



# Global Freight Forwarding 2017

The 2017 edition of the Global Freight Forwarding report contains market size and forecast data, profiles of the largest forwarders, trade lane analysis, an examination of the technology disrupting the industry and the results of Ti's freight forwarding survey.



## Ti's Origin and Development

Ti is a leading logistics and supply chain market analysis company developed around five pillars of growth:

- Logistics Briefing
- Ti Market Research Reports
- Ti Insight portals
- Ti Consulting
- Ti Conferences and Training

Ti acts as advisors to the World Economic Forum, World Bank, UN and European Commission and have 14 years worth of providing expert analysis to the worlds leading manufacturers, retailers, banks, consultancies, shipping lines and logistics providers.

## What Sets Ti Apart?

- Globally recognised and trusted brand
- Global Associate Network provides a multi-country, multi-disciplinary and multi-lingual extension to Ti's in-house capabilities
- More than fourteen years of knowledge delivery to global manufacturers, retailers, banks, consultancies, shipping lines and logistics providers
- Unique web-based intelligence portals
- Interactive dashboard
- On-going and comprehensive programmes of primary and secondary research

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*Note: Ti has created a Supplementary Material document to support this report. It is available to download as an Excel file to all customers who have purchased this report. The document includes:*

- *market size methodology and data*
- *rankings of the Top 20s by total*
- *trade lane data.*



**Professor John Manners-Bell** is Chief Executive of Ti, Honorary Visiting Professor at the London Metropolitan University's Guildhall Faculty of Business and Law and an adviser to the World Economic Forum.

He has over 25 years' experience working in and analysing the global logistics sector. John holds an MSc in Transport Planning and Management from University of Westminster and is an Associate of King's College London. He is a Fellow of the UK Chartered Institute of Logistics and Transport and former Chair of the Supply Chain and Logistics Global Advisory Council of the World Economic Forum. He has also advised the European Commission Directorate-General for Energy and Transport.

John has written three books on the industry – 'Global Logistics Strategies: Delivering the Goods', 'Supply Chain Risk: Understanding Emerging Threats to Global Supply Chains' and 'Logistics and Supply Chains in Emerging Markets'. His second book, 'Supply Chain Risk' won the Mention Speciale ACA-Bruel Prize for supply chain literature in 2014.



Having obtained a Masters in Economics **David Buckby** is now Ti's resident Economist. David manages one of Ti's core strengths, that of quantitative analysis of a range of logistics markets, including sizing and forecasting.

David contributes to the GSCi portal, Ti Reports and consultancy projects. He also is author of many briefs for Ti's Logistics Briefing service. His key interests are the economics of the logistics sector, emerging markets and statistical modelling.



As a graduate in International Relations, **Alexander Le Roy** brings a variety of knowledge and interest to his role as an Analyst at Ti.

Since joining the company in 2013, he has contributed to 10 top selling Ti reports, in addition to the GSCi portal.

The breadth of his analysis includes content on logistics providers, logistics markets and supply chain software. Alexander has developed a significant body of work in the evaluation of log-tech start-ups, and holds a keen interest in the latest technological developments in the industry.

## About the authors (continued)



**Violeta Keckarovska** joined Ti in 2016 as a Research Analyst and brings with her a wealth of experience in the design, implementation and analysis of electronic and person-to-person surveys. Violeta is a member of the Market Research Society, and brings best practice in research, insight and analytics across Ti.

Having worked across a number of sectors, including the retail, luxury goods and FMCG, Violeta is experienced in gaining valuable insights across brand perception, voice of customer and strategic re-positioning intelligence campaigns for B-to-B and B-to-C clients.



**Andy Ralls** is a Quantitative Analyst at Ti. He graduated from the University of Southampton with a Mathematics with Finance degree in 2014. In his studies, he chose a final year project on actuarial modelling and forecasting and enjoyed modules on statistical distribution theory, financial mathematics and macroeconomics.

Andy has since worked for a top accountancy firm and for a wealth management company. These experiences give him a strong understanding of company accounts and investment products and has given him a wider understanding of the financial sector.

Andy contributes to the GSCi portal, consultancy projects and authors news and briefs for Ti's Logistics Briefing service. He also works on Ti Reports and contributes to market sizing and forecasting sections.

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## 1.1 Foreword by John Manners-Bell



The freight forwarding sector is certainly facing a challenging time, not least because the global economic environment has remained volatile and difficult to anticipate. After a sustained period of weakness, the industry enjoyed a somewhat buoyant end to the year in 2016, with the air cargo sector in particular performing well in the last quarter.

The forwarding sector has always dealt with uncertainty and volatility well – that is the nature of the job. However, it also faces longer-term, structural challenges which will prove more difficult to deal with.

Political upheaval throughout the world has cast doubt on the sustainability of globalisation. The ‘unbundling and outsourcing’ trend which characterised the development of trade over the past few decades (and hence international freight forwarding) is under threat from a host of protectionist forces, not least a hostile Trump administration.

This is likely to have an important impact on cross-border trade. The growing prominence of regional trade blocs, such as a TTIP alliance shorn of the USA, will tend to favour road based transport and, particularly in Asia, low value, low margin shipping. That, combined with near-sourcing, driven by increasing labour costs in Asia, will mean that products manufactured in a region will increasingly stay within that region.

In addition, there is the looming threat of disruption from a range of players including the giant e-commerce retailers, such as Amazon, as well as a host of tech start-ups. Customers are increasingly demanding real-time information, quotes and visibility, and those that cannot or do not invest in the necessary technology will rapidly lose their place in the market. New forwarders, unburdened with legacy systems, are rapidly gaining ground, building their

entire customer offering around the latest technologies.

Political, economic and technological pressure will continue to shape the industry in the coming year. One thing is certain, whether large or small, freight forwarders will need to remain agile if they are to flourish in an uncertain and complex world.

## 1.2 Key findings



- The global freight forwarding market is estimated to have grown by 2.7% in real terms (excluding the impact of price and currency movements) in 2016. However, collapsing air and sea freight rates have seen revenues for most forwarders fall significantly.
- Sub-Saharan Africa's freight forwarding market is expected to grow faster in real terms than any other region between 2016 and 2020.
- The top three air and sea freight lanes offering the best prospects for volume growth in the next five years will originate in Asia, according to the Global Freight Forwarding Survey 2017, conducted by Ti.
- Supply chain professionals acknowledge the threat of losing volume share to other parties such as carriers, tech start-ups, Amazon etc. over the next five years. A greater proportion of respondents expect this to occur in air freight than sea freight.
- Freight forwarders continued to adapt their strategies and product solutions during 2016 to cope with the competitive pressures and market forces. Their strategies are being increasingly shaped by consumers' demand for real-time information and visibility, urging forwarders to step up their investment in technology in order to not get left behind.
- Generally, there is little difference in gross profit margins among large forwarders: the difference between buy and sell rates is not where the game is won. What really drives variation in operating profit is everything else: staff and management quality, overheads, technology, innovation, strategy and value-added services etc.
- Excluding the impact of volume and rate changes, a majority of survey respondents see margin pressures in freight forwarding intensifying over the next five years. 30% said they would remain about the same.
- The majority of start-up companies are looking to serve sector incumbents, but the more ambitious could potentially disrupt the industry.
- Several freight forwarding quotation and booking platforms are providing an increasingly compelling service.
- The majority of those freight forwarders to have trialed online quotation and booking services have adopted them for official usage.
- A profitability divide has already arisen between the companies investing in technology and those which are not. Artificial Intelligence will widen this divide.



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