

## What's trending in 2021 in the logistics sector

2020 has been one of the most challenging years in modern history. As the world begins to get the coronavirus under control, all of the efforts will turn to economic recovery. Therefore, the supply chain will play a crucial role, and will itself emerge in a different shape, with COVID-19 leaving a lasting legacy in many areas of transportation and warehousing.

### **2021 will be the year of transition to the `new normal`**

Even though we wish to enter the era of the `new normal` more rapidly, 2021 will be the year of transition. Specialists in the international logistics sector are more reserved and do not share the general optimism about the recovery of the global economy, according to a survey conducted recently by Transport Intelligence.

Of 1,200 industry professionals surveyed for the latest edition of the [Agility Emerging Markets Logistics Index](#)<sup>1</sup>, more than half (51.5%) say they don't expect a full recovery until 2022-2024. Also, almost half of those surveyed (49%) say that the IMF forecasts that predict an overall growth of 5.9% in 2021 is too optimistic.

In the survey, logistics experts indicated that the duration of the pandemic is the most important factor in determining when global economic activity will return to 2019 levels. They consider other factors such as the U.S. - China trade relations, Brexit, and protectionism as secondary.

This perspective of logistics specialists is in contrast to the optimism of financial analysts. The latter expect that 2021 will be a year of strong recovery for the global economy. For example, the World Bank expects global GDP to grow by 4% this year, while Morgan Stanley estimates an even higher growth of up to 6.4%.

### **4 Supply Chain and Logistics Trends for 2021**

Following are the most significant trends expected to shape the industry in 2021, and how those trends will influence companies' strategic plans in the coming year.

---

<sup>1</sup> Note: The survey was conducted as part of the Agility Emerging Markets Logistics Index report and included a panel of over 1,200 C-level experts in the international logistics sector.

## 1. Adoption of Supply-Chain-as-aService (SCaaS)

There is a growing trend to adopt SCaaS or similar models for outsourcing operational activities - such as production, inventory management, or logistics, according to [this report](#) by Cerasis. As a result, the supply chain management teams will become smaller and more focused on strategic decisions. For example, the so-called advanced digital control towers and cloud technology offer supply chain managers a panoramic view, with information at their fingertips, reducing employee overload and maintenance and infrastructure costs. These are some important things that EPTDA's members should take into consideration.

## 2. Elastic logistics is becoming a priority

One of the things that COVID-19 has taught us the importance of resilience and flexibility in the supply chain, to cope with market fluctuations. The EPTDA's members should take a flexible approach to logistics and distribution activities, allowing them to easily adjust to market changes.

To introduce elasticity to their operations, logistics companies are adopting transportation management systems (TMS) to manage and optimize their transportation fleets. This allows businesses to provide the fast and on-demand delivery services that customers have come to expect.

Part of this flexibility also encompasses the ability to forecast risks, costs, and demand. [A report by DHL states that](#) with advancements in Artificial Intelligence (AI), most transportation management systems (TMS) employ predictive technologies in their analytical functions. Having such early warning systems helps companies monitor and avert fluctuations in demand, and deals with supply-side disruptions such as material shortages.

## 3. Greater end-to-end transparency

Consumers and authorities are thoroughly researching supply chains and may soon call for more transparency in their practices, including social and environmental impacts. During the pandemic, there was an increase in crime, unethical supply, and forced labor. Thus, some companies have started to report on their operations and suppliers. The EPTDA's members [should expect more visibility](#) in terms of the impact on certain social issues and recommend supply chains to build greater end-to-end visibility, which will improve the brand's reputation.

According to this article published by [Harvard Business Review](#)<sup>2</sup>, there are five general steps that companies can take to initiate the journey to greater end-to-end transparency:

---

<sup>2</sup> Note: The article is written by Alexis Bateman, the director of MIT Sustainable Supply Chains, and Leonardo Bonanni, the founder and CEO of Sourcemap

- *Gauge risks and set goals.* Before identifying its goals, a company might first take a look at impending risks from regulation, past disruptions, and supplier-related issues.
- *Visualize the supply chain.* This will gain a deeper understanding of goods flows, map suppliers and processes, and expose existing information gaps.
- *Collect actionable information.* You need to know about practices and performance that provide insights about potential risks, opportunities for improvement, and information gaps.
- *Engage.* This step typically involves a program designed with critical KPIs in mind and the aim is to `address specific issues such as labor-related risks, environmental impacts at supplier sites, or unclear sources of origin`. The engagement `includes supplier contact and collaboration, monitoring, and support`.
- *Disclose.* Finally, companies set the level of disclosure they want to establish.

**Do not forget:** this is an ongoing process, as the supply chain is constantly evolving, so there is a need for continuous adaptation and learning.

#### 4. The emerge of the new technologies

We addressed the importance of new emerging technologies and their impact on the logistics industry in previous EPTDA reports, but they remain important in 2021. Especially given that the pandemic has accentuated the benefits of remote work, closer monitoring of the supply chain, and streamlined processes.

For example, Internet of Things (IoT) devices are useful to improve operational efficiency and visibility through data capture and analysis. An example is the use of GPS sensors on distribution trucks, for real-time tracking of deliveries. IoT technologies are increasingly being implemented at the warehouse level, to improve product visibility and inventory management. But the full potential of IoT to track inventory will finally be unleashed under 5G, a technology that will ramp up until the end of the decade.

Many traditional systems and analytical tools are no longer able to cope with the complexity of interconnected supply chain processes. Therefore, artificial intelligence (AI) systems are being adopted, combined with machine learning in many areas, such as logistics, warehousing, and inventory management. The biggest benefits of these technologies are eliminating human errors and reducing long-term costs.

## The European Union's priorities in the field of logistics

A study from 2012 on the EU logistics market estimated that the logistics operations (excluding in-house operations) amounted to €878 billion in the EU.

Being one of the key sectors that drives performance, the EU has established some priorities in the field of logistics, such as:

1. Digitalization is and should be a priority because it can facilitate addressing the administrative burden (customs procedures, in particular).
2. As regards infrastructure, [the new TEN-T framework](#) has tripled its budget and focuses on transshipment facilities, missing links, and the creation of a network of multimodal transport corridors allowing large volumes of freight to be moved efficiently.
3. Open and competitive markets tend to provide better and cheaper services and hence the completion of the [Single European Transport Area](#) remains a policy objective.
4. The internalization of external costs of all transport modes is a key topic. High negative externalities are also due to current transport patterns, where the road is predominant with 70% of activity and more than 70% of the total negative externalities.
5. [The harmonization of carbon footprint measurement](#) will enable benchmarking of transport services as regards their environmental sustainability while streamlining business processes and operations.

## Sources and further reading

[The European Commission's view on the Logistics Sector](#) - European Commission

[2021 Supply Chain Technology Trends To Watch](#) - Forbes

[Twelve Post-Pandemic Supply-Chain Trends for 2021](#) - SupplyChainBrain

[5 Global Supply Chain and Logistics trends 2021](#) - GreenCarrier