

Social Trends & Cons

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Introduction

Transport and logistics companies today face challenges getting products delivered to customers as satisfying them isn't always easy, especially if the company delivers goods globally. Another problem the logistics company face is being sustainable, keeping the emissions low and reducing the carbon footprint. Customer demand is really important as trying to meet their expectations will result in the customers continuing to use their service. This could be the time it takes before the customers receive their products, or giving them the option for next day delivery. This report will evaluate the changes and impacts social trends and consumerism has on the logistics and transport industry and how they are affected by their behaviour. Companies like UPS will be looked at and sources like the internet and books will be used.

Globalization

Globalization has many things integrated within itself, markets, industries, economics, cultures and policy-making around the world. Globalization is a big part of regional and national economics, cultures and society have been brought together due to the global network of trade, immigration, communication and transportation. Most recently in the past globalisation was looked at from the economic side of the world, this involved trade, international capital flows and foreign direct investment. However today globalization has been looked at more openly including activities as such, technology, media, culture, political as well as biological factors e.g. global warming. (Mangun, Chandra, Butcher)

Growth in International Trade

Global trade has increased considerably over the years, fuelling the expansion of logistics. The increase of the growth is due to countries being able to trade with one another, regional trade agreements, like the European Union have impacts on the growth and are working towards progressing to allow trading to be done more freely with other regions (Mangun, Chandra, and Butcher).

The advantage of this is that trading with other countries can help boost a lower developed countries economy but the disadvantage is the county that is less developed may not have the best way of transporting goods and therefore there is risks of goods not being delivered

on time or having been delivered without being damaged. This can also result in customers not receiving their products as they expected leaving them with bad experience and not purchasing again. However a LDC could make a deal with a logistics company like UPS, for example Belgium could say that UPS will be sued for majority of deliveries if they can be provided with a good price and the quality of service.

During the 1950s around \$62 billion worth of merchandise were exported from every country around the globe and by 2004 an extra \$9,000 billion was added to the figure, this just shows the difference trading around the globe can make economically. However the exports taken place in 2004, in fact 25% of that came from developed countries. Shortly afterwards they were followed by having the developing countries take part trading around the world and they were also growing. The United Nations Conference had stated that the developing countries had exported merchandise that had risen by an average of 12% each year in the time period of 1960-2002, and the developed countries had exported 11%. (Mangun, Chandra, Butcher)

On one hand the developed countries have the advantage as the quality of the products would have been better and the way the goods were delivered had a better structure, but on the other hand the cost of delivery may have had an effect and this is why the percentage of exports had fallen. However the developing countries exports had risen because the price of the products and the cost of delivery may have been cheaper but the quality might not have been the best. The other challenges the developing countries may have faced is the time it took them to have the product delivered to the customers as it may have been sent off by ship. There are advantages and disadvantages for both, developed and developing countries and this just shows how well the less developed countries were doing compared to the developed countries. Some countries were doing extremely well, china being one of those as in 1980 their annual merchandise that was exported valued at \$18 billion and by 2004 it had risen to \$574 billion. (John, Chandra, Butcher) Having being a country that is still developing their valued exports show a good figure and the reason for this is simply because of the price of their products. Logistics companies play a big part in global trade and contribute economically in favour of all countries. It's crucial to have well-structured logistics systems in order to help developing countries achieve the best they can. (Mangun, Chandra, Butcher) outsourcing and logistics.

Sustainability

Logistics companies face big challenges with being more sustainable, reducing emissions and having a better carbon footprint and being more efficient and friendly with the environment can make a difference around the globe. To become more sustainable a couple of things need to be taken into consideration like having sources and distributions systems redesigned, this will make a difference in any unnecessary freight movements. (Mangun, Chandra, Butcher). However it's not all about the emissions, when redesigning a supply chain, decisions like where the warehouse is going to be located or methods of transportation can help with being sustainable. For example, in Europe they have a period for short trips for sea shipping and goods are highly transported by short sea paths. This was done to have a better mode of transport and instead of transporting goods with trucks which avoided congestion and affecting the environment. It's crucial that the decisions being made have positive impacts or this can affect future generations.

Carbon footprint

Carbon footprint today is used to describe the disbenefits it has on the environment due to economic activities which involves as such, moving freight. The number in consumers becoming more aware of the goods they purchase and the negative impact that it's having being sourced over long distances are being more noticed. For example, if a product is produced and located where damage is caused to the environment, this can be worse than transporting goods from overseas where it's more sustainable as products can be produced and located over there (Mangun, Chandra and Butcher).

UPS

Logistics companies today big or small try to be sustainable as much as possible, UPS is a really well known logistics company that employs more than 454,000 people, delivering over 10.5 million parcels in more than 220 countries and territories. The logistics company offers a variety of solutions which includes transporting packages and freight, providing trades internationally (UPS 2014). UPS being a leading logistics company around the world

have a responsibility to be sustainable so the company is always investing in technology to be more efficient while managing the world of business.

A major issue that is looked at is the use of fossil fuels and this is mostly used for power generations and carbon emissions. The international Kyoto Protocol has said that by 2050 carbon emissions must be reduced by 60%. This is something steep to ask for with a lot of commentators believing that this will never be achieved (Mangun, Chandra, and Butcher). This can be a big challenge for logistics companies as they will have to change certain ways of making deliveries, investing time and money when doing so. Another challenge they may face is when making these changes this can have an affect with their customers if things aren't done properly. For example if a logistic company like UPS introduced electric vans, regular maintenance and checks need to be carried out to prevent something going wrong with the van and this will also help avoid customer disappointment. However this can also benefit the company as consumers today do think about global warming so this may encourage them to continue to use their service.

UPS are working towards having a future with less carbon. They are always putting strategies together for their whole fleet of 119,000 ground vehicles so they can be more efficient, this includes route planners which helps with reducing emissions and fuel, along with regular maintenance so that the vehicles are more efficient (UPS 2014). This shows that the company is doing what they can to have positive impact on the environments. By having route planners it helps them find the quickest and shortest route possible which reduces emissions given off and also saves them money. However regular maintenance on their whole fleet of ground vehicles is costing them a lot of money as maintaining 119,000 vehicles isn't cheap but then again it benefits them because their vehicles are running more efficiently. The company do own electric vehicles but they need to introduce more as it will save them money on fuel and heavy maintenance isn't required.

In the 1930s, UPS had always tested different types of vehicles for better efficiency and then putting it into action. They do this by matching different types of energies and the amount that is used, also the condition at each location where deliveries take place. By doing this it helps the company continuously introduce new technologies for their fleet of vehicles. UPS look at the performance of every vehicle and work with manufactures, Government agencies and non-profit organizations to have new technologies (UPS 2013). This is really

good for the company because as being a logistics company they're not just trying to become more efficient but they're also helping manufactures and other organisations to become more sustainable and giving them a better understanding to how they can manufacture their engines to be more efficient.

Drones

Drones have been put to the test to make deliveries by some logistics companies such as UPS, but in 2012 Amazon made an entrance into the market proposing to make deliveries using drones. The online retailer highlighted its prime Air concept, the idea behind it was to get items into customer's hands within 30 minutes or less than that (John Manners). It was good for Amazon to introduce something like this because they have a lot of orders being placed and timing is crucial as customers want their parcels being delivered as soon as possible. On one hand this was good for the relationship with their customers but on the other hand they would have struggled to manage the time for delivery because there could be a lot of parcels and not enough drones to go around, this could leave the customers with bad experience. Using drones can also have a good impact on logistics companies as there's no need for many drivers but then again it can cost people's jobs and leave them out of work. The cost of making drones isn't too expensive however the technology that is needed to direct the drone in urban crowded skies isn't so cheap (John Manners). Whether it's a distribution centre like Amazon or a big logistics company like UPS they will need to invest a lot of money into making the drones. Deliveries may not be made on time as anything can go wrong with the drones and it will also cost to maintain them. Using drones aren't the best of ideas as it will cost roughly the same amount as employing people. If drones aren't used this can give people the chance to work and make a living.

Autonomous Vehicles

The one technology that can make a change in the road freight industry globally is autonomous driving, which involves a vehicle without a driver. Daimler, known for being one of the world's biggest manufacturing company for trucks have put together a plan specifically for this area. Daimler demonstrated this by getting a prototype that drove autonomously on an autobahn in Germany, navigation was made successfully through junctions, conditions like real life driving. This is going to be part of their plan for trucks in 2025. The trucks will be

installed and assisted with Daimlers Highway pilot system, this will enable them to reach speeds up to 85 kilometres per hour and navigate with no problems. Despite all of this technology, taking the drivers away isn't that simple as big challenges will occur like meeting with the safety and the regulation bodies. This technology has been introduced before on trains and rapid transits but there's a small number operating (John Manners). Having this technology on trains won't be as bad as there's less congestion and railways can be built to meet the standards and it won't be an expensive job. However applying this to trucks can be a big challenge as the roads will have to be reconstructed in a certain way so the trucks can be efficient while making trips. Another challenge they will face is if there was to be new routes then the technology will have to be updated each time or the roads will have to be reconstructed to their needs. This will also make it difficult for any logistics companies that want to apply this system to their fleet.

Congestion

One of the main reason for this technology is to become more efficient, Predictions are made by German authorities that the usage of trucks for transportation will rise by 39% by 2030. Majority of countries in Europe don't have the money to invest in new roads and constructing new roads isn't very popular from an environmental point of view. The networks used in Western Europe haven't expanded in 10 years and this is why it would be more beneficial if they used the existing roads more efficiently (John Manners). This is why this technology should be introduced and used more often because of the predictions being made of how there will be an increase in trucks making transportations. And seeing as construction of new roads isn't at favour they don't need to worry about new roads being introduced and having to update the technology each time. The disadvantage to this system is that it may fail and things can go wrong, For example a fault in the technology can result in the truck taking the wrong route and this can lead to all sorts of problems like delivery being damaged or putting others on the road at risk. To avoid this it's best to have a driver along with the technology so the chances of things going wrong is minimized.

Costs

It is estimated that 45% of total costs for road freight operators is because of the driver. If the drivers are being removed this will have a really big impact on costs for road freight, profits and margins (John Manners). This favours logistics companies as their profits will be high, For example they don't have to pay employees to drive from one place to another. Another advantage is logistics companies don't have to rely on employees at all times, for example if a driver was unwell deliveries won't be delayed or the need to find another driver isn't necessary. However despite all of this regular maintenance would need to be carried out and tests would need to be done to ensure the trucks good to go. Another disadvantage is if the technology fails at any point during delivery it will cost a lot as the truck could be heading towards anything and anywhere and this can also put others on the road at in danger. The company will be held liable and could be sued, left with a bad name.

Logistics companies struggle to recruit drivers, people don't want to commit to being a driver and doing it as a career because it's long hours their always away from home. The pay isn't great and the conditions aren't the best (John Manners). Logistics companies will have to pay the drivers more and this will also cost the customers as prices for road fright will increase. By having the computer system installed it will leave the drivers less stressed as they won't have to deal with making important decisions, making the working conditions looking more appealing (John Manner). This is a good way for logistics companies to get drivers because having the computer system can help drivers by making their life easier. However it's not always good to rely on computer system as things can go wrong, this could be half way through travelling and the drivers might not be prepared as they are too dependent on the system. It would be good to have the system along with the driver but the driver must be provided with training on how to handle the situation in case of the computer failing.

Conclusion

Logistics companies face challenges to be efficient and they need to find ways to make it happen especially if they trade globally. They also need to keep their consumers happy by providing good service, this includes the time it takes to deliver a product. Trade has increased a lot over the years and this has had an impact on the logistics companies, trades are being made between different countries which is good because it can help a LDCs economy and let

them grow. For example, China is known for being one of those countries, their exported merchandise was valued at \$18 billion in 2004 and had risen to \$574 billion (Mangun). This may be due to the products being cheaper but the quality probably wasn't the best. This is one of the reason why logistic companies need to be more sustainable because the more trades being made the more need for transportation. UPS a big logistics company are always trying out strategies to become more sustainable, such as having electric vans and carrying out regular maintenance on their ground vehicles. However this can be expensive considering they have 119,000 vehicles. UPS have also introduced drones to make delivers quicker and not have drivers, promising deliveries will be made under 30mins but that means they will need a lot of drones and the cost for navigation isn't cheap. And this also puts people out of jobs. It's good to see countries trading with each other this also keeps logistic companies in business and gives them the urge to become more sustainable.

References

UPS (2014) *Environmental Responsibility*. Available at:

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Mangun, Chandra Lalwani, TB (2008) *Global Logistics and Supply Chain Management*

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Social Trends & Cons

GRADEMARK REPORT

FINAL GRADE

50/100

GENERAL COMMENTS

Instructor

Good research and satisfactory evidence of engagement with relevant literature but not enough to warrant a higher mark.

A good knowledge and understanding of the challenges of social trends and consumerism on the Logistics and Transport industry demonstrated.

Some good analysis from differing perspectives. However, many arguments require further explanation to link to question. Conclusion includes information which should be in the main body of the report.

Well structured but sub-headings are confusing because they are not referencing elements of the question. Incorrect referencing. Easy marks lost in this area.

PAGE 1

PAGE 2

PAGE 3

QM

Good point

Good point

PAGE 4

QM

Awk.

Awkward:

The expression or construction is cumbersome or difficult to read. Consider rewriting.

QM

explanation required

explanation required

Additional Comment

What about the range of the vehicle between charges and the availability of charging points?

QM

spelling

spelling

Additional Comment

manufacturers

QM

explanation required

explanation required

Additional Comment

Explain what is sustainable about a drone

QM

explanation required

explanation required

Additional Comment

But what about reduced emissions?

QM

explanation required

explanation required

Additional Comment

What is sustainable about autonomous vehicles? This needs to be explained. If it's at the

expense of jobs, it could create social problems so there's an argument to suggest it's not very sustainable

PAGE 8

PAGE 9

PAGE 10



Comment 1

This needs to be in the main body of the report, not the conclusion

QM

Incorrect referencing

QM

Incorrect referencing

QM

Incorrect referencing