

LTL Should Utilize Technology to Minimize Woes, Says Augusto Beato

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Less-than-truckload (LTL) operators should lean on technology to address the myriad of problems the sector is facing, according to Portland SEO's Augusto Beato.

He was reacting to the bankruptcy of New England Motor Freight (NEMF) who blamed its demise on the loss of key accounts, driver shortage, and an ?onerous? union contract.

Beato noted that technological innovations in LTL involve labor productivity tools, inventory management tools in contract logistics, dynamic route optimization, advanced pricing algorithms, AI-based load building, and linehaul bypassing, among others, that could have lessened the burden for NEMF.

"The price of retail freight, especially e-commerce shipments, can be difficult to determine in LTL networks," said Augusto Beato of Portland SEO. "While dimensional pricing is a more accurate way to assess costs, LTLs need to think not just about the dimensions of a handling unit such as the usable space the unit takes up."

He added that as LTL operators need to price their trips effectively, they also have to deal with competitors with poor costing who would end up unprofitable loads that they take away from another company that can make money on it.

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To compound their woes, Amazon and other e-retailers are demanding more freight capacity.

The LTL trucking industry had about $37 billion in total revenue in 2017, according to SJ Consulting Group.

Although industrial freight and manufactured products traditionally are a majority of LTL freight, ?retail has become a bigger percentage in the last five years,? said Satish Jindel, president of SJ Consulting Group, a transportation research firm in Warrendale, Pennsylvania.

That?s evident in the drop in tonnage reported as LTL carriers add lighter weight retail shipments. Last year, tonnage dropped at many LTL carriers, while revenue and revenue per hundredweight ? yield ? went up, Jindel pointed out. ?Those revenues are up because carriers are recovering the cost of the extra cube. Tonnage being down is not a concern.?

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For more information about Portland SEO, contact the company here:Portland SEOAugusto Beato(503) 278-5580info@portlandseo.net1435 NW Northrup STPortland, OR 97209

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