THE LOGISTICS POINT

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EXCLUSIVE VIDEO CONTENT INSIDE

THE VOICE OF LOGISTICS: URBAN CHALLENGES

On November 28th we gathered our network of logistics professionals to talk about the world of urban logistics & last mile

ALTERNATIVE FUELS: WHERE ARE WE AT NOW

CONSUMERS & GEOPOLITICAL UNCERTAINTIES

INNOVATION IN LOGISTICS: THE REALITY

2024

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EDITOR'S NOTE

Oh, what a year 2023 was!

As we are counting the days until Christmas - one of the most exciting days for all logistics professionals, we are also all celebrating our achievements throughout 2023.

But with that we are also looking into 2024 and what it will bring us!

For us at The Logistics Point 2023 brought much success and shared time with our network. This year we organised our first networking events, where experts from our network came together to share exciting stories and discover how the logistics industry can and could work.

We were honoured to host such thought-provoking debates and conversations. In this edition you can read what happened at our November Urban Logistics & Last Mile event in London.

Become a member
2024 will bring more events and we would like to invite you to join us as a member. Members get exclusive access to our events and can bring a colleague or a guest for free. You can check it out now!

AI & Innovation
In this edition you can learn more about the role of AI in logistics and how the industry is innovating. We have gathered a great selection of expert opinion on these and many other topics.

We hope you enjoy this read!
Happy New Year!

Nick Bozhilov
Editor in Chief
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THE VOICE OF LOGISTICS: URBAN LOGISTICS & LAST MILE EVENT

Let's remember the moments!

HOW THE CHANGING INFRASTRUCTURE IS IMPACTING LOGISTICS OPERATIONS

On November 28th, Rhyce Dawson from TMX Transform delivered an insightful talk at our Urban Logistics & Last Mile event in Central London. He explored the complexities within the UK's well-established road infrastructure, shedding light on its impact on logistics, especially in urban settings.

> *While automation and AI were seen as promising tools, there was a deeper exploration of the correlation between rising consumerism and environmental impact.*

The UK boasts a robust road network, a testament to its progress, but it presents unique challenges. This infrastructure, while a mark of development, can inadvertently bottleneck logistics operations, sparking discussions on adapting and evolving within the existing framework.

Focusing on urbanisation, it was revealed that a staggering 84% of the UK's population resides in urban areas, aligning with a global trend anticipating 80% urbanisation by 2050, as per UN estimates. COVID-19's influence on consumer behaviour and delivery operations underscored the need for adaptability in meeting evolving demands.

DRIVING LOGISTICS WITH COMMUNITIES

Rhyce highlighted the exponential growth of e-commerce, projecting a significant surge in parcel volumes. The consensus emphasised the imperative of a community-driven approach and technological interventions to tackle last-mile and urban logistical challenges. While automation and AI were seen as promising tools, there was a deeper exploration of the correlation between rising consumerism and environmental impact.

The conversation extended to influencing consumer behaviour through strategies like dynamic pricing and fostering cooperation among courier services. Examples of collaboration between major players like Royal Mail, DPD, and Evri showcased the potential but also raised questions about scalability.

During discussions, attendees raised concerns about existing infrastructure limitations, hesitancy in sharing logistical burdens, and obstacles posed by traditional work methods and bureaucracy. Scepticism prevailed regarding consumer willingness to pay for greener options amid financial constraints, indicating a potential need for legislative intervention.

There were apprehensions about conglomerates collaborating due to shareholder concerns, while complexities in data and systems among courier services posed significant operational challenges. While acknowledging the role of legislation, participants stressed the importance of internal initiatives within organisations to drive meaningful changes in the logistics landscape.

Overall, the event highlighted the need for collective action, innovation, and a holistic approach merging technology, consumer education, and collaborative efforts to streamline urban logistics effectively in our evolving world. *

TRANSFORMING LAST MILE DELIVERIES WITH BETTER COMMUNICATION

Gary Rosier-Taylor from Descartes Systems Group was a keynote speaker at our Urban Logistics & Last Mile event in Central London on November 28th. Gary shed light on the transformative impact of the last mile, a crucial stage where consumer choices shape the evolving consumer landscape.

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THE GIG ECONOMY AND DRIVER EMPLOYMENT STATUS

Elizabeth Selby's presentation at The Logistics Point's Urban Logistics & Last Mile Event in London shed light on the intricate landscape of drivers' rights in the gig economy, particularly within the logistics sector.

Key Rights for Each Type of Employment Status

	Employee*	Worker*	Self-employed
National Minimum Wage	✓	✓	
Paid holiday	✓	✓	
Rest breaks	✓	✓	
Discrimination protection	✓	✓	Sometimes
Whistleblowing protection	✓	✓	Sometimes
Not to be treated less favourably if working part-time	✓	✓	
Statutory sick pay	✓	✓	
Statutory maternity/ paternity/ adoption pay and shared parental pay	✓	✓	
Right to pension contributions	✓	✓	
Minimum notice period	✓		
Protection against unfair dismissal	✓		
Right to request flexible working	✓		
Time off for emergencies	✓		
Statutory redundancy pay	✓		
Health and safety protection	✓	✓	✓
Right to collective bargaining	✓	✓	

**Some of these rights require a minimum length of continuous service before entitlement arises.*

BEXLEY BEAUMONT

Key Indicators of Status

	Employee	Worker (only relevant for employment law status*)	Self-employed
True right of substitution (i.e. driver can send someone else to carry out the work)			✓
Driver has real choice over which jobs they accept			✓
Business closely controls driver's work (what work they do and when they do it)	✓	✓	
The business provides the vehicle, equipment, facilities and/or uniform required to do that work	✓	Possibly	
Driver chooses own route(s)			✓
Driver is allowed to work for more than one client	Possibly	Possibly	✓
Driver is responsible for the success or failure of their business			✓
Business agrees a fixed price for the driver's work – it doesn't depend on how long the job takes to finish			✓
Driver is responsible for fixing any unsatisfactory work in their own time			✓

**From HMRC's perspective, there is no distinction between employees and workers. Drivers are either employed or self-employed. Although IR35 tax status won't necessarily mirror employment status, it's worth being aware of the latest employment decisions on employment status when considering tax status.*

BEXLEY BEAUMONT

2024

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Despite legal shifts favouring increased worker rights, the self-employed model remains popular in the final mile businesses.

The core theme explored was the adaptability of a flexible workforce, allowing companies to adjust their supply according to fluctuating demand. However, Elizabeth highlighted a gradual but significant shift wherein workers in the gig economy have been granted increased employment rights, more akin to those of traditional employees. This evolution has prompted many last mile businesses to re-evaluate their operational models.

One of the key challenges addressed was the ambiguity surrounding the classification of drivers as either employees, workers or self-employed individuals. Elizabeth emphasised that, while there isn't a definitive checklist to distinguish between the three, courts typically consider various factors, including the widely discussed right of genuine substitution.

Elizabeth also flagged the tax issues surrounding employment status, noting that HMRC doesn't recognise worker status, meaning that – from a tax perspective – drivers will be either employed or self-employed. She advised seeking legal and accounting advice to navigate this intricate terrain effectively.

Crucially, Elizabeth underscored the importance of ensuring compliance to avoid potential investigations from HMRC. Imposing restrictions on individuals labelled as self-employed while controlling their work processes can trigger HMRC scrutiny, leading to investigations and penalties.

Drawing from real-world examples, Elizabeth highlighted the costly and time-consuming nature of employment tribunal cases, exemplified by the lengthy disputes involving Uber and – more recently -Deliveroo, both of which incurred significant expense and caused substantial operational distraction.

The presentation emphasised the significance of reputation management, especially concerning client and consumer relationships. Despite legal shifts favouring increased worker rights, the self-employed model remains popular in the final mile businesses.

FACT-CHECKING ALL IS BEST

To navigate this complex landscape effectively, Elizabeth recommended a diligent approach. Using the facts to determine status was highlighted as pivotal. Ensuring contracts align with operational practices and being mindful of seemingly minor details, such as company-branded attire, that can significantly impact employment status. Regular internal reviews were also recommended as a risk-mitigation tool.

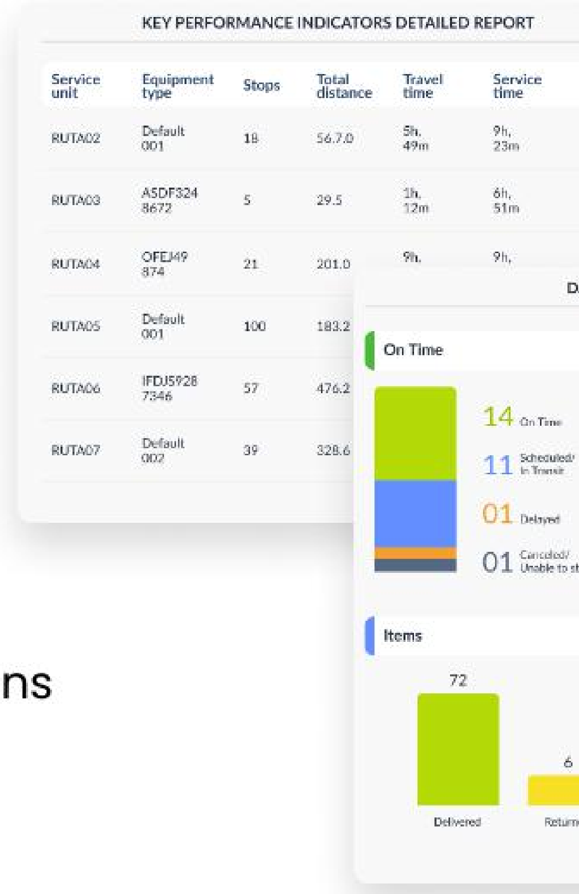
Lastly, maintaining transparent communication with drivers and engaging with trade unions were proposed as crucial strategies to foster a harmonious and compliant work environment in the gig economy.

NAVIGATING LAST MILE OPTIMISATION BASED ON REAL DATA

David Lewis's presentation at The Logistics Point's Urban Logistics & Last Mile event provided insight into the evolving dynamics of the gig economy and driver employment status, focusing on the critical importance of communication, efficiency, and data in the delivery process.

Observations from Last Mile requirements

Data Utilisation



- CO^2 emissions
- Vehicle running costs
- Driver costs
- Driver skills / experience / ratings
- Order weight , volumes and dimensions
- SKU based dwell times
- Exact locations

Observations from Last Mile requirements

More focus on the driver experience

- Two way communications
- Automated customer communicati
- Accuracy of dwell times
- Consideration of property type

Transport managers strive to optimise routes efficiently. Balancing optimization efforts with the actual gains in time and efficiency was deemed crucial.

Two-way communication with drivers emerged as a pivotal aspect. Companies are increasingly integrating communication tools within driver apps to enable direct contact in case of incidents or queries, emphasising the significance of seamless communication channels.

Automated customer communication was highlighted as a growing trend. Many companies seek to inform customers about delivery timings, tailored to individual preferences. This personalised service often involves the choice between automated updates and the personal touch of drivers contacting customers directly, emphasising the importance of drivers' interpersonal skills.

DWELL TIMES & THEIR IMPACT

Dwell times, impacted by factors like property type, were identified as crucial considerations. Drivers analyse these aspects when assessing delivery slots' feasibility, underlining the need for realistic time estimates for deliveries.

Transport managers strive to optimise routes efficiently. However, Lewis highlighted the complexity of this task, citing the countless possibilities in route optimization. Balancing optimization efforts with the actual gains in time and efficiency was deemed crucial.

The presentation stressed the value of examining deliveries on a case-by-case basis. Real-time optimization based on actual delivery times versus estimated durations emerged as a strategic approach to enhance efficiency.

Environmental concerns, especially CO2 emissions, were discussed within the context of optimization, highlighting the multifaceted factors involved in achieving sustainability goals. Utilising the best drivers for priority customers was identified as a method to ensure superior service.

The collection of data from customers regarding driver performance and installation skills was highlighted as a potential area for enhancing operational insights. Lewis also noted the increasing relevance of data regarding item sizes and attributes, despite current limitations, suggesting a growing trend towards utilising such data for improved logistics planning.

THE VOICE OF LOGISTICS: OUR NETWORKING EVENTS IN 2023

Let's remember the moments!








Urban Logistics & Last Mile 2023

THE VOICE OF LOGISTICS: OUR NETWORKING EVENTS IN 2023

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Let's remember the moments!

FROM VISION TO REALITY: HOW INNOVATION IS RESHAPING THE LOGISTICS SECTOR

The logistics and delivery sectors are undergoing a transformative phase, driven by the integration of innovative technologies. Innovation has become the foundation of improving processes, understanding customers' behaviour patterns and ultimately winning contracts and creating growth opportunities. But how does the industry approach innovation?

'The upcoming year will see the deployment of the Auto-Cargo, an autonomous electric vehicle that will transport cargo at our UK hub at East Midlands Airport. This innovative self-driving vehicle, accompanied by a driver during the initial phase, will carry cargo pallets and containers with a maximum load of 7.5 tonnes between the airport hub and aircraft,' shares with The Logistics Point UPS, one of the world's leading logistics companies.

This is an example of how innovation in logistics helps international corporations who aim to streamline their operations, dedicating more resources to their core strengths. Developing adaptable automation solutions that specifically target repetitive manual tasks will become pivotal for logistics firms in meeting evolving customer needs.

For instance, implementing a smart warehouse approach holds significant value, enhancing agility, productivity, and capacity while reducing reliance on human resources. Ultimately, this optimised model enables cost-efficient service for customers.

Automation & Controlling Costs

'In order to increase work efficiency and time management, automation will play a crucial part in the growth of the logistics industry. This includes things like automated guided vehicles and innovations like driverless transport control systems (AGVs) and drones,' tells us Lucie Hyde, Managing Director at LNH Transport. Top of the range vehicles will also play a crucial role in the future of logistics.

It is difficult to put a precise price tag on innovation because various factors need to be considered, including initial investment and ongoing costs.We should investigate how the expense can be compensated for in future projects and applications and how competitiveness can be increased.

An interesting example of innovative approaches in logistics is the use of 3D-printed parts. For low volume orders 3D printing allows for fast ordering and delivery to customers, improving lead times and customer satisfaction. Another example is the sustainable and environmentally friendly transport of cargo by e-Trucks.

Lastly, the whole field of autonomous vehicles clearly has the potential to revolutionise the logistics industry. Not only because it will cut costs, but also because it has the potential to increase reliability in terms of deliveries to the right place at the right time. This field includes the development of autonomous delivery drones.

‘We are currently running a pilot project in a rural area in Germany to improve local supply in remote villages through the delivery of everyday goods by our drones. The first results are really promising,’ explains Oliver Krockenberger COO at Wingcopter.

Smart Labels

A promising advancement in this space is the development of Smart Labels. ‘These labels are poised to redefine how we perceive tracking and monitoring in the logistics industry,’ believes Sam Colley, CEO, Pod Group.

Historically, tracking small and lightweight items was a challenge due to the bulkiness of traditional tracking devices. However, the new generation of Smart Labels with their ultra-slim profile, has been designed to be as unobtrusive as possible, allowing for the tracking of items as varied as an envelope containing crucial documents to a full-sized artwork.

This versatility is a testament to the potential of these labels in ensuring that goods, irrespective of their size or weight, can be monitored with precision.

Price of innovation & ROI

It is difficult to put a precise price tag on innovation because various factors need to be considered, including initial investment and ongoing costs. Therefore, we should rather ask for the benefits of innovation than for today's price or cost. We should investigate how the expense can be compensated for in future projects and applications and how competitiveness can be increased.

In general, benefits of innovation can materialise as

- Reduced costs and increased revenues from improved efficiency and productivity
- Enhanced customer loyalty and retention from improved service quality and speed of delivery
- Increased market share and competitiveness from differentiated and value-added offerings
- Improved social and environmental impact from reduced emissions and waste

All these can be accompanied by specific key performance indicators (KPIs) that track operational and financial metrics, such as delivery time, accuracy, cost, and profit.

Benchmarking studies that compare the innovation performance and practices of different logistics organisations show how individual companies perform with regards to innovation and motivate them to continue or increase their innovation efforts.

FUTURE-FORWARD LOGISTICS: EMBRACING ELECTRIC CARGOBIKES FOR URBAN LAST-MILE TRANSPORT

Logistics and courier companies are swiftly adopting innovative approaches for urban last-mile delivery. Departing from traditional diesel vans, a growing trend involves the integration of small electric vehicles, like e-cargobikes, for more efficient and sustainable transportation in urban areas. We spoke to Swobbee about their take on the evolution of the last mile.

How has the last mile transformed in your opinion over the last couple of years?

The transition is in full swing. More and more companies from the logistics and courier express, parcel (CEP) services have implemented new processes and delivery concepts for the last mile in urban areas. Instead of diesel vans, more and more small electric vehicles such as e-cargobikes are being used, which are supplied by MicroHubs distributed decentrally throughout the city.

Special battery charging and swapping stations such as Swobbee enable the efficient and sustainable use of these new last mile solutions.

What are the most significant changes and how are companies adapting?

One major challenge is the dense urban space, which makes it difficult to set up micro-hubs and charging infrastructure. Added to this are complicated and time-consuming approval processes. This is where local authorities are called upon to create better frame conditions.

The last mile is often what consumers see and brands are keen to make the experience seamless and green. Do they succeed?

Many companies are setting a good example and are convincing ambassadors for sustainable last mile solutions. But we are only at the beginning of this development, there is still a lot to do.

What advice can you give brands in this regard?

The time to switch to green last mile solutions is now. One thing we have learned in numerous projects is that cooperation is the key to success, especially when resources are limited, e.g. space in the city or money for smaller companies. ✷

EVOLVING EV LANDSCAPE: UNPACKING CHARGING CHALLENGES ACROSS UK, USA, AND EU

Charging infrastructure is critical to ensure the continuous rise and use of EVs but all around the UK, the USA, and the EU there are many problems. We spoke to David Hallgren, GM Energy & Charging Infrastructure at Einride on how the infrastructure is developing, what is being done and what challenges will be hard to fix.

David, How would you evaluate the charging infrastructure in key markers like the UK, EU, USA?

Overall, the current supply of infrastructure designed specifically for the transportation of heavy goods using large vehicles is quite restricted. Addressing this limitation requires individuals or entities who take the lead in propelling advancements in this field, and we are committed to being actively involved in this process.

Although, we're seeing advancements around the world that help make charging infrastructure widely available. Both the EU and the US provide large subsidies for trucks and charging infrastructure, while the UK government recently announced it is planning to make available

£4.5bn over 5 years to attract investment into strategic manufacturing sectors, which includes charging infrastructure, in addition to their new funding scheme, which will help deliver more charging sites and help the freight industry decarbonise. Nevertheless, with the growing number of electric vehicles on the roads, there is still more that can be done, and we will need to see further government incentives in different markets that will help provide even more charging networks.

What are the current challenges related to charging infrastructure?

In many regions that are appealing from a logistics standpoint, accessing suitable land for establishing charging facilities can be a challenge. These areas frequently have a constrained grid capacity, and ensuring a sustainable and reliable energy supply for the chargers adds another layer of complexity.

Support from the government in terms of simplified procedures to build the infrastructure are key and far from comparable from country to country. Germany and Sweden have launched good incentive programs that enable the roll-out of the infrastructure and speed up the process with building permit exemptions.

How long does it take to install such infrastructure and what capabilities are needed?

The time required to install charging infrastructure ranges from 3 to 18 months, depending on the permitting structure in different countries, with a prerequisite that a grid is available.

To build efficient charging stations, companies need to ensure they meet wide ranging capabilities.

These include ensuring charging solutions are customizable and adaptable to changing technological needs, and that stations are based in strategic locations that give customers the flexibility to either quickly charge their vehicles or allow them to stay overnight.

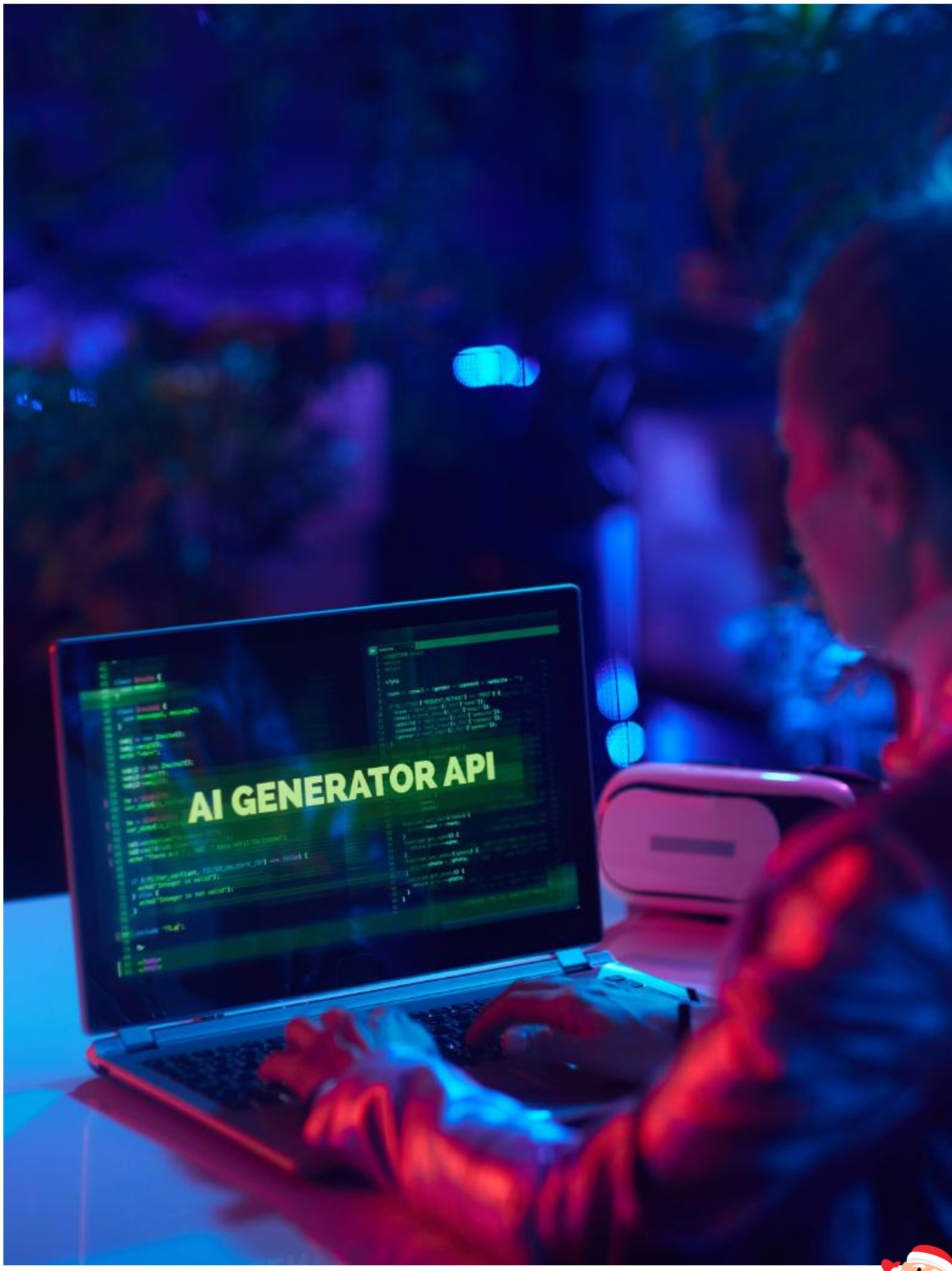
Charging solutions should remain flexible and adaptable alongside infrastructure being upgraded as vehicles develop to handle higher power levels and as new technologies, such as megawatt charging, become more commercially viable.

Who should be pushing for it?

It should primarily include those with transportation needs or involved in transportation services. The expansion should prioritize the development of efficient transport solutions tailored to the optimal requirements of electric vehicles, rather than merely situating chargers at existing nodes in the current system. Although some countries have started public funding for the electrification of heavy goods vehicles and charging infrastructure, enhanced collaboration between private companies and governments at different levels is necessary to propel a sustainable electric future. Local municipalities play a pivotal role, not just in planning and permissions, but also in sourcing the energy needed to charge vehicles. ✷

AI IN LOGISTICS: ARE WE READY TO TAKE ADVANTAGE OF IT?

In today's rapidly evolving business landscape, logistics demand forecasting stands as a pivotal element in staying ahead of the curve. The ability to foresee future trends, driven by comprehensive data analysis and a deep understanding of market conditions, becomes a game-changer.



The integration of AI-driven forecasting models promises to usher in a new era of precision and foresight. By leveraging machine learning algorithms and advanced analytics, AI empowers organisations to decode complex patterns, mitigate uncertainties, and potentially gain a more nuanced and accurate view of demand dynamics.

''Logistics demand forecasting is a crucial step for us, predicting future trends based on data and market conditions can help us understand and predict demand more accurately. The use of AI forecasting will revolutionise this part of the logistics process in the future, helping organisations potentially get a more accurate view of demand,' explains Lucie Hyde, Managing Director at LNH Transport.

Impacting all areas

AI has also had a profound impact on warehouse operations. Alongside technologies like robots and automated systems, processes such as picking and packing, inventory tracking as well as worker safety have been streamlined, resulting in increased productivity, and reduced human error.

Predictive maintenance has been another transformative aspect. AI's ability to analyse data from sensors and various other sources means that it can now anticipate maintenance requirements, ensuring minimal downtime and optimal equipment reliability. Lastly, in terms of risk management, AI's capability to sift through data from myriad sources allows it to pinpoint potential risks and vulnerabilities in the supply chain.

> *The cost of an AI project can be broken down into several categories, including hardware, software, data, and personnel costs. Hardware costs include the cost of servers, storage devices, and other hardware required to run AI models.*

The good and bad

AI boasts benefits like heightened efficiency, accuracy, cost reduction, and superior decision-making. It automates tasks, analyses data, and provides predictions, fostering quicker and more precise decisions, decreased errors, and heightened productivity.

'However, drawbacks include potential job displacement, ethical dilemmas, and substantial investment needs. Automation may replace human jobs, raising ethical concerns such as bias and privacy issues. Implementing AI demands significant financial investments in hardware and software, acting as a potential hurdle for some organizations,' says Iterate,

'Understanding that there is a balance to adapting AI requires educating managers about these technologies from reliable sources and not just the internet to make informed decisions. This requires a mindset shift and a willingness to invest in training and development for companies in the supply chain which they haven't done traditionally,' agrees Nilay Parikh at Arvist.

The ability for AI to minimise human error in the logistics sector is groundbreaking, but there is a risk that people will become too reliant on this technology. Although errors can be mitigated, AI is still a developing technology that should not be heavily relied upon, but instead used as a tool to make processes smoother and safer.

"The use of AI in logistics aims to reshape numerous sectors including the dairy distribution industry, by significantly decreasing the risk of error in supply chain documents,' shares Paul Lawrence, Managing Director of AddSecure UK, North America and Australia.

RETURN ON INVESTMENT

Putting a price tag on AI investments has to be done effectively and continuously. 'You don't want to buy a software solution that you then need to hire consulting services to help correctly configure or end up investing in supply chain engineers and data scientists to help orchestrate it, product teams to manage business requirements, etc,' argues Alla Anashenkova, Head of Product and Sales Engineering at ThroughPut Inc.

A study conducted by McKinsey found that companies that fully embrace AI in their supply chain operations could see a 10-20% increase in annual revenue. We have seen our customers at Arvist save over $300,000 annually by implementing a simple quality control application using AI. There are various variables around the potential savings, and it varies from use case to use case, so it is important to identify potential value that an AI solution can bring before implementing.

While it may be difficult to quantify the exact ROI of AI projects in this field, the potential for positive impact is clear. The ability to increase efficiency, reduce labor expenses, and improve customer satisfaction are all tangible benefits that can need to be taken into account while calculating the ROI of AI,' adds Nilay Parikh.

The cost of an AI project can be broken down into several categories, including hardware, software, data, and personnel costs. Hardware costs include the cost of servers, storage devices, and other hardware required to run AI models. Software costs include the cost of developing or purchasing AI software, as well as any necessary licences

Data costs include the cost of collecting, storing, and processing large amounts of data required for AI models. Personnel costs include the cost of hiring and training AI experts, data scientists, and other personnel required for the project.

ALTERNATIVE FUELS: WHERE ARE WE AT NOW

In the quest for a greener and more sustainable future, the transition to electric vehicles (EVs) has been at the forefront of transportation initiatives. However, the road to an all-electric fleet is more complex, especially when it comes to larger vehicles such as Heavy Goods Vehicles (HGVs). These vehicles that are responsible for a significant portion of the UK's greenhouse gas emissions, pose unique challenges when it comes to electrification. While electric cars and vans are increasingly replacing their petrol and diesel counterparts, HGVs continue to rely on traditional fuels. Paul Holland, Managing Director for UK/ANZ Fleet at FLEETCOR takes a deeper look.

The Challenge of Electrifying Heavy Goods Vehicles

HGVs, despite constituting a mere 5% of vehicles on UK roads, contribute a staggering 18% of the nation's greenhouse gas emissions. Given the urgency of reducing emissions, it is vital to find an effective and efficient alternative to traditional fossil fuels for these heavy-duty vehicles. While electric HGVs are technically possible, they face significant limitations.

The inherent inefficiency of electric drivetrains when hauling heavy loads is a major impediment. Because of their heavy batteries, electric cars are typically designed with lightweight materials like carbon fibre to enhance efficiency, but this approach is not viable for HGVs.

Electric HGVs struggle to achieve a sufficient range, and the addition of more batteries to improve range comes at the cost of increased weight, further reducing efficiency.

Charging technology has made substantial progress in recent years, but charging an HGV would still be a time-consuming process, which is impractical for logistics and transportation companies reliant on tight schedules.

Alternative Fuels: A Potential Solution

Instead of trying to fit the square peg of electrification into the round hole of HGVs, an alternative path involves exploring a range of alternative fuels. Options such as hydrogen, hydrogenated vegetable oil (HVO), and biofuels are promising candidates.

These alternative fuels operate more akin to traditional fossil fuel engines but with significantly reduced emissions, although not always zero, so they are often referred to as 'low-carbon'.

The key advantage of alternative fuels for HGVs is that they offer a familiar refuelling experience. Drivers can fill up their tanks at existing fuelling stations, making the transition smoother and more practical. Unlike electric HGVs, which require specialised charging infrastructure, alternative fuel options leverage the current network of refuelling stations.

Challenges of Alternative Fuels

While the potential benefits of alternative fuels are clear, the challenges are equally significant. Currently, the number of alternatively fuelled HGVs on the road remains quite low, and investment in infrastructure lags behind the electric charging network.

For instance, there are just over a dozen hydrogen refuelling stations in the UK, severely limiting the adoption of hydrogen-powered vehicles.

To unleash the potential of alternative fuels, substantial government investment is required. It's essential to replicate the success of electrifying smaller vehicles in the HGV sector. This entails choosing the most suitable alternative fuel for HGVs, creating incentives for fleets to adopt them, and investing in the necessary infrastructure.

Moreover, the current landscape is characterised by a plethora of competing alternative fuel types, creating confusion and uncertainty for businesses. Rationalisng the system to identify the most suitable and efficient alternative fuels for different types of HGVs would be a crucial

step towards streamlining the transition.

Lastly, there are rules around how much weight alternatively fuelled vehicles can carry that limit their use. Currently the limit stands at 4.25 tonnes – articulated lorries can weigh as much as 44 tonnes- and drivers will need five hours of training and to drive at 56mph. ✷

ADDRESSING THE DRIVER SHORTAGE IN THE UK'S LOGISTICS INDUSTRY

The shortage of drivers within the UK's logistics sector has become a pressing concern, attributed to a confluence of factors impacting the workforce and the operational landscape. We spoke to SNAP, a digital marketplace, about what needs to be done and what is being done.

A lack of suitable truck parking options has emerged as a significant challenge, affecting the working conditions and convenience of drivers.

Coupled with this, an ageing workforce and a dearth of new entrants into the industry have exacerbated the shortage. The disruptions caused by the COVID-19 pandemic further amplified the issue as over 40,000 HGV driving tests were cancelled, limiting the influx of new drivers. Additionally, Brexit played a pivotal role, leading to the departure of more than 20,000 EU drivers from the UK.

When considering potential solutions, questions arise regarding the role of automation, diverse vehicle types, and regulatory constraints. While some advocate for technological advancements and reduced restrictions, emphasising the importance of investing in driver welfare remains a prevalent viewpoint within the industry.

The industry is grappling with the urgent need to attract more individuals to these crucial roles. Campaigns have been initiated to entice new drivers; however, the escalating demand for online deliveries necessitates immediate action.

Several strategies are being explored to bolster driver hiring and retention rates. These include the enhancement of roadside facilities, prioritising driver welfare, promoting truck driving as a career choice among female and minority groups, and potentially subsidising driver training programs.

When considering potential solutions, questions arise regarding the role of automation, diverse vehicle types, and regulatory constraints. While some advocate for technological advancements and reduced restrictions, emphasising the importance of investing in driver welfare remains a prevalent viewpoint within the industry. Experts foresee the possibility of self-driving trucks on UK roads by 2030; however, they assert that drivers' skills will continue to be indispensable.

In a bid to alleviate the strain on the industry, the UK government introduced legislation in May 2023, permitting longer lorries on British roads. This move aims to enable drivers to transport the same volume of goods while making 8% fewer journeys than with current trailers, potentially easing the burden on the existing workforce.

As the logistics sector grapples with this multifaceted challenge, the emphasis on comprehensive solutions, which encompass technological innovation, regulatory adaptability, and prioritisation of driver welfare, becomes increasingly vital.

The future of the industry relies not only on addressing the current shortage but also on adopting a holistic approach that ensures sustainable growth and resilience in the years to come. ✷

VIDEO
RETAILERS STRUGGLE WITH RETURNS & NAVIGATING CONSUMERS' WISHES

The UK's retail market is more than just competitive and many struggle to stay afloat. Surprisingly one of them was Amazon which could not penetrate the grocery market as quickly as they expected. But on top of that other retailers are struggling with the levels of returns and are trying to find solutions. We spoke to Gerry Power, Head of Country in the UK for TMX Transform about this.

Gerry, the UK's grocery market is a universe on its own. We have seen the likes of Amazon try to enter and somehow not succeed. Why?

I think they were trying to address pain points and solve problems that were not really there. They wanted to address the problem of queuing which was not there. On the other hand, I wonder if the market was ready to switch to a relatively unknown grocery retailer.

Consumers get comfortable buying food products from a particular grocer or a store and they usually do not switch.

What are we going to see from the Peak Season this year?
We work with a number of large retailers and the evidence is that so far things are going well. The issue that is affecting everybody now is returns. Large retailers have publicly announced they are starting to charge for returns. It is an issue everybody is facing now and will perhaps affect some of the choices consumers make.

In my opinion it is inevitable that retailers will start charging for returns. The pain for them is what it will mean in lost sales. The early adopters of this are probably going to see some short term pain.

Are retailers and consumers at two different ends of the spectrum when it comes to returns?
To a degree they are. But retailers have to do something because we all see the pain this is causing. If we forget about the economic impact, we also have a sustainability impact. Consumers, of course, have got used to not paying for returns and ordering 3 or 4 items and then returning the majority back for free.

Where does this leave companies that are trying to enter the market?
There are some great supply chains that are operating very well and compete with the likes of Amazon. Next particularly is doing a great job. But the cost of achieving success is very high.

You can listen to the rest of the interview with Gerry Power, Head of Country in the UK for TMX Transform now below. ✷

DO WE NEED TO FIND A MORE SUSTAINABLE FUTURE FOR ONLINE SHOPPING?

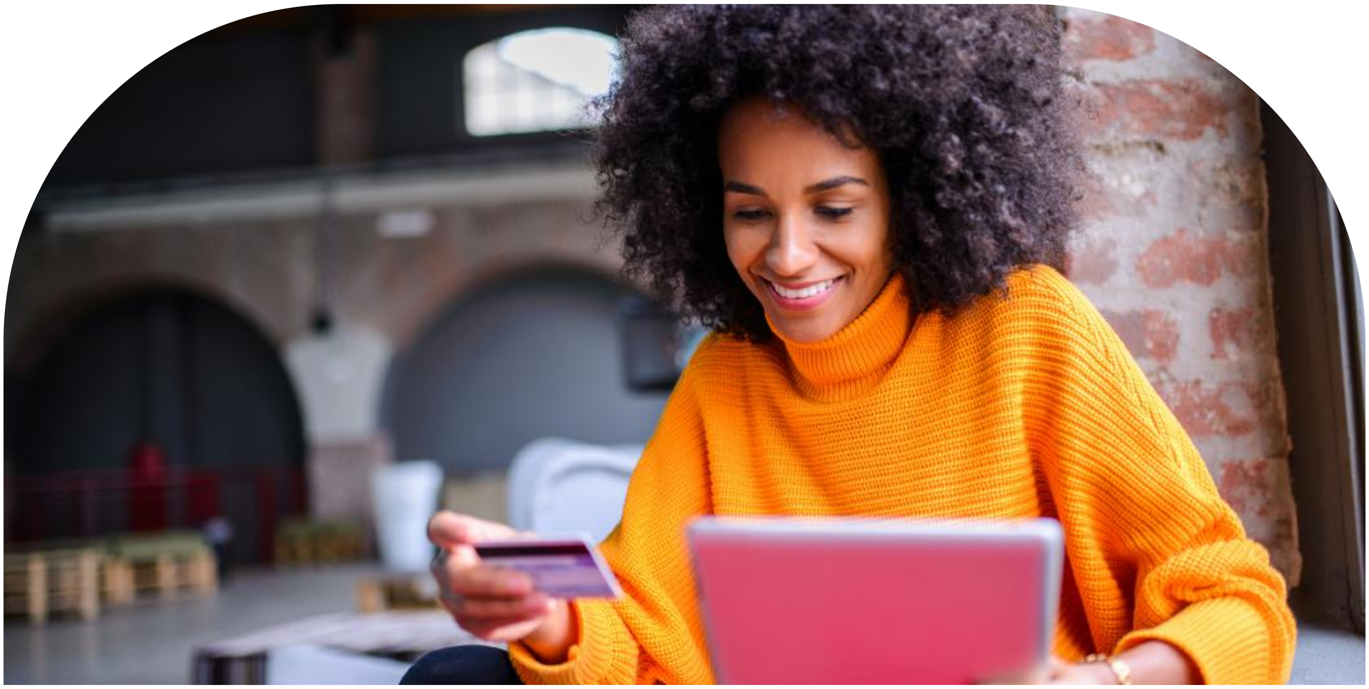
The volume of online shopping in the UK has been steadily growing for the last fifteen years, and while the infrastructure exists to handle demand, the environmental impact has not been factored into considerations until recently. We spoke to Esme Fowler-Mason from My Pup about the future of sustainable online shopping.

In 2022, around five billion parcels were shipped in the UK. While this is fewer than during the pandemic – where consumers had little choice but to shop online and online retail as a proportion of retail sales jumped up to 30 per cent – we can expect the volume to increase in the years ahead.

In the UK, online sales currently represent around a quarter of all retail sales (26.3%), with consumers opting for the convenience of home delivery, avoiding crowds and embracing the opportunity to shop around to find bargains and better value for money.

Sales going up

Despite the cost-of-living crisis, retailers are already reporting a record-breaking Black Friday discounting event.



In the UK, online sales currently represent around a quarter of all retail sales (26.3%), with consumers opting for the convenience of home delivery, avoiding crowds and embracing the opportunity to shop around to find bargains and better value for money.

Nationwide reported that its members alone made 9.92 million purchases on Black Friday this year, up 2 per cent on 2022 and 12 per cent on a regular Friday.

Given a typical jump in the proportion of online sales of about 4 per cent in November each year, we can expect around 30 per cent of all sales over Black Friday to have taken place online. As a result, logistics providers – especially those focused on last-mile delivery – are currently experiencing a huge boost in demand for their services that will continue into December as the Christmas shopping rush continues.

One thing those operating in and around the retail sector desperately need to think about is the environmental impact of these deliveries. Even a small parcel can generate between 0.5 and 1.0kg $CO2e$, and with five billion parcels being delivered in the UK every year, it is clear that online shopping has a sizeable impact on the environment.

Do we want it better?

With the volume of online shopping only increasing, more sustainable solutions are needed. According to MyPup's recent research amongst consumers in London, while 87 per cent are concerned about the environmental impact of the package deliveries they receive, only 44 per cent are trying to reduce the volume of parcels they order.

Retailers have started to offer green delivery options, but unfortunately as these often take longer or cost more, consumers are not keen to use them, despite their environmental concerns. Seven in 10 (69%) London-based consumers would be willing to make small changes to improve their carbon footprint – like selecting alternative delivery options – but only if there was no impact to their lifestyle or experience.

While providing greener delivery solutions is important for reducing the carbon footprint of online shopping, reducing the number of deliveries made could be far more impactful. One solution popping up across Europe, which benefits both consumers and the environment, is urban micro consolidation, which revolutionises the tail-end of last-mile delivery.

When multiple parcels are ordered from different retailers, as often happens during the golden quarter, one single consumer in the UK could receive deliveries from more than five different providers in the same day. In an apartment block with multiple units and residents, the same providers might be making multiple deliveries – and often these are not made by the same vehicle.

Streamlining the number of deliveries made through parcel consolidation should be considered as a solution for making ecommerce more sustainable. This would see all parcels from all couriers go to one hub, where they are sorted by apartment block. All parcels for that block would then be delivered in one delivery by electric vehicle, significantly reducing the number of vans on the roads and therefore, the emissions released from online shopping deliveries.

Rather than taking away from consumers' experience, a service like this could actually improve it. Rather than receiving multiple deliveries, which can be challenging when people are working, receiving just one makes the whole process more convenient.

As the volume of online sales is likely to increase rather than decrease, it is important that logistics firms evolve quickly, and consider collaborating with each other, public bodies, asset managers and other stakeholders in order to make a difference on emissions. We need to reduce the number of deliveries made and reduce traffic on our roads urgently before we reach critical mass. ✷

LOGISTICS REACTS TO THE AUTUMN STATEMENT

Chancellor Jeremy Hunt's big move in the government's "Autumn Statement for growth" was tax cuts for businesses and workers, as well as a larger than expected reduction in national insurance from January. These contributions may provide relief for strained household budgets, but energy, raw materials, logistics and borrowing costs remain steep for manufacturers, freight and supply chain companies. Here are some reactions from the logistics industry.

"While there are indications that the statement could boost economic activity, our members are concerned about how Freeports and Investment Zones could work for them. In addition, businesses still need clarity on the support government will be providing for the transition to a net-zero economy, and we will be working closely with them in the coming weeks to ensure the best possible outcomes to keep the UK trading, both domestically and internationally,'' explains David Wells OBE, Logistics UK's Chief Executive.

'The notable failure to cancel the planned increase in fuel duty next April will serve to dampen any early festive cheer. If this goes ahead, the first rise in over a decade would come at a time, in the wake of a cost of business squeeze, when fleets can least afford it,' says David Bushnell, Director of Consultancy and Strategy, Fleet Operations. Making the full expensing capital allowance tax scheme, introduced in the last Budget, permanent certainly comes as welcome news, helping to support many fleets' bottom line, along with the transition to e-mobility.

However, it is only cash-rich business with access to capital that benefit. Failing to extend the scheme to the leasing and rental sectors continues to prove a missed opportunity to support the wider fleet industry, and its critical role in driving business investment and transport decarbonisation.

Elsewhere, following the recent decision to delay the ban on the sale of petrol and diesel cars and vans, there had been high hopes that significant measures would be announced by the Chancellor to help counteract the impact of this by incentivising EV adoption. But this was not forthcoming in any meaningful way, and once again, has proved a missed opportunity, say logistics experts.

There are still many factors that are still to be addressed in order to boost the future of the UK transport industry. We have seen the cost of fuel rise dramatically in recent years, we're exporting less into EU and non-EU countries, but export times remain high as the post-BREXIT paperwork continues to be navigated, as well as the drop in shipping requirements since COVID restrictions were reduced; an area of UK logistics that needs to be monitored and supported. If these factors were looked at, it could also help keep inflation under control, which is a main focus of the Government.

'The logistics industry must continue to push policy makers to keep UK logistics businesses growing, and to urge for more financial measures to support business investment,' concludes Lucie Hyde, Managing Director of LNH Transport. ✷

USA'S PEAK SEASON: PERCEIVED UNCERTAINTY CAN CAUSE PROBLEMS

Organisations of all sizes are still trying to understand what the 'new normal' after Covid means. But this upcoming Peak Season is hopefully going to bring some answers. However, a look at the USA's market paints a confusing picture. Although not in recession, consumers are feeling less secure. We spoke to Nicole Ostertag of G3 Enterprises about the Peak Season and what will happen in the US market.

Nicole, how would you evaluate the coming Peak Season in America right now?

Assessing the upcoming Peak Season in America right now is a bit of a unique scenario, especially after the settling of shipping patterns post-pandemic. We're still navigating what this 'new normal' looks like. There's a sense of a lighter load compared to previous seasons. In the US there's a sentiment among consumers hinting at economic uncertainty, impacting their spending habits. It's like a bit of a back and forth between spending on goods versus services. We're in a phase of finding a balance between the two.

This shift is reflected in volume numbers, where railroads, for instance, aren't implementing intermodal surcharges during the typically high-volume months of October to December. This absence of surcharges is quite unique and suggests that the expected high volumes might not be as significant as in previous years. There might be a slight increase in supply due to some railroad investments, but it's not surpassing the existing demand.

Can we expect growth for next year based on this?

The trucking industry is currently facing what we refer to as a trough, especially from a rate perspective. We've been in this phase since about June, which has prompted challenges due to increased costs in various areas of trucking, such as driver expenses, insurance, and technological investments to meet new regulations. This phase has led some smaller brokers or owner operators to reconsider their involvement in trucking due to its current lack of profitability. As a result, the supply is decreasing. Looking ahead, I foresee a slow Q1 as usual, followed by potential tightening in logistics around spring, possibly by April, when companies typically recalibrate expectations for the year.

What are retailers looking at and expecting?

Retailers are facing challenges in Q4, typically their peak period. Many are encountering declines.

What can all parties do to weather the storm and be better prepared?

For customers and shippers, now's the time to dive deep into analytics, assessing available tools and forecasting methods to optimise supply chain networks. After the holidays, the focus should shift to resizing networks during slower periods for better cost efficiency. On the logistics provider side, fostering partnerships becomes pivotal. While the spot market has been fluctuating, the focus should be on securing long-term deals beneficial to both parties. Prioritising stability over the spot market might be more advantageous for suppliers at present.

And how easy and valuable is it for logistics companies to really focus on partnerships: even with competitors?

Yes, definitely. Our consistent business relationships have been a significant advantage. Having committed customers who trust us allows for more flexibility and decisions that prioritise long-term benefits over short-term gains.

These strong enable us to invest in technology and mitigate risks. While some suppliers experienced a decline in business recently, our long-term business relationships kept us steady, even during downturns in our customers' businesses.

Can you describe what the transformed, better logistics business should look like?
Describing an ideal logistics business is quite nuanced and depends on various factors like your business setup and scale. Whether you're operating locally or globally plays a role in shaping this. However, what I believe could be highly beneficial is having a supplier offering integrated solutions. With such information, the team can analyse your business comprehensively, leveraging their expertise across different areas to provide valuable advice. Relying solely on individual suppliers limits the scope of insight they can offer, placing the onus on you to have internal expertise, which might be challenging to cultivate. Ultimately, having access to data is crucial, and if it's not readily available within your business, seeking assistance externally or through technology could bridge that gap effectively. ✷

WHY UNCERTAINTY IS NOT AS VALUED AS IT SHOULD BE?

Uncertainty has always been an integral part of supply chains but many companies fail to see the benefits and value it as something that can benefit their operations. On the surface this makes sense, but those who manage to grab the uncertainty and learn from it benefit the most. We spoke to Tim Payne, Research Vice President at Gartner about recent research and the role of uncertainty in strong organisations.

Tim, how open to uncertainty are companies and how many manage to cope well and thrive?

Majority of companies are at the end of the scale where they do not like uncertainty. ⅔ of companies are in what we would call the 'Fragile State': they really do not like uncertainty and like to know everything so they can predict demand and production. The reason is that they have a relative loss in value and revenue every time they experience uncertainty.

28% of companies are in a situation where they can suffer no loss due to uncertainty. They are in a resilient state and are able to operate within that and recover and operate.

Only around 9% of companies are in what we call the 'Anti-Fragile State' which means they are actually able to gain enough knowledge and improve. Because of that they can actually benefit highly from whatever has happened. AT the moment the majority is in the 'Fragile State' and a minority are able to deliver value regardless of what happens.

Does it depend where they operate geographically and the industry they are in?

We have seen these be true across all sectors whether it is in retail, manufacturing, hightech, etc. The successful companies seem to have a specific mindset which is operated from the top down.

The way people and supply chain officers think are very different depending on what state the company is in. 'Anti-Fragile State' organisations like uncertainty and are open to it.

They accept that apart from dealing with the problem, they are able to learn and evolve. 'Fragile State' organisations see it as a cost premium that also affects insurance and all aspects negatively. However, successful companies see uncertainty as an investment.

The way both look at the future is very different too. All of these translate into a set of capabilities that really help. We have identified that each capability is different depending on the state of the organisation. ✷

BEST SKILLS

- Decision Processes and Collaboration: Enabling dynamic decision processes during uncertainty (4.9x more likely to have a positive revenue impact).
- Calculating ROI for Supply Chain Investments: Assessing the value of investing at different times due to uncertainty (4.5x).
- Managing the Assessment of Uncertainty: Performing a high degree of experimentation on the supply chain to stress test it (3.7x).
- Supply Chain Redundancy: Viewing redundancy (e.g., inventory, capacity, multiple suppliers) as an investment opportunity (3.6x).
- Supply Chain Planning: A focus on end-to-end (E2E) planning policies (probabilities, options, thresholds) in the midterm and accurate functional short-term planning (2.5x).
- Monitoring, Adjustments and Responsiveness: Monitoring at "arm's length" to intervene only if policies are breached and empower local stakeholders to adjust within policies (2.1x).

IN 2024, TECHNOLOGY WILL FURTHER SEPARATE THE MANUFACTURING LEADERS FROM THE LAGGARDS

2023 was a mixed bag for individual manufacturers, with “leaders and laggards” emerging in every sector based on a mix of market demand, technological maturity and a host of external factors such as ongoing supply chain disruptions and labor disputes. Tom Gregorchik, VP, Industry Strategy, Manufacturing, FourKites takes a deeper look.

Manufacturers of AI-optimised chips? Clear winners. Pharmaceutical companies marketing weight-loss drugs? They did well based on high customer demand; conversely, pharmaceutical companies making COVID treatments had a lot of inventory to write off.

2024 will likewise present both opportunities and challenges, with continued investments tempered by higher interest rates, ongoing labor shortages and, inevitably, more supply chain surprises. The one certainty going into the new year? Manufacturers that make smart investments in technology — and that operationalise that tech to drive near-term, tangible value — are going to put an ever greater distance between themselves and the laggards.

Looking ahead, we should expect:

Greater transparency as a north star. “Where’s my product?” Leaders increasingly realise that when the customer service department gets that call, the rep better have a good answer, in real-time. That means being able to see all parts of an order, not just the load they are shipping, in real-time, anywhere in the world. Chief Supply Chain Officers (CSCOs) will continue to invest in visibility technologies to eliminate supply chain and manufacturing blind spots and increase transparency and collaboration throughout their organisations to ultimately get their teams away from fighting fires and answering internal questions.

Inventory costs and product portfolios will be under the microscope. The highest interest rates in decades mean that leaders can no longer afford to over-order as a hedge to keep manufacturing lines running. Manufacturers increasingly will leverage technology to read the latest demand signals and order just enough inventory to meet customer demand. Similarly, product portfolios will be continuously assessed relative to demand and SKUs will be rationalised to optimise inventory carrying costs. Efficiently and effectively managing inventory will require a new degree of agility within the manufacturing supply chain to not only detect, for instance, short-filled orders but to identify the options that are immediately available to keep needed inventory flowing. Having real-time insight across your supply chain can help reduce inventory across the board.

TOM GREGORCHIK, VP, INDUSTRY STRATEGY, MANUFACTURING, FOURKITES

Technologically mature carriers will take greater share. I’ve talked to several transportation executives at various manufacturers of late and heard a common refrain around carrier consolidation.

They are all looking to build better relationships with a handful of close partners who have established track records of excellent performance. That means carriers who embrace technology to boost delivery performance will take an ever greater share from the tech laggards — especially in a market where capacity isn’t king anymore. Now that they have more leverage, shippers are asking their carriers, “What else can you do for me?”

Talent will follow the tech. Over the course of the pandemic, workers performed heroics with the tools that they had. Going forward, many of them will no longer accept manual processes or archaic tools (yes, I’m talking to you, Excel).

Increasingly, workers see a company's lack of investment in advanced technology as a lack of investment in them.

The manufacturers who invest in the latest and greatest — visibility, AI, IoT, data and analytics — will win over the workforce for the future.

Leaders will choose tech that delivers faster time to value. Too many digital transformation projects fail because manufacturers try to boil the ocean or take a long time to implement — by the time the solution is ready to go, the climate has changed. Instead, the savviest manufacturers are focusing on the use cases that can drive the greatest efficiencies and savings in the near term. And more CSCOs and CFOs are working together to actively monitor the ROI of every investment.

The ROI doesn't have to be astronomical, but manufacturing leaders will increasingly choose the vendors and tech that deliver cost reductions and operational efficiencies in a relatively short timeframe and even produce the receipts to show they're delivering what they committed.

As we look at 2024 and beyond, manufacturers who have embraced technological advancements and operationalised them effectively will not only navigate future uncertainties but will thrive amidst them. The convergence of advanced analytics, artificial intelligence and agile logistics systems is not merely reshaping the landscape; it's propelling those at the forefront into a future where the agility to respond to market demands and the foresight powered by data-driven decisions sets leaders apart. ✷

SHIFTING CONSUMER BEHAVIOUR AND GEOPOLITICAL UNCERTAINTIES: RESHAPING SUPPLY CHAINS AND MANUFACTURING TRENDS

Consumers' behaviour and shopping patterns have changed. There are many reasons for this but it will inevitably impact the way supply chains operate. To add to this, geopolitical uncertainties are pushing companies towards onshoring or creating more local manufacturing facilities. We spoke to Darren Briggs, Arup Director - Advisory Services understand how logistics organisations will cope and what needs to be done.

Darren, there is a focus on transforming overconsumption and waste management. How can we do this when it heavily relies on consumers' participation?
Transforming overconsumption and waste management hinges significantly on consumer engagement. The responsibility exists at various levels, and consumer interest in the environmental impact of

purchases is growing. The EU's legislation mandating environmental ratings on goods aims to empower consumers to make informed choices akin to energy ratings on appliances.

However, sustainable options often come at a higher cost, posing an ongoing challenge. For instance, in the logistics sector, electric trucks, despite their benefits, come with a hefty price tag, compounded by uncertainties around the resale market due to battery conditions. This cost factor complicates investment decisions, especially amid inconsistent government policies, such as delays in banning diesel trucks, sending mixed signals to the industry. While government influence and policies play a pivotal role, there's also a rising consumer demand for sustainable services, compelling businesses to adapt despite potential higher costs.

Do you think we will see a negative impact on growth because of some of the policies you mentioned and consumers becoming more self-aware?

At a macroeconomic level, the growing standards of living in countries like China and Africa could lead to increased competition for resources, potentially impacting the lifestyle in Western nations. This competition might prompt a shift in the growth paradigm, challenging the assumed perpetual growth trajectory. Moreover, there's a trend of onshoring in the logistics sector due to various factors like rising salaries in other countries and concerns over supply chain security. This could potentially alter the logistics landscape, although advancements in hydrogen and carbon capture technologies could double the demand for logistics, creating a complex forecast for the industry's future.

Sustainable options often come at a higher cost, posing an ongoing challenge. For instance, in the logistics sector, electric trucks, despite their benefits, come with a hefty price tag, compounded by uncertainties around the resale market due to battery conditions

How about onshoring? How easy it is going to be and who will benefit the most?

Regarding onshoring, it's important to clarify that it doesn't necessarily mean manufacturing returning solely to the UK or Germany; rather, it's about bringing supply chains closer. This could involve relocating manufacturing or assembly to countries like Turkey or Morocco, which offer lower costs but are geographically nearer to markets.

An interesting case involves a Taiwan chip company, realizing the vulnerability of relying on Eastern manufacturing areas and thus establishing facilities in the US and Europe due to changing policies and protectionist measures. This proactive move aims to safeguard supply chains in response to global shifts and potential geopolitical risks.

Are we going to see a more decentralised global supply chain, which has its own regional specifications? Would this lead to decreased quality?

Over the past few decades, there's been a significant push for mass production and lean supply chains, focusing on cost reduction and efficiency. However, current trends, like mass customization and sustainability concerns, are reshaping consumer preferences. These factors, coupled with fluctuating energy costs impacting global logistics, are prompting changes in manufacturing patterns. While global logistics and distribution will persist, some countries possess unique skill sets and raw materials, making them indispensable. However, there could be shifts in where these raw materials are processed into finished products. For instance, photovoltaic panels, largely made in China, rely on raw materials from places like Australia, hinting at potential shifts driven by policies favouring local manufacturing to maximise value addition and job creation. ✷

2024

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