



# DELIVERING THE FUTURE

## FUTURE TRENDS OF AUSTRALIAN LOGISTICS

**TOSHIBA**

# THE LOGISTICS INDUSTRY – UNSUNG HERO OF THE AUSTRALIAN COMMUNITY

Every day across Australia, millions of consumers are:



...in most cases without ever thinking about how those items made their way from their place of origin to the point of consumption.

That journey, in many cases across thousands of kilometres, is the story of the logistics industry, an industry that is largely unseen by the consumers who rely on it, but on which the Australian economy is highly dependent. An efficient supply chain, from manufacture at one end, to retail consumer at the other is an essential component of Australia's economic success.



**WELCOME TO OUR EBOOK  
'FUTURE TRENDS OF AUSTRALIAN  
LOGISTICS' – IN WHICH WE'LL  
EXPLORE WHAT THE COMING  
YEARS MAY HOLD FOR THIS  
ALL-IMPORTANT INDUSTRY.**

# THE LOGISTICS INDUSTRY NOW – A SNAPSHOT

Revenue

**\$83.8bn**

Profit

**\$8.9bn**

Contribution to the overall Australian economy

**\$130bn**

GDP contribution

**8.6%**

Industry jobs

**1.2m**



## SIZE AND SCALE

The Australian logistics industry generates revenues of \$83.8bn and profits of \$8.9bn. It adds \$130bn to the overall Australian economy, and accounts for 8.6% of GDP. The industry employs up to 1.2million people, putting \$17bn into the pockets of its workers.

The industry is made up of a very large number of organisations – an estimated 61,000 – with the majority being smaller, independently owned companies. Not unexpectedly given Australia’s population centres, the industry is dominated by the east coast, in which NSW, VIC and QLD account for 80% of revenues.



## MATURITY

The logistics industry is mature and relatively stable, with low levels of revenue volatility and steady growth in line with (or marginally below) the economy. Despite the maturity of the market, however, there is still a relatively low level of globalisation, with the majority of players concentrating on domestic freight and handling.

Typically of a mature market, there is a high level of competition – between companies within the existing industry, between modes of transport and from customers’ (manufacturers and retailers) own in-house operations.



# WHAT DOES THE FUTURE LOOK LIKE?



**WHILST GROWTH IN A SATURATED MARKET CAN BE CHALLENGING, THERE IS AN UPTURN FOR THE NEXT 5 YEARS, WITH GROWTH RATES OVER THAT PERIOD PREDICTED AT 2.4%, RATHER THAN THE 1.4% SEEN OVER THE PREVIOUS 5 YEARS.**

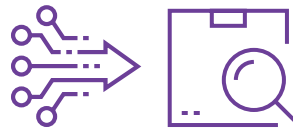


# TRENDS IN THE AUSTRALIAN LOGISTICS INDUSTRY



## ON DEMAND E-COMMERCE

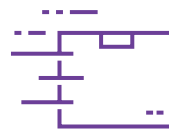
The requirements of the 'on demand' e-Commerce world will continue to grow – shoppers are driving higher delivery volumes, faster turnarounds, and visibility of information.



## STREAMLINING

In order to remain competitive and cost efficient, logistics companies are focusing heavily on driving productivity and streamlining their processes.

Visibility of goods at every point in the supply chain is essential, and automating this process for increased efficiency is a key goal for most logistics providers.



## SPEED & ACCURACY

Handling of goods (picking, sorting, packing) requires speed and accuracy to remain competitive.



# TRENDS IN THE AUSTRALIAN LOGISTICS INDUSTRY



## PAPERWORK

Efficient, automated, processing of invoices and other paperwork is recognised as a further way to deliver enormous productivity benefits and will be a key focus amongst many industry players.



## PRODUCTIVITY

Productivity and efficiency will therefore continue to have a high priority, with automation or reduced human intervention introduced wherever possible. As that happens however, roles will become more highly skilled and concerns are emerging over a lack of appropriate resources.



## AFFORDABILITY

Consolidation in the market will continue – driven to a large degree by the elimination of those who cannot afford to make the necessary technology investment.



## IMPORT/EXPORT BALANCE

The weakened domestic manufacturing market, in industries such as vehicle production, will be offset by a stronger import market. Export volumes of Australian products perceived as high quality, such as wine and dairy is expected to remain stable. The key to success for logistics providers is the ability to adapt to the shifting import/export balance.

# BEST PRACTICES FOR GROWTH



Three essential strategies for logistics industry players who want to survive and thrive over the next 5 years:

## INVESTMENT IN TECHNOLOGY

The single strategy that stands out above all else is **investment in technology**.

The industry has an unprecedented level of sophisticated and specialised technology available; technology that will make a dramatic difference to performance, efficiency, costs, economies of scale and ultimately growth.

Technology for the logistics industry falls primarily into 5 key areas:

### 1. VISIBILITY

Knowing the location of every item, at every point in the supply chain. Technology such as Radio Frequency Identification (RFID), whilst not new, has until recently, not been cost effective for mass usage. Dramatic cost reductions now mean that RFID tags can be used extensively for real time, accurate tracking at every stage of the logistics process.

### 2. PROCESS EFFICIENCY

Reducing the human intervention and number of touch-points needed to receive, store, pick and pack items. Barcode labelling and scanning technology, wireless networks and mobile computers are the biggest driver here, along with voice picking to eliminate paper picking lists.

### 3. INVOICE MANAGEMENT AUTOMATION

The handling of paper invoices is an area ripe for productivity gains. The manual processes for checking invoices, interfacing with payment systems and filing, can be automated through Optical Character Recognition (OCR) technology, dramatically reducing human intervention and increasing speed and accuracy, freeing up resources for growth activities.

### 4. FLEET MANAGEMENT

Sophisticated telematics systems to track and plan the location, route and condition of vehicles are a valuable way to drive maximum efficiency from the very significant investment represented by logistics fleets.

### 5. UNMANNED DELIVERIES

Whilst the elimination of traditional vehicle fleets may not be on the cards just yet, alternatives are certainly being explored, especially for the deliveries driven by the rise of e-Commerce. Door to door deliveries of small items, with a rapid turnaround can be achieved far more efficiently with Unmanned Aerial Vehicles (UAVs), or drones. Driver-less vehicles too, have potential to make significant impact on the logistics industry in the not too distant future.



# BEST PRACTICES FOR GROWTH



## PRODUCTIVITY

The second strategy for growth (and inextricably linked to the first) is a **focus on productivity**.

Making processes more efficient, delivering new value, reducing cost and eliminating human intervention to free up people and finance for growth activities.

Productivity delivers the economies of scale needed to survive in a competitive, mature and rapidly consolidating market. It drives a broader benefit too - with an estimate from the Australian Logistics Council that **every 1% productivity gain in the industry adds \$2bn of GDP growth to the Australian economy**.

## SPECIALIST TECHNOLOGY PARTNERSHIPS

The third key strategy that stands out is for logistics providers to work with **specialist technology providers**.

The logistics companies who will grow and succeed over the next 5 years are those who not only embrace and invest in technology, but those who do so with the specialist knowledge of a technology partner, rather than spending the time, money and effort of trying to do it in-house.



To learn more about industry technology and changes, go to:  
[toshiba-business.com.au/logistics](https://toshiba-business.com.au/logistics)