Shape Of The Future.
2021 Logistics Trends

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Over the past several decades, a series of upheavals pushed the logistics fraternity to indulge in a routine retrospection of the lessons learned. Events like the internet bubble crash to severe political unrest, global recessions, and finally, COVID – all of them placed stern trade barriers and presented exponential supply chain risks. The World Trade Organization (WTO) reported the number of trade barriers to increase by 250% over the past ten years.

In a pre-COVID world, the logistics entities were already head on heels to evaluate partner networks, new-age tech stack and assess the political and legal repercussions while expanding in emerging markets. But however lethal the COVID impact seemed at the outset, the relentless pursuit of modernization by these companies exposed them to new growth opportunities. Plus, the recent trade war peace talks have fuelled foreign investments, increased infrastructure development, and encouraged merge and acquisition (M&A) activities in emerging markets.

The other enablers of this market expansion are unfettered access to revenue and data, full-blown automation, and a growing trend to crystallize upstream/downstream entities into the same network. All in all, digital is going to drive exceptional operational efficiency besides equipping businesses with the imminent best practices. We identified some of the most impactful trends that will either make or break the 2021 logistics equation. Here:

Green logistics is the goal

A Harvard Business Review report showed the real color of sustainability in a brighter light. They found out that businesses can grow nearly 6X faster if they're focused on sustainability than those who are not. As a result, today, companies are improving their sustainability outlook, employing modern strategies like "zero-emission" or "net positive." From building connected freight networks, to using auto-indenting features, to deploying visibility – shippers are leveraging new-age tech to ensure sustainable practices.

With a connected digital freight network, shippers and carriers can enjoy a free flow of information and complete transparency from a single platform. And each transactional data can be recorded in the background so that auto-indenting features can be built upon the stack. Using this historical data, auto-indenting can channelize the incoming requests to the appropriate, available fleet on-demand. There is a chance of reducing empty miles by up to 13% using this method. On top of that, networks with end-to-end visibility give way to optimized fuel consumption and lesser CO_2 emissions. How? Real-time location and status tracking factors in every delay, stopovers, thwarting any possible negative impact on the promised ETA. In other words, the fleet is ready to benefit from lesser "start-stop" traffic and reduced downtime for being stuck in long queues.

In the same light, a recently developing meta-trend in green logistics is the circular supply chain that's fast replacing the traditional linear approaches. It encourages companies to upcycle discarded materials and ready them for sale, introducing them to substantial cost savings and reduced ecological impact.

## Omnichannel services to meet evolving needs

For one thing, the permeation of digital has pampered our expectations and convinced us to demand innate flexibility. Whether customers are buying online or in-stores, they want options. Delivery options like the buy-online-pick-up-in-stores (BOPIS) option, retail or curbside pickup, or dedicated pickup locations are eventually taking shape. That's why only omnichannel approaches can step up to offer a personalized experience.

On a closer look, this could mean ensuring due diligence in completing the last leg of ecommerce logistics. And as customers keep becoming sticklers for online services, last-mile logistics start dominating a large part of the market. Several retail outlets are embracing last-mile logistics to ensure hyper-local deliveries for grabbing more customer mindshare.

But as the demand grows, the increasing number of delivery vehicles will also add to congestion, leading to delays during transit. However, this can be solved using a central platform with 360-degree visibility over assets and dynamic route optimization abilities. Even if there are chances of last-minute flips, the drivers are still updated with the best route information in real-time. As a result, now shippers and fleet operators can synchronize, plan the consequent activities for a seamless delivery. Reduced fuel costs and on-time delivery of high-volume orders are some firsthand benefits that businesses can enjoy.

Artificial intelligence stakes its claim
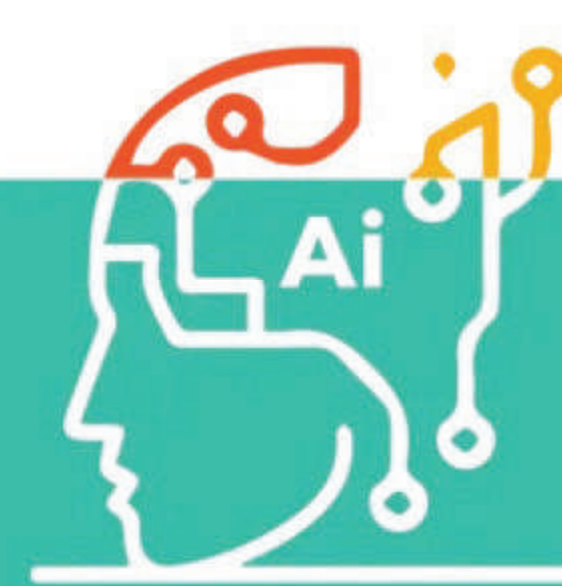
Although this has been the undercurrent taking the logistics industry by storm, the post-COVID timeline is likely to up its adoption. A McKinsey report identified four business functions wherein the logistics industry is adopting AI at scale. Service operations, development of services and products, marketing and sales, and supply chain management cover almost 87% of the AI adoption in logistics. The report also pegs the economic value at $1.2–$2 trillion per year for companies that plan to adopt AI.

By employing artificial intelligence, companies can proactively manage fluctuating demands and supplies across their supply chain networks. At a store level, retailers can experience reduced holding costs, and their customers will have lesser chances to suffer from stockouts. On the supply front, companies can evaluate demands in real-time to allow dynamic updates of planning metrics for a smooth flow of goods. They can gauge any issue and incorporate the fundamental arrangement while wiping out the extra operational expense.

Blockchain gets more love worldwide

Thanks to its impeccable visibility and security for the first- and third-party information, blockchain is the name of the game today. In transportation and logistics, the blockchain market is expected to grow by $811.51 million during 2020–2024.

The industry has already started coalescing around blockchain practices, citing a scale of greater economic and network possibilities. 3PL companies, for far too long, have thrown their weight to dictate a major part of the logistics industry. Not only they have profited from being a necessary evil in the form of intermediaries but have not allowed direct shipper-carrier interactions as well. Whereas blockchain focuses solely on nurturing a shipper-to-carrier direct network, side-lining any brokers or 3PLs with unjustified rates.

Also, blockchain can induce unseen transparency and security into any supply chain. It encourages credibility to grow between companies. And increased transparency means fewer invoice hiccups, lesser labor exploitation, and improved auditing costs. Lastly, this is where blockchain becomes the "silver bullet." In cases of large-scale transactions, invoicing can pose a real challenge, owing mainly to the number of stakeholders in different silos. Using blockchain, companies can build smart contracts that automate the entire process leaving zero room for errors and discrepancy.

The 5G promise

Did you know the trucking industry suffers from an approximate $2.5 billion per year succumbing to "revenue leakage?" Granular-level visibility can make up for this loss substantially. But this requires seamless inventory-level tracking, bird's eye view into operations, and uncompromising transparency into SKUs. All this can be achieved promisingly with 5G's hi-frequency band and far-flung coverage in even areas with dense population but limited network coverage.

5G will also make way for several technologies to perform at full scale. For example, finally, the IoT promise can be realized fully with the implementation of a 5G network. Inexpensive and rugged sensors can be fitted into each shipment, enabling live tracking from the production floor to the end product, and up to the store shelf. The entire journey history can be then recorded for standardization or identification of the best flow.

For the low latency and wide coverage, a large amount of data distributions and exchanges can happen without any foreboding complexities. From an operational standpoint, this could translate into greater efficiency as companies can now process, source data on local servers instead of remote ones. Because of this, companies will need to vouch for a leaner, more distributed cloud to weave all the operations together. 5G is potentially the name of the game today.