



Total Logistics 2018

An introduction to the global logistics industry and the trends and innovations that shape it.





Ti's Origin and Development

Ti is a leading logistics and supply chain market analysis company developed around five pillars of growth:

- Logistics Briefing
- Ti Market Research Reports
- Ti Insight portals
- Ti Consulting
- Ti Conferences and Training

Ti acts as advisors to the World Economic Forum, World Bank, UN and European Commission and have 14 years worth of providing expert analysis to the worlds leading manufacturers, retailers, banks, consultancies, shipping lines and logistics providers.

What Sets Ti Apart?

- Globally recognised and trusted brand
- Global Associate Network provides a multi-country, multi-disciplinary and multi-lingual extension to Ti's in-house capabilities
- More than fourteen years of knowledge delivery to global manufacturers, retailers, banks, consultancies, shipping lines and logistics providers
- Unique web-based intelligence portals
- Interactive dashboard
- On-going and comprehensive programmes of primary and secondary research

Global Expertise with Local Focus.

Logistics Executive Group is the acknowledged industry leader providing a suite of whole-of-lifecycle business services including Corporate Advisory, Executive Search and specialist Supply Chain and Logistics Training.

Since 1999, clients have trusted us to help recruit, build world-class leadership and drive business performance with integrated Corporate Advisory services.

Today, we are a single source for leadership development, talent & recruitment services and business consulting to empower businesses and leaders to reach their goals. Offering a full suite of solutions designed and executed to position our clients from growth and overall improved performance, our service pillars include;

- Executive Search & Leadership Recruitment
- Corporate Advisory & Business Performance Consulting
- Accredited Training & Education Programs for the Supply Chain and Logistics sector.

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He has over 25 years' experience working in and analysing the global logistics sector. John holds an MSc in Transport Planning and Management from University of Westminster and is an Associate of King's College London. He is a Fellow of the UK Chartered Institute of Logistics and Transport and former Chair of the Supply Chain and Logistics Global Advisory Council of the World Economic Forum. He has also advised the European Commission Directorate-General for Energy and Transport. He has written three books on the industry – 'Global Logistics Strategies: Delivering the Goods', 'Supply Chain Risk: Understanding Emerging Threats to Global Supply Chains' and 'Logistics and Supply Chains in Emerging Markets'. His second book, 'Supply Chain Risk' won the Mention Speciale ACA-Bruel Prize for supply chain literature in 2014.



Having obtained a Masters in Economics **David Buckby** is now Ti's resident Economist. David manages one of Ti's core strengths, that of quantitative analysis of a range of logistics markets, including sizing and forecasting.

David contributes to the GSCi portal, Ti Reports and consultancy projects. He also is author of many briefs for Ti's Logistics Briefing service. His key interests are the economics of the logistics sector, emerging markets and statistical modelling.

The global logistics industry is vast, both in terms of market size and the huge numbers of people employed in the sector. It is therefore surprising that its role in the development of the global economy is generally overlooked. Without the inexpensive and reliable transport of freight, manufacturers would not be able to tap into the cheap labour resources based in remote locations throughout the world. Nor would retailers be able to provide ever-increasing levels of service to their customers, ensuring shelves are always stocked whilst inventory is kept to a minimum.

This report will look at all the pressures which have led to the emergence of today's vibrant global logistics industry – from both the 'demand' (i.e. manufacturing and retailing) and the 'supply' (i.e. logistics provider) side perspective. In addition to the roles of the contract logistics and freight forwarding sectors, it also examines the dynamics of the express parcels, container shipping, air cargo, road freight and intermodal industries. Whilst global macro-trends are highly important to the long term future of these sectors, conversely it is the structure and competitive nature of these sectors which has a 'bottom up' influence on supply chain management and hence global economies. For example, hyper-fragmentation and price competition in the European road freight industry has been a key input into the formulation of manufacturers' and retailers' centralised distribution strategies.

What is clear is that after a turbulent period of transformation, there is no sign that change in the logistics industry is slowing down. A powerful mix of demand and supply side factors

means that further re-structuring is possible, if not probable. The shift of the economic balance of power towards Asia; increasing supply chain risk; the price of oil; further mergers and acquisitions and even near-shoring/re-shoring are just some of the 'known' issues which logistics providers will need to contend with.

More worryingly (at least for those who lack the flexibility to change) is a raft of innovative and disruptive business models which could transform demand for logistics services as well as facilitate the entrance of new players. Some innovations will have an impact on just part of the logistics process, for example, improving efficiency within a warehouse. Others have the potential to be far more systemic. For example, the impact which mobile apps (such as Uber) could have on the downstream movement of parcels, through the use of private cars or indeed public transport. 3D Printing; the Internet of Things and Big Data; smart phone technology; robotics; autonomous vehicles and augmented reality are just a few innovations which will become mainstream in the next few years, forcing logistics companies to adapt their operating models, or become marginalized.

Twenty years ago nobody would have considered that e-commerce would have revolutionized retailing; that a post office (Deutsche Post) would be a market leader in the international express, contract logistics, road and freight forwarding sectors or that China would be so important to the world's logistics industry. It is likely that in another twenty years the market environment will be even more unrecognisable.

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