

April 2018, Issue 36



SafeSourcing e-Newsletter

Have comments, questions, or suggestions about the SafeSourcing e-Newsletter? Let us know what you think by emailing us at the following address. We look forward to hearing from you!

events@safesourcing.com

Trivia!

What is ecommerce?

www.safesourcing.com

Industry News

Shortage of Trucks and Truck Drivers

The spot market, where companies book last minute transportation, has come down despite a nation wide shortage of available trucks that hit in January. Companies have postponed deliveries that are not urgent or are shipping their cargo by railroad, which is taking the pressure off trucking fleets that are finding it difficult to keep up with the demand. A strong economy is boosting freight demand. Typically produce distributors hire more trucks in February and March to move produce from Mexico to Southern states and to grocery stores around the country. "Full enforcement begins in April for a new federal safety rule that requires truckers to electronically log hours behind the wheel, potentially removing some big rigs from the road."

Heartland Express Inc., a large trucking company based in Iowa, has been turning down, on average, 10,000 loads a week from shippers such as Wal-Mart and Lowe's. The turndown rate was approximately 500 loads a week at the start of 2017. Heartland's Chief Executive Michael Gerdin, said they would like to haul them, but they lack the drivers. They are having difficulty recruiting drivers for long hauls because drivers are on the road for weeks. Some drivers have left and gone to work in higher paying construction or energy jobs that are closer to home.

Due to higher freight costs, consumers will feel the pinch. US Foods Holding Corp. said the shortage of available trucks hurt their forth-quarter profits and they will attempt to pass those costs on to restaurants and food-service customers in the upcoming months.

[Jennifer Smith, WSJ, 2/16/18](#)

INSIDE THIS ISSUE

1	Shortage of Trucks and Truck Drivers
2	Food Prices Increase with Higher Costs for Shipping
3	The Most Big Rigs Bought in Over a Decade
4	Trivia! Answer

COMING NEXT ISSUE

May	Answer to our Trivia!
-----	-----------------------

Recent Savings

Disposable Gloves

Savings were over 34% of total spend. ■

Cleaning Services

Savings were over 40% of total spend. ■

*Please [contact SafeSourcing](#) to schedule your RISK FREE event today.

Food Prices Increase with Higher Costs for Shipping

As inflationary pressures eat into profit margins, companies such as General Mills will raise their prices on meals and snacks to reflect higher prices on ingredients and shipping. The makers of Cheerios said freight costs in North America were nearly at a 20-year high in February. "We are seeing an unprecedented rise in logistics costs," reports Chief Executive Jeff Harmening in a recent interview. Although inflation is not unprecedented, Harmening said they were a quarter late in their reaction.

General Mills shares fell 9% on March 21st to \$45.51, their lowest rate in five years. The stock has dropped 24% in the past year. Other food companies such as Campbell Soup, Kellogg and Conagra Brands also dropped. Food distributors and grocers are feeling the pinch with rising freight and commodity costs. Sysco Corp. is passing some of these increases on to consumers. Packaged food companies have been struggling to keep current with consumer preferences for healthier, simple foods. For some time, food companies have been faced with higher prices for grains, nuts, and dairy. Now freight increases will also affect their bottom line. "During a previous bout of commodity price inflation a decade ago, companies like General Mills raised prices stealthily by shrinking package sizes, but this approach has inherent limits."

Annie Gasparro, WSJ, 3/22/2018

The Most Big Rigs Bought in Over a Decade

In January, North American trucking companies ordered 48,700 heavy-duty trucks. These big rigs haul in regional, as well as long-haul routes. This is the most big rigs ordered by trucking companies in the past 12 years. "A nationwide shortage of available trucks has sent shipping costs soaring with retailers and manufacturers in some cases paying over 30% above typical rates to book last minute transportation for cargo. Trucking companies, buoyed by strong demand and flush with cash following the recent tax overhaul, are accelerating plans to replace or expand their fleets." Many of the trucks ordered in January won't be delivered until the second half of the year. Once the trucks arrive, there still remains the lack of drivers available.

Trucking companies hope to lure drivers with these new big rigs. Features such as automated manual transmission, which are much easier to drive may appeal to potential drivers. These newer trucks typically get more miles per gallon of diesel, thus offsetting the increase of diesel fuel. "Trucking companies are expected to benefit from the tax overhaul passed last month, including smaller carriers taxed at the owner's personal tax rate, giving them more money to spend on equipment, said Kenny Vietnam, ACT's president."

Jennifer Smith and Bob Tina, WSJ, 2/7/2018.

QUESTIONS AND ANSWERS

Q: How can I subscribe or unsubscribe to these newsletters?

A: You can subscribe or unsubscribe to these free newsletters by simply going to our [website](#), and clicking the option "e-Newsletter" or by contacting us directly at events@safesourcing.com

Q: I have run events in the past, is there any chance I could be saving more?

A: Yes. No matter when your past event ran, the team at SafeSourcing can find ways for your company to save.

Q: I want to know more about what SafeSourcing does. Who can I talk to about this?

A: You can contact a customer services representative by calling us at 1-888-261-9070 or by going to our [website](#) and trying our "Risk Free Trial" offer.

Trivia! From March 2018 Issue

■ What does Central Buying mean?

Central buying is a company headquarters' department. This is a widely used chain store practice whereby all purchasing is done through the current or main office. Shipments of merchandise, however, are usually made to the different branches of the store. This combines purchases through the use of one central authority.

events@safesourcing.com

www.safesourcing.com

LEGAL DISCLAIMER

THESE NEWSLETTERS ARE PROVIDED "AS IS" AND WITHOUT ANY WARRANTY OF ANY KIND, EXPRESSED OR IMPLIED. WITHOUT LIMITATION, THERE IS NO WARRANTY OF NON-INFRINGEMENT, NO WARRANTY OF MERCHANTABILITY, AND NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. ALL WARRANTIES ARE EXPRESSLY DISCLAIMED.

USER ASSUMES THE FULL RISK OF USING THIS SPECIFICATION. IN NO EVENT SHALL WE BE LIABLE FOR ANY ACTUAL, DIRECT, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES ARISING FROM SUCH USE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SAFE
SOURCING

www.safesourcing.com