

REGIONAL PARCEL CARRIERS' INDUSTRY UPDATES FOR 2015



Rob Martinez

What's new with the regional parcel carriers in 2015? It's safe to say, a tremendous amount of growth and change!

In recent months, many of the regional providers have experienced double-digit volume growth, network expansion, industry consolidation, and key strategic alliances. Notable announcements:

LaserShip

Headquartered in Vienna, VA, LaserShip expanded its East Coast service area for B2C ground deliveries by implementing operations in NH, RI, WV, DE, NC and FL. It also opened new sortation centers in Orlando and Charlotte, and relocated its largest sort center from Bristol, PA to one twice the size in Paulsboro, NJ, to better manage volume and offer greater 1-2 day delivery along the East Coast. LaserShip also acquired Prestige Delivery Systems Inc. as part of its continued strategy of aggressive network expansion. The deal allows LaserShip to expand to the Midwest and enhance coverage with additional operations in KY, IN, MI, OH, PA, NY, WV and VA.

GSO

In January 2015, southwest regional provider GSO (CA, NV, AZ) entered into a strategic alliance with Norco/Overnite Express. In the arrangement, GSO assumes responsibility for all overnight package deliveries, while Norco focuses on same-day "last mile" messenger and

courier services. Shippers also benefit by gaining increased access to more than 1,200 drop boxes throughout CA, NV and AZ and GSO's larger service footprint.

LSO

In February 2015, LSO acquired Express Courier International, a same-day carrier in the southwest and mid-south region, to form what it describes as a super-regional parcel carrier, spanning across 13 states throughout the Southeast and Southwest. "Our combined strength will allow us to provide our customers with unique service offerings, customized solutions, same-day, as well as regional overnight services, enhanced footprint and expanded product variety," said Chuck Moyer, CEO of Express Courier International.

With the growth in ecommerce, we are also seeing a renewed investment interest in the regional parcel carriers. GSO was recapitalized by Halifax Partners last year, and Eagle Merchant Partners acquired LSO. Further industry consolidation and additional strategic alliance announcements are expected in the years ahead.

What's fueling the spree of acquisitions and partnerships? Two key factors are the continued growth of residential package delivery through ecommerce, as well as the need to expand delivery footprints and product portfolios.

According to Rick Jones, LSO's President and CEO, many courier companies specializing in last mile services have the majority of revenues tied to a relatively

small number of customers. These couriers are realizing the need to broaden their revenue base and product offerings — something the regionals can provide — and at the same time, the regionals benefit by boosting product offerings and density.

Chuck Hammel IV, PITT OHIO's Director of Ground & Supply Chain, sees industry consolidation as an exciting way for regional carriers to strengthen their networks and collectively further compete with FedEx and UPS. "It's not just the eye test anymore; the data indicates that customers want an alternative solution to giving their business to the two industry giants and we are tasked with helping them to realize the value in making the change," Hammel recently said in an email exchange.

Said Kristen Castaldo, United Delivery Service's VP of Business Development, "Industry consolidation (or partnerships) is hugely beneficial for shippers and carriers. UDS has partnerships with PITT OHIO and Eastern Connection, as well as close relationships with OnTrac and LaserShip. There are so many shippers looking for a better, more cost effective solution for their business and if we can add value to our partners by recommending regional carriers in other parts of the country, it's a win/win all around."

The marketplace is responding. Shipware recently sent an emailed interview to the major regional providers, and nearly every single one reported double-digit growth in 2014 with expectations for the same in 2015.

LSO's Jones thinks it's a factor of the market's greater overall awareness of regionals, and shippers' willingness to move off the status quo and into a multi-carrier solution. "Awareness of regional carriers has now increased and with it we are seeing an accelerated adoption of regional carriers as part of shippers' logistics planning," he said.

However, regional carriers continue to make up a relatively small part of the overall parcel market. Shipware estimates that the annual revenues of the largest regional providers are approximately \$1.2 billion combined, compared with combined global package revenues of \$87.6 billion for the Big Two (\$38.7B, FedEx, and \$48.9B UPS).

Shipware's Live and Interactive Parcel Pricing (PARCEL Forum, 2014) presentation revealed that only eight percent of shippers use regional carriers "extensively," and 26% reported "some, but not significant" usage. That leaves 66% of volume parcel shippers that don't use regional carriers at all. And those shippers that do leverage regional carriers reported less than 15% of volumes are routed via regionals.

However, the shippers using regional carriers reported multiple benefits including cost savings up to 35%, fewer surcharges, a larger 1-2 day delivery footprint, and improved dimensional and minimum package charges. Moreover, 44% of regional carrier shippers expect to increase usage by as much as 25% this year.

In conclusion, the regional parcel delivery industry continues to evolve. Shippers that want greater flexibility, improved transit times and lower-cost alternatives to FedEx and UPS are wise to evaluate today's regional delivery providers. A map of several regional parcel carriers has been provided on the following two pages to help you get started. Good luck!

ROB MARTINEZ, DLP is President & CEO of Shipware LLC, an innovative parcel audit and consulting firm that helps volume parcel shippers reduce shipping costs 10%-30%. Rob offers 25 years' experience negotiating parcel contracts — on both sides of the negotiating table — for some of the most recognizable brands in the world, and is a sought after speaker and industry thought leader. He can be reached at 858.879.2020 Ext 114 or rob@shipware.com.



Eastern Connection
OH, WV, PA, MD, DE, NJ, CT, RI,
MA, NY, VT, NH, ME and parts of
MI, IN and KY

GSO
CA, NV, AZ and NM

IntelliQuick Delivery
AZ, NV, NM, CO, UT, CA and ID

International Bridge
Hawaii, Alaska and US territories
including Puerto Rico

Lasership
VA, OH, MD, GA, NY, MA, PA,
NC, CT, FL, NJ, ID, KY, MI, WV,
RI, ME, NH, AL, VT, DE, SC and
Washington DC

LSO
TX, OK, LA and NM

OnTrac
CA, AZ, NV, OR, WA, UT, CO
and ID

PITT OHIO
CT, MD, MA, MN, NJ, OH, PA, RI,
WV, WI and parts of IN, IL and MI

Spee Dee
MN, WI, IA, IL, SD, and parts of
ND, NE and MO

United Delivery
IA, IL, IN, MI, MN and WI

US Cargo
OH, WV, and parts of IN, PA
and KY



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- Fewer Accessorial Fees

COMPANY PROFILE

Overnight Delivery to CA, NV, AZ, and NM

Founded in 1995, GSO makes over a million deliveries each month throughout California, Arizona, Nevada and New Mexico utilizing 36 operating facilities. GSO customers enjoy later pickup times, earlier deliveries, fewer fees, dedicated service representatives, proactive package tracking, and robust customer service, all at market leading prices.

GSO Services include next day Ground and Freight service across a geography that would otherwise be 2-3 days with the national carriers, at competitive rates. Additionally, GSO Priority customers enjoy 40% savings, later pickup times and Saturday delivery options.

GSO services customers across many industries with unsurpassed customer service and specialized account manage-

ment operations to fit specialized shipper requirements. GSO continues to invest in innovative technology allowing for integration with enterprise and third party systems, real-time tracking, POD capture, and robust reporting capabilities.

By focusing on a specific geographic footprint, GSO is able to provide customers with more flexibility, greater convenience, lower costs, and excellent customer service.



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Save Time & Money with OnTrac

OnTrac is the premier regional parcel carrier in the Western United States, providing overnight delivery at ground rates to more than 60 million consumers. OnTrac was founded in 1991, and has grown to become a top choice for e-commerce and companies looking to speed up delivery without the cost of express shipping.

The OnTrac service area includes every ZIP Code in California, and the major metropolitan areas of Arizona, Nevada, Oregon, Washington, Utah, Colorado and Idaho. Their regional hub-and-spoke model enables them to make next-day ground deliveries at distances up to 500 miles, with fewer fees and lower surcharges than national carriers.

Flexibility is something OnTrac is known for. They offer later pickup times, which means shippers can increase productivity and process more orders per day, and their “can do” attitude sets them apart from other carriers. They also offer a Money-Back Service Guarantee as a commitment to exceeding their customer’s expectations.

Last year, OnTrac became the first regional carrier to offer a USPS Package Consolidation Service. It’s called DirectPost, and combines the speed of their OnTrac Ground service with the last-mile delivery network of the Post Office. Packages are delivered within the Western United States in the same amount of time as a national carrier’s ground service. DirectPost has no residential fees, no area surcharges, and includes end-to-end tracking.

OnTrac is a SmartWay Transport Partner, a USPS Workshare Partner, and is integrated with over thirty different multi-carrier software providers. For more information, call 800.334.5000 or visit ontrac.com.



www.ontrac.com
800.334.5000

Regional Small Package Carriers Are Providing A Valuable Alternative

In the past, you may have thought about the possibilities of using a regional carrier to handle your small packages but were unsure about making a change. Now more than ever, regional carriers offer a choice that's economical, reliable, flexible and personalized.

PITT OHIO has thrived on providing valuable solutions to its customers and that was no exception when they launched their small package service in 2009. They found that shippers are looking for an alternative when they inevitably begin to feel pressure by small package giants whose accessorial charges continued to climb. PITT OHIO's GROUND service combats those industry trends by leveraging their network of regional based partnerships to reduce shipping costs and lower accessorial charges through client collaboration.

Flexibility and convenience were missing from the picture, so PITT OHIO put significant focus on offering unique solutions based on customers' needs. They specialize in solution based selling including handling irregular and non-conveyable items that others prefer not to. A variety of these solutions includes pool, general distribution and routed work in addition to parcel, lightweight and dedicated options.

When it comes to delivering a personalized service, regional carriers offer more than customers may expect. PITT OHIO's GROUND service understands their customers' needs and are focused on providing quick response times that offer a seamless and integrated experience. Through their world class IT systems, PITT OHIO customers have the ability to leverage back office integration & tracking and tracing functionality on demand with our GROUND service.

Optimizing your small package shipping can be overwhelming, but it doesn't have to be when you trust a regional provider. PITT OHIO's GROUND service leverages regional based partnerships to offer 48 state coverage with the ability to determine a solution that works best for you and for your customers.

PITT OHIO

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PROVIDING A UNIQUE GROUND SERVICE THAT STACKS UP AGAINST THE COMPETITION.



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Customers Want a Personalized and Customized Approach with Their Small Package Shipping

Business continues to be more demanding and the pace just continues to get faster. Customers are expecting more from their providers and requiring customized solutions to meet their needs. This is certainly true in the small package industry. While other larger providers try to establish a “one-size-fits-all” approach, regional providers are listening to their customers and establishing true partnerships that benefit the customer’s needs.

Flexibility, personalization, and customization are what customers want and U.S. Cargo is able to deliver.

U.S. Cargo is a specialized regional carrier and small package delivery company providing consistent, cost-effective, and reliable Ground, Premium, and Customized services. They offer a personalized approach and commitment to meet the transportation and logistical needs of their customers. Each customer has different needs, and U.S. Cargo can accommodate both standard and unique requirements.

U.S. Cargo’s personalized service starts with understanding the customer’s needs and providing a customizable solution. They have a “hands-on” approach to package sorting and offer better shipment integrity than the competition with only 1 in 6,000 packages experiencing a claim. U.S. Cargo’s dedicated customer service team, operating at both the corporate and local station levels, is available to provide professional, friendly, and quick follow-up and response.

The ability to get your small packages delivered how and when you need them does not have to be a challenge; U.S. Cargo provides flexible shipping and logistics solutions for their customers.

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Driven to Deliver for Over Three Decades

Eastern Connection, the premier, regional small-package overnight carrier on the East Coast, has been driven to deliver the most reliable, flexible, and cost-effective shipping and logistics solutions since 1983. Based in Cumberland, RI, we cover over 6,800 ZIP codes in the Northeast, we have expanded services in the "Rust Belt," and have 16 facilities. We are open seven days a week, 365 days a year, and we have received rave reviews for seamless deliveries even during the epic snow storms this past winter.

Services. Includes Next-Day Ground, Priority Overnight, Same-Day/Next-Flight-Out, Second-Day, Logistics & Warehousing, Trucking, and Expedited Mail. We also have a specialized Medical Logistics division.

Strategic advantages. Later pickups, earlier deliveries, and pricing significantly less than the nationals. Only service in Northeast that provides next-day ground deliveries by end of day.

Highest quality. Advanced technology, including real-time reporting, that matches and sometimes exceeds that of the nationals. Industry's best record for on-time, intact deliveries. Superior record for claims damage and driver safety.

Guaranteed customer satisfaction. Services that are more personalized and flexible than the nationals.

Accolades. Numerous customer service awards and national media recognition, including *WSJ, Inc. Magazine*, and *NY Times*.

Stability. One of the longest-operating and most highly respected carriers in the industry, with original and actively involved ownership. As we keep growing, we remain true to our original values that have led to our industry leadership.



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COMPANY PROFILE

The First Choice... In Last Mile Delivery

United Delivery Service (UDS) has been a leader in last mile deliveries for B2B and B2C shippers for over 40 years. We provide same day, next day and routed distribution services for companies throughout the Midwest. Our team is committed to helping your company reach their goals by utilizing our expanded service area, real time GPS technology and competitive shipping rates.

Ship Faster: Later processing times and flexible services means UDS can offer faster shipping than national carriers, while our dense, integrated Next Day routing system sets us apart from other regional carriers.

Save Money: Save up to 40% on your current costs!

Personalized Service: With 24/7/365 Customer service, your customers will always be our priority. Courtesy calls for undeliverable attempts and delivery notices that can be tracked online are just some of our standard personalized services!

Complete Visibility to Every Delivery: UDS offers real-time online tracking. We capture Visual Proof of Delivery (VPOD), Visual Proof of Attempt (VPOA) and GPS so customers can be certain where the driver and packages were at the time of delivery / attempt.

Advanced Courier Technology: UDS has developed proprietary software that allows for fast, seamless integration to your management system. Our experienced team of developers can react quickly to adapt to our customers needs and the growing needs of the industry.

Call us today and let us show you how easy it is to ship with us!



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630.930.5201

LaserShip — Your Last Mile Delivery Solution

Founded in 1986, LaserShip has grown to have the largest one-day and two-day delivery footprints in the entire Eastern United States. With 62 locations servicing 20 states and Washington, D.C., LaserShip has full connectivity to the Eastern U.S. and an expanding presence in the Midwest. The rapid development of e and m-commerce has LaserShip continuously expanding their network in order to grow with its partners. Just last month, LaserShip moved into its largest of four sort centers in Paulsboro, New Jersey.

LaserShip makes the last-mile delivery process faster, more cost efficient, and more flexible for retailers. LaserShip provides next-day delivery for B2C and B2B shippers, point-to-point and dedicated delivery services, and expedited air services for critical deliveries with next flight out strategies executed both domestically and internationally. LaserShip helps you build customer loyalty with late pick-up and customizable delivery

options, enabling your customer to receive their package just hours after they have purchased it. At the same ground rates, LaserShip delivers at a reduced transit time compared to national carriers.

Consumer experience is a primary concern and LaserShip cultivates loyal shipper and consumer relationships with seven-day delivery solutions and proactive experience representatives. With the use of technological tracking tools, a cohesive team ideology, and a trusted network of independent contractors, LaserShip dedicates itself daily to generating positive customer experiences. With collective efforts, LaserShip is pursuing the leading position in the regional parcel delivery industry.



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LSO's unique operational network and responsive custom shipping solutions enable customers to increase their revenues through later pickup flexibilities, reducing their overall shipping costs and improving service levels for their customers. Move up to the world of advantages that LSO's superior regional service delivers.



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Your Fast, Affordable Business Shipping Solution

First Texas, then Oklahoma, now LSO offers value-driven and affordable shipping solutions for Louisiana. The South's premier Regional Carrier, LSO now covers Texas, Oklahoma, most of Louisiana, southeastern New Mexico and points beyond. LSO provides regional deliveries on direct routes that set the standard for reliability. It all adds up to peace of mind with every piece you ship – always at a great value.

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