The Top Logistics Trends that Will Impact Logistics Management in 2018
With the rise of e-commerce, the value of logistics has grown. Logistics professionals can no longer simply go about standard operations, and the days of peaks and lulls have ended. Yet, some may be asking, “why has demand increased so much?” To answer that question, let us turn our attention to some of the key top logistics trends we’ll see over the next 12 months, in part as a response to the growing customer experience movement.

This white paper, “The Top Logistics Trends that will Impact Logistics Management in 2018” is the second in our overall industry trends white paper series. In total Cerasis, a transportation management solutions company, will release 4 industry trends white papers focusing on Manufacturing, Supply Chain, Logistics, Transportation Management, Freight, and Procurement.

In this white paper, in the first section we will discuss the non-technological trends logistics managers must know and then will hone in on the technologies that will impact the logistics in 2018. We hope you enjoy this white paper & learn a few trends that will prepare you for excellence this year.
The logistics industry faces a huge battle in 2018. Demand is increasing faster than anyone could have predicted, and new technologies are disrupting the market. The logistics industry will be shaped by these 10 top logistics trends as a response to the growing customer experience movement many industries are responding to.

1. Consumers Will Demand Faster Turnaround Times on Last Mile Deliveries

Customers have demanded faster deliveries for several years, especially following the rise of Amazon Prime. Customers now want products within 48 hours of ordering, if not the same day, and they are willing to pay an extra premium to get their products faster. For manufacturers, distributors, and logistics professionals, a reevaluation of logistics strategy will squarely focus on shorter turnaround times on last-mile deliveries, and the trend is expected to continue shrinking. Amazon is now offering same-day and two-day delivery cheaper, if not free, then their competitors, and Walmart has followed suit with a similar service. As a result, logistics professionals will need to work faster, harder and with fewer resources to meet rising demand and stay competitive.

Instead of focusing solely on perfect order deliveries, shippers will begin working more on just-in-time (JIT) delivery, meaning inbound freight will arrive at warehouse just in time for shipment. As a result, overall warehousing costs are likely to decline as carrying costs decrease.

2. Companies Will Localize Warehousing Construction

Remember our conversation about just in time delivery. JIT needs reevaluation in logistics strategy is the JIT is affecting where warehouses are built, as well as how they are used. Supply chains and logistics are moving closer to consumers, so having two or three major distribution centers is no longer enough to satisfy the fast delivery times consumers want. Therefore, companies will seek to localize warehousing constructions to areas with higher order rates, asserts On Time Logistics. Instead of larger, warehouses will get smaller, and they will become more numerous and regional.
3. Infrastructure Improvements Will Stimulate Logistics

Although an infrastructure spending bill has not been passed, the Trump administration made no secret of their plans to invest heavily in the nation’s roads, highways, bridges and transportation systems necessary for faster commutes and to make better use of fuel efficiency, reports Christopher Morgan of Fulfillment Services. Think about it: if truckers can get from point A to point B with fewer stops and less risk of damaging tires and other parts of the truck or dealing with congestion, the costs of transportation decrease. This results in less costs to consumers, and shippers can move more product. It is a win-win for both logistics professionals and consumers. If an infrastructure spending bill is passed, it will serve as an immediate stimulus to the logistics industry and again a reevaluation of logistics strategy.

4. Lines Defining Peak Shopping Seasons Will Blur

The holidays are finally over, but have you noticed that stores and online sales seem to still be growing strong?

Chances are good that you have noticed a continued surge in sales with online retailers and brick-and-mortar stores. The parking lots are still full, but it is now well into the new year, so what exactly is going on? To answer that question, you need look no further than the trends in the reevaluation of logistics strategy that became evident in the past holiday shopping season. It started much sooner than usual, with online and brick-and-mortar sales beginning in early October, explains DB Schenker Americas. Meanwhile, Amazon had several weeks of sales for Black Friday, small business Saturday, giving Tuesday, cyber Monday and green Monday. Now, that excludes the pre-Christmas sales, liquidation sales, the New Year’s Eve sales, the New Year’s sales, winter storm sales and more.

There is a sale going on for everything, and it is not coincidence. The lines defining peak holiday shopping seasons are beginning to blur with traditional shopping. As a result, logistics entities will face added pressure to move more product, adherence to record-breaking deals of the holiday shopping season and provide superior customer service.
5. SNEW Waves Will Require Reevaluation of Logistics Strategy

Speaking of pressure on logistics companies, have you heard of the SNEW wave? It is not snow, but a combination of factors that impact logistic operations, including social media, news, event and weather data that will impact the reevaluation of logistics strategy. SNEW will become a major buzzword in 2018. As defined by Bridget McCrea of Logistics Management, technologies enabling the faster review of opportunities and threats to logistics will be the cornerstone of using big data for decision-making throughout 2018, and the importance of SNEW will continue to grow.

6. Variable Logistics Operations Will Become Standard

Imagine what work would be like if you could offer all customers free two-day shipping. It sounds great, but it comes with problems. Some customers do not want two-day shipping. They may want three-day shipping, or they may need ship-to-store shipping options. Even the best shipping options do not necessarily work for each customer, and customers will demand variable shipping options more frequently in 2018, reports Kushal Nahata of FarEye. This need is a partial product of the rise of package theft, and since logistics service providers may have a proverbial mountain of packages to deliver, they cannot realistically wait for signature on delivery for each package. Therefore, the burden of ensuring successful package delivery will fall to consumers, but logistics providers will need to set as a priority in looking at all top logistics trends a mechanism to offer customers the ability select a delivery option that reduces risk for theft.

7. Brick-and-Mortar Stores Will Stay Relevant

As recently as last year, we predicted the number of brick-and-mortar stores to decline significantly, but we were slightly wrong. While some retailers, including Sam’s and RadioShack, have closed significantly more stores over the last year, consumers are flocking back to brick-and-mortar stores, says DB Schenker Americas.
Variable delivery options are one of the top logistics trends showing that consumers are beginning to visit brick-and-mortar stores with greater frequency, but their interest in use of online e-commerce shopping portals has not declined. Consumers are actively engaged in the shopping experience on their own devices, even while in the store looking at the same product on the shelf. This is the omnichannel supply chain, and it will require shippers to rethink their strategies. Instead of keeping all products at one location, they will need to begin varying product availability, and the 80/20 rule will not necessarily apply anymore.

8. Companies Will Aim to Improve Shipper-3PL Relationships

As demand for 3PLs grow, supply chain and logistics professionals will face greater pressure to improve shipper-3PL relationships. Instead of treating logistics providers as unavoidable, shippers, in their closer look at top logistics trends, will look at logistics providers as a strategic partner in ensuring adherence to customer expectations and delivering on such expectation. To stay competitive, logistics companies will begin offering more unique services, such as invoice auditing, automated freight classification, better rates on dimensional pricing, and a host of last-mile services, which Amazon has already taken great strides in with the creation of Amazon Key.

9. Transparency is Inherent in the Top Logistics Trends Shaped by Customer Experience

Transparency is everything in logistics. Consumers do not want to just know where products come from. They want to know how they were made, how they were moved, who they affected, who made them, what the wages of the people who made them were, whether people are being treated fairly, if products are sustainable and every other question you can think of, reports Christopher Morgan Fulfillment Services.
Fortunately, the Internet of Things and newer technologies will be used to provide greater transparency into activities, and while blockchain technology has been widely touted as the ultimate solution to transparency, it does have some real problems when applied to shipment tracking. Proprietary information can be put at risk when used in blockchain technology, so blockchain technology is more likely to be used in areas that carry less risk and have fast value in logistics. In other words, blockchain technology will be more about shipment tracking than providing complete shipment and product transparency.

10. Openness to New Technologies Will Increase

Logistics professionals have an opportunity to push operations forward, increase productivity and leverage new technologies in 2018, but the ability to adapt will be priority in the mix of top logistics trends to arise from advanced technologies in the coming year. Logistics professionals must consider and evaluate the utilization new technologies, services and outside help from technology providers, either by a 3PL or some other entity. Inter-industry collaboration, even with competitors, are on the rise to beget new service lines, innovative technology, and overall process improvement in order to better deliver product and meet demands of the customer. In turn, this will redefine competitive advantage, transforming it from a state of secrecy and competition to a collaborative effort to the real customers, deliver on promises and exceed expectations.
What About the Role of Technology in Affecting Logistics Success in 2018?
Logistics technology is expanding to keep up with increased demand, and shippers need to know which technologies can make or break success rates in 2018. Some of the top logistics trends to affect the industry in the coming year include automated logistics technologies.

What is the difference between logistics technology trends and supply chain technology trends which we covered in the second white paper in this series? The short answer is: not a heck of a lot!

However, logistics focuses expressly on the movement and storage of products, while the supply chain goes into deeper detail, including manufacturing processes, procurement, and the flow of goods. Although similar, the following will focus more on the big-scale technologies and their associated key concerns that will affect logistics in the coming months.
1. Big Data Utilized with other Automated Logistics Technologies to Improve Efficiency and Logistics

Big data is among the most important automated logistics technologies to affect logistics in 2018. Large-scale analysis of data is utilized to reduce inconsistencies, produce reports for quick decision-making and enable better merchandise and customer management. According to Edicom, the impact of big data will be further enhanced through cloud computing technologies. Powered by devices connected to the Internet of Things (IoT), big data application analysis will lead to better asset tracking, increase productivity, better interaction of carriers and shippers, increase accessibility and less risk.

2. Big Data Will Get a Makeover

Back to big data; it is going to get a makeover in 2018. Big data has typically been about what is going on right now. It tells you what is happening and how it affects operations, which is known as descriptive analytics. This is the standard form of analytics used in logistics today, but it is transforming. Big data is empowering a new breed of analytics systems, truly transforming into the area of automated logistics technologies, capable of predicting potential failures and opportunities (predictive analytics) and detailing key actions needed to arrive at a best-case outcome (prescriptive analytics), explains the Logistics Bureau.

As explained by Logistics IT, advanced analytics algorithms can have a dramatic impact on other parts of logistics as well. They can improve warehouse management, reduce facilities costs, improve system integration, reduce risk and much more. Meanwhile, artificial intelligence and deep learning are using information gained from analytics to push equipment and systems to the proverbial limits. The ongoing self-optimization process of modern systems will give rise to smart, intelligent factories and logistics networks.
3. Cloud Computing Will Enable Elastic Logistics

Elastic logistics is a new concept on the logistics table. It refers to the ability to expand its capabilities to align with the demands of any given situation within a logistics operation. Flexible automated logistics technologies, as explained by Kushal Nahata of FarEye, enhance cost control, reduce limitations imposed by geographic restrictions, increases distribution channels, prioritizes deliveries, manages warehouses, and defines day-to-day operations, while adding real-time visibility and connecting all business processes to a centralized platform. Due to the vast and changing nature of elastic logistics, it must reside within cloud-based platforms, capable of rapid growth or contraction and fine-tuned through ongoing service and vendor support.

4. The Internet of Things Will Enable Service Expansion

The Internet of Things is among the most remarkable automated logistics technologies in history. It connects devices, systems, people and products together in ways that have never been possible. In logistics, this new level of connection opens the door to new ways of management, ranging from inbound logistics in a warehouse to last-mile delivery and everything in between. Since providers will have more information, they can find new ways of reducing costs, increasing speed of delivery, offering new services and providing more bang for the buck to their clients. Service expansion is going to be a driving trend for increased use of the Internet of Things throughout 2018 and vice versa.

5. Chatbots Will Be Used to Control Most Logistics Operations

Chatbots are voice-controlled systems that interact with users to perform actions at a step in the supply chain, such as shopping, ordering, picking, and more, are expected to increase in demand and usage throughout 2018. According to the Logistics Bureau, the use of Chatbots will increase as bring your own device (BYOD) movements in the workplace gain momentum. Similarly, the use of apps for logistics management will increase. Cross-platform development tools will enable integrations between existing systems and these automated logistics technologies, like chat-bots, in order to power the digital omnichannel supply chain.
6. The Logistics Robots Market Will Dominate in 2018 & Beyond

Robotics is set to change logistics more than any other area of the logistics technology trends in the coming year. As explained by i-SCOOP, Amazon’s acquisition of Kiva Systems robotics a few years ago, now known as Amazon Robotics, dramatically altered the robotic logistics landscape. Support for companies using Kiva robots diminished over the past years, and it is expected to end shortly. The decision by Amazon will result in increased development of robots for use in logistics and other functions in warehouses such as packing and picking. Further, we may see, as we are now in manufacturing, the rise of cobots, or collaborative robots, as coined by Rethink Robotics. The market is ready for the use of logistics robots to work in conjunction with the Industrial Internet of Things (IIoT), also known as industry 4.0. Cobots are involved in packaging, picking, shipping, delivery and visibility throughout logistics, but they are rapidly becoming key players in the artificial intelligence and data analytics movement.

By the end of the year, up to 30% of all new robotic deployments will use cobots that operate three times faster than existing robots deployed at the end of 2016. In other words, more robotic systems will be used for order fulfillment warehousing and delivery operations by up to 45% of mainstream global e-commerce and omnichannel commerce companies.

7. More Companies Will Explore In-House Last-Mile Delivery Solutions

The demand for faster last-mile delivery is causing some major problems for shippers trying to implement in-house last mile programs, says On Time Logistics. For many retailers, this will be difficult, requiring significant investment in two fleets, drivers, technology and additional resources to handle last-mile delivery.
Think about the typical costs associated with hiring and training drivers. Drivers credentials must be verified. They must undergo health and mental wellness exams. If a problem arises, the company must mitigate their losses. Creating in-house last-mile strategies increases risk, so more companies will begin outsourcing last-mile delivery service in favor of meeting consumer demands.

• However, last-mile delivery is not exclusive to home delivery, and it can include delivery to store. Ergo, ship-to-store and pick up at store are last mile delivery options, and shippers can leverage existing brick-and-mortar stores to offer faster delivery to consumers. As a result, stores as a distribution center will become more popular throughout 2018.

8. Problems With Autonomous Delivery Will Become Evident

Autonomous trucks and drones are the 800-pound gorilla in logistics technology trends. They are the in-all solution to the concerns over the driver shortage, and they can save big bucks for logistics service providers. Unfortunately, self-driving trucks and cars are not yet widely available. Even when they can perform as their name implies, chances are good that regulatory agencies will act. This will result in added costs of using driverless vehicles, changes to insurance premiums and more.

Another side of the equation is labor; people are clamoring over the possibility of robotics, including driverless vehicles and tries, taking the place of human jobs. Although it might sound like a doomsday scenario, it is not a robot apocalypse. Driverless technology has a long way to go before it can be deployed on a nationwide scale, and 2018 will see more logistics service providers realizing the potential drawbacks to investing too much in autonomous delivery options right now. This also includes drone delivery. Instead, they will focus more on existing technologies and explore autonomous delivery with caution.

Safety and logistics will also come under the microscope in 2018. Recent hacks into nationwide companies have revealed potential cyber security threats throughout some of the most secure organizations on the globe, including Equifax. Furthermore, pushback against the new administration has led some states to adopt even tighter regulations governing safety standards in the workplace, even if on a local level. As a result, logistics providers will be focusing more on safety. Increased demand for faster turnaround will also have an inescapable result of increasing the risk of accidents in the transportation process.

Workers are going to be moving faster, and doing things faster tends to result in less-than-safe practice. Logistics providers that do not take the time to consider how safety will evolve throughout 2018 may be the recipient of unwelcome punitive damages and penalties on the part of injured parties or regulatory agencies. National regulatory agencies also understand that logistics companies will be doing overtime in 2018, so it is more likely that they will pass regulations sooner rather than later.

This will require the use of more advanced analytics to track employee performance and adherence to safety standards.

10. Logistics Service Providers Will Increase Mobile App Adoption

The rise of new technologies and the Internet of Things will encourage logistics service providers to increase adoption of mobile apps. There are apps for trucking miles driven, freight sent, freight waiting to be sent, inbound orders, marketing leads, customer service interactions and more. Logistics companies can leverage information and capabilities via an app to reduce demand and effectively manage it. Freight sharing apps are one of the major app categories that will see a significant boost throughout 2018.
11. TMS Adoption Rates Will Soar

The use and adoption of transportation management systems (TMS) is expected to climb in 2018 and beyond, says Bridget McCrea of Logistics Management. A TMS has the value of being a “hub” for all logistics interactions and processes, including route planning and optimization, freight auditing and payment processing, carrier management and more. Furthermore, TMS applications have moved from terminal-based installs to cloud-based platforms, reducing delays in implementation, eliminating bottlenecks from downtime and improving cybersecurity simultaneously. As a result, more companies will adopt such solutions throughout the year to keep up with increased demand and to integrate into the increased used of the other aforementioned logistics technology trends.
CONCLUSION
The State of Logistics in 2018 Will Focus on New Service Lines, Using Technology to Keep Up

Logistics Professionals Will Reach New Service Levels in 2018

Logistics professionals will have to consider a reevaluation of logistics strategy in 2018, but understanding a bit more about the top things to expect can help them plan for success.

Logistics is moving forward, even as the industry starts to curve in on itself to handle increased demand, pressure to manage returns, fill more orders, and adhere to the latest regulations. Logistics service providers will be integral to the success of shippers in 2018, but the top logistics trends trends that affect the shipper can differ from those affecting third-party logistics providers, procurement professionals and freight shipping. The crux of these top logistics trends falls to the use of technology.

There are limitless possibilities and applications of these automated logistics technologies and more companies will begin deploying technologies to meet demand as the year moves forward. Within a mere 9 months, the holiday shopping season will return, and logistics enterprises need to implement these technologies now if they hope to stay competitive. Of course, other technologies, like robotics, will continue to reshape the industry.

Logistics is poised to reap the benefits of technology in the coming year, and understanding these logistics technology trends’ implications will be key to success or failure. Consumers are only demanding more, and technology is the solution service providers have been looking for to move more product with fewer resources.
Cerasis, a transportation management company founded in 1997, has always believed in the use of technology to improve process to not only reduce cost but to stay strategic, competitive, and have the ability to use data from technology to continually improve. In fact, one of our core values is just that: continuous improvement of our people process and technology.

We built our Cerasis Rater TMS in 1998, launching it as web-based before Google was even a business. Our (now Army, as our Development Manager, Jerel Byrd calls them) development team are always continually improving the Cerasis TMS, as we know it is vital to have a system that is not only innovative, but sound, secure, and enables those in transportation to do their job all while doing it cost effectively.

Are you using a TMS to help manage your transportation department as a shipper? What are you seeing in the space?

In addition to our transportation management system (TMS), the Cerasis Rater, when you are a Cerasis shipper, you gain access to the following managed services:

- Transportation Accounting to include: Invoice auditing, one weekly invoice no matter how many shipments, and freight payment services
- Comprehensive end to end freight claims management: if your freight is damaged or lost, we will handle the freight claim on your behalf
- Carrier Relations: We will negotiate rates on your behalf and you get better rates thanks to our buying power
- Inbound Freight Management
- Reverse Logistics
- Robust Analytics and Reports
- Small Package/Parcel Auditing
- Small Package/Parcel Contract Negotiation
- Warehousing
- International
- & More!

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