

2021 Global Supply Chain Market Brief with a GCC Drilldown

*B2C Logistics Consulting
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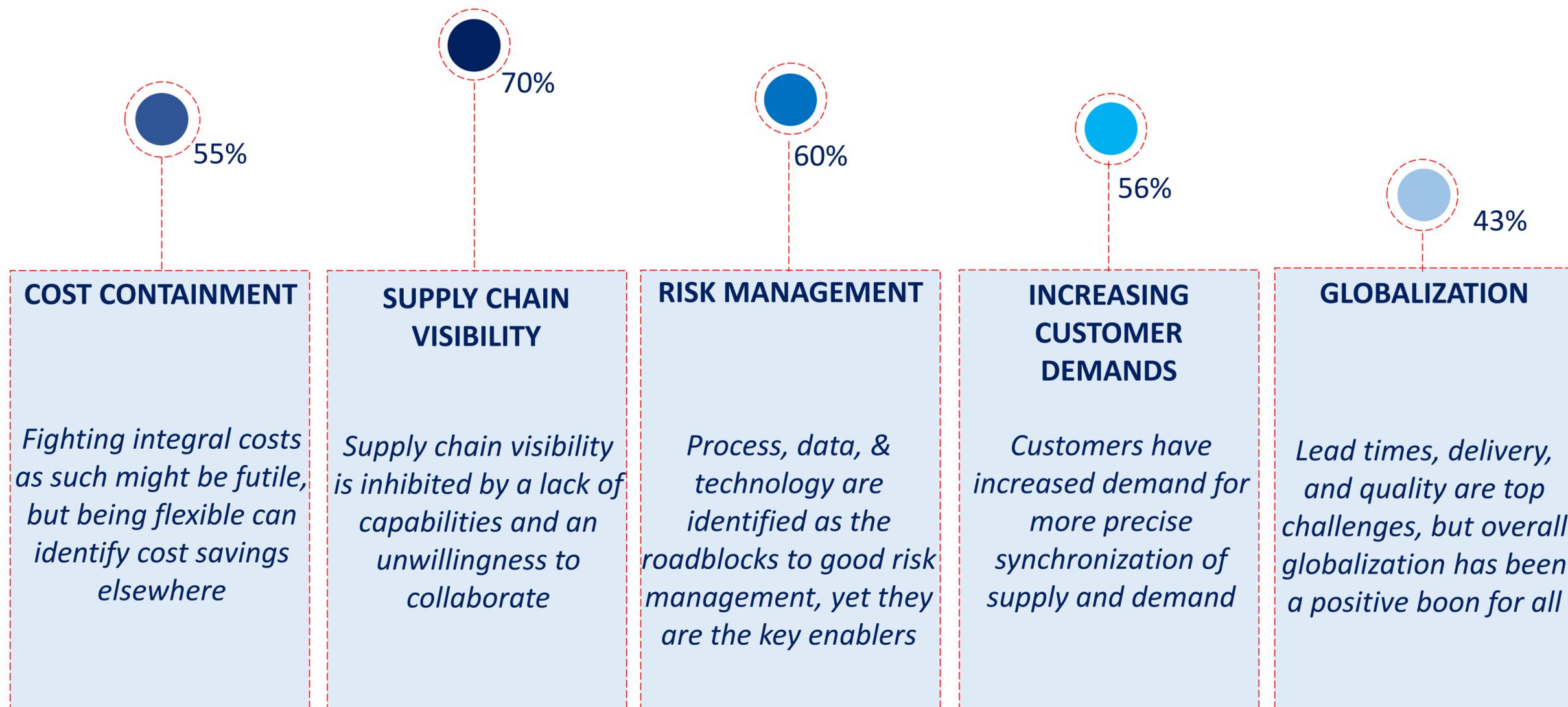
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Global Supply Chain Market Brief

Consensus – Top 5 Supply Chain Challenges

A recent IBM survey of *Supply Chain Executives* identified the top five major challenges that are of collective concern to the industry;

Visibility was No.1



Global Supply Chain Market Brief

Drivers of Change in Supply Chains

Our research suggests that there are five (5) main drivers that are generating change in supply chains around the globe;

1. Consumer Behaviour



- *More sophisticated*
- *Mobile*
- *More informed*
- *Time poor*
- *Seeks convenience*
- *Seeks value*
- *Appreciates “personal experience”*
- *Immediate gratification*
- *Little tolerance for error*

2. Technology



- *IoT/ 5G Mobile Connectivity*
- *Artificial Intelligence & Computer Vision*
- *Big Data & Processing Power (Moore's Law)*
- *Robotics & Automation*
- *Renewable Energy/Energy Storage*
- *Accessibility & Low Cost of Technology to All*
- *SMART Supply Chains*

3. Sustainability



- *Resource Management*
 - *ISO 14000*
- *Commercial Benefits*
- *Social*
 - *stakeholders - employees, customers, community, governments, lobby groups*
 - *health and safety, training & development, diversity & opportunity, product information, human rights, etc*
- *Corporate Responsibility Reports*

4. Economics



- *Globalised*
- *Uncertainty & Risk*
- *Scale and Sharing*
- *Marginal Costs Disappearing*
- *Energy*
- *Labour Resources & Skills*

5. Risk & Uncertainty



Supply Chains more vulnerable:

- *Globalised*
- *Leaner*
- *Multiple Parties*
- *Less tolerance*
- *Higher standards*
- *Climate & Environment*
- *Accelerated Change & Lifecycles*

Global Supply Chain Market Brief

GCC Regional Drilldown

The GCC Logistics Market was valued at just under USD70Bn in 2020, with a 6-7% CAGR.

Impacts such as the Covid pandemic, oil price movements, and shifts in consumption patterns have had a disruptive effect on the Logistics Market during the past 18 months. An analysis of the prevailing market conditions revealed the following high-level snapshot of the future market environment.

Findings		Takeaway
Industry executives do not foresee a full global recovery until 2022 or beyond		Sluggish short-term growth. Opportunity now to prepare business for future growth acceleration
The pandemic accelerated the e-commerce revolution		Current high growth rate will steady
Businesses building supply chain resilience by speeding adoption of digital technology		3PL's & partners need to invest in tech integration to keep pace
Technologies which improve control, visibility, communication and decision-making at the operational level are the priority		Real-time tracking, real-time data exchange & communication are becoming increasingly the minimum standard for 3PL's
Total Cost driving market investment & globalisation. Important factors are government bureaucracy & regulation; infrastructure quality; supply of skilled labor		Organisations continue to be cost conscious and consider quality & ease-of-doing-business
Instability in ocean shipping , rates at historic highs, container shortages, port congestion, shipping delays and other disruption		Businesses seeking resilience and innovative solutions to traditional sea freight
Air freight capacity won't return to pre-Covid levels until passenger flights return to bring belly capacity back		Businesses seeking resilience and innovative solutions to traditional air freight
Increasing trade protectionism , increasingly costly and complex burden of compliance		Compliance burden in the hands of 3PL's
Key focus points are now business-continuity planning; tech and automation improvements ; and strengthening financial viability		Businesses seeking risk reduction, more likely to outsource non-core and perceived higher risk activities

Global Supply Chain Market Brief

The 3PL Market Evolution

The 3PL market evolution is being influenced by a range of impacts that represent both threats and opportunities.

The future market is heavily tech enabled; customer service expectations are high with little tolerance for error; brand and reputation are increasingly important; cost & convenience driven; transparency & information are a minimum expectation.

Opportunities



**B2C/ B2B
e-Fulfilment**

- MENA e-com market was valued at \$8.3Bn in 2017. By 2020, the sector had grown by 270% to reach \$22Bn.
- Acceleration driven by pandemic, but still yet to catch up to EU levels



**Healthcare &
Medical
Logistics**

- Global health spending is expected to rise at a >4% CAGR over the next 5 years
- Covid expected to result in ongoing vaccination
- GCC aging population



**Hospitality
Logistics**

- Global hospitality growth rate approximately 3-4.4% (excl pandemic effects).
- KSA, Qatar, UAE significant investment in new hospitality infrastructure



**Data
Analytics**

- Big Data & processing power enables larger scale
- More devices capturing more data
- Data sharing & collaboration
- Faster & informed decision making



**KSA
Giga-
Projects**

- PIF expects \$1trillion in assets by 2025
- KSA projects requiring 3PL support;
 - NEOM
 - TRSDC & Amaala Resorts
 - Qiddiya & Al Widyaa

Threats



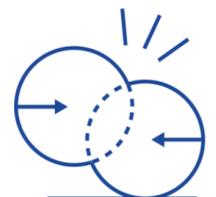
**Price
Pressure**

- 3PL sector traditionally led by price and increasing efficiency pressures



**Digitalisation
Pressure**

- Increased customer expectations for faster, more efficient logistics, real-time data visibility & integration, use of IoT, ML/AI, Big Data analytics, Blockchain



**Competitors
M&A Driving
Scale**

- Scale is recognized as a significant competitive advantage, & M&A expected to continue
 - DSV Panalpina & Agility
 - K&N and Apex



**Changing
Business
Models**

- New competitive business models entering the market, using technology and crowd sourcing
 - Trukker
 - Loadme



**Conglomerates
Entering 3PL
Market**

- Conglomerates entering traditional 3PL market, leveraging extended infrastructure & resources
 - DP World and SSL
 - ADP and Micco
 - Maersk & Damco (absorbed)

Australian SUPPLY CHAIN & LOGISTICS Institute

B2C LOGISTICS

*Helping organisations transform
their supply chain challenges into
value chain opportunities*

- ✓ Supply Chain Consulting
- ✓ Strategic Development
- ✓ Project Management
- ✓ Mobility Solutions
- ✓ Accredited Training
- ✓ Performance Management

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