

# Transport Topics

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## Value-Added Services Mean Loyal Customers

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The trucking industry today is more sophisticated, more nuanced and more competitive than ever before, and carriers of all sizes must find ways other than price to win and keep customers. In the quest to remain a step ahead of rival carriers, value-added services are becoming the competitive edge of the future.

If you've never considered value-added services as part of your business plan, consider the feedback of shippers and manufacturers served by the trucking industry: I often hear them complain that the carriers who approach them competing for their business talk solely about doing better on price, when there are other services shippers need and are willing to pay for.

In the push to increase revenue and drive down costs, it is easy to overlook how a simple strategy such as providing value-added services not only can improve the bottom line but also can lock in customers for the long term.

A value-added service can be defined as any service provided in addition to the core service a company offers. Value-added services prompt customers to remain loyal, locking them in with your company and making it more difficult for them to take their business elsewhere.

A value-added service can make your business unique in your customer's particular market niche — or at least something not available elsewhere. It turns your service from a commodity into a distinct and valuable offering and is something every carrier should strive for.

What kind of value-added services should you consider? The key to determining which services will work best for your operation is to get close to your customers and talk to them. Ask any carrier that has flourished for many years how they got into different areas of their business, and more than likely they will tell you they simply listened to what their customers were asking for — or complaining they couldn't find.

I often hear from carriers who in years past had offered a new service to a customer by special request, developed expertise in that area and, as time passed, saw that part of the business grow.

So, what are the value-added services shippers really want in 2008? Here are some of the bestsellers:

**Cross Docking** — A one-day version of warehousing, cross docking works well for less-than-truckload carriers whose terminals are often quiet during the day, after the morning rush of loading trucks is done.

**Consolidating and Deconsolidating** — If shipments need

to be combined to go to a common destination or broken up to go to multiple destinations, shippers and the carriers serving them can benefit when carriers provide these services.

**Assembly** — The carrier collects and holds various shipments in one place until an entire collection of shipments is ready to be delivered at once. Assembly can be especially important to manufacturers handling the opening of new business locations.

**Container Freight Station** — The two aspects of this service are: (1) loading and unloading containers from trains, planes, boats or trucks, and/or (2) consolidating shipments for the same destination in one container.

**Intermodal** — Many shippers have products that cross over several different modes of transportation. A carrier that can provide intermodal service — picking up freight from one location and transferring it to rail or ship or plane, for example — can offer a valuable special service.

**Expedited Freight** — Some occasions call for the assurance that an order will reach its destination sooner. Shippers under pressure appreciate knowing they can count on you for expedited service.

If you plan to make to make value-added services a key part of your game, make sure you consider all the infrastructure and technology needs required to make the service work well for both you and your customers. Conduct a thorough assessment and discuss your options with an industry consultant, if you must.

Other industries have incorporated value-added services with much success. The telecommunications industry, which is credited with coining the phrase "value-added service" for anything beyond standard voice and fax, has made this service the critical ingredient for its success in the Internet age. It should be no different for the transportation industry today.

Shippers want value-added services as much as, or even more than, price. Transportation companies willing to change their operations to benefit their customers will compete successfully today in a fickle marketplace. Incorporating value-added services into your overall plan is a powerful way to position your business well for the years to come.

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Opinion