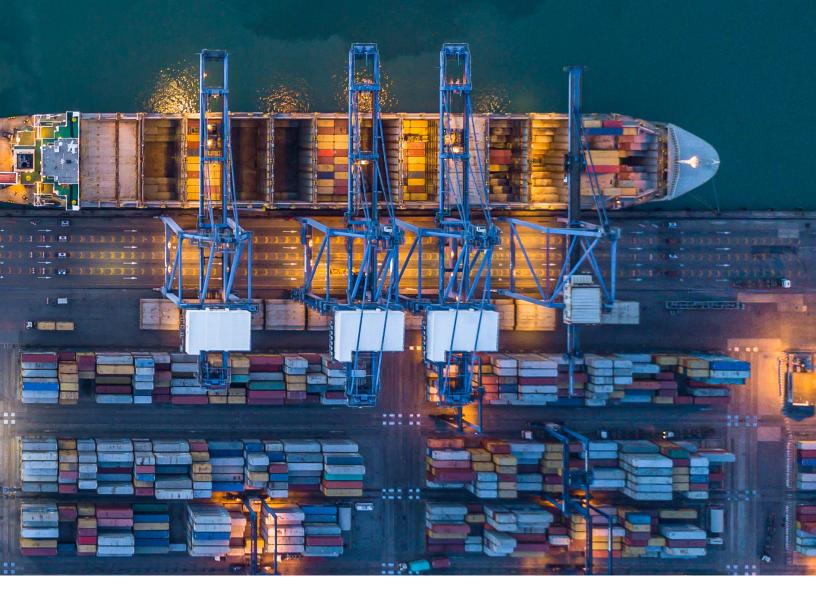
# How to Build Supply Chain Resiliency and Meet Customer Expectations





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# Introduction: The importance of supply chain resiliency

Unexpected supply chain challenges present opportunities to reexamine supply chain logistics and make changes to build resiliency. This whitepaper outlines several strategic logistics options capable of meeting today's unique business needs.

It seems every industry has been affected by global supply chain disruptions and bottlenecks. If your business operates within one of the following industries, you'll stand to benefit from this whitepaper and the supply chain strategies discussed:

- Agriculture
- Automotive
- Chemicals
- Construction
- Industrial supplies
- 🥏 Metals
- 📀 Mining
- Power generation
- 🥏 Utilities

For many, the disruption has exposed a need for supply chain resiliency going forward. But as businesses consider their options, they must also contend with consumer expectations returning to pre-pandemic levels and the impact that has on manufacturers.

# Businesses not only have to find a way to solve their supply chain issues but they also must:

- Keep track of supply chain economics by handling inventory challenges and higher costs.
- Secure transportation and logistics services. This is particularly crucial for specialized needs such as transporting industrial equipment.
- Meet manufacturers' and suppliers' expectations for pre-pandemic levels of fast and on-schedule deliveries.

Businesses continue to face challenges as they rebuild and prioritize supply chain efficiency. Customer expectations must remain a top priority. There are many options for solutions, especially with regard to logistics efficiency. But success will require an openness to new ideas, and to different ways of doing things.

As businesses adapt to changes within their markets and make global supply chain management decisions, they must keep the primary benefits of a resilient supply chain in mind. By remaining flexible, businesses will see better productivity, greater risk reduction and more efficient operations throughout their supply chain.

The current state of industrial supply chains

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# What is supply chain resiliency?

Businesses can combat uncertainty with agility, supply chain sustainability, resilience and an ability to adapt to change. This means being prepared for change and having processes in place to ensure that a business has adequate inventory and the capacity to scale up or down depending on market demand.

### Characteristics of a resilient supply chain





## Agility

The ability to quickly adjust your supply chain strategy in response to rapid changes. This applies specifically to inventory management, procurement and delivery.

### Resilience

Works jointly with agility.

The ability to adjust the supply chain to prepare for unexpected disruptions on a local, regional or global supply chain management level.



### Adaptability

A company's ability and willingness to adapt to disruptions and changes in demand and supply chain. Technology and automation for this purpose can give industrial manufacturers a competitive edge.



### **Sustainability**

A company's understanding of the environmental impact of producing and shipping their products from raw materials to the customer's door.

## Top supply chain disruptors

It's also crucial to understand what's currently impacting the supply chain and how. Inflation coupled with an economic recession and rapidly changing consumer behaviour makes the world of global supply chain and supply chain transportation challenging to navigate.



# Global supply chain management

- Geopolitical uncertainty
- Moving forward from chip shortages



# Logistics and supply chain management

- Rising consumer demand
- The value of logistics
- Power shortages and uncertainty in China
- U.S. port bottlenecks



# Cross-border industrial shipping

- Cross-border deliveries with <u>Section 321</u>
- Shipping capacity constraints

# A deeper dive into supply chain disruptors

## **Geopolitical uncertainty**

In 2021, the cost to ship goods between China and the U.S. increased by almost 350% since the start of the pandemic. Businesses also have to worry about new regulatory costs, port congestion, the price of base carriers and geopolitical and global economic uncertainty. But recently, <u>freight rates</u> were down 90% between China and the West Coast of the U.S. and 2023 forecasts are increasingly optimistic that ocean shipping <u>price relief could be on the horizon</u>.

At the same time, manufacturers and industrial suppliers are fatigued and focused on serving their own customers. They no longer want to hear the excuse of pandemic-related delays.

# Moving forward from global chip shortages

A global shortage of semiconductor chips affected manufacturers in a range of fields from automotive and kitchen appliances, to industrial machinery and more. The combination of surging demand and limited supply (spurred on by the pandemic) contributed to this shortage. And in many cases, Original Equipment Manufacturers (OEMs) are still waiting anywhere from 26-52 weeks for chips.

These delays may continue far into 2023, but they're expected to ease up near the end of the year when demand is predicted to fall low enough to allow manufacturers to catch up. In fact, <u>semiconductor chip glut and price falls</u> have also become challenges for U.S. manufacturers, forcing major players in the space like <u>Samsung to make big investment decisions</u>. Regardless of when that relief comes, industrial businesses need to be prepared with flexible logistics.

## Consumer demand remains on the rise

Suppliers and manufacturers need to keep up with sudden increases in demand. Inflation coupled with consumers looking to spend or even splurge means that manufacturers must prepare for demand volatility. U.S. consumers, for example, are <u>interested in shopping both online and in-</u> <u>person</u>. They're also abandoning brands that they were once loyal to. Manufacturers and retailers will need to focus on offering high-value and personalized experiences to maintain their competitive advantage.

It's also important to remember that surges in consumer demand can result in inventory shortages and supply chain challenges. Businesses can mitigate risk by seeking out cost-effective and reliable suppliers, consolidating warehouses for more efficient distribution and focusing on customizing their customers' experiences.

# Efficient logistics in supply chain management add value to businesses

Effective supply chain management and monitoring supply chain economics helps businesses stay successful and competitive even through tumultuous times. Streamlining how your business plans for manufacturing and distribution, manages goods and tracks information during the shipment process plays an important role in your success.

The logistics process needs to be efficient. This can be achieved by using hardware and software to monitor each stage and automate where appropriate. For example, a business can save time using a system that auto-fills shipping documents with addresses and other essential information. This can also cut down on costs by reducing labelling errors. Regardless of which solutions your business uses, the key is frequently reexamining your logistics for inefficiencies and making improvements in those areas.



# Power shortages and uncertainty in China

China's electricity shortage was largely due to a sharp reduction in coal imports, which the country relies on for over 60% of its electricity. The shortage caused power disruptions across many of China's provinces.

This affected many of the factories that supply parts and products for the North American market. Several suppliers for Apple, for example, announced temporary suspensions in production in 2021. In 2022, however, they had enough overseas inventory and production diversification to <u>continue</u> <u>operating when one plant was impacted</u> by the pandemic.

# U.S. port bottlenecks: Port inefficiencies, customs clearance, export duties and more

Ships arriving from Asia found that U.S. ports—Long Beach and Los Angeles in particular—faced unprecedented backlogs in 2021. <u>According to The Wall Street Journal</u>, a flood of imports "swamped the critical U.S. trade gateway and snarled inland supply chains." In mid-October of 2021, nearly 70 container ships were waiting offshore, with expected waits of up to three weeks before they would be unloaded.

What was behind the bottlenecks? As the Journal reports, there was lots of blame to go around. "Participants in each link in the U.S. chain—shipping lines, port workers, truckers, warehouse operators, railways and retailers blame others for the imbalances..."

What can businesses take away from this? Strong partnerships are important at every stage of shipping and the supply chain. <u>The approach to solving port</u> <u>congestion</u> further drives home this point. In mid-2022, the U.S. Department of Transportation (USDOT) partnered with the Ports of Long Beach and Los Angeles, ocean carriers and a range of large companies to work towards relief.

# Smoother cross-border deliveries with Section 321 shipments

Shipping industrial supplies presents unique challenges, and without adequate preparation, cross-border shipping can be a slow and costly process. However, cross-border shipping is also an excellent business growth opportunity that comes with unique challenges. Section 321, a provision of the Trade Facilitation and Trade Enforcement Act, helps alleviate these challenges. It allows for the duty-free shipment of goods valued at \$800 USD or less. It also allows businesses to ship non-restricted goods without customs forms with a limit of one U.S.-bound import per day. Section 321 provides a faster cross-border shipping process and helps businesses save on taxes and duties.

# Handling constraints by monitoring developments in supply chain transportation

Closer to home, U.S. and Canadian businesses face a shortage in available truck capacity. Quite simply, there is more freight than there are trucks. Much of the shortage is due to an ongoing driver shortage, which was exacerbated by the pandemic. These events highlighted many businesses' dependence on ground shipping by truck and the accompanying costs.

> Learn how businesses can reduce freight shipping costs by streamlining their supply chain.

Freight Optimization in the Supply Chain





By 2024, there could be around 50,000 job vacancies for truck drivers across Canada, according to <u>The Canadian</u> <u>Trucking Alliance</u>. The shortage affects the U.S. too. American Trucking Associations President Chris Spear told a U.S. Senate panel that the trucking industry "needs an additional 60,800 truck drivers immediately—a deficit that is expected to grow to more than 160,000 by 2028." Spears noted that once retirements are factored in, along with the demand for increased capacity, the industry will need to hire more than 1 million drivers over the next decade. For many businesses, the truck shortage has left them without reliable service. Some carriers have attempted to invest in additional trucks, only to learn that production was hampered by the semiconductor chip shortage. Others, though, are reluctant to invest in new equipment given their more traditional lines of business or the fear that they'll be stuck with too much equipment during times of decreased demand. For certain logistics providers, the current situation has been an opportunity for "out-of-the-box" thinking. These providers, including Purolator, have committed to rethinking existing practices and developing new solutions to meet shippers' current and future needs. A few considerations include:

- Can a shipper's <u>less-than-truckload (LTL)</u> and courier shipments be picked up via the same truck, for example, thereby eliminating the need for two separate trucks?
- How can supply chain economics be improved? Can shipments be consolidated, which would ensure trucks travel at full capacity, while also helping shippers reduce costs?
- What about switching to "Mission Critical" services, such as air or expedited ground? These options tend to be more costly but offer guaranteed deliveries and premium service levels. Many shippers find the peace of mind associated with expedited service, which more than justifies the additional cost.
- Can the shipper deliver expensive and time-sensitive parcels that require special handling such as industrial equipment and instruments? Shippers that specialize in industrial shipping can help businesses <u>overcome supply</u> <u>chain challenges</u> by reducing shipping risks and even offering direct-to-consumer shipping.
- Giving consumers increased visibility and customization options with services like <u>Purolator Your Way</u>.
- Sustainable facilities with innovative automation like <u>Purolator's National Hub</u>. This facility processes over 70,000 parcels per hour and is strategically located in Toronto for improved delivery efficiency.



# Learn about Purolator's portfolio of solutions

Access our "Why You Need TL and LTL Shipping in Your Freight Strategy" ebook, where we cover:

- LTL vs TL: What's the difference?
- Benefits of LTL shipping
- LTL shipping: Key supply chain trends on the rise
- Roadmap: Finding the right shipping method for your business
- What to look for in your shipping provider
- What to consider when shipping industrial equipment

# **Download ebook**



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Customer expectations

# Customer expectations: on-schedule deliveries and personalization are still key

With so much disruption and uncertainty during the pandemic, businesses hoped consumers would give them a bit of a break. Unfortunately, this has not proven to be the case. <u>Research by four prominent supply chain professors</u> found that while customers may have been forgiving during the early days of the pandemic, patience wore down after multiple lockdowns. According to the professors, this is the case among both consumers and business buyers.

"Customers became more aware of the intricacies of <u>supply</u> <u>chain management</u> challenges as they dealt with out-ofstocks, delivery lead times that often far exceeded two days and difficult returns, all while coping with rising service costs," the professors wrote in <u>Supply Chain Management</u>. <u>Review</u>. As a result, most customers "became less impatient and more forgiving."

The professors set out to determine if customers' moreforgiving attitudes returned to pre-pandemic expectations. They spoke with dozens of professionals with customer service experience.

Here are some key findings around customer expectations that impacted the industrial sector as <u>reported in July 2021</u>:

# Time-definite deliveries

Many businesses experienced surges in demand volumes during the pandemic. While many thought the spike would be short-lived, the opposite has proven true. <u>The research found</u> that for many, the increase in volume exposed delivery challenges. Specifically, businesses are under pressure to offer time-definite delivery guarantees.

# Demand for personalization

Focusing on customer relationships by providing personalized customer service is more important than ever. The authors say businesses need to become "customer obsessed." This includes giving customers a sense that a business is trustworthy and can anticipate their needs. "Every aspect of customer service must be personalized to the customer's behaviour, wants and expectations," one manager said. Personalization in the industrial world often comes in the form of product recommendations based on customer information. <u>SaaS</u> <u>company Coveo gives the simple yet effective example</u> of entering a VIN to receive tailored car part recommendations.

Another effective way to satisfy customer demand for personalization is through customized delivery options. <u>Purolator Your Way</u> helps customers to personalize their delivery preferences to suit their unique business needs. It also offers total visibility of the entire shipment journey for improved tracking.

# Sustainable logistics and supply chain management: A comprehensive checklist

Changing attitudes undoubtedly had an impact on manufacturers, suppliers and industrial businesses as well. Our sustainable logistics and supply chain management checklist is an ideal starting point for businesses navigating market and supply chain uncertainty.

View the checklist



# Technology and automation in the supply chain

Technology-based logistic solutions and supply chain trends like drones and automated offloading are changing the logistics landscape. They can help your business scale up as market demand increases, streamline your current workflow, save valuable shipping time and yield faster deliveries.

Visibility is another key aspect of supply chain efficiency. Solutions like <u>Purolator Your Way</u> enhance shipping visibility by helping customers track shipments and even allowing them to customize their delivery preferences while their packages are in transit.

# Continue harnessing the power of digital media

A business' reputation or brand is inextricably connected to its supply chain. Disruptions and delays within the supply chain can significantly impact the overall customer experience and a business' brand. In today's competitive landscape, it's crucial for businesses to stay ahead of the competition by leveraging digital media and building modern websites with exceptional user experiences (UX) and integrations.

One of the most effective ways for a business to stand out from the competition is through a modern website that's optimized for mobile and caters to its target audience's unique needs. The website should be userfriendly and provide a seamless experience in order to increase conversions and encourage customer loyalty.

# Sustainable logistic supply chain solutions

From cardboard boxes made of recyclable materials to paper-based air cushion film, there's a range of ecofriendly packaging materials that will keep products secure in transit and storage. Businesses can also partner with a <u>sustainability-focused shipping provider</u> to ensure the most efficient routes for fast shipping and reduced emissions.

By offering comprehensive end-to-end solutions and an expansive network, Purolator ensures that your shipments aren't passed off to other carriers, minimizing route inefficiencies. We also <u>use electric bikes and hybrid</u> <u>vehicles</u> for more eco-friendly deliveries.

This "need for speed" is supported by <u>2021 research</u> conducted by Dynata market research, on behalf of Omnitracs. Among the study's findings:

- 49% of consumers use 24–48-hour delivery services at least once a month.
- 47% will continue their pandemic-driven shopping habits, relying on deliveries to receive their products.
- 65% would pay more for faster, more reliable deliveries (1–2-day shipping.)
- 30% would pay more for same-day shipping.
- 20% would pay more for real-time updates on delivery expectations.
- 21% would pay more for a loyalty program that offered shipping discounts.



# Keys to shipping success

As a rule of thumb, you should prioritize product availability, on-time delivery and timely communication. Start by sticking to the basics:

- Identify chokepoints in the supply chain and make changes to alleviate those bottlenecks.
- Keep customers informed with updates on delays.
- Partner with a logistics company that has the capabilities to help you succeed in today's changing climate.

Proactive logistics solutions

# Using proactive logistics solutions for improved shipping

The key to meeting customer expectations, of course, is to ensure product availability and minimize the risk of delivery delays. But how can a business accomplish this during times of upheaval? The answer is supply chain agility and resilience.

The <u>Harvard Business Review</u> describes resilience as "the ability of a company to bounce back from a large disruption." This includes the speed with which a business returns to normal performance levels in areas including production, services and fill rates.

Yesterday's supply chains are no longer appropriate in today's challenging environment. Instead, businesses must be willing to change course, embrace new options and understand the importance of logistics in supply chain management.

Many industry leaders have already made dramatic changes due to the pandemic and geopolitical-related challenges. <u>Many businesses are onshoring</u> to increase global supply chain resilience, while others are offshoring to keep costs down or diversifying their suppliers to reduce dependence on a single region. Here are a few examples:

- <u>Apple</u>, <u>Dell</u>, Harley-Davidson, Hasbro and Hewlett-Packard, for example, are among several U.S. companies that shifted certain processes out of China, although not necessarily back to North America.
- Pacific Customs Brokers reports that in some instances, U.S. shippers with goods destined for overseas markets have started moving shipments through Canada, as a way to circumvent backlogged U.S. ports. Although, as imports have resumed flooding into Canada, <u>the country's largest</u> <u>port in Vancouver has experienced congestion</u>.

 Coca-Cola, Walmart, Target and Home Depot are among the companies that chartered their own ocean carriers back in 2021. With ocean shipping rate price relief.
expected in 2023, these companies might reconsider their approach in May at the earliest.

While not every business can take such dramatic steps, rethinking inventory practices to meet demand and supply challenges can make a significant difference.

Many industrial companies can benefit from revamping their operations. Businesses in the automotive sector for example require fast transit times and wide coverage. They stand to benefit from reexamining their current logistics partners' network reach. Meanwhile, construction companies should consider how their supply chain strategy helps them overcome sourcing challenges. Another important factor is whether their logistics partners offer <u>same-day or jobsite delivery services</u> to meet unpredictable construction timelines.

During the pandemic, manufacturers that relied on "just-intime" production strategies found they had no excess inventory to fall back on when supply chains froze.

As businesses look to rebuild, they can no longer count on old forecasting models for accurate market assessments. Instead, a better option might be to rely on demand "sensing." According to <u>Modern Materials Handling</u>, this involves a short-term, week-by-week approach. Businesses rely on current market trends and conditions and plan accordingly. This can be an effective replacement for "forecasting" models, in which inventory needs are based on historical sales data.



# Using air-based freight or hybrid air/ground solutions for cross-border shipping

### Over 1.25 million dangerous goods shipments are

transported by air every year, according to The International Air Transport Association (IATA). That number will continue to grow. There are also opportunities to grow your business as the industry grows as a whole.

A hybrid solution that includes both ground and air shipping is beneficial for many businesses, especially for <u>cross-border</u> <u>shipping</u>. The first step is partnering with an experienced logistics provider. This type of partnership can help a business handle:

- The specific importing, exporting and shipping considerations for particular business verticals.
- <u>Special Handling Service (SHS)</u> for non-standard packages (such as automotive goods and accessories).
- Proper packing, cross-border compliance and customs brokerage.

# Many companies will reckon with a supplier review

In the early days of the pandemic, many companies were surprised at how little visibility they had into their supply chains. This was especially true with regard to understanding who supplied their suppliers. Many businesses were caught off-guard to learn how reliant their supplier networks were on products sourced from China. In many instances, those China-based products were suddenly unavailable. This in turn resulted in manufacturing delays and product shortages, which are still felt today.

While an obvious solution might be to identify non-Chinabased suppliers, the reality isn't that easy. In many instances, companies have deeply entrenched supply chains rooted in China. Any changes to those supply chains would be very disruptive, time consuming and expensive. In fact, a 2020 analysis by Bank of America found that moving supply chains out of China would cost U.S. and European businesses more than \$1 trillion over the course of 10 years. More recently, The Los Angeles Times also highlighted <u>the additional challenges of</u> "decoupling from China."



From warehouses staffed with robots to 3-D printed parts: Learn how automation and innovation are changing the way shipments are processed and delivered.

Shipping industry predictions for the next 100 years

# A better idea involves a multi-sourcing strategy

Think of a company enlisting a primary supplier, along with one or two secondary suppliers. <u>Professor Glenn Richey</u> of Auburn University explained, "Companies in these cases will often award Supplier A with 75% of the order, Supplier B gets 15% and Supplier C gets 10%. That not only lessens the risk involved if the primary supplier is unable to perform you have other suppliers already in the procurement system and prepared to step in—it also fosters healthy competition where Suppliers B and C are always trying to get a bigger share of the pie."

# Consider an air freight solution

Many businesses have found relief from global supply congestion by switching from an ocean-based to an <u>air-based</u> <u>logistics strategy</u>. In doing so, these businesses add certainty to their supply chains, and meet customer expectations for on-time deliveries. The use of air service became especially appealing with shipments from China taking an average 80 days to reach the West Coast of the U.S. (during the height of the pandemic).

Now, that average has dropped back down to the prepandemic 30-40 days. But businesses trying to catch up and meet customers' rising expectations might need to continue using air transport. Air service was previously reserved for urgent, or highly sensitive shipments. But several factors now make an air-based solution a cost-efficient, responsible option.

Another beneficial option is multi-mode transportation (including freight, courier, air, ground, express and more). The key to ensuring your shipments are delivered on time is working with a carrier that offers all modes of shipping. You should also identify ways to optimize your business' supply chain transportation as you move products from warehouses to distribution centres.



## Supply chain changes are inevitable.

Here are some factors to keep an eye on and approaches to consider through 2023 and beyond <u>according to KPMG</u>:

- Make technology a priority. This can include using real-time data to gain a more accurate understanding of your logistics and increase end-to-end visibility.
- Remember that 67% of organizations view meeting customer expectations as a major factor in their supply chain structure.
- Understand supply chain risks, including issues with material access issues, prices and availability.
- Around 71% of global companies see the cost of raw materials as their number one supply chain concern in 2023, according to KPMG.

Important factors to consider when deciding which types of shipping best suit your business needs include:

# Product types and urgency level

Shipping by air offers reliability and expedited shipping, making this mode of transportation ideal for high-value, temperature-sensitive medical and technological products. Air-based shipping can also be an efficient option for large and awkwardly shaped packages, as well as some dangerous goods. When considering this shipping option, the first step should be checking to see if your goods are safe for airbased shipping.

# Ocean freight costs

As of October 2021, the <u>cost to ship a container of goods</u> from China to a California port exceeded \$17,000. That marked a stunning 350% increase from a year earlier. The cost to reach an east coast port was more than \$20,000, up from \$4,600 a year earlier. Many shippers felt they had no choice but to pay these rates, and businesses have been forced to absorb the added costs.

These rates are of course demand sensitive and have fallen over 80% since late 2022. Experts expect that this trend will continue with long-term contract rates being slashed by more than half in 2023. But it will be crucial to keep an eye on labour costs, the war in Ukraine and COVID surges in China.

# Increased consumer demand can offset costs

As U.S. and Canadian businesses reopened, demand increased for products sourced in China. According to <u>SupplyChainDive</u>, this increased demand "presents an opportunity to 'offset' higher freight costs with higher sales."

# The need to avoid supply chain disruptions

As of August 2021, nearly <u>20 automobile factories</u> in North America and Europe were shut down due to the global semiconductor chip shortage. Relief is expected this year. Regardless, businesses have learned that innovation and the resources to quickly adapt to sudden changes are invaluable in today's markets.

# Opportunities to gain a competitive advantage

Businesses that meet delivery deadlines and keep shelves filled will have a clear advantage over businesses that fail to keep pace. This is especially true for highly competitive industries, including apparel.

One Chicago-based logistics manager told <u>American Shipper</u> that many apparel companies have made "not running out of inventory" a top priority. "They want to be the company that has a SKU ready to ship domestically," the manager said. The manager also noted that many manufacturers have contracts with retailers regarding shelf space. "If they're not able to fulfill a purchase order they could lose that prime real estate."



#### E-commerce supply chain logistics strategies

A sound strategy is the foundation of good supply chain performance. Successful e-commerce supply chain logistics strategies do the following:

- Streamline the logistics
- Increase fulfilment process efficiencies
- Optimize the buyer's journey

Takeaways from e-commerce supply chain best practices can also be applied to industrial equipment logistics. Our checklist, "Effective E-Commerce Supply Chain Logistics Strategies," helps businesses of all types reexamine their supply chain. This checklist includes details on everything from reducing shipping costs to improving reverse logistics and cross-border international shipping.

#### Learn more

# Prioritize last-mile logistics services

Ensuring on-time, hassle-free deliveries is integral to meeting customer expectations. In order to achieve this, a business must have optimal supply chain performance. This is true for industrial manufacturers and suppliers, as well as e-commerce businesses. But given the current operating environment, businesses must prioritize <u>last-mile logistic</u> <u>delivery satisfaction</u>. More specifically, they must pay special attention to how they can remain competitive, leverage technology and reduce costs.

Last-mile efficiency is crucial to a business's competitive advantage because it's essential for continued consumer satisfaction. Last-mile efficiency is also largely dependent on the choice of the logistics provider. This is especially true for U.S. businesses that ship regularly to the Canadian market. Too often, a U.S. business will make assumptions about a logistics company's capabilities in the Canadian market, which turn out to be wrong. A business may assume, for example, that its U.S.-based logistics company will offer reliable logistics service throughout Canada. However, most U.S. companies have very limited distribution networks in Canada. Businesses often overlook the high value of Canadian consumers and using a reliable Canadian logistics company.

Businesses should take the time to review a shipping provider's capabilities, and prioritize items that include:

### Canadian companies

Patriotism runs deep in Canada, and residents are proud to support local companies. This strong sense of patriotism extends to a preference for Canadian brands. <u>2022 research by PwC</u> found 66% of Canadians surveyed would pay more for domestically produced/ sourced goods and 75% would pay more for goods produced/sourced locally.

This preference for local brands can also include the choice of a delivery provider. Purolator, for example, is a national logistics provider whose red, white and blue vehicles, packaging and storefronts are common sights across Canada. Consumers understand that with Purolator handling their delivery, their shipment will arrive on time, undamaged and via a uniformed, professional driver.

### Courier services

Look for a partner with a range of flexible, fast and reliable delivery service options to meet your precise business needs. Delivery options should include everything from same-day and overnight options to ground services such as courier and freight that can move into or out of Canada.

# Broad geographic reach

A business should make certain its logistics provider offers seamless service to the required geographic region. In Canada, most companies only offer coverage to certain regions of the country. This often results in shipments being handed off to different carriers. These hand-offs add time and increase the risk of damage or theft. A better option is to use a provider, such as Purolator, that offers comprehensive delivery services to all Canadian provinces and territories.

# Technology-based capabilities

When considering a provider's last-mile logistics, innovative technology should be a part of their offering. With various hardware and software, your business can track shipments and gain full visibility into the shipping process.

Purolator offers E-Ship® Server (ESS), a shipping system for warehouse environments. It prints labels and auto-populates address fields and customs documents to save time. This system also helps with cost analysis, shipment tracking, returns reporting and accessing customized reports.

U.S. businesses are often shocked to learn it takes 7-10 days for a shipment to reach Canada. This is because most U.S. logistics companies have very limited access within Canada. A better option is a logistics provider with extensive capabilities both in the U.S. and Canada. Only one company fits that bill—Purolator.



Purolator

# Supply chain resilience starter pack

From companies selling the trendiest items in e-commerce to industrial manufacturers hauling heavy equipment, businesses are looking to strengthen and improve their supply chain resilience. As a result, the following "needs" have become clear:

- The need to become more agile across all business aspects.
- The need for options and flexibility, especially as they relate to risk reduction.
- The need for supply chain responsiveness, which allows businesses to respond to market and supply chain volatility (e.g. events like cargo ship traffic and extreme increases in market demand).
- The need for strong relationships with diversified supply chain partners to reduce dependence on one particular partner or region.
- The need to be able to scale up or down in response to peaks and falls in demand or forecasting inaccuracies.

Purolator Inc.

urolator

A partner for supply chain resilience

# Purolator International—a critical partner for stronger supply chain resiliency

Flexibility is a crucial part of building resiliency. Businesses need a partner that provides comprehensive end-to-end logistics services, especially for cross-border shipments, to rural and remote areas and shipping dangerous goods.

# Supply chain strategies for resilience

- Supplier and vendor diversification to reduce reliance on a single supplier and lessen the impact of global supply chain issues.
- Sustainable and efficient shipping routes to increase on-time deliveries and reduce environmental impact.
- A partnership with a shipping provider that offers comprehensive cross-border shipping solutions.
- Software solutions that offer increased shipping visibility and encourage harmony across each mile of the logistics process.
- A strong partnership with a logistics provider that understands your unique business needs.
- Nearshoring to reduce the impact of geopolitical uncertainties overseas.

Businesses rely on Purolator and Purolator International for end-to-end cross-border logistics solutions across the U.S.-Canadian border. We work with an experienced customs broker to help businesses with paperwork for dangerous goods and industrial supplies. By classifying goods and ensuring your shipments have the proper documentation filled out before arriving at the border, we make the shipping process quicker and easier. We even work to help reduce tariffs.

# How Purolator helps your business

- Unmatched distribution capabilities throughout the U.S. and Canada
- Customs expertise to avoid costly shipping delays
- Mission Critical air and ground services
- Mission Critical services can be customized
- Sustainable green logistics solution

- Distribution capabilities throughout each province and territory
- Data security and privacy
- Offers both carrier and freight logistic solutions
- Comprehensive end-to-end shipping solutions
- Customer service





# Unmatched distribution capabilities throughout the U.S. and Canada

Purolator International is the U.S. subsidiary of Ontariobased Purolator Inc. In the U.S., Purolator International oversees an extensive distribution network that ensures the ideal solution for each shipment. Need an evening pickup? Multiple pickups per day? Purolator offers an extensive portfolio of <u>LTL, truckload (TL)</u> and <u>courier solutions</u> to ensure each shipment has the right solution. In many instances, this allows Canada-bound shipments to arrive at the border within hours of pickup.



# Distribution capabilities throughout each province and territory

Purolator's industry-leading courier network services 99% of all Canadian postal codes. This includes service to every province and territory, with most shipments delivered within two days.



# Mission Critical air and ground services

Purolator offers extensive air freight services that can alleviate current supply chain bottlenecks. These <u>"Mission</u> <u>Critical"</u> solutions are customized for each shipper's specific needs. Solutions may include everything from a pickup in China to a remote hospital delivery in northern Canada.



# Mission Critical services can be customized

For example, a U.S. business may choose air service to expedite a shipment's arrival in Canada. But once in Canada, rely on courier service for final-mile delivery.





# Customs expertise to avoid costly shipping delays

Don't overlook the Canadian customs process. Purolator, working in conjunction with an experienced customs broker, ensures customs efficiency. All shipments arrive at the border with documentation pre-filed. Purolator takes the extra step to help shippers <u>identify opportunities to facilitate the clearance</u> <u>process and reduce tariff obligations</u>.



# Data security and privacy

Keeping track of data is an excellent way to gain crucial operational insights. However, the privacy of your business and customer data is also important. Purolator handles data carefully. We obtain consent to collect data and abide by a record retention policy in combination with applicable laws. For further details, <u>please view our full privacy statement</u>.



# Sustainable green logistics solutions

Sustainable practices are no longer just something that ethically supplies (regardless of your particular sector) comes with a significant carbon footprint. With that in mind, supply chain <u>sustainability is now more important than ever</u>. Businesses must partner with providers that can help them become more sustainable. Purolator, for example, supports sustainable packaging and combining shipments, and can help your business ship using more eco-friendly delivery routes.



# Offers both carrier and freight logistic solutions

Purolator is the leading Canadian carrier of dangerous goods by ground and air. Through specialized services, we help businesses prepare industrial and dangerous goods for shipping by <u>tailoring our services to your needs</u>.





## Comprehensive end-to-end shipping solutions

Because Purolator's distribution network is so extensive, shipments generally remain "in network." This avoids time-consuming transfers to other carriers and minimizes damage and theft. Comprehensive service ensures a streamlined delivery process. Shippers always know the precise location of their shipments. Businesses also benefit from having more options to choose from in building the ideal shipping strategy.



### **Customer service**

Now more than ever, customer service matters. As businesses revamp their supply chains, their logistics partner should be a trusted ally. Purolator's logistics experts know each customer well and understand their business needs. Even after a solution is identified, Purolator's team will continually look for better, more innovative options. Businesses understand that Purolator has their back, and is invested in their success.

For example, many businesses, including industrial-focused businesses, need the expertise of a logistics partner to help ensure transparency in the logistics process and prevent shipping delays and non-compliance issues.

### These businesses need a provider that:

- Can pick up large and small pallets and packages in one stop.
- Offers SHS for non-standard packages.
- Has an expansive network and a range of resources.
- Uses ground, air, rail and intermodal shipping to deliver on time.



# Partner with Purolator for reliable industrial supply deliveries.

We use ground, air, rail and intermodal shipping to deliver your shipments on schedule with Northbound and Southbound shipping expertise.

## Learn more

# Case study: How to guarantee on-time cross-border deliveries

Global power tool and floor care manufacturer <u>TTI worked</u> with Purolator's cross-border shipping solutions to cut shipping times by 66%.

# Streamlining Techtronic Industries Co. Ltd. (TTI)'s cross-border process

- Last-mile deliveries to customer
- Send-to-end shipment tracking
- O Much faster shipping times
- ⊘ No third-party hand-offs

Their specific business needs include daily cross-border shipping for Canada-bound deliveries, faster northbound shipping and no third-party hand-offs. By working with Purolator, they had a flexible delivery service at their disposal, making it easier to meet new needs and challenges as they arose.









# Just-in-time delivery

This service helps keep manufacturing on track and assembly lines moving. Shipping dangerous goods and industrial equipment requires not just fast shipping, but on-schedule deliveries. Shipments that arrive too late can cause manufacturing bottlenecks, while shipments that arrive too early take up valuable warehouse storage space. Industrial shipments need to be right on time to avoid underproduction and supply chain issues.

That's where just-in-time (JIT) delivery comes in. This solution can have the following benefits:

- Gets your equipment delivered right on time.
- Minimizes waste and maximizes value.
- Real-time tracking technology (e.g. GPS container tracking devices).

With Purolator, businesses also have access to <u>dangerous</u> <u>goods and logistics expertise</u> for their industrial shipments. Businesses in agriculture, oil and gas, power generation and construction will also benefit from our specialized delivery services like <u>same-day delivery or expedited shipping and</u> <u>jobsite delivery</u>.



## **Express freight shipping**

Shipping solutions need to be reliable and flexible. With those needs in mind, <u>Purolator Freight</u> includes TL, LTL and freight forwarding services. Here are some of the benefits of express freight shipping with Purolator:

- Only pay for the speed and service level your business needs.
- Take advantage of specialized offerings like our protect from freeze service, which uses heated trucks to transport products that must be kept above freezing.\* We typically offer this service from November to April.
- Tailor your shipments with specialized services such as Inside Delivery, Two-Person Pickup/Delivery and more.
- <u>Purolator Expedited™ TL and LTL</u> provides high on-time performance and faster transit times within Canada and to and from the U.S.
- <u>Standard TL and LTL</u> help you save money while still meeting your specific freight needs with customizable pickup and delivery.
- Simple freight shipping strategies to scale up your business and suit your fulfilment needs.

Avoid overproduction with our just-in-time delivery solutions.

<u>Learn more</u>

Purolator Freight will get your shipment where it needs to be.

<u>Learn more</u>

\*Protect from freeze freight service. Limitations and exclusions apply. Contact us for more details.

# New growth opportunities

# Supply chain challenges can bring new opportunities and growth

Many businesses now look at the world in terms of before the pandemic and after the pandemic.

The pre-pandemic world was a time of relative certainty when supply chains and logistics strategies would just work. Businesses could rely on tried-and-true forecasting models to predict demand. Suppliers would come through with parts and materials as scheduled. Businesses would sign contracts with logistics providers to lock in required services. Most importantly, businesses could expect, with relative certainty, that shipments would be delivered on time and seamlessly. Now that global supply processes are frequently in flux, many are left wondering if things will ever be the same again. But their business customers, as well as consumers, are moving back to pre-pandemic expectations.

In response, businesses need to ensure that their logistics strategy is in sync with their objectives, and up to whatever challenges lie ahead.



**Challenge:** Rapidly changing market demand

## Solution

Build supply chain flexibility and resilience by having multiple reliable suppliers and adopting tech-based solutions. **Challenge:** Global supply chain delays

### **Solution**

Diversify your business' suppliers and develop relationships with local vendors to secure raw material availability in a timely manner.



**Challenge:** Meeting high customer expectations for fast delivery

### Solution

Work with a delivery provider with services like just-in-time delivery to ensure on-schedule shipments.



# **Challenge:**

The need to incorporate sustainability into business operations

### **Solution**

Partner with a logistics provider with sustainable packaging and shipping expertise.



Process improvement opportunities

# Businesses can overcome logistics challenges by seizing process improvement opportunities

Shipping and supply chain challenges are opportunities to adopt new solutions and address gaps that you may not have been aware of. The key to resilience is choosing a logistics partner that understands your specific needs and the importance of successful and on-schedule deliveries. Your logistics partner should be able to help you build an agile and resilient supply chain, with the flexibility to meet customer expectations.

Purolator is committed to working with you to develop the strategy your business needs, while finding opportunities to optimize your supply chain.

#### Process automation

Growth, the need to scale up and increased demand within the market are a few of the primary motivations behind businesses adopting process automation. Al and automation technology solutions help <u>businesses keep up with supply</u> <u>chain trends</u> while meeting growing demand. They include automated cargo ships and robotic offloading, last-mile delivery tech and the Internet of Things (IoT). These types of solutions add efficiency to the shipping, delivery and internal communication workflow processes while saving time and ensuring customers receive shipments on time.

## Modern database

Data, analytics and the real-time insights they offer are invaluable to your supply chain. An in-memory database, for example, can help your business store more data and retrieve it almost instantly. This type of database is ideal for monitoring market data, databases with special requirements, companies that bill through machine learning, e-commerce sites, medical device monitoring and more. In-memory databases also eliminate redundancies and provide real-time alerts to keep you informed of operational changes and issues as they arise.

# Improving productivity and supply chain operations

An optimized and resilient supply chain increases productivity. When businesses have visibility into where shipments and raw materials are in real time, all other operations run more smoothly. Manufacturers and distributors know exactly when products and materials will arrive or can react to delays quickly.

## **Risk reduction**

Even optimized operations carry an inherent and significant risk, especially if they involve global suppliers and distributors. The key to reducing these risks is ensuring that your business uses technology-based optimization and has visibility into operations and real-time logistics. With this visibility, your business can more easily foresee challenges and adapt accordingly.

# Next steps towards supply chain resilience

Your business' supply chain strategy should reduce the impact of major and unexpected supply chain disruptions. Even small setbacks in individual regions can impact the supply chain on a global level. The key to preparedness and resilience is taking proactive steps, including diversifying your suppliers and vendors, nearshoring, adopting modern supply chain technologies and partnering with a logistics provider with the capabilities that suit your unique business needs. These solutions will help your business withstand or even thrive during periods of market or global supply chain uncertainty.



Learn about Purolator's services, designed to provide the flexibility and efficiency critical to your industrial supply chain success.

Industrial delivery solutions

