

## Survey shows companies are passing the buck on 'green' logistics costs

23/Jul/2008



Despite many companies' avowed commitment to 'greening' their logistics operations, it seems that most expect their sub-contractors to pick up the bill. That is one of the findings of the latest survey by *Transport Intelligence* which examined how companies were reacting to environmental concerns.

The Logistics & Transport Industry Environmental Survey sponsored by Kewill, a leading provider of global trade and logistics software, found that three-quarters of respondents who awarded logistics contracts included sections on environmental compliance in their tender documents. However, most (54%) failed to make provision for the extra costs that could be involved. That will no doubt be a source of annoyance for many logistics companies which will see the environmental measures they are forced to adopt as another cost burden pushed on to them by their clients.

However, it seems there is little that logistics companies can do to avoid investing in green initiatives. In the survey, 70% of companies awarding contracts said that environmental compliance was either 'reasonably important' or 'very important'. Survey respondents were also probed about whether their companies' environmental enthusiasm would change in the coming years, given the chances of an economic slowdown. The overwhelming sentiment seemed to be no – but according to two-thirds of respondents, that is largely due to the 'win-win' of implementing green initiatives which bring operational efficiencies and also cut costs. The number who said they would continue to pay more for an environmentally-friendly alternative (17%) was balanced by the proportion who said they would base their sourcing decisions on cost alone.

When asked about which specific areas they were undertaking green initiatives in, the highest proportion (33%) identified transportation. That included driver training, hybrid engines and better management of empty running. Equally important, with about a quarter of responses each, were more efficient planning through IT tools and increased administrative efficiencies. Perhaps surprisingly, warehousing was identified by only 15% of respondents as an area on which they were focusing.

Commenting on the findings, John Manners-Bell, *Ti's* CEO, said: "The survey results will not surprise the more cynical in the industry who believe that the cost of these types of initiatives always gets passed down the line. However, it seems that 'green logistics' is not a passing fad."

He continued: "The business case for implementing environmental initiatives cannot be doubted due to the cost savings they bring, especially when they offset the rising cost of oil."

Evan Puzey, Chief Marketing Officer at Kewill added: "The survey reinforces the fact that technology can play an important role in helping make logistics more environmentally friendly, particularly in the area of carbon footprints – where 79% of respondents cited technology as an important tool for reducing carbon footprints."

A summary of the findings of the Logistics & Transport Industry Environmental Survey sponsored by Kewill can be obtained by emailing Sarah Smith at [ssmith@transportintelligence.com](mailto:ssmith@transportintelligence.com).

**Source: Transport Intelligence, Jul 23, 2008**

© 2008 *TI Briefing*. All rights reserved. Republication or redistribution, including by framing or similar means, is expressly prohibited without prior written consent. *TI Briefing* is a service from Transport Intelligence Ltd. Transport Intelligence shall not be liable for errors or delays in the content, or for any actions taken in reliance thereon.