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SHIPPING TRENDS 2021

Accelerate your business growth
in the post-Covid era

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Accelerate your business growth in the post-Covid era

The year 2020 has been defined by one major event: the COVID-19 pandemic, discrediting forecasts in an unprecedented way in recent history. At the risk of eating humble pie at the end of the year, we like to share our ideas and trend predictions for 2021 with you. We see three themes emerging in this year's trends, with influencing forces from both within and outside the industry. These themes can be divided into three categories: external forces, new technology and business value drivers. Although each driver may have its own impact, it is their combined effect that will matter most in 2021:

- **External influences that affect the marketplace**

Driving your business and strategic plans from an inside-out perspective is no longer sufficient to reach your objectives. You must take all relevant external influences into account.

- **Technology as driver of change**

Digitalisation has increased enormously in 2020. Now is the time to focus on accelerating your digital transformation. Which innovative technologies will help improve your logistic processes and make your business future-proof?

- **Business Value(s) become increasingly important**

In today's world, it's not only about what you sell and how you ship it. Your company values become steadily more important to attract employees, extend customer relations and create new business opportunities.

EXTERNAL INFLUENCES THAT AFFECT THE MARKETPLACE

Covid-19 turns into offline business opportunities

Although vaccines are now available, it will likely take until the autumn of 2021 to achieve herd immunity against COVID-19, at least in parts of the world that have the funds to acquire vaccines and the knowledge and resources to distribute them. Given seasonal weather patterns that influenced how the Coronavirus outbreak evolved last year, the pandemic in the Northern hemisphere might not be under control before the end of April 2021. This will cause an enduring, increased number of online retail sales and local package deliveries. If by April the measures against coronavirus are eased, allowing people to move around more freely and offline retail sales to grow, we might witness a decline of online retail business.

Brexit needs an economic miracle

Brexit has been around for over a year, but more in name than reality. A hard landing is in place, causing a distribution funnel, if not a nightmare. Where possible, warehouses have been stocked, lowering the overall shipping movements for business to business in the first quarter of 2021. Whether shipping will soar after the initial stagnation will depend on economic developments. After that first quarter, nothing short of an economic 'miracle' can prompt serious growth in shipping movements between Europe and the UK.

New US administration raises global business opportunities

With the Biden administration in place, the general sentiment is that trade agreements will be opening up and boost international cooperation, more so than under the outgoing administration. Opportunities for both manufacturers and shipping providers will increase worldwide. Usually, when international cooperation rises, so do business opportunities and accordingly, the number of shipments.

The Alice roadmap should be on your agenda

Who or what is Alice? The Alliance for Logistic Innovation and Collaboration in Europe (Alice) is a programme funded and stimulated by the European Union, focussed on implementing a logistics vision for the future and based on the principles of the Physical Internet. The Alice roadmap entitled "Towards Zero Emissions Logistics 2050" will be a driving force for a standardised self-routing packet scheme, while improving the social and environmental footprint of shipping. Not a revolution, but an evolution towards sustainable logistics. Subtle, yet important changes can be expected in mobilising local freight carriers and improving truck utilisation.

Macroeconomics increase the need for innovation

Given the current worldwide lockdowns, employee lay-offs and the surge of businesses loan defaults, we predict an inevitable decline in the movement of goods. This all spells bad news for the world of logistics, reversing the (booming) trend of 2020 to a mild decrease of freight transport activity in the second half of 2021. At the same time, low interest rates and available private equity for innovative initiatives could potentially spark higher shipment volumes and increased quality of services in the freight transport market.



TECHNOLOGIES AS DRIVERS OF CHANGE

Electrification will increase rapidly

As the technology maturity in manufacturing electrical engines and batteries increases, vans and small trucks are being replaced with electric versions on a large scale. Making the last mile green, delivery efficient is becoming fact, not fiction. Concurrently, other parts of the supply chain will favour electricity over fossil fuels, shifting the preference to short distance hauls and expanding the need for local knowledge and third-party involvement.

Data is only valuable when put into action

Data is often listed as a business asset. We believe that it's what you do with the data that is the asset, especially how the data integrates with your daily decision-making processes. Increasingly, the digital toolset to create useful insights from this data is becoming richer and faster. Along with the extended possibilities of real-time data sensors, a whole new outlook on the shipping industry is evolving. For you as shippers, this is an additional layer of abstraction, but you get to see what matters to you with tantalizing solutions that provide you and your customers, highly detailed and accurate shipping information in real time.

Streamlining to increase your shipping flexibility

Traditionally, batch processing rules the world of road logistics: calculating routes at fixed times, sending truck load & unload data upon completion, arranging end of day shipments using bulk shipping or manifests. But why wait? Our industry is ready for a continuous stream of information, keeping everybody updated all the time. In a 24/7 global economy there is no need for restrictions due to traditional optimisations. Flexibility in shipping will improve by making the batch size equal to 1, meaning the exact size of a shipment. Responding to change as it happens is key to staying relevant in the ever-dynamic digital freight market.

BUSINESS VALUE(S) BECOME INCREASINGLY IMPORTANT

Extra charges or a fair profit? You must choose!

Shipments executed near or below cost price are a harsh reality, prompting a race to the bottom. Increasingly, transporters have introduced extra charges for additional services, obfuscating the real shipment price causing dissatisfaction among customers and rendering long term pricing agreements useless. We foresee a future where these additional charges are included in the shipment price for the sake of transparency. Also, we see logistics parties moving away from long-term partnerships that yield lower margins, giving instead all parties better visibility of shipment pricing and risks, and boosting the financial health of shipping providers that offer good services.

Ecological footprint reduction is a business essential

The ecological footprint as a driving force in business received little consideration in the past. However today, public awareness, political pressure and the consequences at stake are just too high. The environmental footprint is often mistakenly labelled “the carbon footprint”. But there is so much more contributing to the ecological impact: fuel efficiency ratios, cradle to cradle manufacturing burdens, NOx, CO₂ emissions, rubber degradation and micro rubbers, among many other resources that need to be registered. We believe that measuring the ecological footprint has a large role to play in business. Easy registering would be key in visualising and reducing our ecological footprint.

Social footprint will become a very important value driver

In addition to the environmental footprint, the social footprint from our economic activities are under increased scrutiny; drivers living out of their trucks and being away from home six days a week; warehouse employees being forced to work long hours or even working double shifts; low wage workers from other regions replacing the local workforce; city centres filled with heavy delivery vehicles; school areas at risk and motorways filled with endless queues of lorries. More and more organisations, both shippers and delivery providers, will be held accountable for taking responsibility in every step in the supply chain. Optimising for the social footprint will become an important value driver.

Quality of service with focus on customer experience

Carriers are not simply transporting goods, they provide customers their ordered goods in a way that satisfies both the customers and shippers' needs. Our goal is to make sure shippers can focus on the primary business of providing goods with customer satisfaction. In other words, provide the best customer experience as possible. The focus on details such as carrier choice is becoming increasingly irrelevant. Instead, a trustworthy on-time delivery fulfilling customer expectation or even exceeding it is what counts. Whereas long-term contracting is a thing of the past, ensuring quality of service today means calling upon the shipping provider best suited to shippers' needs at a given moment. No hassle, reliable, high service quality, extremely flexible and economically sound.

Corporate social responsibility needs transparency

Don't just say you practice corporate social responsibility, prove that you do! Nowadays, the public, consumers, employees, and all stakeholders expect businesses to care about corporate social responsibility. And what better way is there than being transparent about what you do and how you do it? By showing your efforts in reducing your ecological footprint, your ethical labour practices you can demonstrate your corporate social responsibility and respond to the ever-increasing demand for transparency.



SHIPPING TRENDS FOR 2021

Organisations that are prepared to adapt will thrive on the opportunities that lie ahead. The following shipping trends do not operate independently, but rather build on and reinforce one another to form these forecast trends for 2021:

WHAT IS YOUR VIEW ON THE TRENDS FOR 2021?

We would be happy to discuss them with you and see how and where we can help you improve your future shipping patterns.



1. The move to short-term contracting: organisations will move away from long-term shipping contracts with additional charges to short-term contracting with healthy margins, where a proven track record is essential.

2. The regional shift: regional focus by moving manufacturing facilities closer to consumers and shorter distances between pickup and delivery locations by having regional warehouses.

3. Focus on core business: outsourcing of shipment knowledge to social systems, enabling shippers to focus on their products, not on the logistics.

4. Invest in IT platforms: investments in technology-driven solutions, involving more and more sensors and smart cooperation between shipping providers using specialised platforms.



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