



Lecture 13

GLOBAL LOGISTICS

Agenda

- Introduction
- Definition
- Historical perspectives
- Types of GL
- Global Logistics as a Competitive Edge
- Key global logistics excellence

Introduction

Globalization of the world economy and our supply chains has advanced at an almost unbelievable speed. Growth in world trade, and corresponding cargo container movements, continues to substantially exceed overall economic growth, meaning that trade volumes are doubling every 5-7 years.



Take a close look at your smart phone for a moment. What do you see? A glass screen. A button equipped with fingerprint recognition. A camera lens, flashlight, microphone, and speaker. Each of these components, and others – including chips, processors, batteries – are independently sourced from companies located all over the world and assembled into a finished product at factories, often in China. Any smart phone you purchase, and its components, has likely passed through customs several times, landed on multiple countries and continents, and been touched by countless workers. Global Logistics makes all this possible.



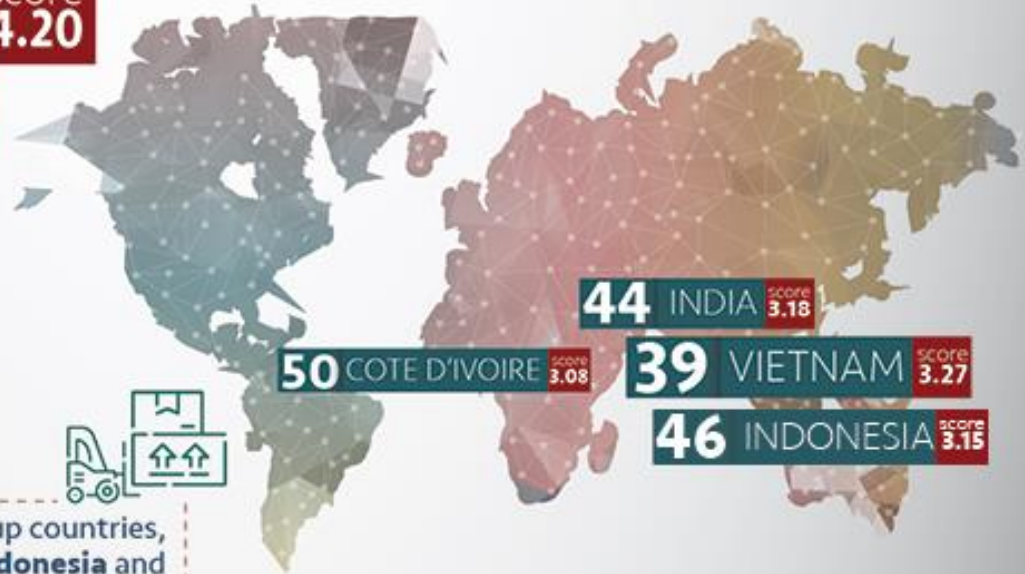
WHAT COUNTRIES PERFORM WELL ON LOGISTICS?

The 2018 Logistics Performance Index (LPI) scores countries on how efficiently they move goods across and within borders.



The LPI scores of high-income countries are **48% higher**, on average, than low-income countries.

1	GERMANY	score 4.20
2	SWEDEN	score 4.05
3	BELGIUM	score 4.04
4	AUSTRIA	score 4.03
5	JAPAN	score 4.03



Among the lower-middle-income group countries, large economies such as **India** and **Indonesia** and emerging economies such as **Vietnam** and **Cote d'Ivoire** stand out as **top performers**.

Explaining Performance

70%

Global Strategy

21 → 25%

Global Supply Chains

To stay competitive, companies need to increase the **globalization** efforts of their supply chain by 25 percent in the next five years and 43 percent in the next 10 years.

Definition

- Definitions of global logistics abound and are often framed in the context of a single business, military, societal or personal issue
- Global Logistics enables growth of business, global commerce and our civilization .
- It is a complex of interconnected functions of managing material flow in international trade.

The Modern Perspective

Global Logistics is the continuous process of meeting customer needs globally by ensuring the availability of the right benefits for the right customer, in the quantity and condition desired by that customer at the time and place the customer wants them, all for a price the customer is willing to pay.

The Modern Perspective

- At its heart, global logistics addresses issues of customer satisfaction worldwide.
 - The systematic management of the various activities required to move benefits from their point of production to the customer



Global Logistics Market Revenue

By Region, 2018 (US\$ Bn)



Source: Transparency Market Research Analysis, 2018

GLOBAL LOGISTICS MARKET

BY TRANSPORTATION TYPE

- Airways
- Waterways
- Railways
- Roadways

01

BY LOGISTIC TYPE

- First Party
- Second Party
- Third Party

02

BY END USER

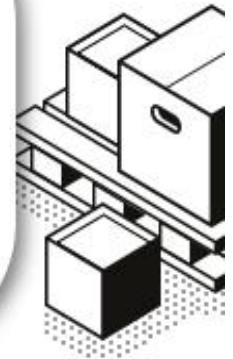
- Industrial and Manufacturing
- Retail
- Healthcare
- Oil and Gas
- Others

03

BY REGION

- North America
- Asia-Pacific
- Europe
- ROW

04



Key global logistics excellence

- Total Delivered Cost Management
- Global Logistics Process Automation
- Supplier Portals
- Variability Management
- Integrated International and Domestic Workflow
- Integrated Planning and Execution Platform
- Financial Supply Chain Management

Global Logistics as a Competitive Edge

- Global Logistics is important strategically and tactically in order to gain competitive advantage
- Business is increasingly aware that well-managed logistics systems can provide the organization with a sustainable competitive advantage

Global Logistics as a Competitive Edge

- Appreciation of the importance of logistics is a relatively recent phenomenon
 - Lower labor cost
 - Natural resources
 - Large captive markets
 - Technical advantage/expertise

Global Logistics as a Competitive Edge

- Into the '80s companies focused on improved productivity and lower costs
- In the late '80s, focus shifted to high quality
- In the '90s, focus shifted to customer service
- Business strategies
 - Lose advantage over time
 - Window of opportunity for any given strategic innovation is relatively narrow

Interest in Global Logistics is Growing

- Searching for ways to capitalize on the new markets
 - Central and Eastern Europe
 - China, India and the Russian Far East
 - Central Africa
- Taking advantage of these opportunities requires logistics systems that are often different from those in developed countries

Interest in Global Logistics is Growing

- Emerging Trade Blocks
 - Give smaller countries economic advantage
 - Simplifies economic transactions between members
 - Reshaping the perception of domestic vs. international markets