



PLS®
LOGISTICS SERVICES

EXPECTATIONS IN TRANSPORTATION AND LOGISTICS

2015 EDITION

The New Year brings new challenges and opportunities to the transportation industry. As always, top priorities are safety, productivity and lawfulness. However, in order to keep pace with new technology and shifting regulations, we are predicting some trends for the upcoming year. What can you expect from the transportation industry in 2015? Expect businesses to optimize Big Data, maintain and strengthen partner relationships, improve consumer experiences and adjust to changing driver demographics.

Supply chains will also see changes. A successful supply chain should focus on objectives to make the most of forecasting and logistics. Carriers, shippers and 3PLs have an optimistic outlook for the year, due to increased domestic manufacturing and omni-channel retailing, as they collaborate on innovative transportation initiatives. Take a look at some trends we are anticipating this year:

BIG DATA



Big Data is big talk in 2015. Early adopters of Big Data will have a competitive advantage. Whether it comes from inside the fleet or from an outsourced party, more information means better business analysis and decision-making. When significant insights and plentiful information can be accessed in real-time, a business has the chance to improve processes and solve problems.

3PLs can invest in Big Data and
apply it for functional and strategic

capabilities. Big Data can predict, shape or change demand. With access to critical information at the right times, 3PLs can inform shippers which transportation mode works best or notify carriers what lanes are in demand. Big Data will be used to increase on-time deliveries, optimize routes and monitor and schedule pick-ups and deliveries.

Utilizing Big Data means better information in addressing the bottom line. According to one study, 3PLs and shippers both feel strongly that enhanced, data-driven decision-making is necessary for optimizing future success of supply chain activities.

DRIVER SHORTAGE

The increased shortage of truck drivers will remain a critical issue in the New Year. With a strong economy, retiring drivers and new regulations, it is becoming more difficult to attract qualified people to a career in truck driving. One report from the ATA even suggests that there will need to be 1 million new drivers by 2024 to meet freight demand.

In 2015, new regulations will continue to challenge the efficiency of truck drivers. Unforeseen obstacles like slow loading time or traffic accidents can hurt a truck driver's efficiency as well, forcing them to rest before they reach their desired location.

The answer to lagging truck driver efficiency would seem to be hiring more truckers. However, younger generations dislike the long hours away from home and are looking for other careers. On top of that, the current driver workforce is nearing retirement age, leaving many critical positions unfilled. Carriers will have to continue to get creative in their recruiting efforts, specifically targeting a younger, more diverse demographic.

All of this is compounded by a steadily growing economy. Every day there are more and more shipments that need carried and not enough drivers to haul them. In 2015, shippers will have to compete for capacity more than ever. They may see the need for collaboration in their shipments, possibly even sharing truck space with a competitor to save on rates. Those who use the services of a 3PL, whose reliable carriers continuously provide capacity, will likely come out on top.

CAPACITY AND RELATIONSHIPS

One major concern for shippers is the lack of capacity carriers' offer. With less trucks, less drivers and an aging workforce, capacity is severely limited. Smaller capacity leads to higher rates, so this year, we can expect shippers to increase freight budgets in order to meet consumer demand.

Carriers also view the capacity crunch as a challenge. This year, they will be selective in choosing who to partner with and where to haul freight. Carriers will work closely with shippers to ensure productivity at loading and receiving docks, offering capacity to shippers who can play by their rules. Shippers looking for guaranteed capacity, high-level service and reasonable costs will continue to partner with 3PLs in order to reduce costs.

CONSUMER EXPERIENCE PLUS OMNI-CHANNEL



Improving productivity in all aspects of the supply chain is imperative. Truckers and retailers alike must improve efficiencies through technology, operations and communication.

An omni-channel supply chain, where goods can be pulled from any source to fulfill orders and make the shopping experience seamless for connected customers, will be more important than ever in the upcoming year. With a consumer-driven supply chain, retailers and suppliers must think of the best way to work omni-channel

production into their strategy. Because the consumer experience is so important to a successful business strategy, retailers are moving their distribution centers to centralized locations in order to get products to the customer faster.

Shippers, also with the consumer experience in mind, are looking to optimize their supply chain in order to keep up with customer demands. For shippers, a 3PL is a great resource to simplify and improve consumer experiences. A 3PL will work closely with you to find opportunities within your supply chain, whether it be alternatives in costs, different modes or new lanes.

By determining the most cost-effective transportation choice, highlighting inventory management records and using Big Data to infer demand, 3PLs can maximize the effectiveness of an omni-channel supply chain.

GLOBAL ECONOMY

The strength of the economy and current market conditions are closely related. Europe and Japan are in recessions, and Russia is in trouble due to falling oil prices. The US will be affected if economic problems arise in China.

ORGANIZATIONAL ALIGNMENT AND STRATEGY



An organization's overall strategy allows for better development of systems and processes to ensure an efficient and streamlined logistics function. Internally, departmental relationships should be improved, from marketing to IT, and from sales to finance. Better communication and organizational alignment creates a measurable impact on the business and assures that true value is being delivered.

NEW RULES AND REGULATIONS

In 2015, it is likely that many new regulations will be set as standards in transportation to continue to improve safety, compliance and accountability.

It is also expected that the President will nominate a new FMCSA chief, a national clearinghouse for drug and alcohol test results will be created, and new fuel efficiency standard for trucking equipment will be proposed.

CONCLUSION

Supply chain leaders will have to enhance growing inventory, improve customer service, recognize the role of Big Data, establish forecast accuracy and identify the most efficient way to fulfill orders.

3PLs are a growing force in the transportation industry. They offer simple systems, dependable capacity and streamlined operations that benefit both carriers and shippers. 3PLs help clients meet their needs and requests. With a strong network of great relationships, they keep businesses competitive, letting organizations focus on issues critical to their area of focus rather than constantly negotiating freight savings.

A 3PL offers shippers a network of carriers for reliable capacity, easy-to-use technology, streamlined operations, and consolidated billing. Using a 3PL makes shipping freight a less complex job, offering unique solutions to solve supply chain challenges.



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