



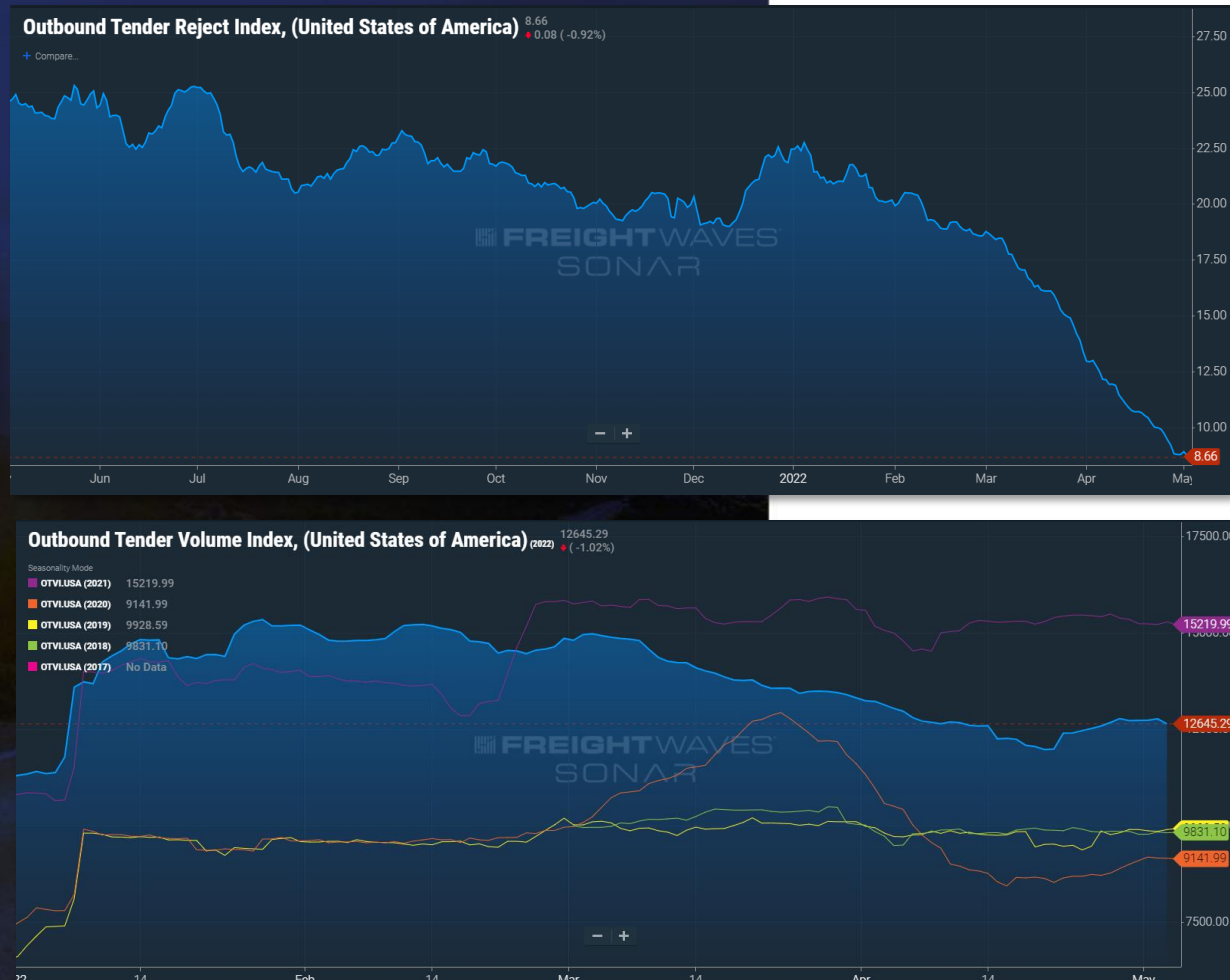
FREIGHT FORECAST

What is coming for the next 12 months, how it will affect you, and what you can do to improve performance.

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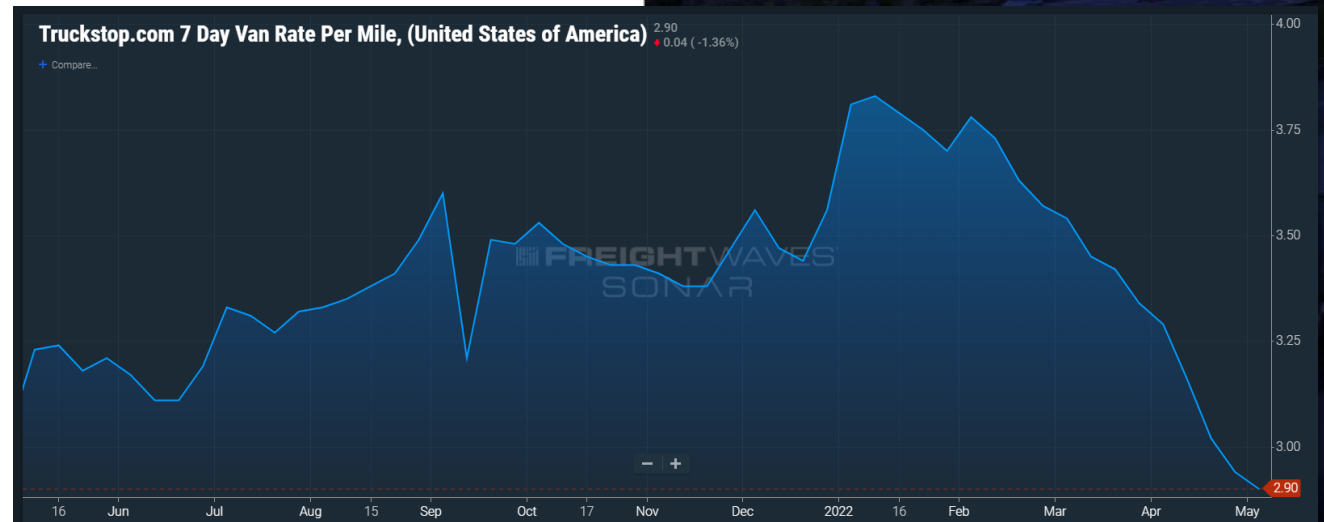
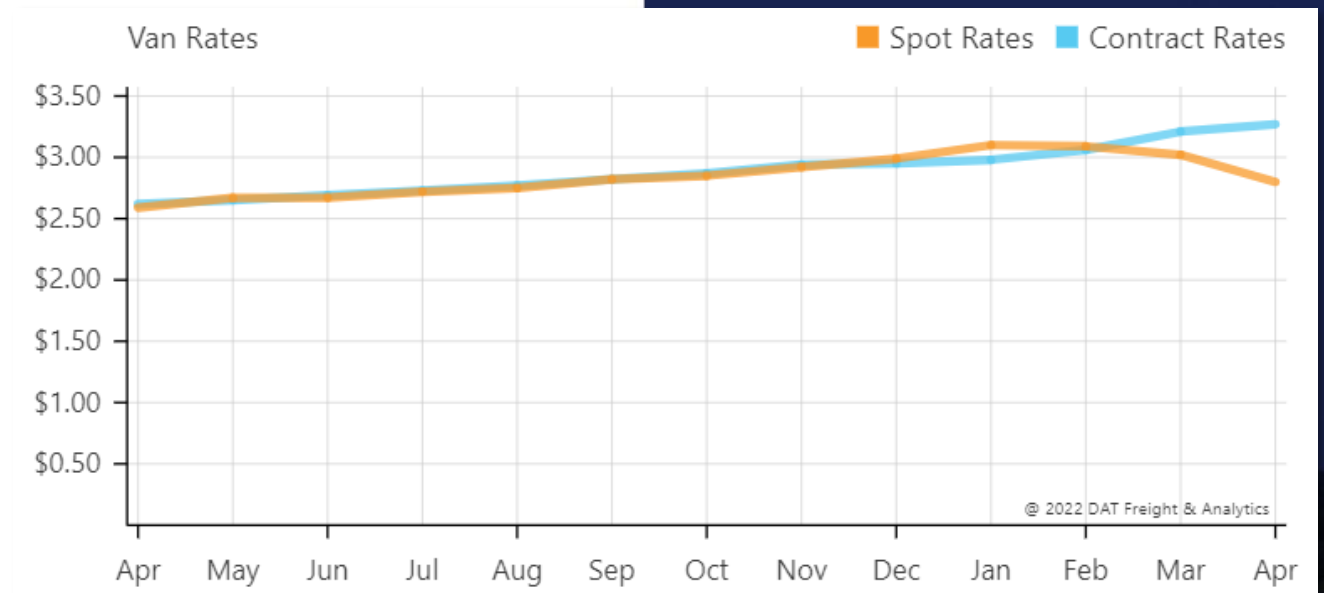
Volume and Rejection Outlook

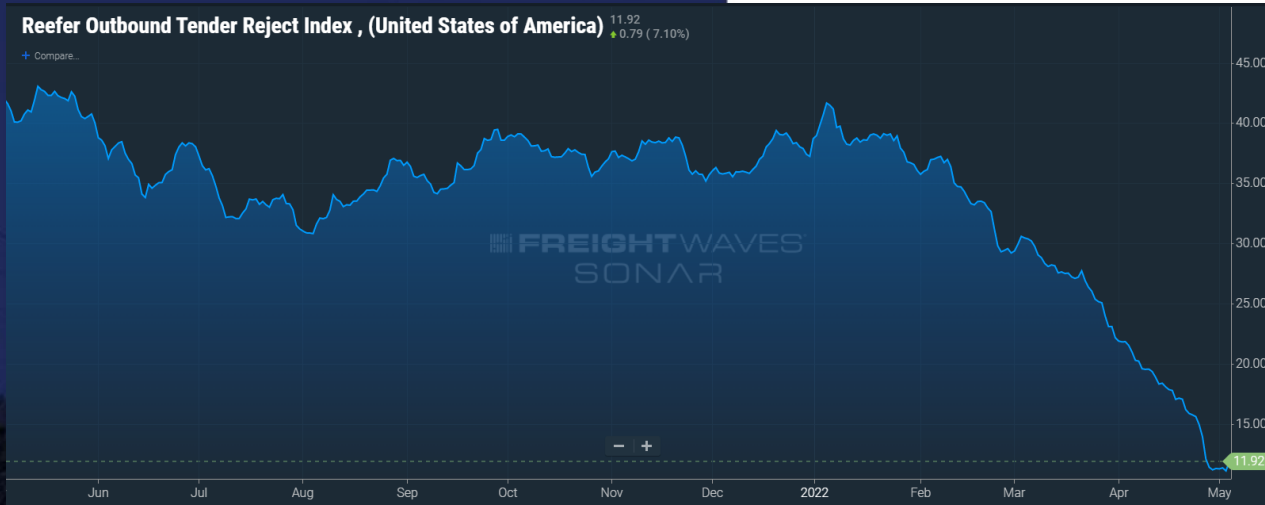
- Rejections took a sharp decline as contract rates now exceed spot rates
- Volumes are lower year over year but remain significantly elevated over 2017-2020 numbers.
- Supply and demand are relatively balanced as of May 2022 but any significant disruption could cause massive volatility.
- Softening in the spot market is indicative of contract carriers accepting their commitments. Therefore, less spot volume is available.



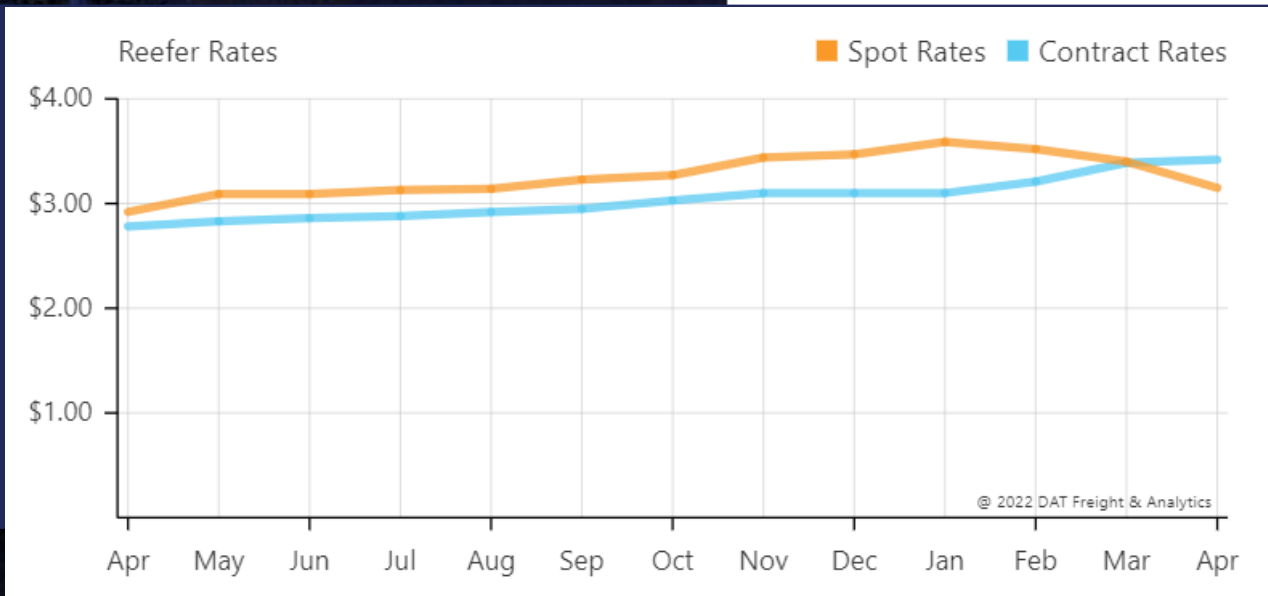
Van Contract Vs. Spot

- Dry van spot market rates:
significant decline in cost per mile
national average
- National average dry van contract rates in
Q1 2022 began diverging in February





Reefer Spot Vs. Contract



- Reefer rejections decline from 41.60 in January to 11.92 in May indicating that carriers are honoring more of their contracts.
- “Contract” rates begin to surpass spot rates in March causing less volume to flow into the spot market and pushing spot market rates down further

Freight Trends and Updates

DAT Trendlines

- Spot load posts down -20.8% year over year
- Spot truck posts up +9.1% year over year
- Van load to truck ration down -28.5% year over year
- Spot rates up +8.3% year over year
- Fuel Prices up +63.6% year over year

International Roadcheck Week

- May 17-19, 2022
- Focus on wheels and breaks
- In 2020, the safety blitz removed 16.5% of commercial vehicles from the road

Market Notes

- Spot rates continue to decline and are expected to bottom out
- Volumes have declined but remain well above historical trends
- Flatbed rates are increasing and produce is heading into full swing

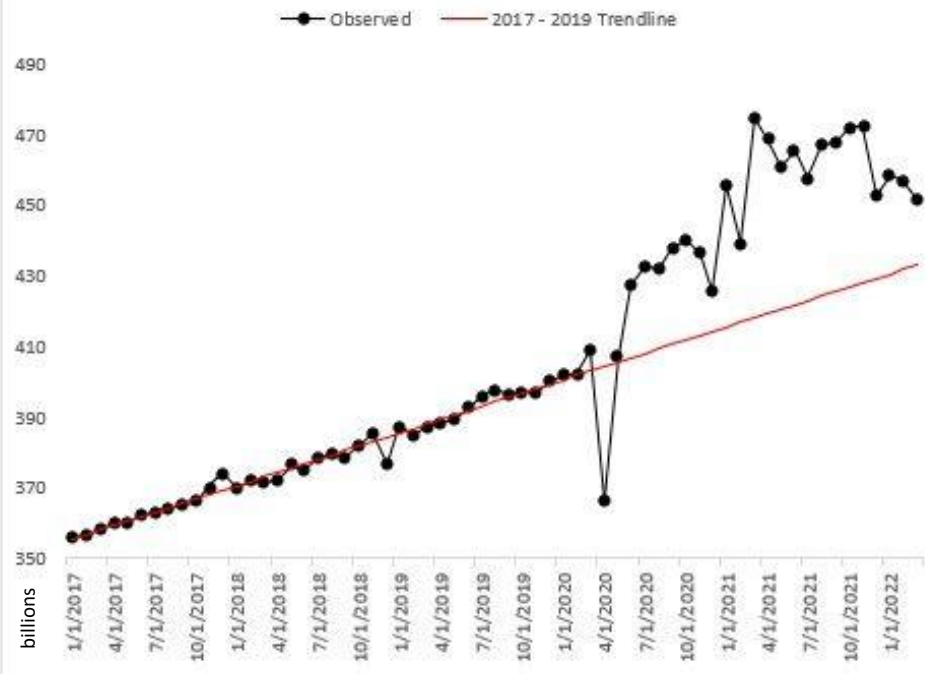


Consumer Trends

Spending

- 2022 has seen a large decline in spending on durable and nondurable goods, though still more than pre-pandemic levels (as demonstrated left)
- Consumer Price Index rose 8.3% over the last 12 months (not seasonally adjusted), healthy balance sheets have kept consumers active
- Leisure travel booking intentions hit a pandemic-period high in April 2022, suggesting influence of COVID-19 on purchase decisions continues to wane

Real Sales for Retail Trade Excluding Motor Vehicle & Parts Dealers: Bureau of Economic Analysis



What Matters to Retail Buyers in 2022

On-Time Delivery:

- 90% of retail buyers in our network say a supplier's ability to deliver product on time impacts their purchasing behavior of that brand.
- 66% of retail buyers in our network have ended relationships with suppliers over delivery issues.

Competition:

- 93% of retail buyers in our network report having anywhere from 4 to 20 product choices within a given category.
- 45% of retail buyers in our network report having anywhere from 8 or more product choices within a given category.
- 21% of retail buyers in our network report having anywhere from 13 or more product choices within a given category.

“Out-of-stocks have pushed more variety per category which forces more competition and more congestion per category.”

- RETAIL BUYER

What Matters to Retail Buyers in 2022 (cont'd)

Communication and reliable fulfillment are the most important supplier qualities retail buyers look for.

- 79% of retail buyers in our network say communication sets suppliers apart from other brands.
- 59% of retail buyers say reliable fulfillment sets suppliers apart from other brands.

Out-of-Stocks:

- 69% of retail buyers in our network report a historical average out-of-stock for a brand in their category below 6%.
- 76% of retail buyers in our network reported that COVID-19 increased out-of-stocks for a brand in their category



76%

of retail buyers in our network reported that COVID-19 increased out-of-stocks for a brand in their category.

A yellow pallet jack is positioned in the foreground, moving a large stack of cardboard boxes. The boxes are stacked high and have various labels, including a red and white 'Fragile' label with a glass icon and an upward arrow. The background shows a warehouse setting with a concrete floor and a white wall.

What Can Brands Do?

- Success in the post-pandemic world will require a retail optimized supply chain
- Time to rethink your logistics strategy
- Exclusively chasing rates has proven myopic
- Transportation should be viewed as an organizational investment
- Specialized logistics providers can help you improve processes, consistently meet OTIF requirements, and increase supply chain performance while reducing costs

Understand Retail Scorecards: Failure Equals Lost Sales and Fines

- Dashboard Level Performance Visibility
- Wal-Mart OTIF and Fines – Note: Wal-Mart reports average supplier scores in mid-70s



		Cs Ordered	Cs Early	Cs On Time	Cs Late	Cs Short	Cs Over
Wal Mart				% On Time (98%)			OTIF Fine
April Recap							
	CA	2533	142	1927	458	6	1
	%			76.08%	76.26%	99.76%	
	CO	75673	0	72415	1564	1694	1
	%			95.69%	97.89%	97.76%	
	OHIO	124190	324	120615	1793	1458	302
	%			97.12%	98.28%	98.83%	
	TEX	156333	0	147371	6626	2936	262
	%			93.91%	95.70%	98.13%	
	THO	69997	251	64950	3753	1043	8
	%			92.79%	94.19%	98.51%	
All Loads Combined		429326	717	407278	14194	7137	574
	%			94.86%	96.47%	98.34%	\$18,826.07

Focus on Performance

Incremental Margin on \$100,000 Business

		% of Out of Stocks Improvement				
		2%	4%	6%	8%	10%
Gross Margin (Pre-Freight)	45.0%	\$ 760	\$ 1,520	\$ 2,280	\$ 3,040	\$ 3,800
	48.0%	\$ 820	\$ 1,640	\$ 2,460	\$ 3,280	\$ 4,100
	52.0%	\$ 900	\$ 1,800	\$ 2,700	\$ 3,600	\$ 4,500
	55.0%	\$ 960	\$ 1,920	\$ 2,880	\$ 3,840	\$ 4,800
	60.0%	\$ 1,060	\$ 2,120	\$ 3,180	\$ 4,240	\$ 5,300

- Lost sales to out-of-stocks and the chargebacks that come along with them are doing more harm to your gross profit than logistics costs ever have or ever will
- Instead of looking at “Logistics Spend,” take this opportunity to align your company toward performance and look at “Logistics Investment”
- The right partners can bring you a return in the form of OTIF success that drives increased margin and improves your relationships

Optimize Your Network

- Utilizing a data-driven approach to your logistics network can unlock previously untapped performance
- Secure synergies in the supply chain by leveraging data analytics and geographic pricing trends
- Allows your organization to set up warehouse location, product mix, and inventory density properly
- Grants the ability to understand preferred carrier arrangements, where those carriers fit into your network, and how that works with a receiver's network



Get Strategic About Logistics

- Strategy should be more encompassing than cutting spend
- Get deeper to realize larger savings and performance increases
- Exert control and add end-to-end visibility, eliminate CPU arrangements
- Wielding a successful supply chain strategy can differentiate you from your most vehement competitors
- The CPGs best positioned to succeed in the post-COVID environment are those using their supply chains as a competitive advantage

