

# SHIPPER MASTERY

## HOW RETAIL MARGINS OPERATE IN FREIGHT FORWARDING



### Module Two: Retail Margins & Freight Forwarding

# HOW RETAIL MARGINS OPERATE IN FREIGHT FORWARDING

Freight forwarders add value.  
Margins are normal.

**But visibility is not.**

Most shippers don't see the wholesale rate underneath the retail price – so they can't tell what's market driven or what's margin.



Most importers and exporters understand that freight forwarders need to make money. International freight is a complex operational service involving staffing, carrier management, compliance, systems, transport coordination, customs processes, documentation and global shipment execution.

The issue is not that margins exist.

The issue is that many shippers have very little visibility into how freight pricing is actually built — or how pricing can slowly drift over time without strong freight governance and benchmarking controls. Most freight forwarding operates within a retail pricing model.

At the core of the shipment sits a wholesale carrier rate. This is the underlying buy-rate paid by the freight forwarder to shipping lines, airlines, transport providers, depots or co-loaders to physically move the cargo. The freight forwarder then applies a retail pricing structure over those wholesale costs to create the final customer sell-rate. This may include:

- freight margins
- operational fees
- handling charges
- customs fees
- cartage
- documentation fees
- accessorial charges
- bundled service pricing

# THE RETAIL PRICING STRUCTURE



Many of these charges are commercially legitimate and form part of operating a professional freight forwarding business.

But for most shippers, the wholesale carrier rate sitting underneath the retail structure is rarely visible.

This creates one of the largest information gaps within international freight.

Two businesses shipping the same cargo on the same lane can sometimes receive very different pricing outcomes depending on:

- buying power
- shipment volume
- visibility
- governance controls
- service structure
- shipment execution quality

This is where many importers and exporters begin losing visibility over freight spend, shipment consistency and long-term freight cost control.

Without a wholesale benchmark reference underneath the retail structure, many businesses struggle to identify:

- whether pricing remains aligned to market conditions
- where margins are increasing
- whether charges are operationally necessary
- whether shipment costs are drifting over time
- how much of the freight spend reflects true market movement

Without governance or benchmarking, retail freight pricing can gradually drift away from underlying wholesale market movements over time.

This is where many businesses experience:

- invoice leakage
- unsupported cost escalation
- inconsistent shipment pricing
- margin creep
- changing accessorial structures
- reduced pricing visibility
- weakening freight control

This is why freight benchmarking has become increasingly important within modern supply chain management. Benchmarking compares the shipper's existing retail freight structure against validated wholesale market rates on a like-for-like lane and service basis.

This process helps expose the "gap" between:

- wholesale freight cost
- retail freight pricing

The gap itself is not automatically wrong.

Freight forwarders have operational costs, commercial structures and service obligations to maintain.

But without benchmarking, many shippers simply do not know:

- how large the pricing gap is
- how the pricing structure has been built
- whether margin escalation is occurring over time
- whether freight savings are being protected
- whether costs remain commercially aligned to the market

**This is where freight governance becomes critical.**

# NEGOTIATING THE RATE IS ONLY STEP ONE.

The real challenge is **MAINTAINING FREIGHT CONTROL AFTER THE QUOTE HAS ALREADY BEEN ACCEPTED.**

Without governance, freight pricing can slowly drift shipment by shipment – increasing costs and eroding your bottom line.



## WITHOUT GOVERNANCE, FREIGHT PRICING CAN SLOWLY DRIFT SHIPMENT BY SHIPMENT THROUGH:



### OPERATIONAL VARIATION

Changes in processes, routing, carriers or service levels lead to cost differences.



### UNMANAGED ACCESSORIALS

Additional charges appear outside the original quote with no control or approval.



### INCONSISTENT PRICING STRUCTURES

Different formats, terms and components make true comparison impossible.



### WEAK INVOICE VALIDATION

Invoices are paid without proper checks, allowing errors and overcharges to slip through.



### UNCONTROLLED EXECUTION

Lack of shipment governance creates delays, exceptions and avoidable costs.



### THE COST OF DRIFT



**SMALL GAPS TODAY BECOME BIG LOSSES TOMORROW.**

What starts as minor variations can turn into significant margin erosion and budget blowouts.



### CONTROL DOESN'T HAPPEN BY CHANCE. IT HAPPENS BY DESIGN.

Strong governance protects your freight spend, ensures consistency, and keeps your supply chain performing at its best.



Governance



Visibility



Validation



Discipline



Savings Protected



**STRONG GOVERNANCE PROTECTS YOUR FREIGHT SPEND. STAY IN CONTROL. PROTECT YOUR BOTTOM LINE.**

## Strong freight governance helps ensure:

- freight pricing remains aligned to genuine market conditions
- shipment execution stays controlled
- unsupported cost escalation is identified early
- avoidable invoice leakage is reduced
- margin creep does not quietly build over time

Many businesses focus heavily on negotiating freight rates. But the real long-term challenge is often maintaining freight control after the quote has already been accepted. Because without governance, freight pricing can slowly drift shipment by shipment through:

- operational variation
- unmanaged accessorial
- inconsistent pricing structures
- weak invoice validation
- uncontrolled execution

This is why more importers and exporters are now shifting their focus toward:

- freight cost control
- wholesale freight benchmarking
- shipment governance
- invoice validation
- supply chain visibility
- controlled freight execution

*The businesses that manage freight best are usually not the businesses constantly chasing cheaper freight quotes.*

They are the businesses that understand how freight pricing operates structurally and maintain visibility over the gap between wholesale cost, retail sell-rates and ongoing shipment execution.

Because in international freight, the businesses with the strongest visibility over pricing structure, shipment execution and market alignment are usually the businesses with the strongest long-term freight control.

#FreightForwarding #FreightCostReduction #FreightCostControl #SupplyChain  
#Logistics #InternationalFreight #ShippingCosts #ImportExport #GlobalLogistics  
#FreightManagement #ContainerShipping #FreightGovernance #WholesaleFreight  
#SupplyChainManagement #FreightPricing #LogisticsAustralia #FreightSavings  
#OceanFreight #AirFreight #Importing