

Only superior knowledge of cross industries can make **logistics & supply chain** efficient



Shining Perspective

- **Cross industry knowledge** is the prime factor to address this business
- Different industries have different types of requirements to support their logistics and supply chain service. Understanding this from a strategic level up to the activation level forms the big science of **B2B branding business**
- The uncertainty of India's infrastructure is a major constraint to the logistics and supply chain service providers
- The low profile people in the frontline do not understand the value of their back end service even though they handle the most crucial part of this business. Thus, activation is a big concern
- Service should be aligned to the customers' requirement right from product handling, warehousing, dispatching, reaching on time and to outstanding delivery. All these activities have to be very meticulous. They are crucial concerns that need to be addressed

The industry will see collaboration among rivaling players to reduce operating costs as well as optimize asset usage.

At a different level, LSP's will co-operate with end user industries to derive benefits from economies of scale.

The growth will be supported by government plans to outsource their transportation infrastructure to private operators and private ownership.

The sector will see consolidation through mergers and acquisitions though will continue to largely remain fragmented as regional players remain dominant in their limited territory.

While in emerging markets, it is the hub and spoke model which continue to prevail, in developed countries where connectivity is not issue, consolidation and co-operation will be forced by tight rope operating profits as fuel costs continue to increase.

Industry Growth Drivers

- High growth in Asia Pacific
- Increased investment in transportation infrastructure
- Relaxation of trade policies, tariff reductions and multilateral trade agreements
- Easing trade regulations and providing tax benefits, sharing global trade to facilitate trade
- Introduction of new trade policies and the signing of multilateral trade agreements with other countries
- The third-party logistics (3PL) sector is rapidly growing
- Logistics outsourcing demand growth
- Increasing globalization

- De-regulation of the industry

Industry Competitive Scenario

- High competition among global, national & regional players
- Market share held by major industry players continues to increase
- Increasing Mergers & Acquisitions, resulting in industry consolidation
- Many competitors are entering new markets, offering value-added services and diversifying service offerings
- Increasing competition results in both large global players
- Because of increasing competition from large players smaller to mid-size companies are redefining their strategy and differentiating their overall services
- Declining margin/ profitability
- Companies are moving up the value chain to provide high end logistics services
- Intense competition among and between the transportation sectors
- Increased outsourcing to reduce cost
- A market open to foreign competition would greatly reduce any possibility of monopoly or oligopoly pricing power
- Consolidation – Mergers & Acquisitions

Industry Complexity

- Government regulations
- Managing profitability
- Managing operational efficiencies
- Managing & retaining skilled workforce

- Supply chain complexity
- Enforcing operational changes to reduce truck idling and improve efficiency
- Networks have become increasingly complex as the operating agreements between companies sharing resources
- Stringent environmental norms
- Pressure from clients to broaden the range of service offerings and internationalize operations
- Managing economies of scale
- Governments need to enhance the capacity for advanced transport logistics to contribute to sustainable transport development in the context of increasing globalization of economic activity
- Low operating margins and the opposing forces of fragmentation and consolidation in certain industrial sectors

Industry Pain Areas

- Volatility in Oil & Gas prices
- Logistics is a high-cost, low-margin business
- Poor infrastructure in emerging markets
- High maintenance cost in the developed markets
- High costs of employee training
- High investment in technology & technology up gradation
- Pricing pressures
- High costs of operations and low returns on investments
- Demand for customized solutions and more value-added services, besides
- Infrastructural bottlenecks
- Service commoditization



Delivering extra benefit

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