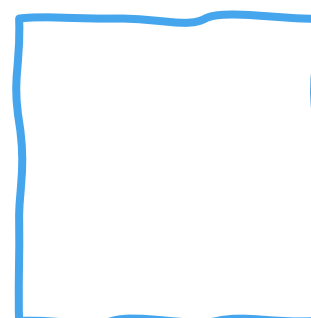
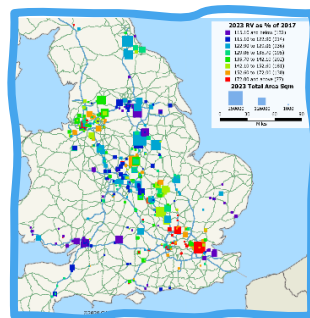
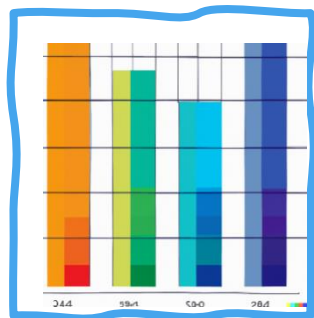


## SCALA 3PL Best Practice Forum

Kirsten Tisdale FCILT  
12 October 2023



### Agenda

#### Industry challenges:

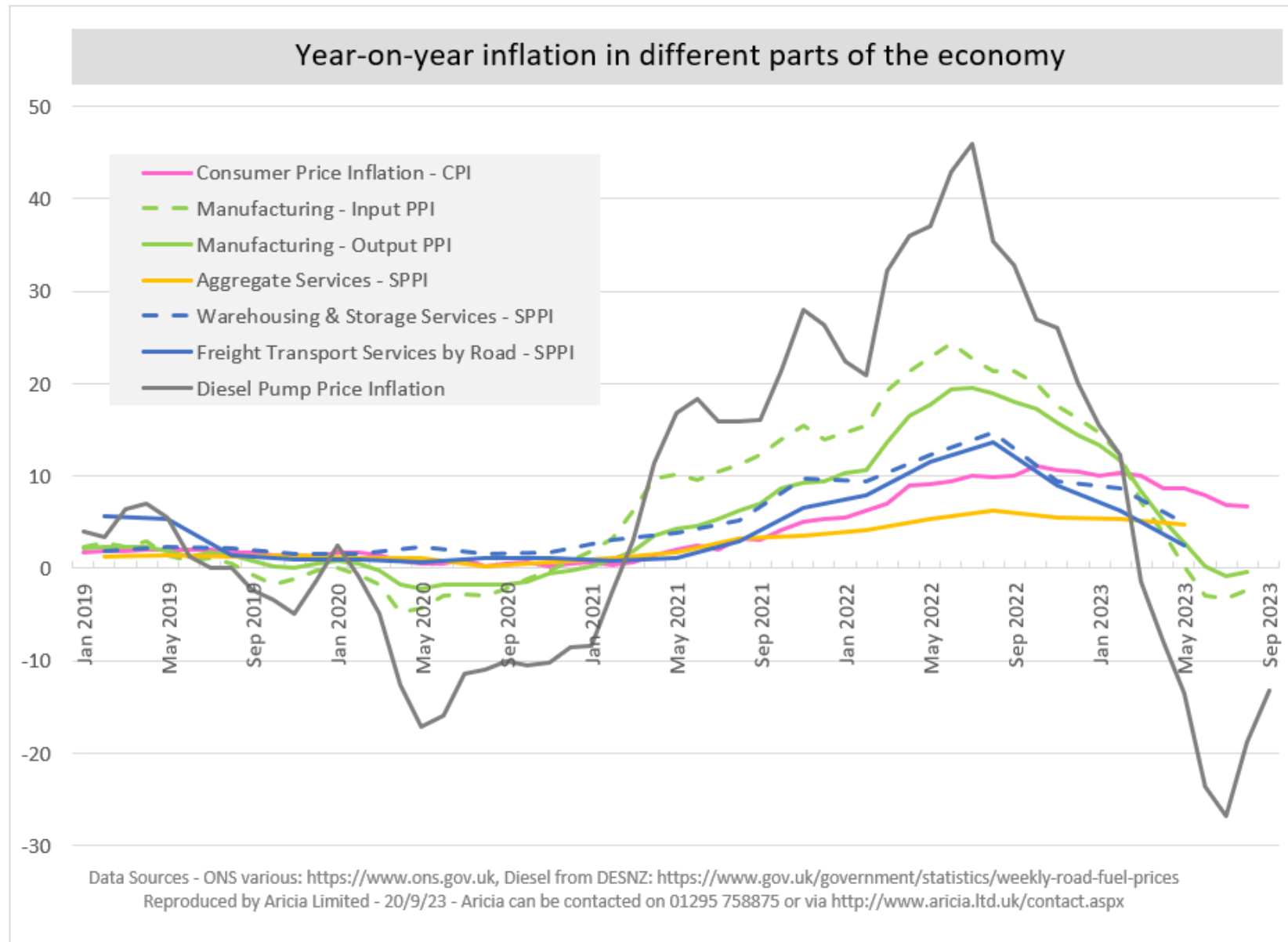
- > Inflation & changing demand
- > Impact on warehousing
- > Transport & traffic
- > Fuel / energy
- > Automation
- > Staffing
- > Property prices



- Inflation & changing demand
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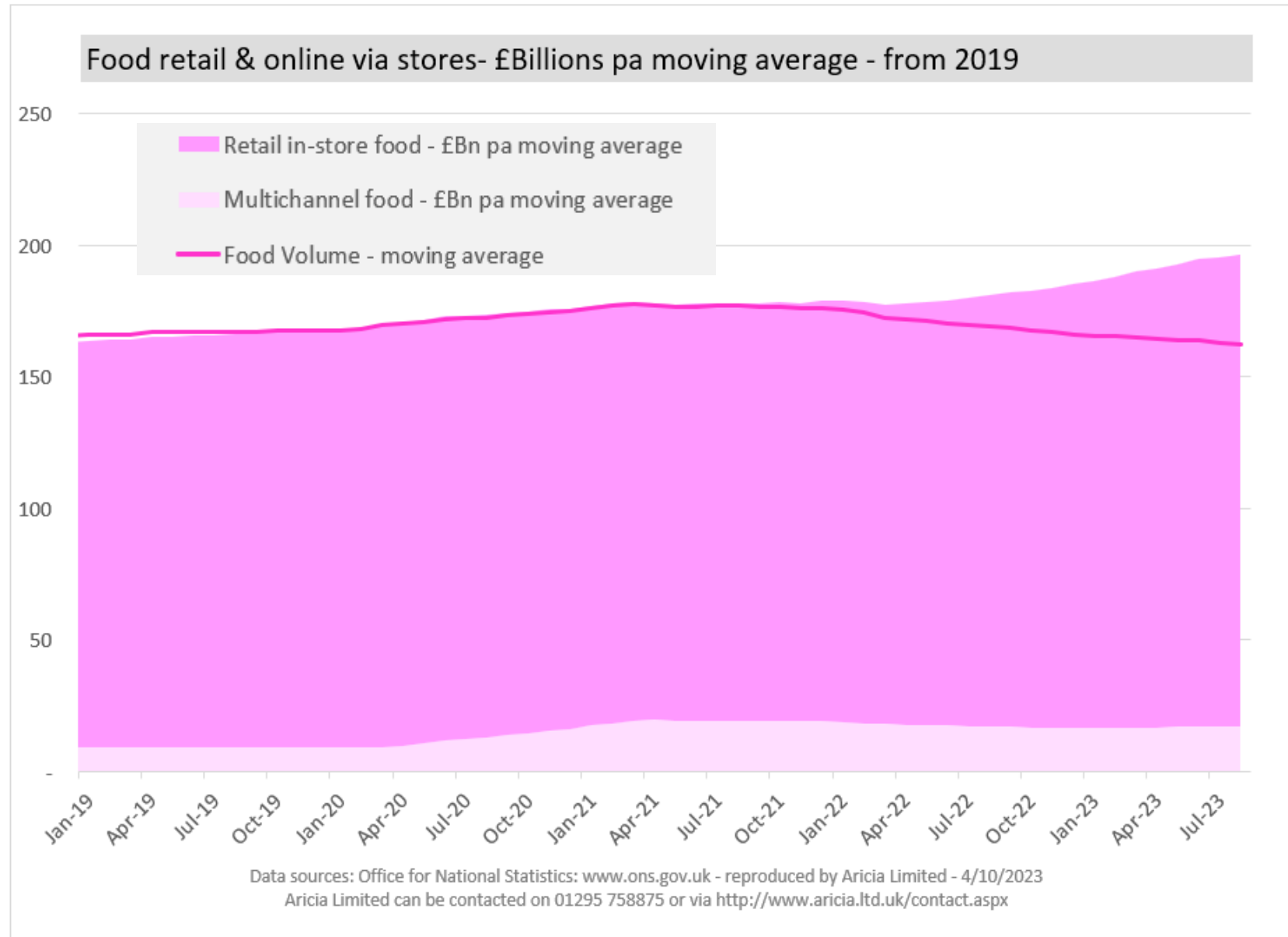
# Inflation

- > 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'



# Changing demand - food retail - value v volume

- > The cost of living is impacting demand
- > Inflation means that the value of food being bought continues to rise
- > But it is also impacting on volume – people are buying physically less food
- > And volume is what logistics companies store and deliver

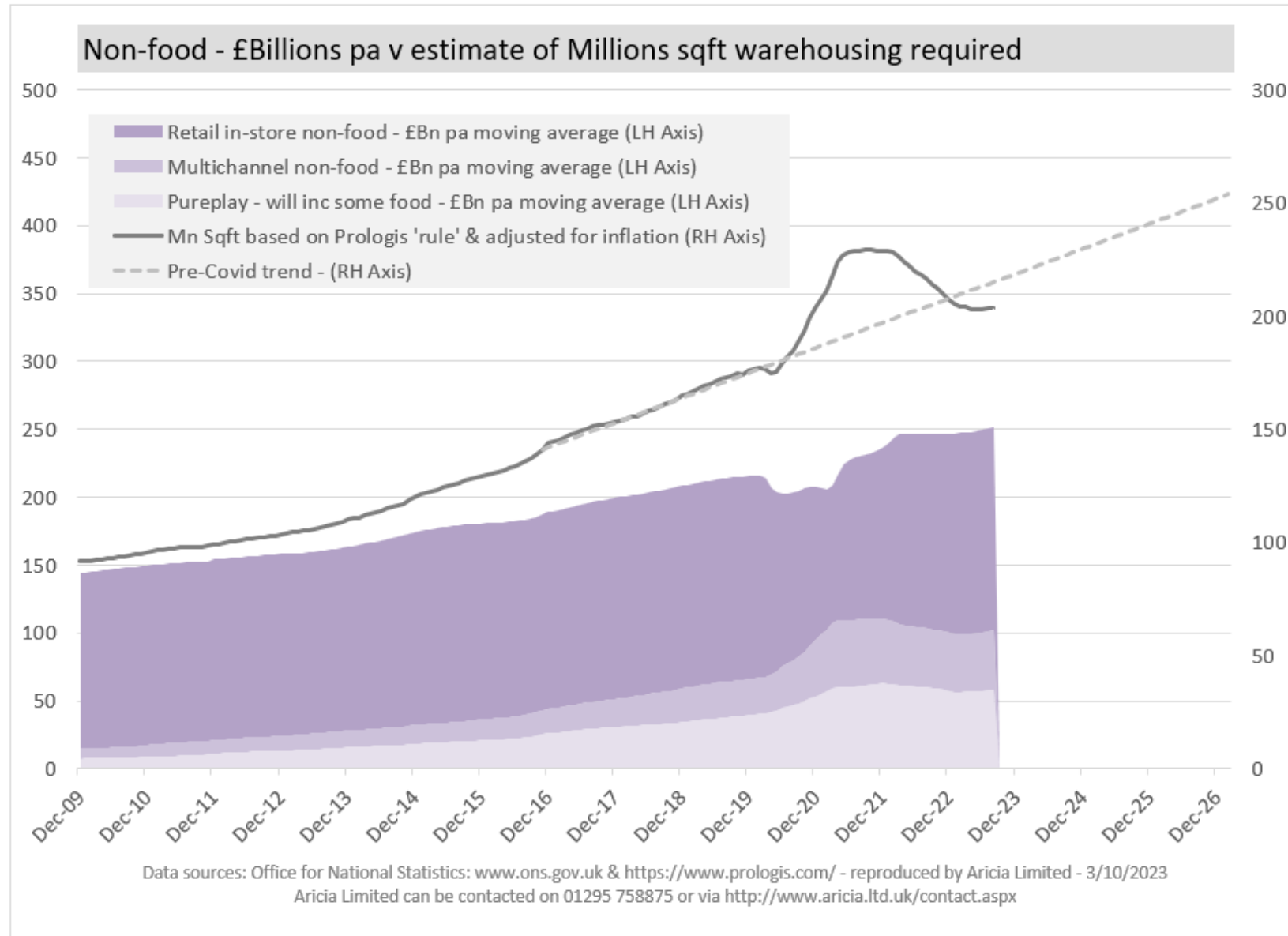




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# Warehousing – changing pressure from ecommerce

- > 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



> Graph created Feb 2023



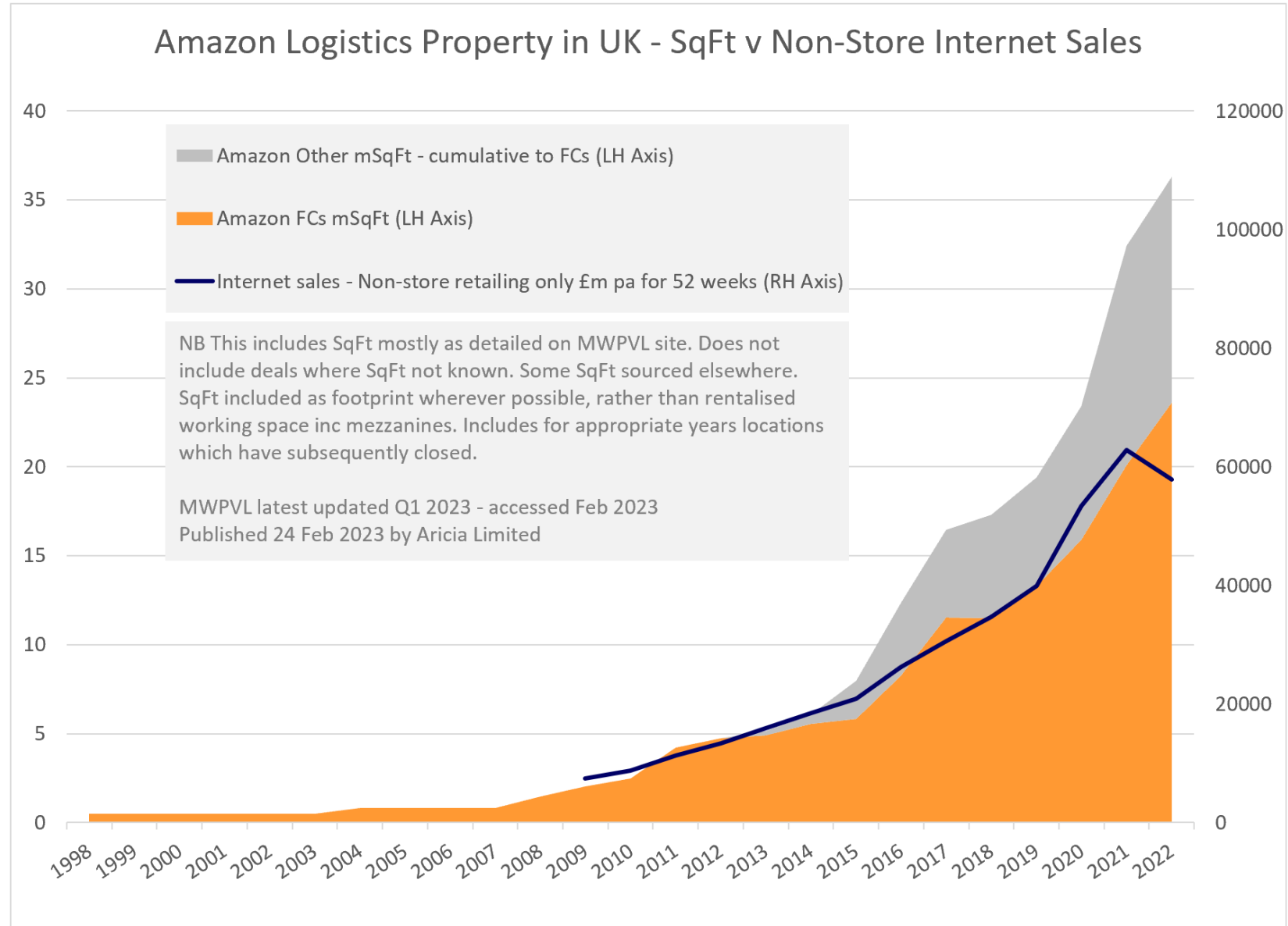
## Amazon letting Peterborough mega shed

12 September 2023

Amazon is seeking a tenant for its 736,000 ft<sup>2</sup> fulfilment centre in Peterborough less than two years after signing a 15-year lease on the property.



Amazon seeking tenant for 736Ksqft FC <2yrs after signing 15-yr lease





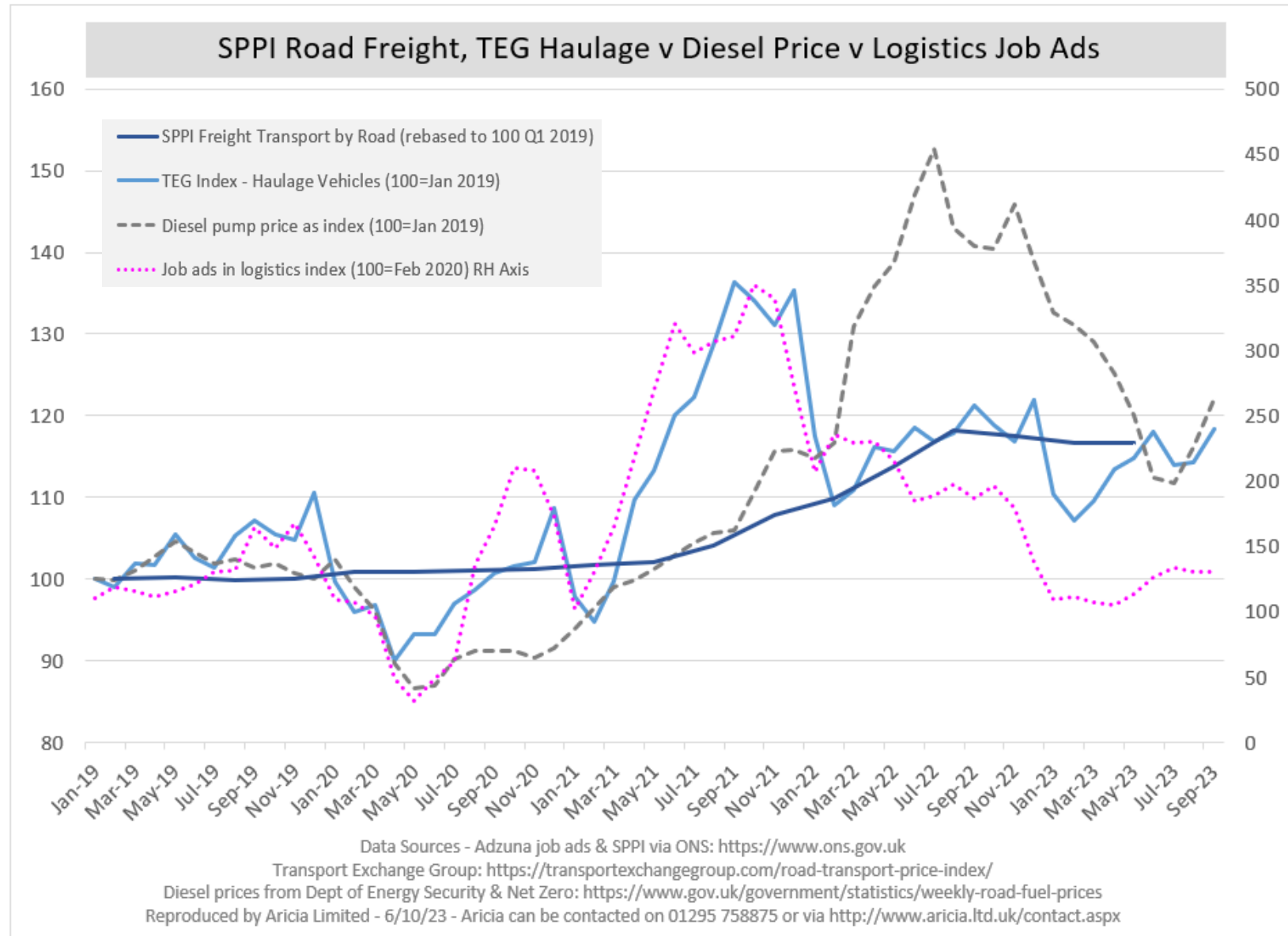


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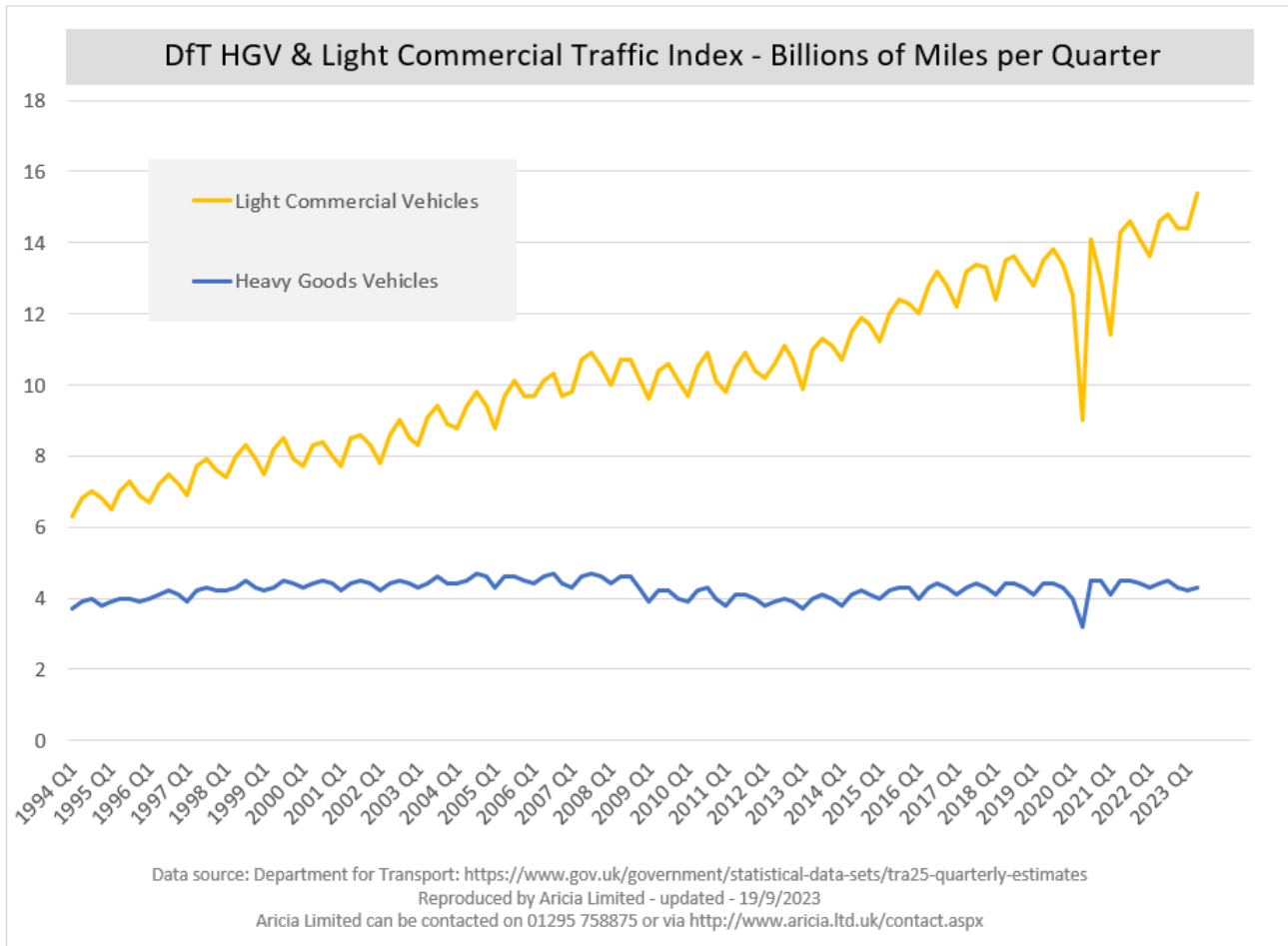


# Cost drivers in transport

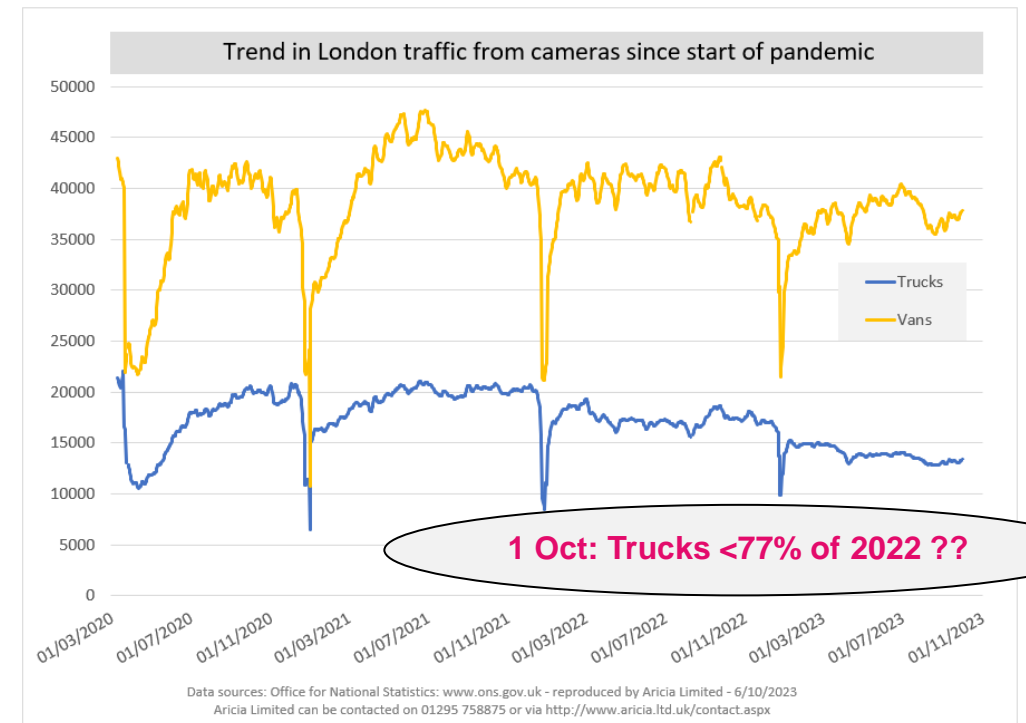
- > The influences for contractual rates and spot haulage can be quite different
- > SPPI much less variation:
  - > a) Quarterly takes out some seasonality
  - > and b) More contractual content
- > Spot rates, as shown by the TEG Haulage Index, are much more driven by supply & demand



# Transport – mixed outlook?



- > To left - very long-term trend for GB from 1994 through to Q2 2023 - 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%)
- > Below – London traffic since start of Covid



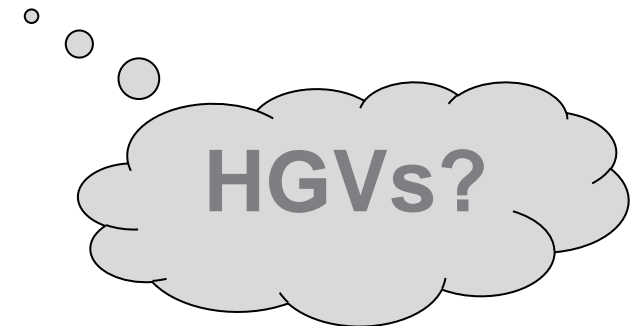
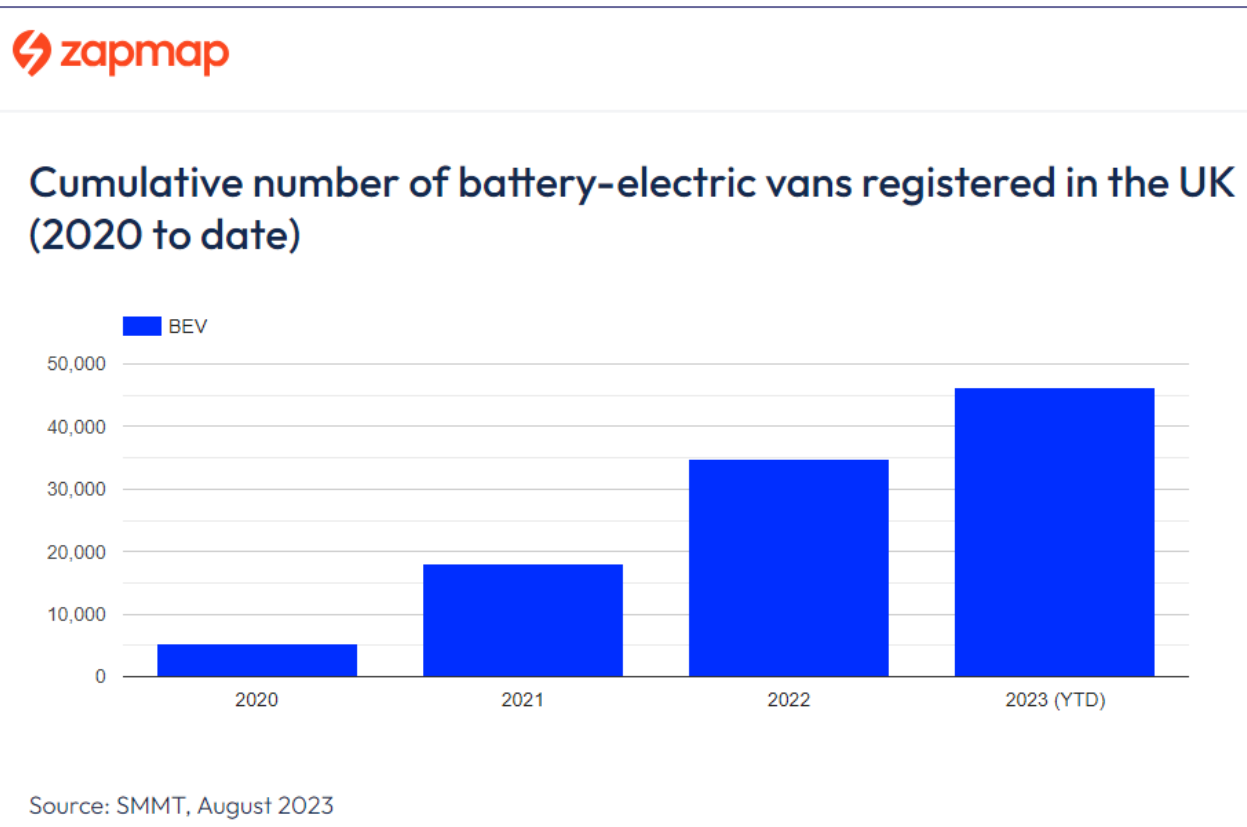


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## LOGISTICS UK

### ELECTRICITY DEMAND EXPECTED TO SURGE

It is expected that Great Britain's demand for electricity will almost double in the medium term from 58 GW in 2020 to up to 110 GW by 2035, and will more than triple from 58 GW to up to 190 GW by 2050.

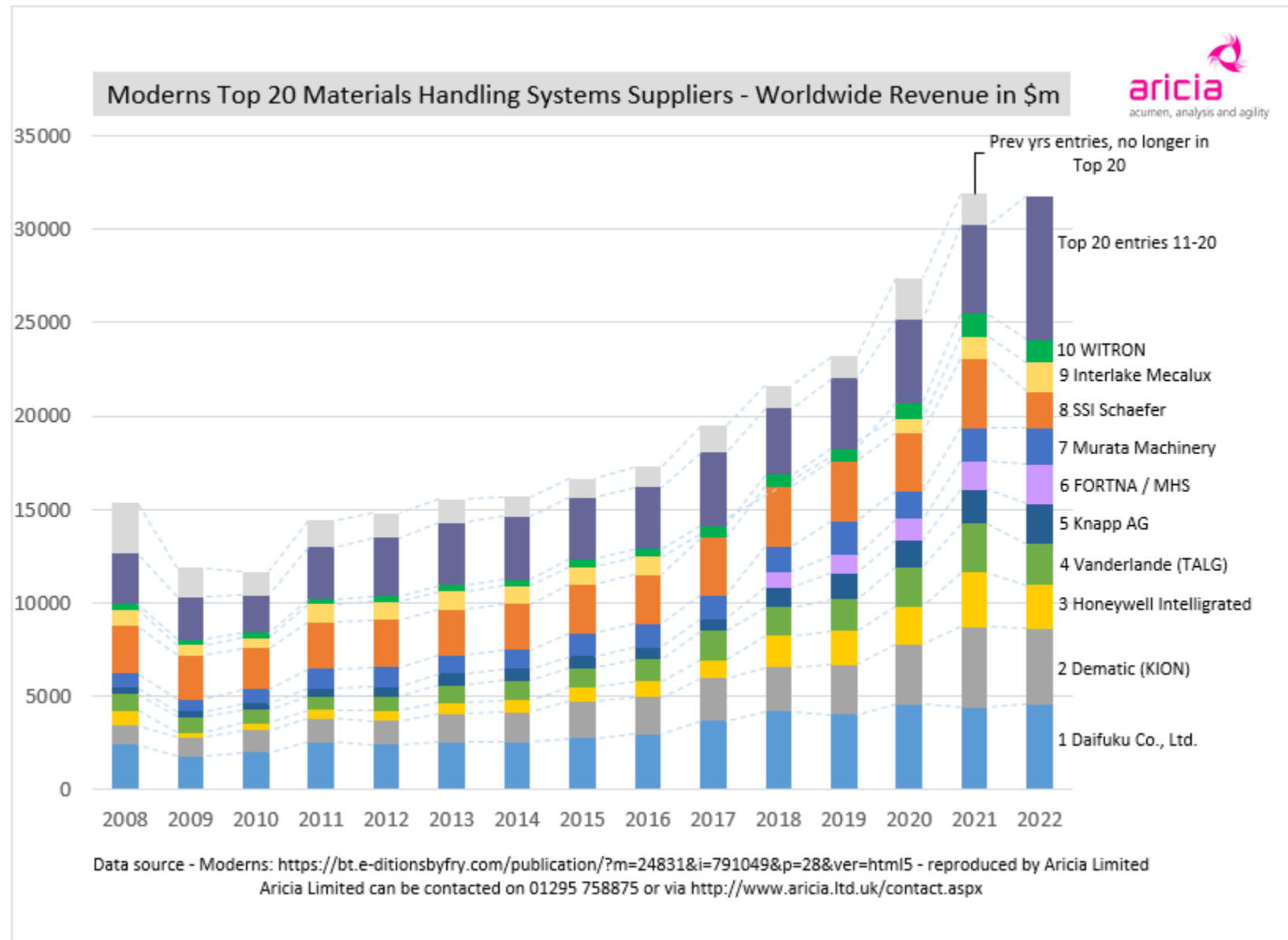




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# Modern's Top 20 Materials Handling Systems Cos

- > This graph is based on Modern Material Handling Magazine's annual reports
- > Worldwide revenue
- > Top 10 - individually coloured bars
- > Entries 11-20 combined shown in purple
- > Companies that were previously in the top 20, but not now - light grey
- > Accelerated growth between 2015 and 2021, resulting in approx doubled revenue over that period
- > 2022 broke the mould, with expansion for smaller cos

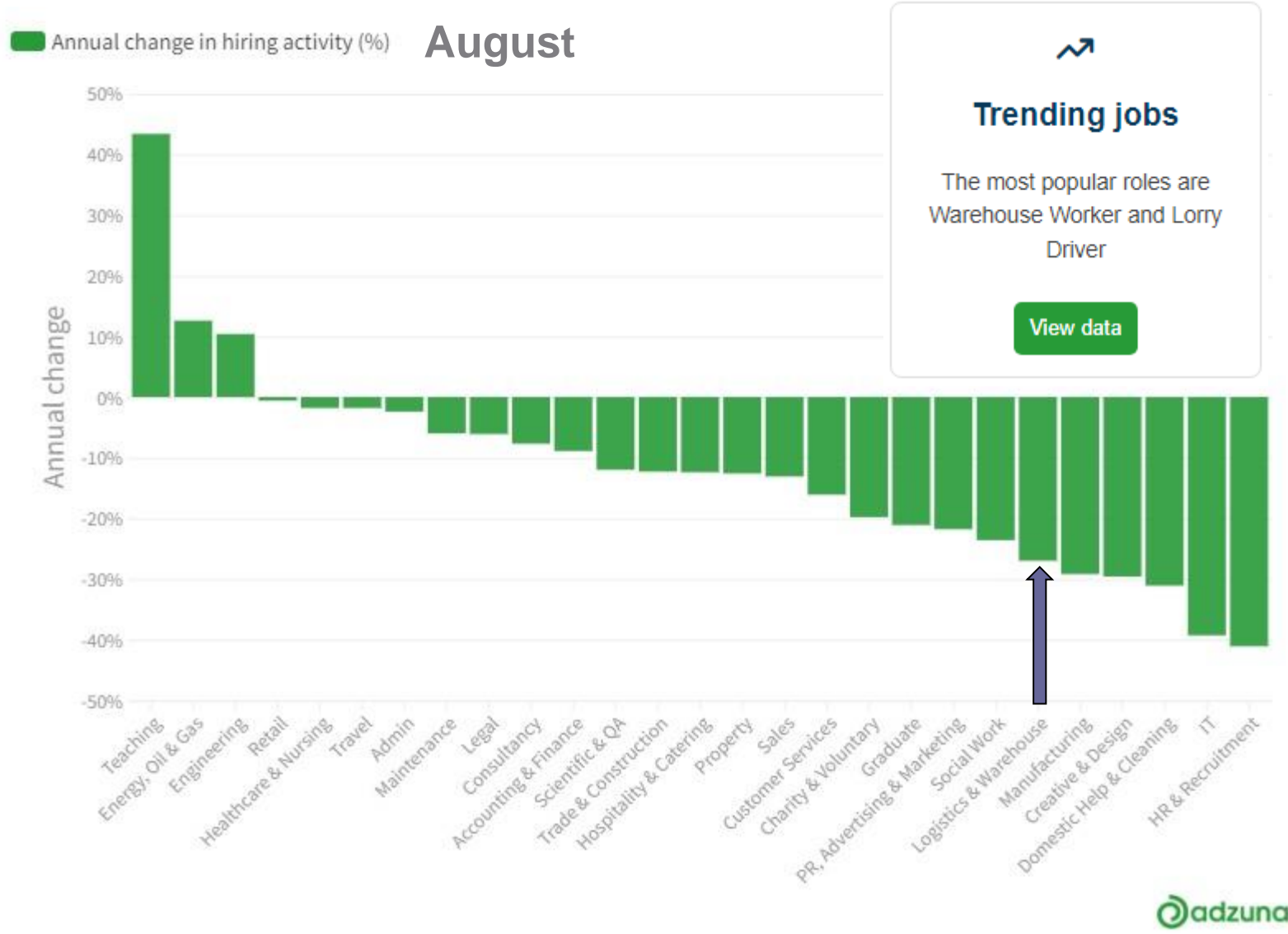




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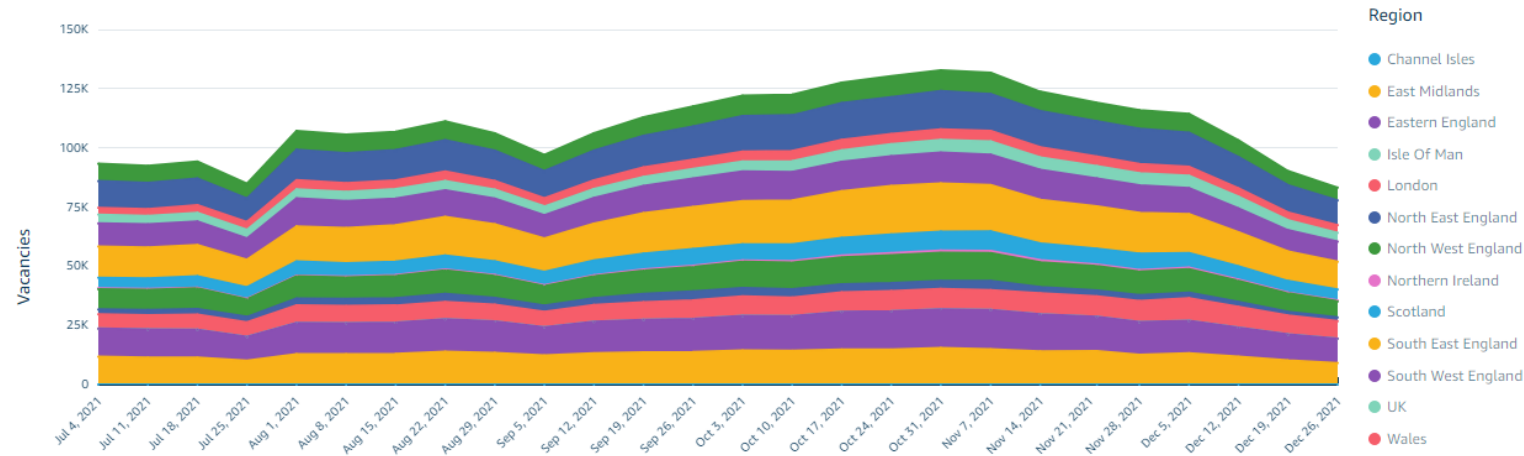


# Staffing issues easing?

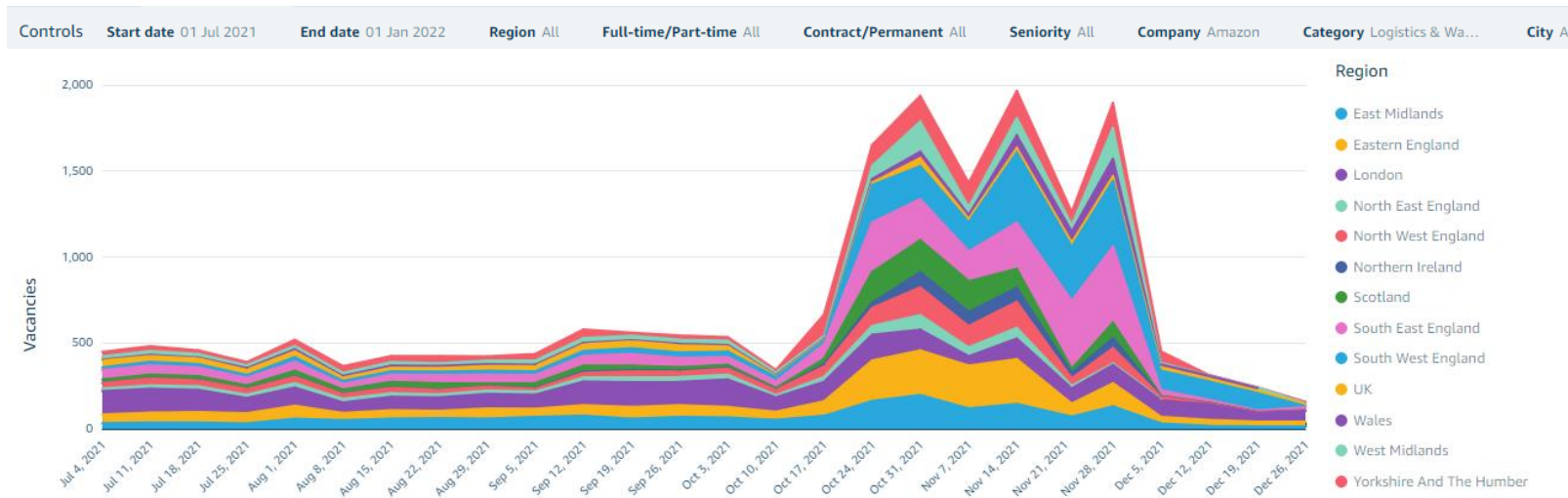


- > Latest UK unemployment rate from ONS (May to July): 4.3% - up from 3.6% a year ago
- > Graph from Adzuna – the job ads site
- > Stats below also Adzuna - UK-wide, not just logistics
- ↓ Days to fill vacancies in May: 36 v 41.7 a year ago
- ↑ Jobseekers per vacancy for Aug: 1.49 v 1.35 a year ago

# Old but interesting – H2 2021 – Adzuna’s development portal



> Peaking of logistics job adverts in total (top)

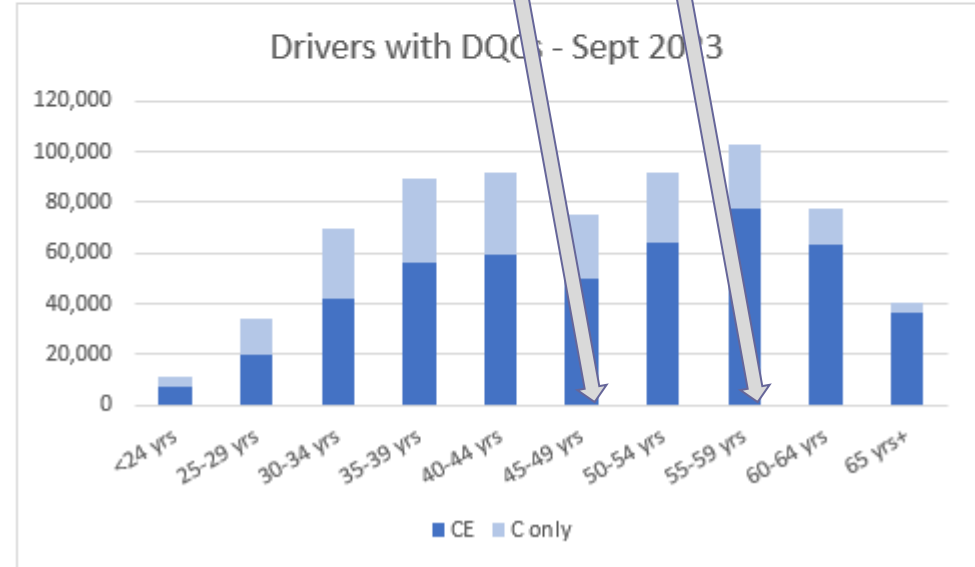
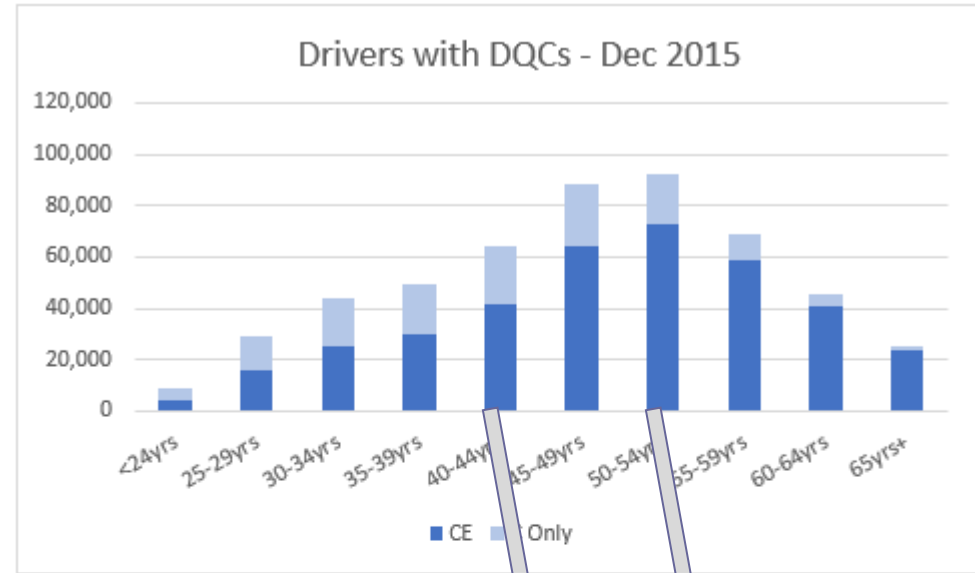
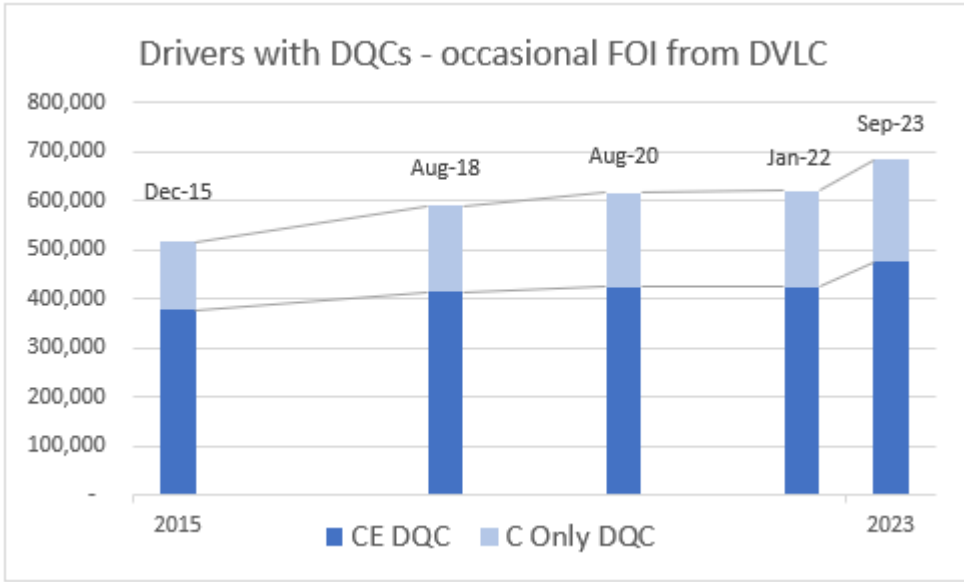


> Just Amazon (bottom) for logistics roles – H2 2021

> Why no-one wants to be on the same logistics park as Amazon!

# HGV driver numbers

Stop Press  
Latest DQC data



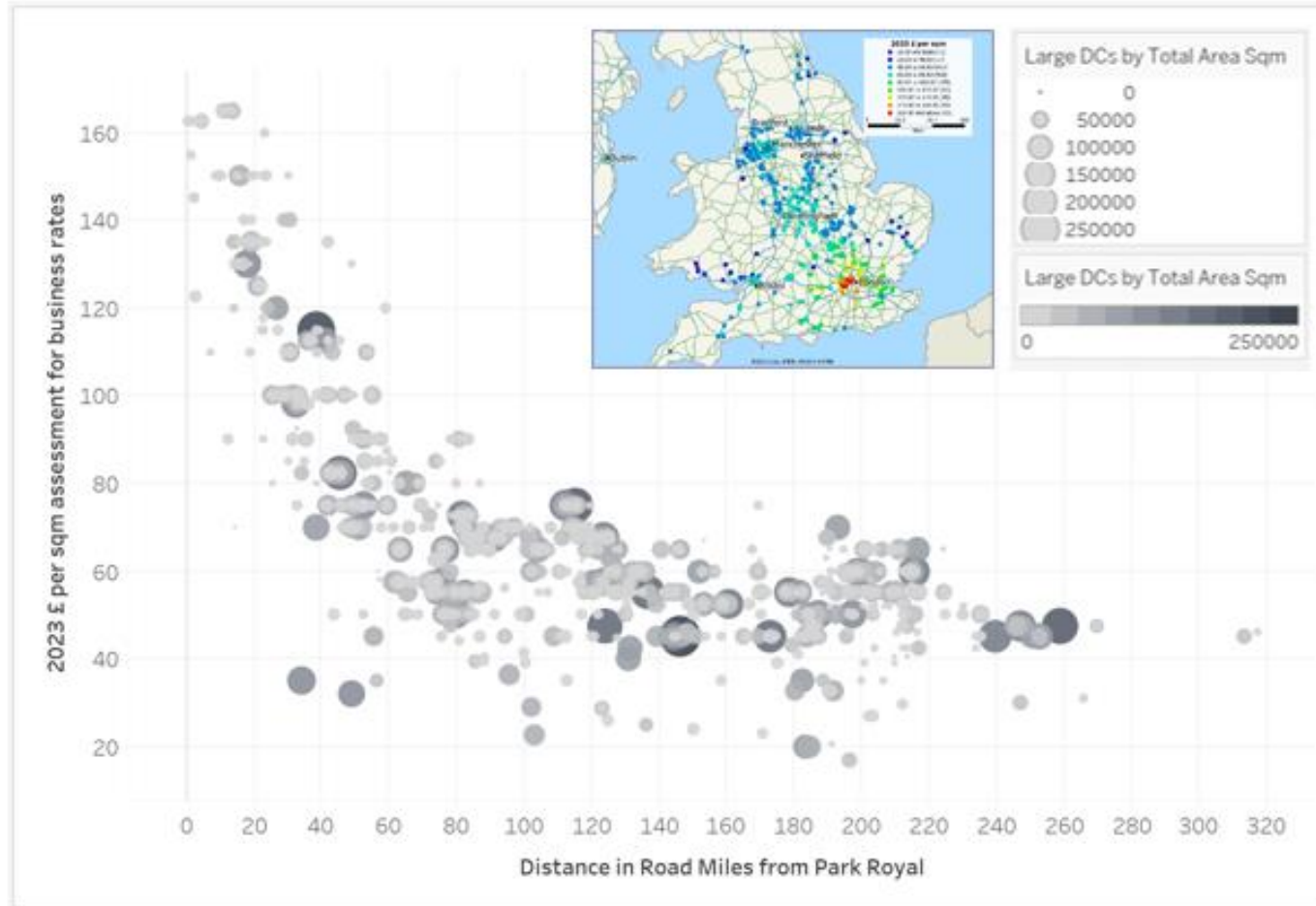
	2015	2023	% Increase	<45 in 2023
<b>People who work as HGV drivers (UK)</b>				
8211 Large goods vehicle drivers	283K	304K	7%	36%
No split				
<b>Drivers with DQC + licence entitlement (GB)</b>				
CE DQC	377K	476K	26%	39%
Just C DQC	140K	172K	23%	53%
<b>Licences with medical (GB)</b>				
CE inc Auto & DB	601K	627K	4%	44%
Just C inc Auto	304K	354K	16%	50%



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# Impact of property value on transport

The non-green impact of property prices on logistics



- > This graph uses business rates assessments plotted against the distance from Park Royal
- > Each spot is a 'large DC'
- > It can be seen that
- > a) The value of property is higher the closer you are to London
- > b) There aren't many properties close to the centre
- > c) Those that exist aren't large
- > Extra transport / not 'green'

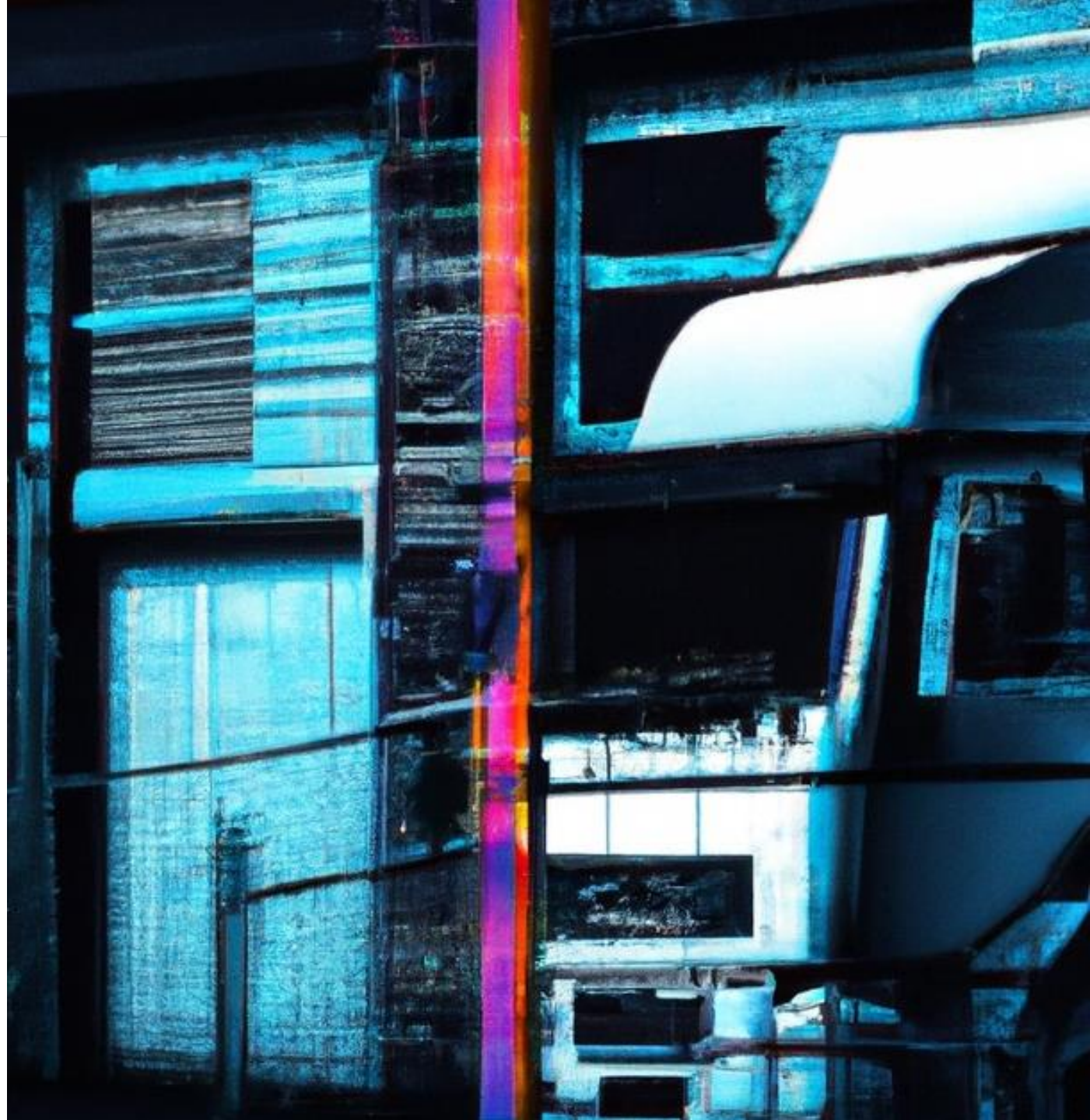
Data sources: Government - <https://voaratinglists.blob.core.windows.net/html/rlidata.htm> - downloaded November 2022  
Reproduced by Aricia Limited – 05/8/23 - Aricia Limited can be contacted on 01295 758875 or <http://www.aricia.ltd.uk/contact.aspx>



# Industry challenges

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- > Inflation & changing demand
- > Impact on warehousing
- > Transport & traffic
- > Fuel / energy
- > Automation
- > Staffing
- > Property prices
  
- > And all sorts of other challenges:
- > Theft
- > Brexit
- > Cybercrime
- > Health & Safety
- > Digitalisation
- > ...



## SCALA 3PL Best Practice Forum

Thank you, and any questions?

