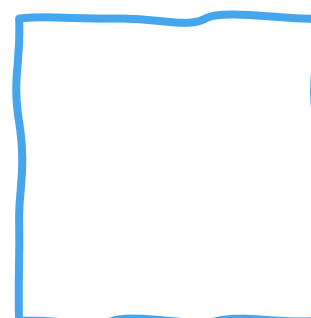
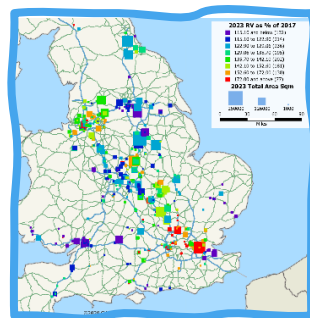
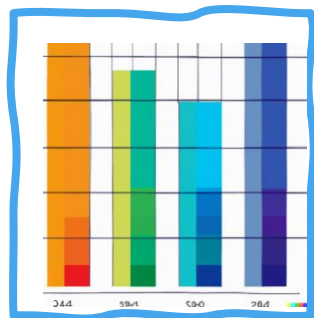


Five Key Trends in Logistics

Kirsten Tisdale FCILT
20 September 2023



Agenda

- > Demand
 - > Warehousing
 - > Transport
 - > Staffing
 - > Inflation
 - > Opportunities
-
- > Pallet stability report

Reducing demand?

SUPPLY
MANAGEMENT



MENU

Manufacturing output sees record rate of contraction in survey history

posted by *Will Phillips*
in *Procurement, Risk, Supply chain*
1 September 2023

The UK manufacturing sector sank into a deeper downturn in August, as a backdrop of economic weakness, high interest rates and the cost of living hit demand.

The *S&P Global / CIPS UK Manufacturing Purchasing Managers' Index* posted 43.0 last month, down from 45.3 in July, and below the neutral 50.0 mark. This is its lowest level since May 2020, signalling a “steep deterioration in operating conditions”.



“Newbuild 24,000 teu ultra-large container vessels are now being idled as soon as they are delivered in Asia, as carriers are obliged to blank more sailings due to weakening demand”
6 Sept 2023

GG | GROCERY
GAZETTE

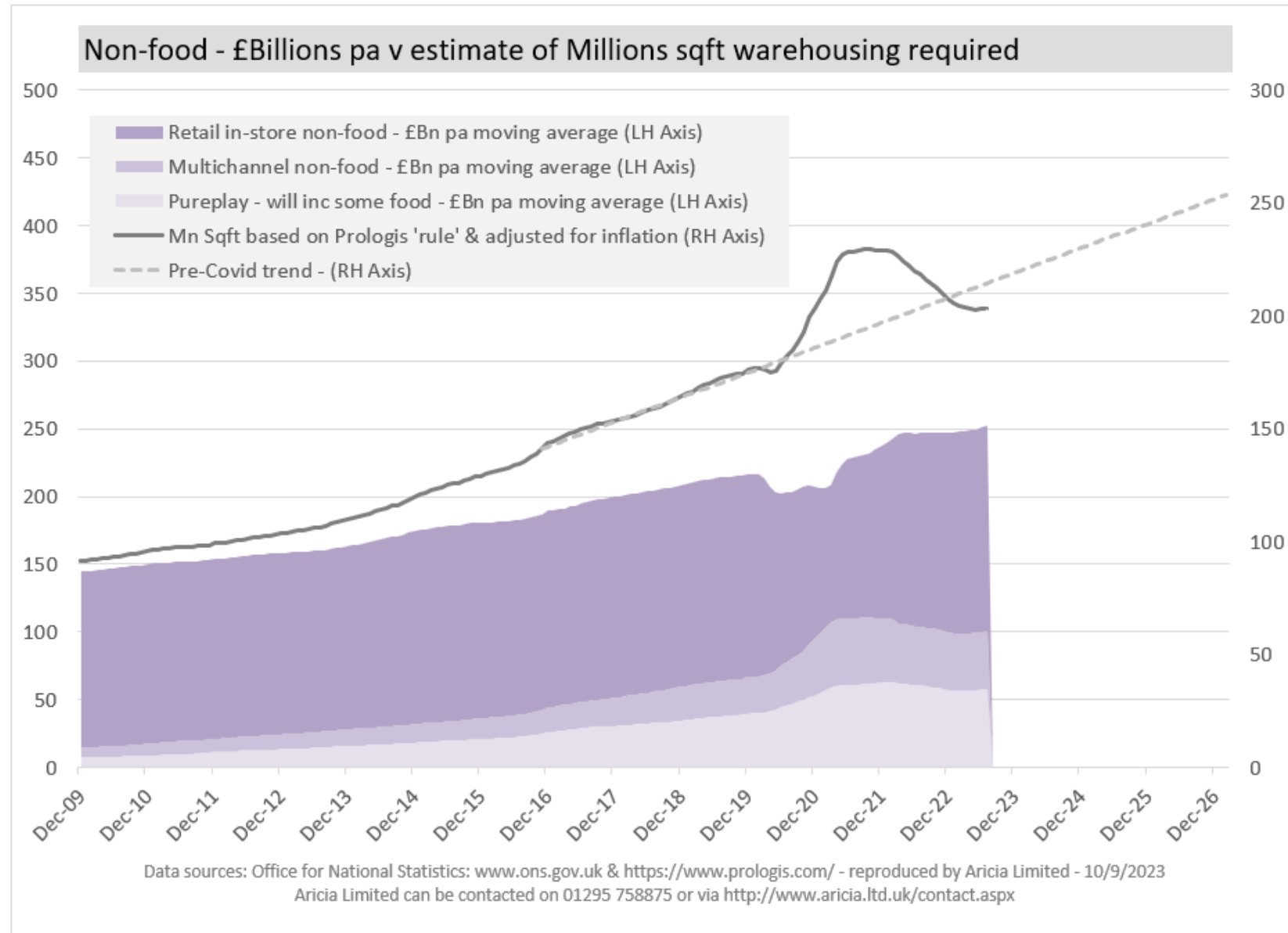
18 August 2023



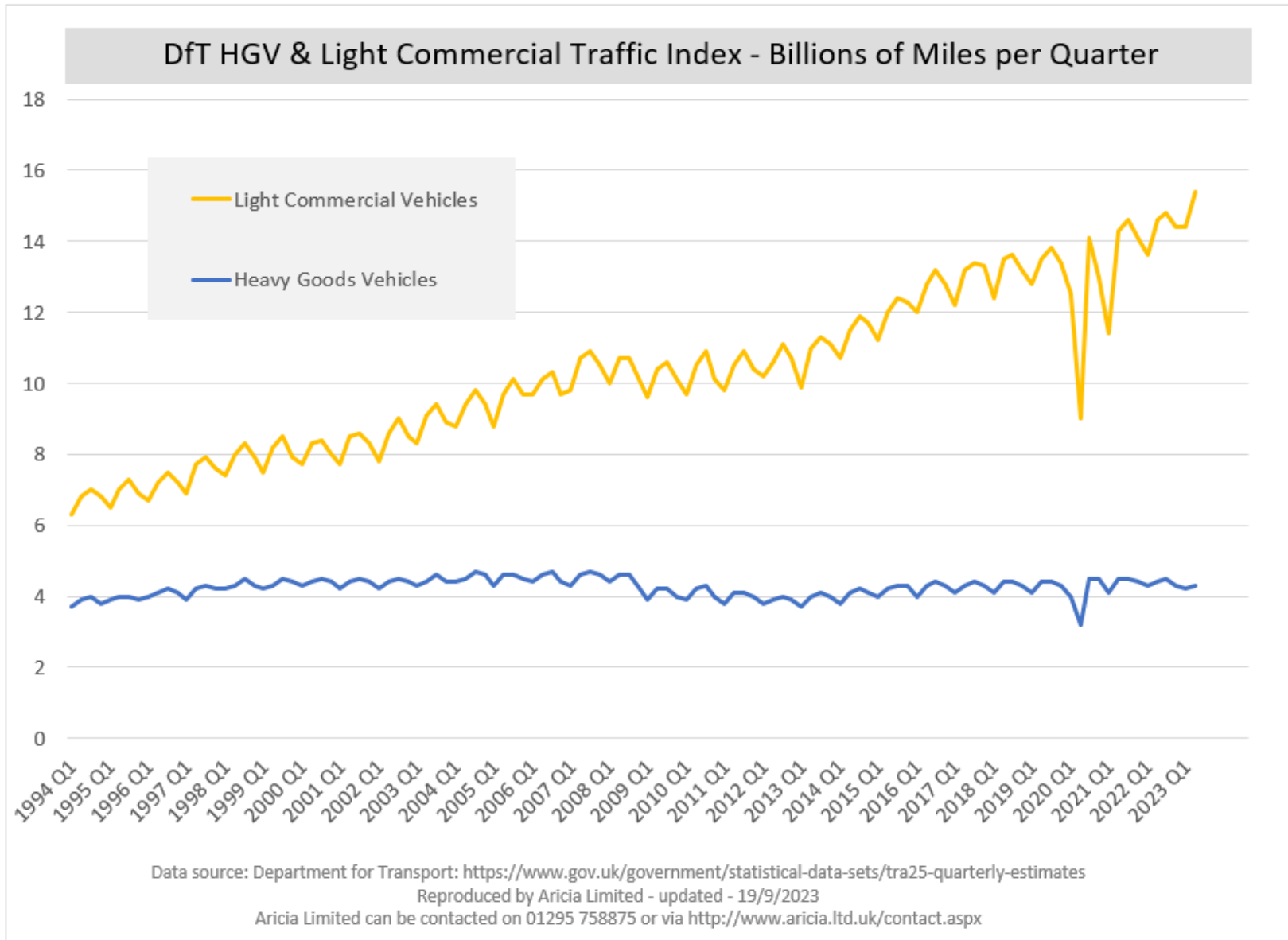
Food store sales volumes were also 5.1% below their pre-coronavirus (COVID-19) February 2020 levels.

Warehousing – less pressure from ecommerce

- > In 2016, Prologis came up with a formula that said online sales required approx. 3x the fulfilment space compared with traditional retailers
- > The graph applies this to non-food retail & internet sales
- > It's adjusted for inflation: the value of retail sales is increasing, but the overall *volume* is decreasing
- > And the mix is changing as people return to the high street
- > Recent news in Logistics Matters: Amazon seeking tenant for 736Ksqft FC <2yrs after signing 15-yr lease

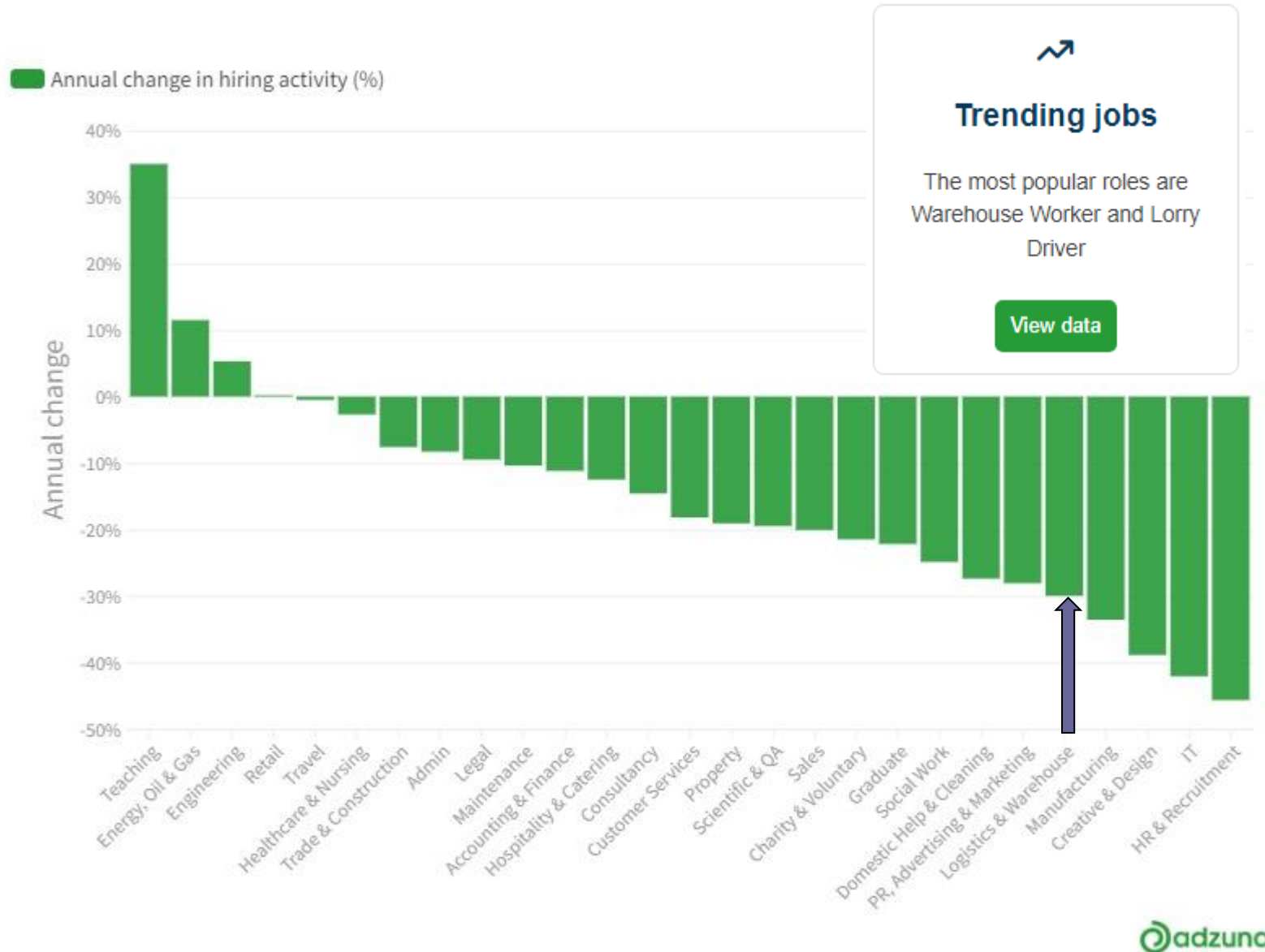


Transport – mixed outlook?



- > Very long-term trend that HGV miles don't change much, whereas van miles keep increasing
- > Van miles aren't just logistics - deliveries only accounted for c24% of van miles in 2019/20 (Trades c61%)
- > There have been various vehicle size changes, but HGV miles may also be constrained by number of vehicles, which may in turn be constrained by driver numbers in a way that van miles aren't

Staffing issues easing?

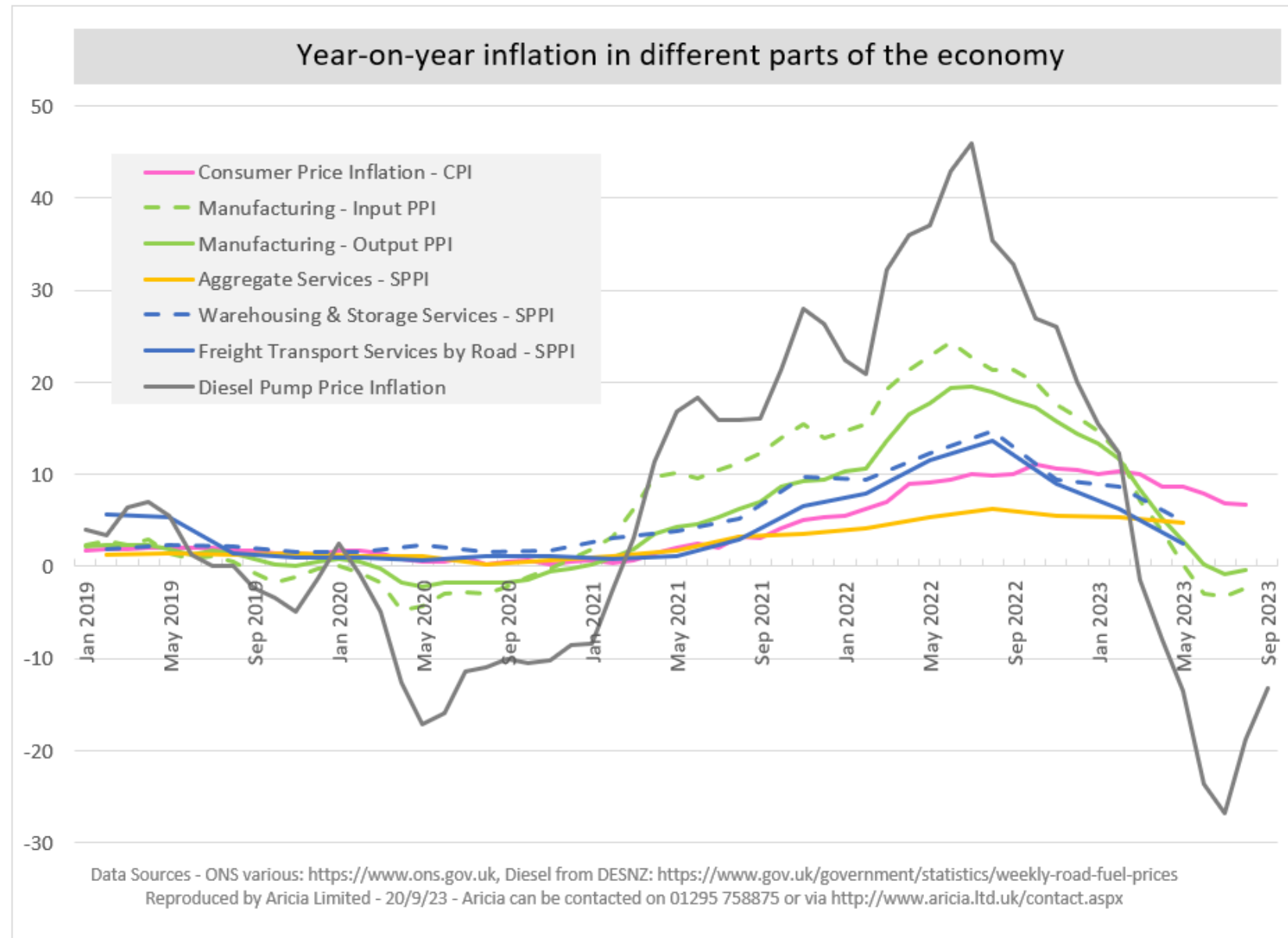


- > Latest UK unemployment rate from ONS: 4.3% - up from 3.6% a year ago
- > Graph from Adzuna – the job ads site
- > Stats below also Adzuna - UK-wide, not just logistics
- ↓ Days to fill vacancies in April: 35.4 v 43.1 a year ago
- ↑ Jobseekers per vacancy for July: 1.49 v 1.3 a year ago
- > <https://www.adzuna.co.uk/job-market-report>

Reducing inflation

- > Inflation – rate of change of prices
- > Reducing inflation doesn't mean prices are going down
- > Prices are only going down if the trace goes below zero on this graph

- > CPI = Bank of England KPI of 2%
- > PPI = like the CPI but for manufacturing – input & output
- > Inflation from commodities drops out after a year ...even if the price doesn't go down!
- > SPPI = services, quarterly, inc logistics – wages play larger part
- > Inflation from wages is 'stickier'



Opportunities



Pallet stability report

400K pallets
per year

16% cost
saving by
moving to
30%
recycled
wrap

More stable
pallets as a
bonus

4.5K pallets
per day

~8% cost
saving by
moving to
thinner
wrap

59%
improved
pallet
stability

And a third
of a tonne
of plastic
saved every
single day!

- > This independent report, written by me, looks at what can be achieved by taking a scientific testing approach to pallet stability
- > This approach gives results which tick key boxes: cost, customer service, H&S, ESG...
- > There are various direct cost savings – see some results from two case studies
- > And other quantifiable cost savings due to reduced movement in transit: damage, trailers tied up, KPI-based fines...
- > Please get in touch if you're interested in the report

Pallet stability

Costs, savings and avoiding rejected & damaged loads



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Thank you and any questions?

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