No focus on ecommerce (40%) was back to #1 overall and the highest it has ever been – with the exception of 2022, this number has been growing
- Large volume respondents (64%) are more actively pursuing ecommerce investment and business changes
- Many Small providers (77%) are not even focused on ecommerce business or changes

What is your company doing to capture more of the B2B & B2C ecommerce business? (select all that apply)

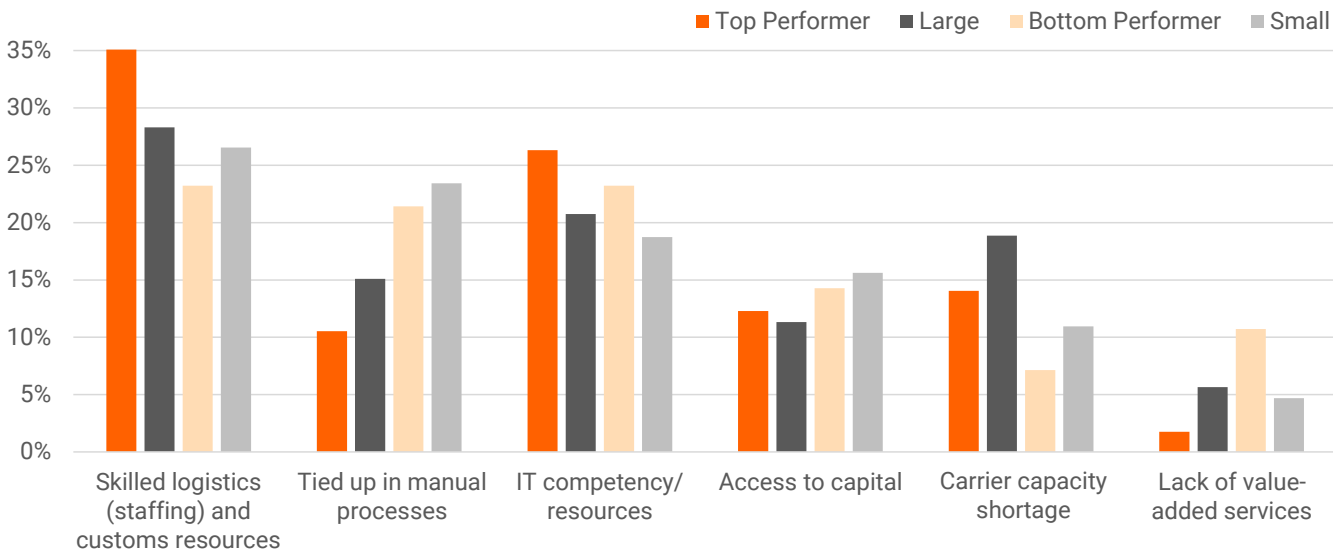




Growth inhibitors

- Skilled logistics resources (28%) returned to the top overall response
- Last year's new and top choice, carrier capacity shortage, dropped by two-thirds to 11% and the fifth spot, but still the third most important inhibitor for Large volume respondents (19%)
- Bottom Performers (21%) were almost 2X constrained by being tied up in manual processes than Top Performers (11%)

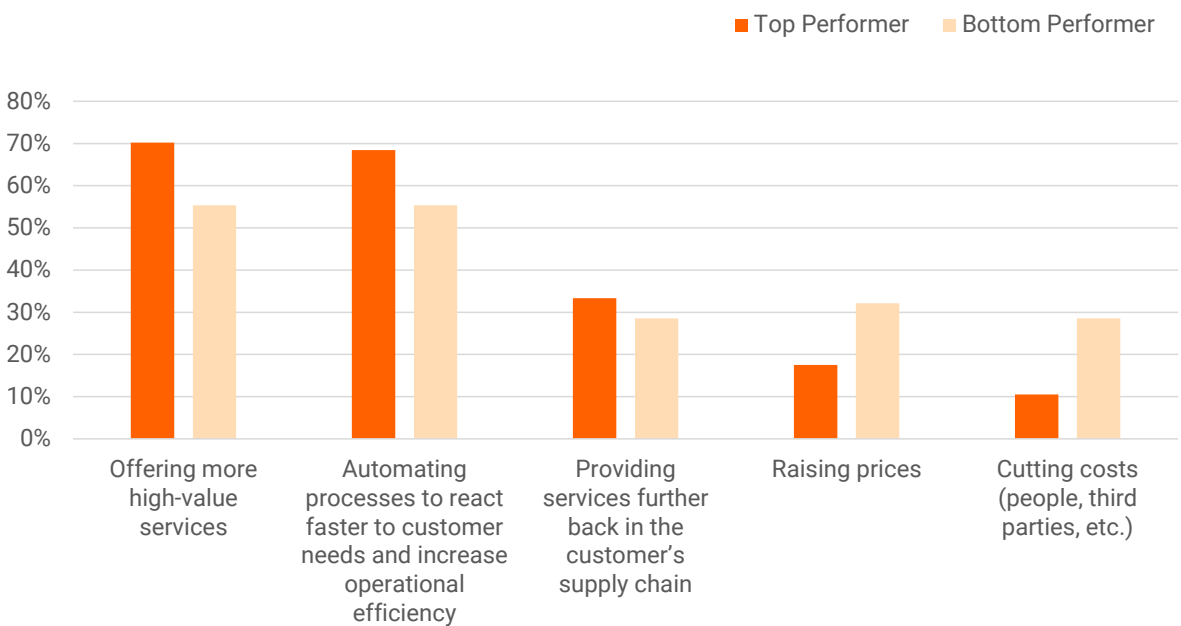
What is your greatest inhibitor to growth? (select one)



Improving margins

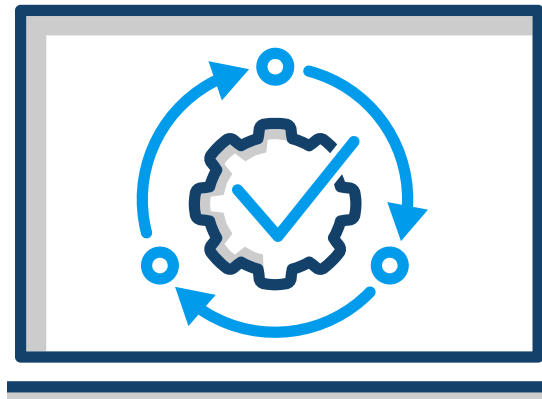
- Offering more high-value services (63%) returned to the top overall response in 2023, and was closely followed by automating processes (60%) - the two have traded the top response for the last 5 years and dominate all other answers
- Top Performers are more focused on value creation (automation agility, high-value services and services extension) in the 2023 benchmark
- Bottom Performers are more focused on tactical margin fixes (raising prices 32%) and cutting costs (29%) than Top Performers (18% and 11%, respectively)

What are the most important tactics you are using to improve your margins? (select two)



Technology Implications

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.

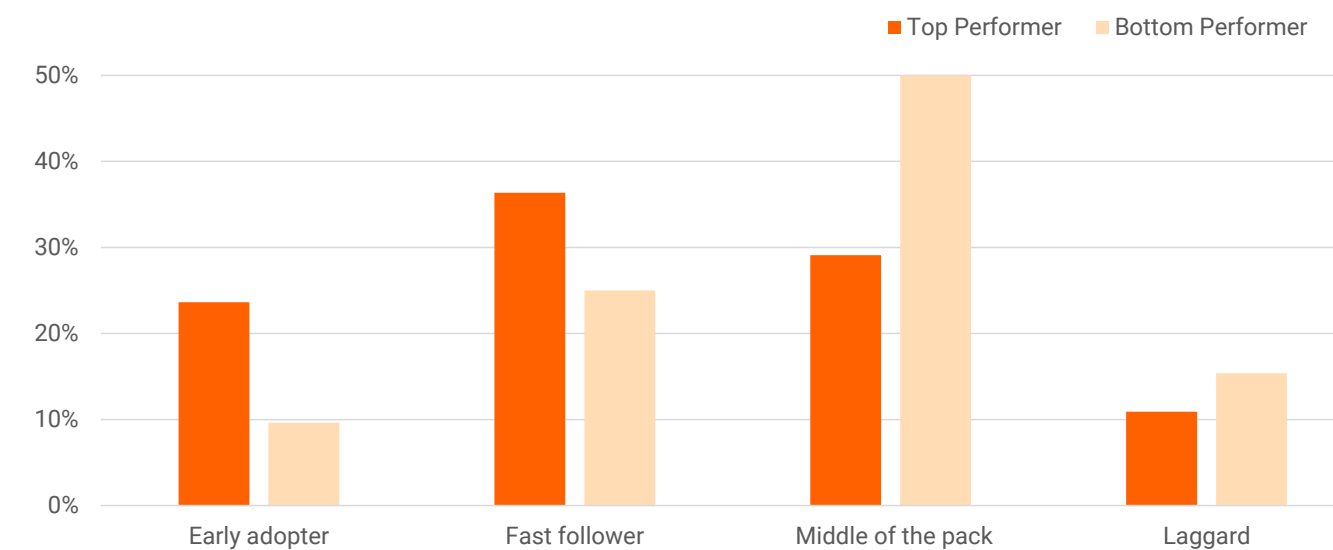


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Technology adoption strategy

- The percentage of respondents choosing early adopter in 2023 (18%) was down slightly (3%) in 2023 versus last year's all-time high
- Top Performers (24%) were almost 2.4X more likely to be an early adopter than Bottom Performers (10%)
- Fast follower was the top response for Large volume respondents (38%), while middle of the pack was the top response for Small volume respondents (39%)

How would you describe your company's technology strategy? (select one)



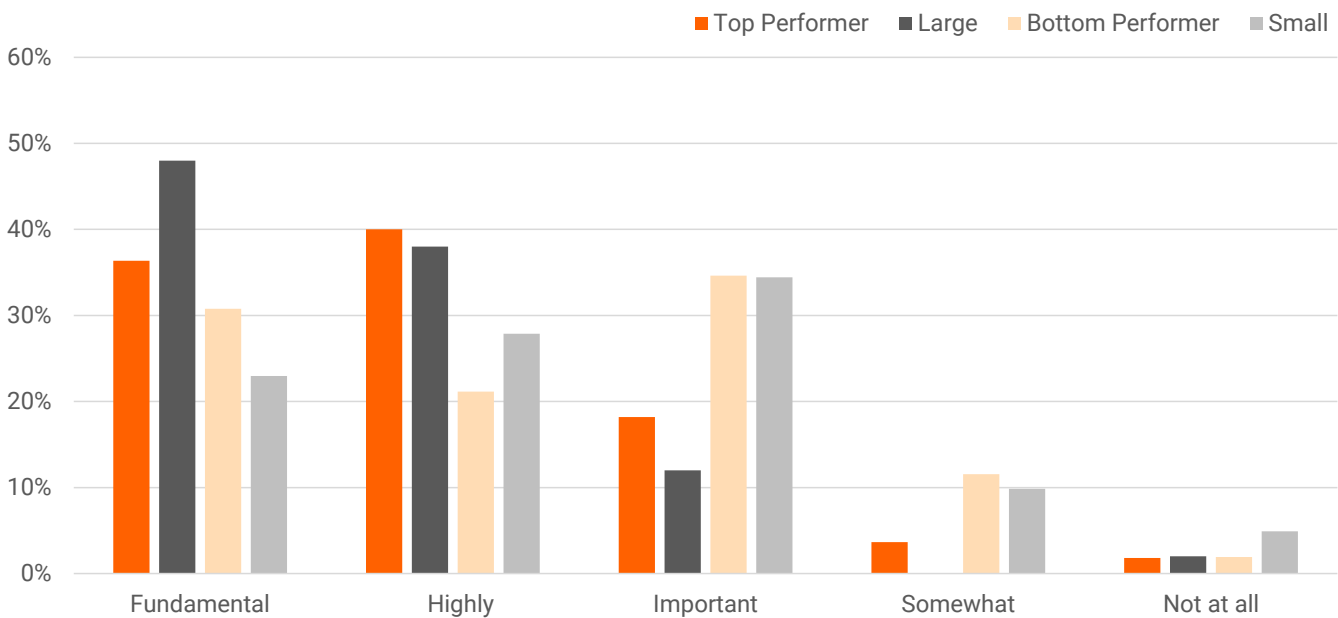
Technology Implications



Importance to growth strategy

- Overall, fundamental importance (32%) was the top response and virtually tied with highly important (32%)
- Technology as a fundamental part of the growth strategy was 1.7X more important for Large volume (48%) versus Small volume (28%) respondents
- Technology was less important (important, somewhat and not at all) to nonessential for Bottom Performer and Small volume respondents than Top Performer and Large volume respondents by a factor of 2X and 3X, respectively

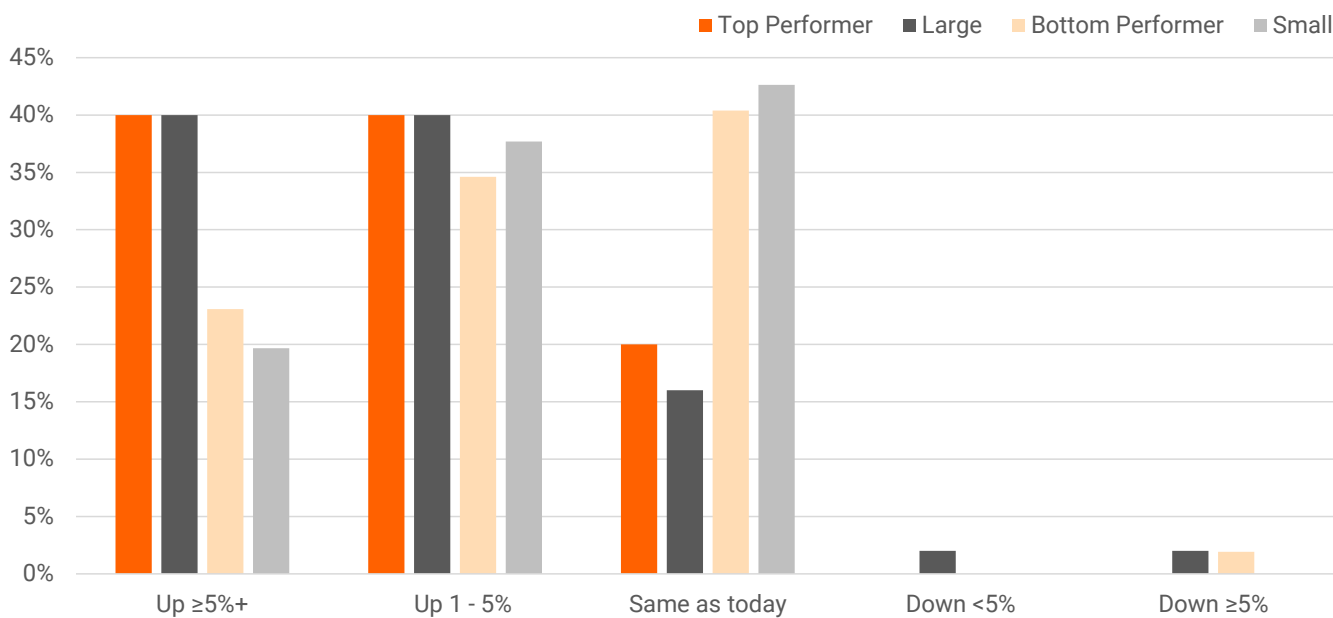
How important is technology to your growth strategy? (select one)



IT spend outlook

- Overall, IT investment is up in 2023 (70%), but the growth isn't quite as high as 2022 (79%)
- Top Performers (40%) say they will increase IT spend >5%; 1.7X more than Bottom Performers (23%)
- Large volume respondents (40%) indicated they will increase IT spend >5% 2X as compared to Small volume respondents (20%)

How will IT spending change over the next 2 years? (select one)

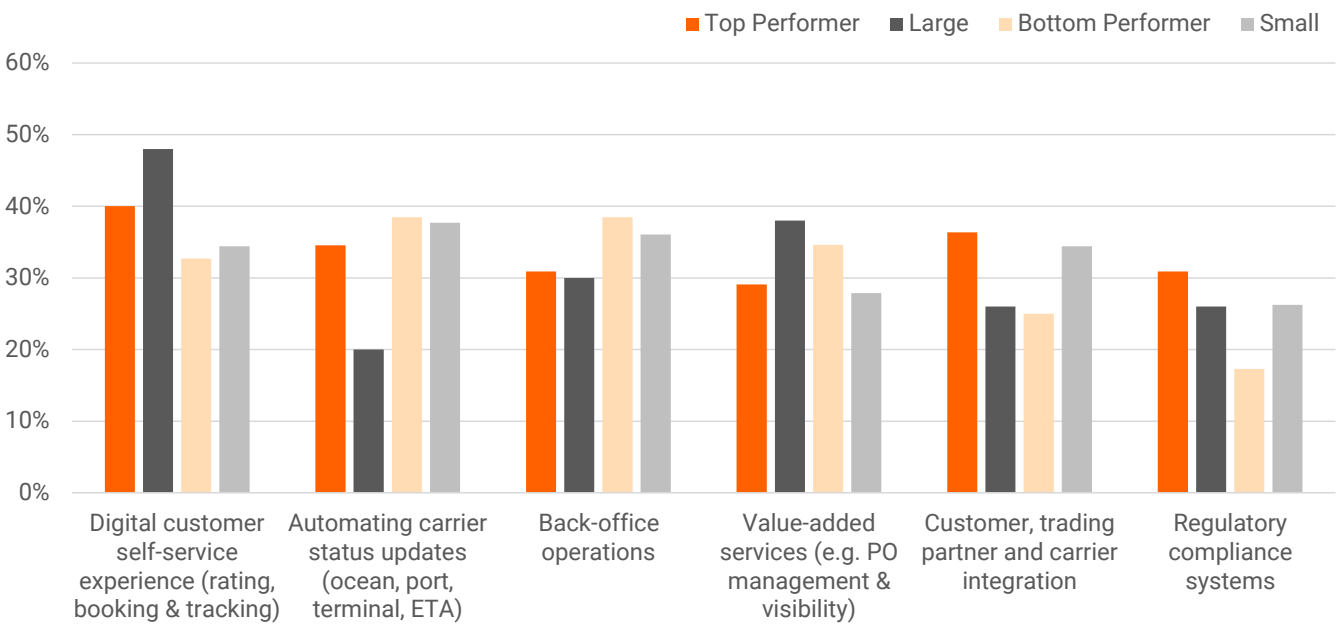




Delivering the greatest future value

- Digital customer self-service was the top overall response (41%) with automating carrier updates #2 at 34%
- Automating carrier status updates was a new choice in 2023 and started out as the second highest at 35%
- Large volume respondents (48%) are more focused on digital customer self-service than Small volume respondents (34%)

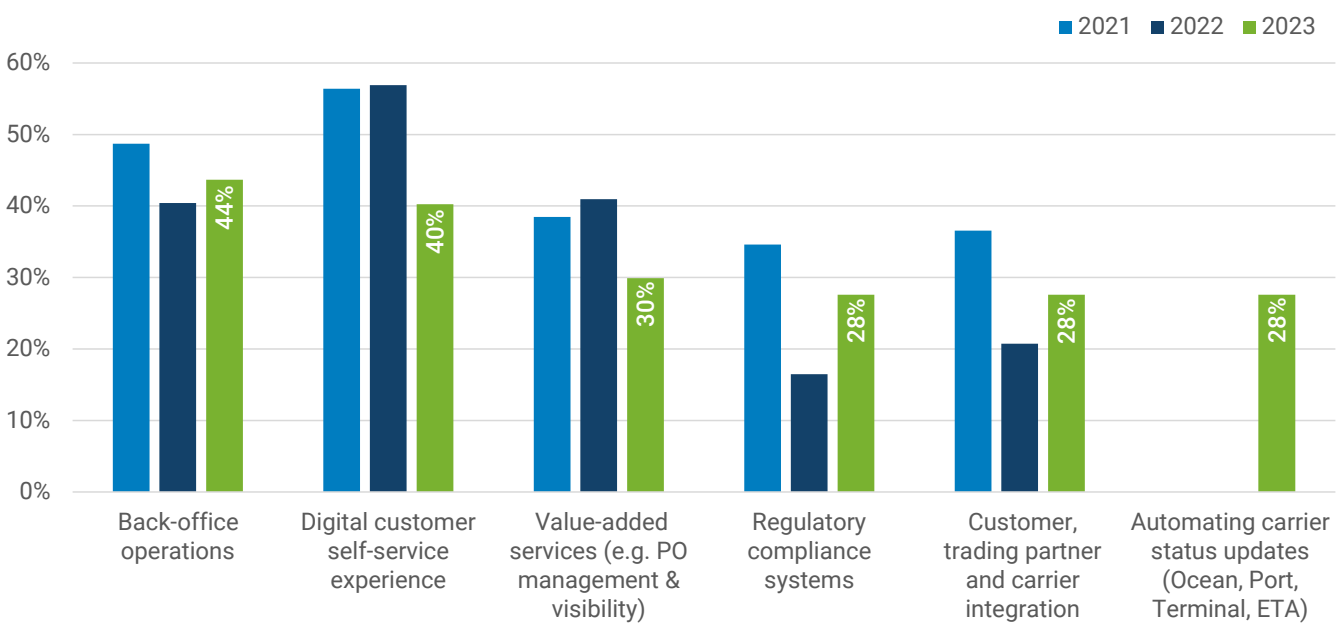
Where do you believe is the greatest value from IT for the next 2 years? (select top 3)



Future IT investment

- Back-office operations (44%) went from #3 in 2022 to displace digital customer self-service (40%) as the top overall investment in 2023
- Large volume respondents are most focused on investing in digital customer self-service experience (48%) versus Small volume respondents (34%)
- There was no meaningful difference between Top Performer and Bottom Performer investment

Where will you make your greatest IT investments in the next 2 years? (select top 3)



Survey Takeaways



Forwarders and brokers are getting more conservative given lower freight volumes, higher costs and interest rates



Global instability and pricing pressure were top of mind for forwarders and brokers and especially larger ones



Investing in technology has been the top choice for the life of the study and the top way to address macroeconomic and industry challenges



Top Performers are still considerably more aggressive with the business and technology strategies and investment plans



Bottom Performers are much less interested in change and much more focused on cost reduction



Despite financial headwinds, the majority of respondents intend to increase IT investment with Top Performers and Large volume respondents getting the lion share



Back-office operations and digital customer self-service will dominate

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Survey Takeaways



Descartes Broker and Forwarder Solutions

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



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Digital Customer Experience

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



Global Price Management

- Manage buy and sell rates, provide faster and more accurate quotes and allocate scarce capacity



Shipment Management

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



Foreign Trade Zone (FTZ) Management

- Manage Foreign Trade Zone and bonded warehouse operations



Customs Compliance

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



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

Descartes Broker & Forwarder Solutions

About Descartes Systems Group

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

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

- route, track and help improve the safety, performance and compliance of delivery resources
- plan, allocate and execute shipments
- rate, audit and pay transportation invoices
- access global trade data
- file customs and security documents for imports and exports
- 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 at www.descartes.com, and connect with us on [LinkedIn](#) and [Twitter](#).



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Uniting the People & Technology
That Move the World

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About Descartes