



Keeping The Gears Moving: Exploring the Significance of Logistics Provisions in the Global Economy



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Presentation prepared for AAG 2016 - San Francisco
“Remaking the Global Economy”

Structure of Presentation

- Brief Literature Discussion
- Research Objectives
- Concentration on Asia
- Three Themes:
 - Organizational Geography
 - Customer Interface
 - Supplier Interface

Logistics Literature Thus Far...



- Transport Geography & Critical Social Sciences
 - Charts the evolving nature of logistics activities in a range of sectors
 - Highly descriptive, and driven by empirical investigations of transport networks
 - “Transport geography, on the other hand, has focused either on local/regional transport and logistics nodes or on particular distribution systems.” (Hesse et al, 2006:505)
 - “... modern logistics is shaping urban development and urban land use as a consequence of new supply chain organization and network design” (Hesse, 2008:167)
 - Port Clusters and Regional Development
 - Focus on how urban regions may benefit from managing the flows of freight, and how this may lead towards regional development (c.f. Hall and Hesse, 2013)
 - The politics of participation into the global economy and the associated impacts
 - How “logistics makes possible ‘neoliberal’ institutional and policy reforms which involve ‘opening up’ foreign markets and globalising finance and trade” (Birtchnell et al, 2015:3)
- Critical Logistics
 - Issues related to precarious labour, exploitation, security and violence
 - “The threat of disruption to the circulation of stuff has become such a profound concern to governments and corporations in recent years that it has prompted the creation of an entire architecture of security that aims to govern global spaces of flow” (Cowen, 2014:2).
 - “In short, then, the logistics revolution leads to a rise in retailer power, a shift to flexible (contingent) production relations including increased offshore production, and a change in logistics to containerization, intermodalism and JIT transportation and warehousing. These changes in turn impact labour in the form of increased contingency for workers, weakened unions, and racialisation, all of which contribute to a decline in labour standards” (Bonacich and Wilson, 2008:21).

Research Objectives



- To see the Logistics Industry as a GPN in its own right, rather than just being supportive or intermediary role in GPNs of other industries
- Logistics firms, particularly 3PLs as strategic capitalistic actors who create markets, and enable the expansion of capitalist lead firms
- Following from GPN 2.0:
 - Logistics firms enable the lead firms to optimize cost-capability ratios through outsourcing of services
 - Logistics firms may serve as the main conduit through which lead firms sustain market development through the expansion of supplier and customer networks

Concentration in Asia

- “The geographic region with the highest 3PL revenue spend and the highest 3PL growth rates is APAC, where growth has traditionally been driven by companies outsourcing or offshoring manufacturing to lower cost countries. While this trend still continues in Myanmar, Malaysia, Indonesia, Vietnam, Cambodia, and to a lesser extent in China, Thailand, the Philippines, and Singapore, increasing domestic consumption and demand for products is driving the need for modern distribution networks in the Asia Pacific region” (A&A, 2014:17)
- “In 2012, the Asia Pacific 3PL market, at \$243 billion was 40% larger than the 3PL markets in North America and Europe. We estimate that it will surpass \$289 billion in 2015” (A&A, 2014: 19)

Theme 1: Understanding the Organisational Geographies in Asia



1. Mapping the activities of lead firms across Asia, by function and geography
2. Understanding tiers of coordination and management (i.e. regional organizational structures)
3. Modes of entry and expansion into new markets, specialisations and geographical regions
4. Sectoral specialisms and their organization and geography
5. Regulatory issues (Role of the State)
6. Growth priorities and strategic issues



C.H. ROBINSON



KUEHNE+NAGEL



**HYUNDAI
GLOVIS**

Top 20 Logistics Firms by Revenue (A&A 2014)

Rank	Name	Total Rev (US \$ Mil)	Rank	Name	Total Rev (US \$ Mil)
1	DHL Supply Chain & Global Forwarding	32,193	11	Panalpina World Transport (Holding) Ltd.	7,338
2	Kuehne + Nagel International AG	23,293	12	DACHSER SE	7,043
3	DB Schenker Logistics	19,861	13	Expeditors International of Washington	6,565
4	Nippon Express Co., Ltd.	17,916	14	GEODIS	5,960
5	C.H. Robinson	13,470	15	Hitachi Transport System, Ltd.	5,920
6	Hyundai GLOVIS Co., Ltd.	10,635	16	Toll Group	5,822
7	DSV A/S	8,661	17	J.B. Hunt (JBI, DCS & ICS)	5,799
8	CEVA Logistics	7,864	18	UPS Supply Chain Solutions	5,758
9	SDV (Bolloré Group)	7,483	19	GEFCO	5,387
10	Sinotrans Ltd.	7,463	20	Agility	4,300

Logistics Lead Firms: Selected Regional & Global Headquarters in Asia

Singapore	Hong Kong	Shanghai	Tokyo	Seoul
Agility	BDP International	CJ Korea Express	Hitachi Transport Systems	CJ Korea Express
C.H. Robinson	DACHSER SE	Fiege Logistik Stiftung	Kintetsu World Express, Inc. (KWE)	Hyundai GLOVIS
CEVA Logistics	DSV A/S	GEFCO	Nippon Express Co., Ltd.	Pantos Logistics
CWT Limited	Geodis	Ryder Supply Chain	NNR Global Logistics	
Damco International A/S	Hellmann Worldwide	Schneider Logistics	Sankyu Inc.	
DB Schenker Logistics	Kerry Logistics	Kuehne + Nagel	Yusen Logistics Co., Ltd.	
DHL Supply Chain & Global Forwarding	Kintetsu World Express			
	Mainfreight Limited			
FedEx Trade Networks and FedEx Supply Chain	OOCL Logistics			
Toll Group				
UPS Supply Chain Solutions				

Selected Logistics Mergers and Acquisitions

Target Company	Acquirer	Purchase Price (US\$ Millions)	Acquisition Date
BAX Global	Deutsche Bahn	1,210	Jan 2006
EGL	Apollo Management / CEVA	2,200	Jul 2007
Geodis	SNCF	1,735	Jul 2008
APL Logistics	Kintetsu World Express	1,200	May 2015
Norbert Dentressangle	XPO	3,530	Jun 2015
TNT Express	FedEx	5,000	Jan 2016
UTi Worldwide	DSV	1,350	Jan 2016

Sectoral Specialisation Among 3PLs (Top 15)

Automotive	Technological	Healthcare	Consumer Gds	Retailing
CEVA Logistics	DHL Supply Chain & Global Forwarding	DHL Supply Chain & Global Forwarding	CEVA Logistics	DHL Supply Chain & Global Forwarding
Logwin AG	Kuehne+Nagel	GENCO	DHL Supply Chain & Global Forwarding	Wincaton plc
DB Schekner Logistics	Menlo Logistics	Exel (DHL Supply Chain - Americas)	C.H. Robinson	Yusen Logistics Co., Ltd.
DHL Supply Chain & Global Forwarding	NNR Global Logistics	Kuehne + Nagel, Inc. AG	OHL	Kuehne + Nagel International AG
UTI Worldwide Inc	Ingram Micro Supply Chain Solutions	Uti Worldwide Inc.	Logwin AG	GENCO
Yusen Logistics Inc.	UPS Supply Chain Solutions	Hub Group	Ryder Supply Chain Solutions	Damco International A/S
GEFCO	CEVA Logistics	UPS Supply Chain Solutions	GENCO	Toll Group
Rudolph Logistik Gruppe	DB Schekner Logistics	Kuehne + Nagel, Inc. (The Americas)	Kuehne + Nagel International AG	Norbert Dentressangle
ARS Altmann AG	ModusLink Global Solutions	FedEx Trade Networks and FedEx SupplyChain	Laney & Duke Terinal Warehouse, Inc.	Toll Global Forwarding Limited
Neovia Logistics Services	FedEx Trade Networks and FedEx Supply Chain	Suppla S.A.	Norbert Dentressangle US	Transplace
Penske Logistics	GENCO	Bomi de Mexico, S.A. de C.V.	Patterson Warehouses, Inc.	XPO Logistics, Inc.
Kuehne + Nagel	syncreon	Logwin AG	Capacity LLC	ITG GmbH Internationale Spedition + Logistik
Menlo Logistics	Yusen Logistics Inc.	Norbert Dentressangle US	Itg MBh Internatoionale Spedition + Logistik	Speed Commerce
TRADISA	GEODIS	arvato AG	Menlo Logistics	Alpha Distribution Solutions
BLG Logistics Group	Logwin AG	SDV (Bollore Group)	Norbert Dentressangle	BNSF Logistics, LLC

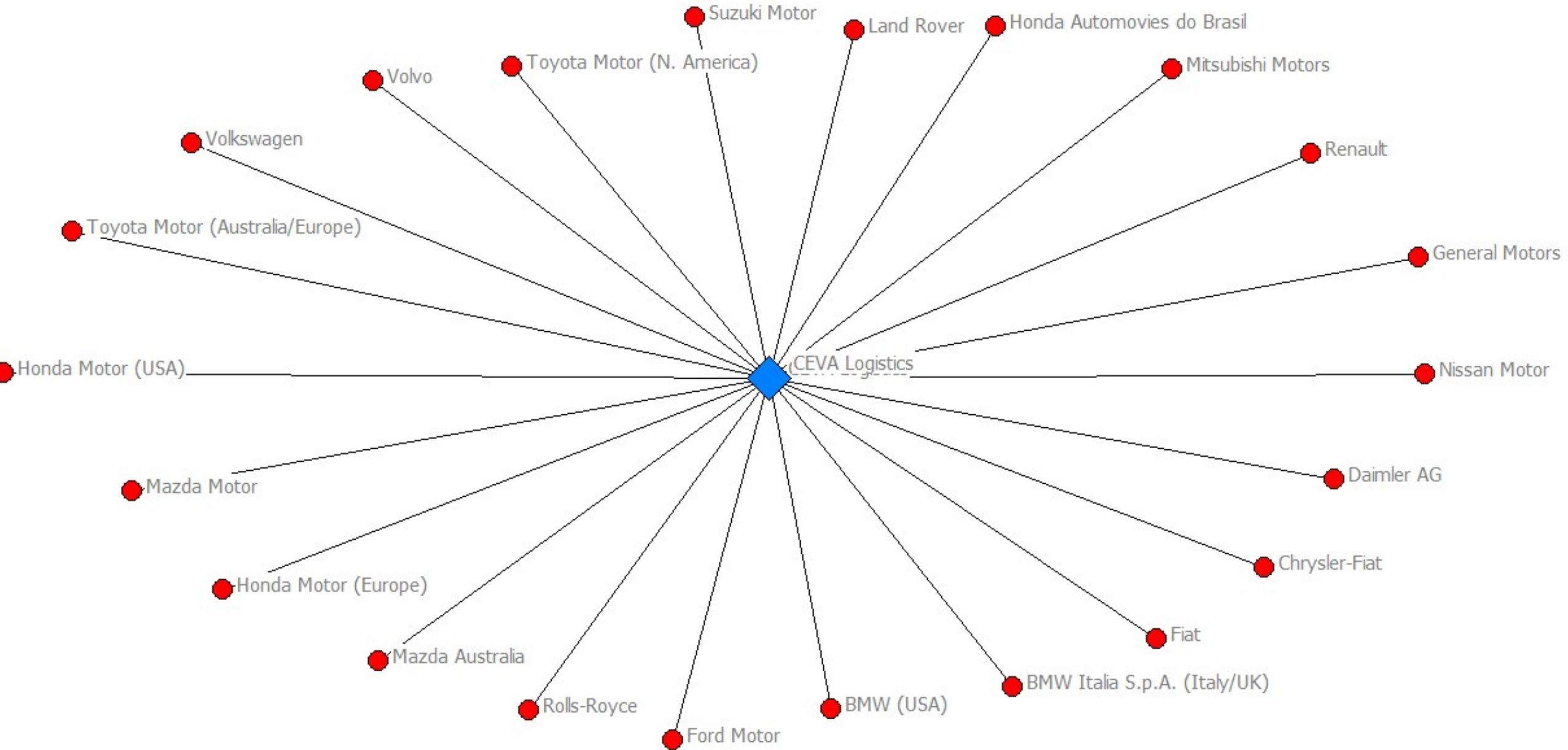
Theme 2: Exploring the Customer Interface

1. Intersection with customer production networks
2. Activities and roles undertaken Strategic contributions to customer networks
3. Governance, power and value capture
4. Knowledge dynamics
5. Contributions towards autos, electronics, pharmaceuticals
6. Diagnosing clients lists
7. Inter-group business, e.g. Korean Chaebol

Selected 3PL - Customer Relationships

Logistics Firm	List of Selected Customers
DHL	3M, Abbott Laboratories, Airbus, Amway, ASDA, Baxter Healthcare, Boots, Bridgestone, Brother, Burberry, Cadbury, Carrefour, Colgate-Palmolive, Dell, Dumex, Eastman Kodak, Exxon Mobil, Flextronics International, General Motors, GlaxoSmithKline, Heineken, Jaguar, Mars, Marks and Spencer, Robert Bosch, Unilever
Kuehne + Nagel	Abbott Molecular, Aelia, Aero Inventory, AGCO, Agora Network, Airbus, Akzo Nobel, Allergan, Apple, Argos, AstraZeneca, B&Q, Benetton Trading, Best Buy, Black & Decker, Carrefour, Daimler, DuPont, Ford Motor, Flextronics International, L'Oreal, McAfee
DB Schekner	Airbus, BMW, Bombardier, Cisco Systems, Delphi, Ford Motor, Fujitsu, GlaxoSmithKline, Hewlett-Packard, Kia Motors, Mars, Microsoft, Nestle, Nikon, Nissan Motor, PepsiCo, Porsche, Procter and Gamble, SIA, Siemens, Sony, Swarovski, Volvo
Nippon Express	Canon, Cummins, Daimler, Dongfeng Motor Group, Epson, Ford Motor, General Electric, Honda Motor, IBM, Johnson and Johnson, Lenovo, Maxwell, Mitsubishi Motors, Nissan Motor, Panasonic, Siemens, Sony, Toyota Motor
C.H. Robinson	3M, Amstar Corporation, Anheuser-Busch, ArcelorMittal, Best Buy, Boise, Bridgestone, Cargill, Castrol, Colgate-Palmolive, Dana, Danone, Exxon Mobil, Kimberly-Clark, Johnson Controls, Mars, Nestle, Quaker Oats, Tetra-Pak, Wal-Mart Stores

CEVA & its deals with Automotive Firms



Theme 3:

Investigating Supplier Networks in Logistics

1. Intra-industry relationships
2. Subcontracting of transport and other services
 1. Stability and nature of supplier networks
3. Geographical and sectoral basis of abovementioned subcontracting
4. Power, governance and value dynamics
5. Knowledge transfers

Conclusion

- The logistics industry should be seen as a GPN itself
- Asia is of growing significance
 - growth of logistics services in the region
 - contribute to regional development
- It is important to understand:
 - The organisational geographies of the logistics industry
 - The customer interface between logistics lead firms and global lead firms
 - The supplier interface between logistics lead firms and their suppliers