

# HOW TECHNOLOGY IS RE-SHAPING THE LOGISTICS LANDSCAPE

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As we look forward to what 2018 might hold for the logistics industry, the last year gives us significant insights. Political upheavals in the developed economies, with substantial swings away from the austerity economics practised immediately after the recent recession, have resulted in increases in consumer demand and expectations.

Perhaps the biggest defining shift is in consumers' growing reliance on internet technology, and the logistics challenges this poses. As sales of products ordered directly by consumers via the internet continue to rise, this will further challenge the industry, not simply in logistics terms, but in being able to handle, collate and use the vast amounts of data now available to them – information which, if properly managed, will revolutionise how, when and where goods are produced and delivered.

Increasing connectivity and use of smart devices, electronics and sensors to connect various networks allows for the capture and interpretation of huge, unprecedented amounts of data. This 'Internet of Things' will continue to grow, and will help shape how manufacturers and suppliers target markets (ever more accurately) for their products.

## Focus on the consumer

Technological innovation, and the ability consumers now have to interact and buy 24/7/365, with an increasing emphasis on a personalised experience, is already having a marked impact on 'last mile/kilometre' requirements.

As a result of a rising level of demand, most manufacturers are publicly championing an increased 'focus on the consumer', offering broader products ranges in more permutations to enable greater personalisation. Add customer expectations of reduced delivery timescales and all this can create supply chain pressure as capacity attempts to keep pace with an increasing volume of home deliveries.

It is difficult to see at the moment whether there will be an increase in 'near sourcing' in order to shorten the distances that products have to travel (and cut delivery times still further), and even whether the eventual Brexit agreements (at this stage, becoming increasingly vague) will materially affect (or even enhance) the movement of goods.

## 3-D printing

Another game changer that may also bring significant disruption into established markets (and change the way that logistics providers operate) is 3D printers, which may be able to produce a range of products in-situ, or close at hand, and which facilitate short-term design changes and improvements. This may prompt a response from part suppliers as they look either to deploy this same technology themselves, or to counter it by further accelerating their own supply chain, and repeatedly re-engineer their processes.

## Robotics

The progression of robotics into a wide range of applications, including manufacturing, agriculture and medical services, will alter the cost profiles of various goods and services, also affecting where they will originate and need to be shipped to and from.

## Automotive innovations

In terms of technological development, however, two specific areas stand out in their prospective impact upon the automotive and logistics industries in particular – autonomous (driverless) and electric vehicles.

Autonomous technology has the capacity to make a profound long-term change to the ways goods are delivered, and in 2018 we will begin to see more of how it will be deployed.

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Electric vehicles, once the major challenges of range and speeding up charging times have been resolved, are expected to have the capacity to change the automotive industry, and by inference, their clients, in ways not seen since the introduction of the internal combustion engine itself.

But before either of these things really take effect, driver availability is set to increase in importance during 2018. As an ageing population begins to retire in great numbers, protective legislation in countries including France over drivers' salaries has also tangibly altered the demand for Eastern European carriers to operate in Western Europe.

One thing seems certain – the pace of change is accelerating. As the customer base and sourcing locations become increasingly diverse, both customers and logistic providers need to adopt a wider global view. 2018 is likely to feel as fast moving and politically unpredictable as 2017, and together with population growth, a burgeoning middle class, and increased access to the internet, presenting even more challenges and opportunities in the commercial realm.

For manufacturers, dealers, and suppliers to be successful they will need to be even more flexible and responsive than they have in the past, but will also need to be able to collate and process data in unprecedented volumes, in order to develop the most accurate sources from which hyper-intelligent selling and distribution strategies can be deployed.

For logistics operators, 2018 will see a continuation of the shift in importance from the physical movement of goods (which remains challenging in its own right) to the collection and processing of data associated with those goods to allow for predictive planning on levels never before encountered. Those companies who are in the enviable position of being able to invest in the management of Big Data will find their operating strategies defined by how they are able to handle – or otherwise – the intelligence they capture through their businesses.

#### **Written by Andrew Austin**

Andrew Austin, Group Operations Director at Priority Freight, has spent his entire career in the logistics industry. With over three decades of experience in senior management and board level positions across diverse international locations, he is responsible for leading and developing the operations mission within the company.



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