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# SEVEN KEY FUTURE DEVELOPMENTS IN SUSTAINABLE LOGISTICS

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Ankit

### Abstract

The logistics business faces lots of scrupulous challenges when it comes to its sustainability. Since many years now, facilitators of logistics services have been closely integrated into their customer's manufacturing processes and activities. Government and businesses also carefully weigh logistics in their long-term investment decisions and assessments. The logistics industry itself is not merely responsible for ensuring that the right product reaches the right place at the right time – which is the operating law of logistics industry. It is also responsible for its own environmental impact related to their operations. The industry must transform itself into one that is increasingly carbon efficient i.e. non-polluting identity.

Several questions are still bothering the world - what forces will drive this transformation and how soon will it happen? Several leading logistics companies like FedEx, DHL etc has staked out a clear position – one that is outlined in my study "Approaching Sustainable Logistics system." This review paper contains the conclusions drafted in it – world's key expectations for the future logistics. Let me try to explain how some of the future trends and developments which are expected to measure up the world's logistics sustainability in upcoming decade.

### Keywords:

Future Logistics, Logistics trends, Logistics Developments, Future Global Logistics

### **Future imminent logistics trends**

1. Logistics is not merely a commodity neither it is only a prime catalyst of global trade business and nor a defining component in support of value creation, rather, it is also a business of strategic importance in the move toward a low-carbon environment. Logistics giants are continuously working towards this approach and sooner or later they will definitely entitle as eco-friendly identities.

2. Technological transformation will be achieved through a coordinated drive from organizations, governments and financial institutions in coming 5 years. Provided the increased price tag attached to new technologies, collective support and long-term planning by all key players is crucial.

3. Cooperation and Collaboration will progressively be seen as a facilitator to attain sustainability in logistics; even former competitors will cooperate more intimately. Though carbon-emission reduction becomes a first concern for suppliers, organizations and logistics companies and cooperative business models will spread both vertically and horizontally along the supply chain system.

4. Business models and hierarchy of logistics organizations will show a change as sustainable modernizations open up new opportunities.

5. Carbon dioxide labeling will become regularized. Carbon dioxide labels help consumers to compare green products which are eco-friendly to environment. Transparency will boost confidence among logistics business customers and end consumers when making environment-friendly options.

6. Carbon dioxide emissions will have a price tag related to volume of emission. As continuously reducing the carbon emissions become more crucial for companies, governments and customers, it will expect an existence in a business and decision-making strategies. This process will increase calls for a price to be linked to carbon emissions.

7. Carbon costing will lead to more strict regulatory measures. Organizations will only accept a price tag on carbon emissions before finalizing the order if governments ensure a level playing field related to carbon emission regulatory.

### **Today's global logistics**

Naturally, future forecasts like these as mentioned above follows with opposing points of view by many individuals and organizations. I have concluded the findings and research on the same as under.

Some of the future developments – like direct carbon pricing tag – seem like pipe dreams which are doubtful to be adopted in upcoming half a decade. Others have actually become reality and traces of their adoption and implementation can be seen in big logistic companies like DHL and FedEx. One instance is the first: Increasing counts of business customers are now demanding energy-efficient supply chains from their logistics providers to continue with them. It is being observed that these customers will not just accept estimates and insufficient documents. Rather, they want reliable figures and specific improvement ideas along with supporting documents. Logistics sustainability has coped-up from a neologism to a necessary and integral part of our customer's business operations and

strategies therefore, as a result, it is vital for our business too.

Another instance of future forecasts that can be seen in few cases is trend point 5: that carbon dioxide labeling would become standard and regularized. At the beginning of 2013, DIN Standard 16258, a process for calculating greenhouse gases in logistics system, come into existence. As the first international standard, it provides recommendations for calculating logistics chains which is a huge step taken forward thereby contributing to Green Logistics. But it falls short of providing the foundation for a “one-is-to-one” comparison of logistics company’s carbon emission reports. The reason is that, the official standard grants extensive room to grow regarding sources of information and methodologies to calculate the carbon emission footprint due to the wide mixture of business models in the logistics industry. Above all, the major predicament here is the quality of data. Utilization & consumption data should be obtained from transport subcontractors or using modeled in a time consuming methodology. DHL is continuously working to improve data quality and transparency for its business operations. As part of this effort, several other logistic companies are also adopting the similar process. The participating logistics and freight forwarding companies (both competitors and customers) provide data from their transport and logistics operations to a neutral third party organization. The third party then assess, validates and compares the data for environmental impact and carbon content. This first move also states our future trend point 3: that we would see increased cooperation and collaboration not only between logistics and shipping companies, but also between erstwhile competing logistics companies.

Number 4 is in context of modernization and development I have yet not seen or heard about it. It forecast that the business models of logistics companies would change and that sustainable innovations would create new business opportunities in future.

Assessing the trends 6 and 7, the carbon emissions price tag and how it will be regulated at global level, we as customers have set some high targets for ourselves which seems inaccessible. Currently, we already assessed every investment perspective for improving the potential as we are prepared for the introduction of carbon pricing tag. This perspective will have a significant commercial impact on the businesses. About conventional commercial vehicles, the buying price makes up only about one-fifth of the vehicle’s life costs and the balance is spent mostly on diesel fuel and servicing. A minor percentage reduction in fuel consumption would have a major impact on a fleet’s efficiency.

In terms of the more tight government regulation expressed in future trend point 7, the introduction of emission trading systems in air freight, road transports and ocean freight are most welcomed by consumers, businesses and government. Logistics is a global business – the only principle applies to new regulation. The greater the geographic stretch of a regulation, the more productive and fair it will be in future. I think it would be inadvisable to create a miscellany of political measures imposed at the national and international level. This would initiate a race to see who could offer the least amount of regulations and prevent the creation of a level playing field in the business. Conceiving a collaborated emissions trading system for all logistics companies around the world is deceptive. However, a regional trading zone including

non-developed countries would mark a beginning for the process of change. For this reason, we should closely monitor developments in the carbon Emission Trading System and the debate about a global, market-based system to cut aviation emissions continuously being highlighted by the International Aviation Organization.

Amidst of all speculations, the need for organizations, government and other related identities like financial institutions to work shoulder to shoulder must be on priority. It is expected to increase the collaboration and cooperation as I have mentioned in trend 3 of future logistics and proved here that the third future trend I predicted is somewhere noticeable in the industry today. Expectations will continue till our global supply chain accomplishes all mentioned trends in future.

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