

Laser – European Freight Forwarding Market Study

June 2019



Logistics Briefing



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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 of experience providing expert analysis to the world's 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 14 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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The global logistics industry is already seeing a major change to the relationship that drove its development over at least the last three decades. Average real GDP growth between 1990 and 2008 was 3.2% per year, while over that same period world trade grew at twice the pace. However, the 2:1 ratio has been replaced with a correlation closer to 1:1 since the Great Recession of 2009.

Why is this?

There are several reasons.

- In developed countries, demand for imports of consumer goods has not exhibited the same dynamics as before 2009.
- Developing countries have been forced to focus their investment on domestic infrastructure to maintain economic growth. China is the best example of this.
- The global economic downturn created more protectionist policies, which have acted as a drag on international trade.
- Governments around the world have actively suppressed short-term consumer demand in their own economies.

The outsourcing trend to the Asia Pacific region in the 1980s, 90s and 2000s was a 'one-off gain' for international trade. Since then, the increase in volumes has been incremental, as most production processes that could be unbundled and outsourced to remote manufacturing locations in Asia already have been.

Regionalisation, near-sourcing and emerging markets

It also seems that manufacturing and retailing is retrenching global to more regionally focussed supply chains. As part of this process, traditional East-West and West-East flows are being disrupted and becoming complex networks that span both developed and emerging markets.

What is the evidence for this?

- Firstly, global flows of goods are becoming more disparate. In the early 1990s, two thirds of global flows of goods moved through the

top 50 routes. Two decades later, just over one half of goods travel along these routes

- Secondly, cross-border flows of goods, services and finance from emerging markets accounts for approximately 40% of the world's total, up from 14% in 1990
- Thirdly, south-south trade has grown from 6% of all goods flows in 1990 to around a quarter now.

This shows that trade is re-balancing – with obvious consequences to shipping lines, air cargo carriers and freight forwarders. Much has been made over the last decade of the trend towards near-sourcing – that is, manufacturing goods close to, or indeed inside, end consumer markets.

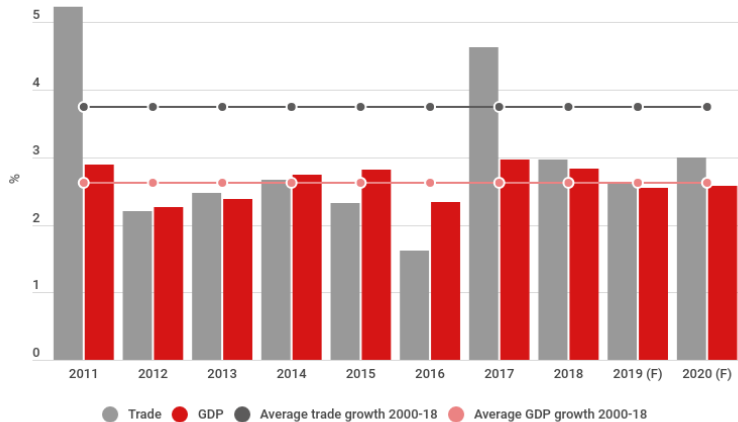
Near-sourcing has compelling motivators:

- Reducing transportation costs
- Increasing control over suppliers (such as better quality management of end product)
- Labour costs increasing in China and elsewhere in Asia
- Supply chain risks being factored into overall costs
- Increasing speed to market.

One of the major impacts this would have is an emphasis on road freight services at the expense of international air and sea freight. This is a worrying prospect for forwarders.

However, there is little evidence, so far at least, of a shrinking in the quantity of global trade. Possibly the effect of US trade tariffs demonstrate that nature of production is more orientated towards consumption locations than might be expected; citing German vehicle manufacturers car production in the US as an example. However, if 'near-shoring' was a significant trend in the global economy, world trade would be falling as a proportion of global GDP and it is not.

World Merchandise Trade Volume & Real GDP Growth



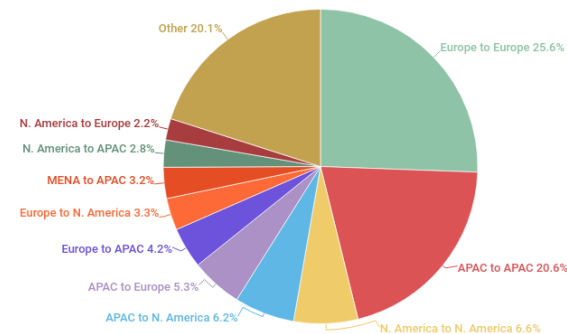
Source: WTO

The absence of 'near-shoring' illustrates that supply chain geographies have an economic logic that even the imposition of tariffs does not always interrupt. The reaction to US tariffs on certain consumer durables also illustrated that supply chains can be flexed; for example, white goods production in China could be shifted to South East Asia. However, this should not lead to complacency. There are fundamental dysfunctions within the global trading system that lead to certain economies running very large trade deficits or surpluses, with different economies running their 'industrial policy' in very different ways. This is the underlying problem behind 'Trump's Tariffs' and it is unclear if it can be entirely resolved. Therefore, it should not be assumed that 'globalised' trade patterns will continue as they have done for the past several decades. This must be regarded as a structural risk for the freight forwarding sector.

Regional Supply Chains

The 'Factory Asia' concept (i.e. an Asian network of cooperating component manufacturers), has come to characterise global manufacturing in recent years and has already led to the regionalisation of upstream supply chains. Trade in intermediate parts throughout Asia is enormous, with assembly of components largely being undertaken in China. The reason for this is that with its huge population, China has the ability to mobilise huge, low-cost workforces to undertake low value-adding activities for companies such as Apple.

Top 10 regional trade lanes by value 2018



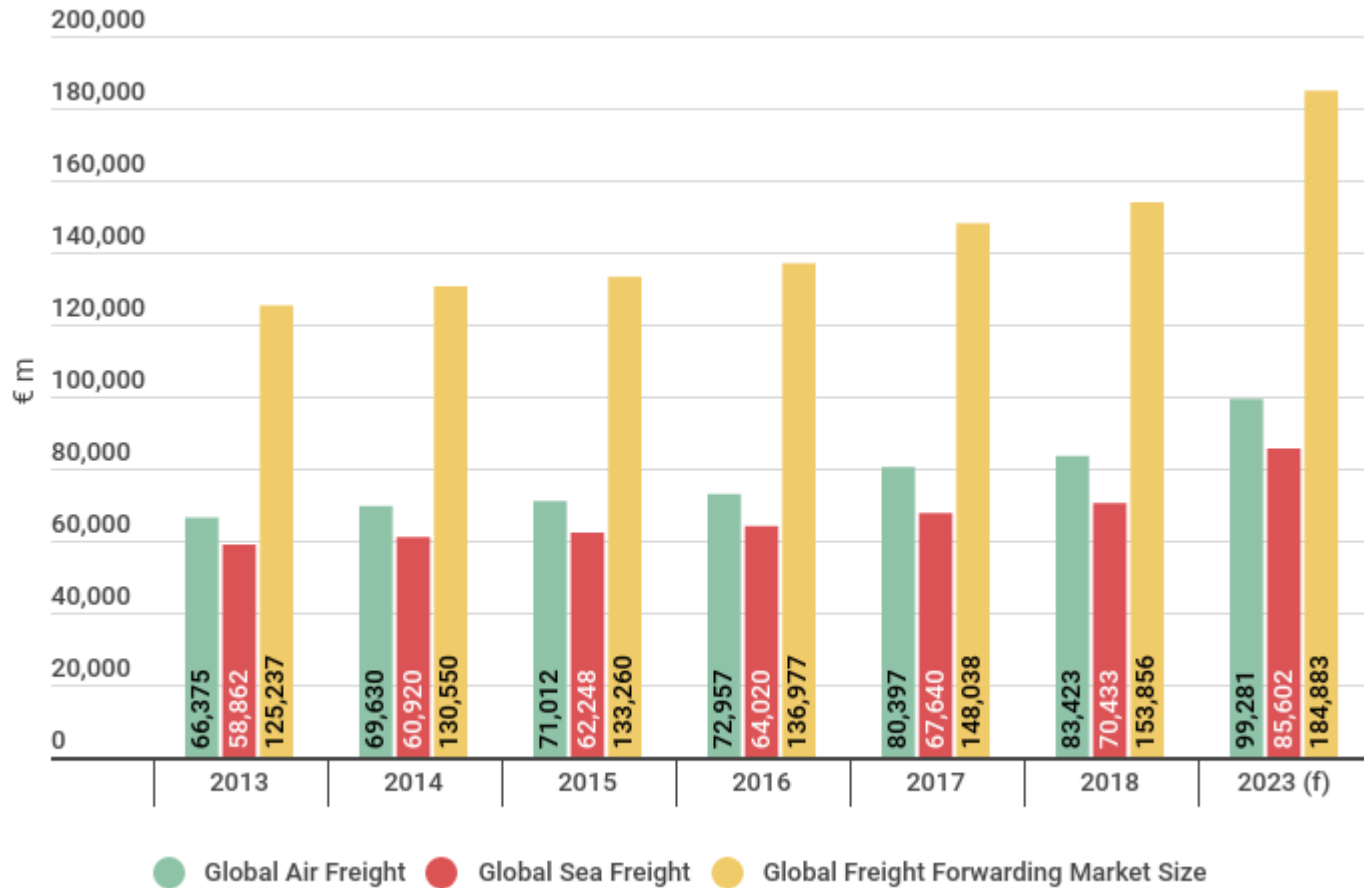
Source: ITC

However, another dynamic at work is the development of consumer markets in Asia, Africa and Latin America. Not only will more intermediate goods manufactured in Asia stay in the region, so will finished products. This will occur due to the development of a more affluent society. By 2030 it is estimated that two-thirds of the global middle class will be living in Asia. North America and Europe will account for around 20%, down from over 50% in 2010.

Emerging markets accounted for 53.7% of the world's GDP (in PPP \$)

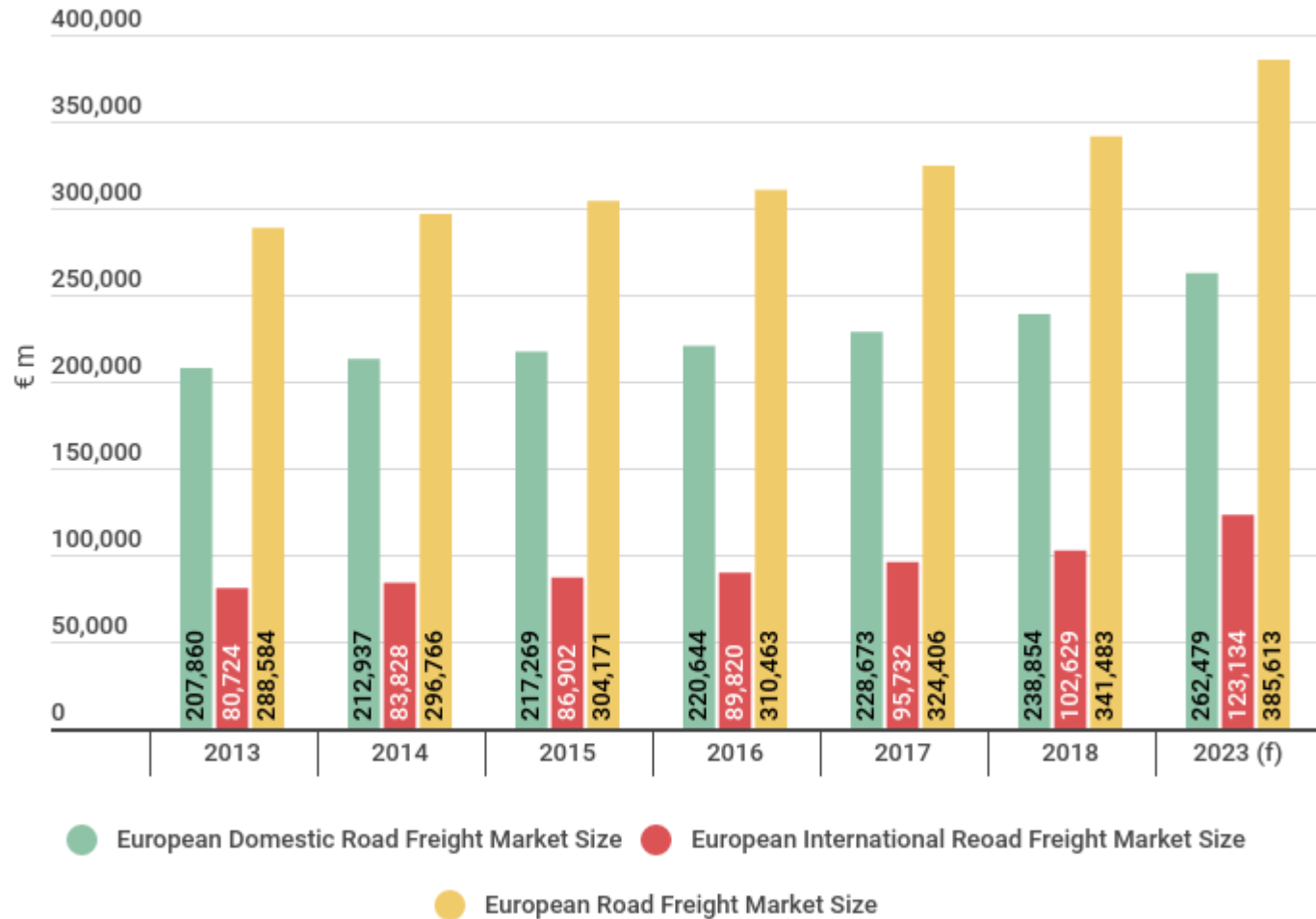
Global Freight Forwarding Market Size – Air & Sea

Global Freight Forwarding 2019



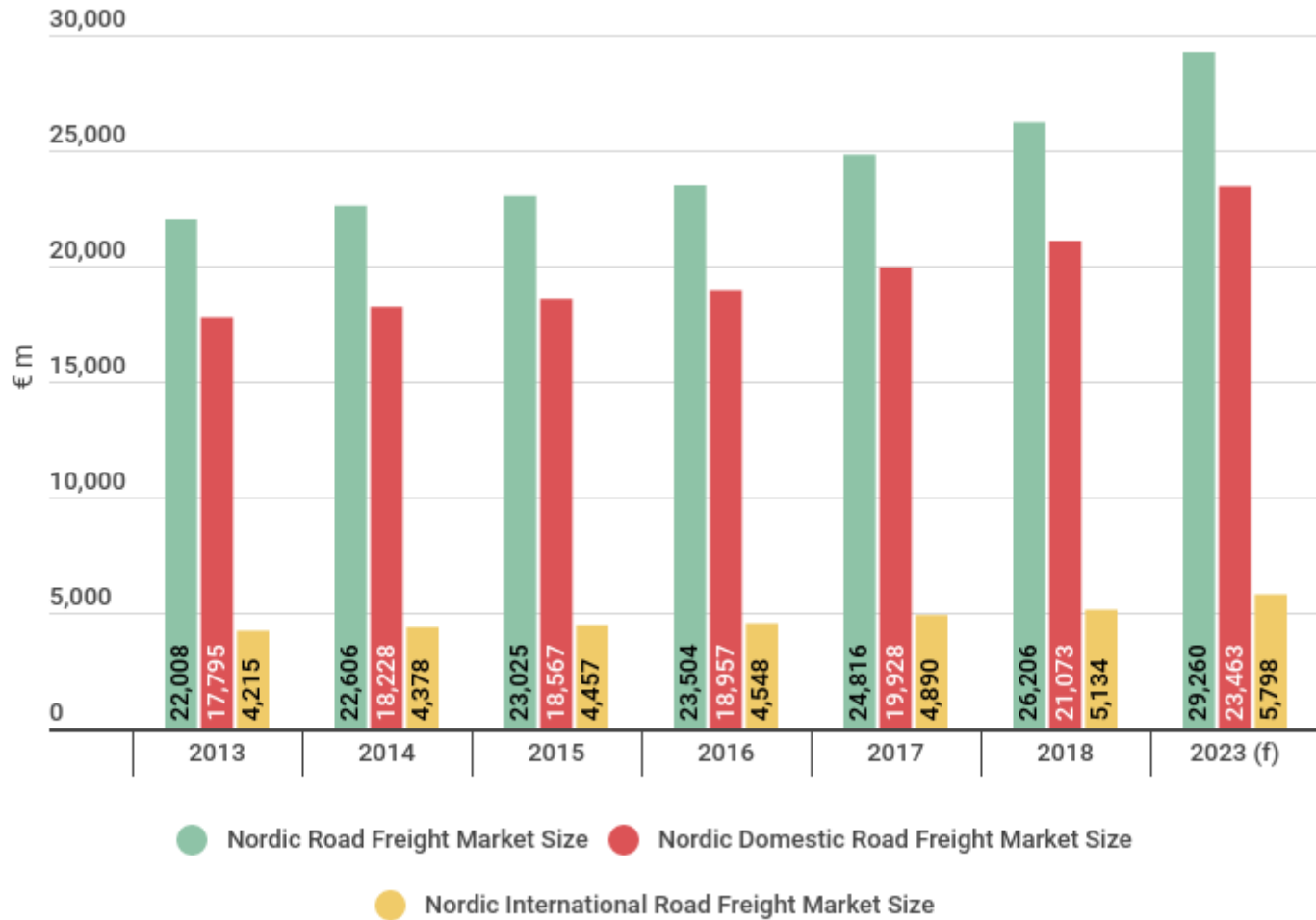
Note: 'Global Freight Forwarding' is the sum of 'Global Air Freight + Global Sea Freight'
Source: Ti





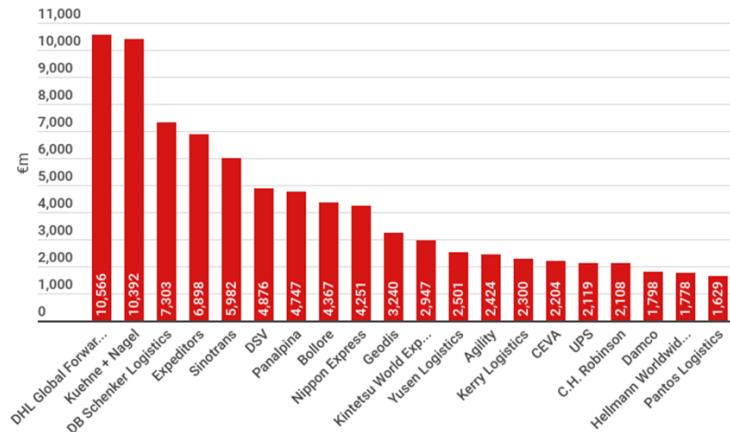
Nordic Road Freight Market Size

Bespoke





Top 20 Global Forwarders by revenue



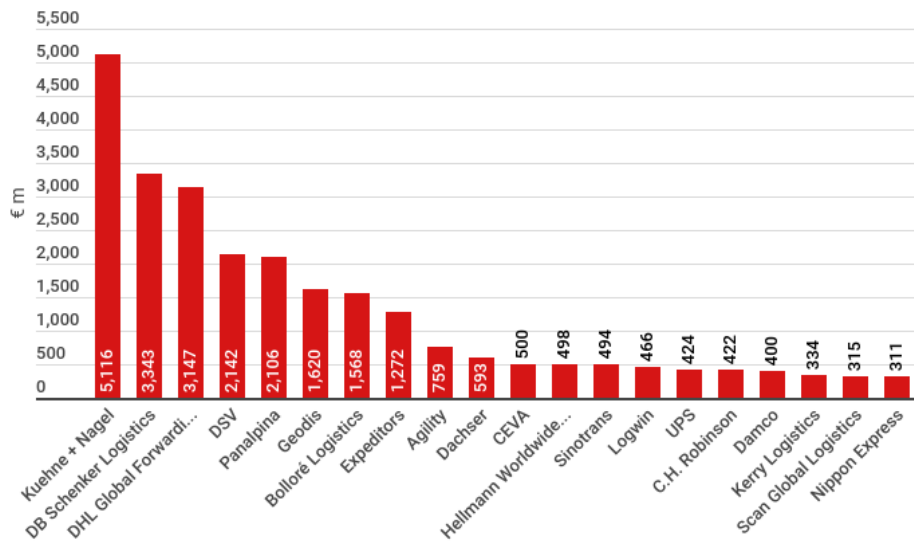
Source: Ti/Company Accounts

Global Freight Forwarding		
Rank	Company	Revenues (€m)
1	DHL Global Forwarding	10,566
2	Kuehne + Nagel	10,392
3	DB Schenker Logistics	7,303
4	Expeditors	6,898
5	Sinotrans	5,982
6	DSV	4,876
7	Panalpina	4,747
8	Bolloré Logistics	4,367
9	Nippon Express	4,251
10	Geodis	3,240
11	Kintetsu World Express	2,947
12	Yusen Logistics	2,501
13	Agility	2,424
14	Kerry Logistics	2,300
15	CEVA	2,204
16	UPS	2,119
17	C.H. Robinson	2,108
18	Damco	1,798
19	Hellmann Worldwide Logistics	1,778
20	Pantos Logistics	1,629
-	NTG	117

Top 20 European Forwarders



Top 20 European Forwarders by revenue



Source: Ti/Company Accounts

Europe - Freight Forwarding		
Rank	Company	Revenues (€m)
1	Kuehne + Nagel	5,116
2	DB Schenker Logistics	3,343
3	DHL Global Forwarding	3,147
4	DSV	2,142
5	Panalpina	2,106
6	Geodis	1,620
7	Bolloré Logistics	1,568
8	Expeditors	1,272
9	Agility	759
10	Dachser	593
11	CEVA	500
12	Hellmann Worldwide Logistics	498
13	Sinotrans	494
14	Logwin	466
15	UPS	424
16	C.H. Robinson	422
17	Damco	400
18	Kerry Logistics	334
19	Scan Global Logistics	315
20	Nippon Express	311
-	NTG	112

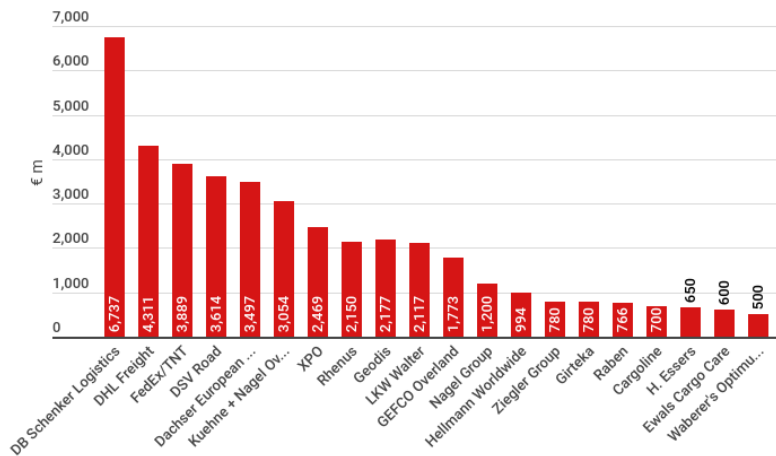
Top 20 European Road Transport Providers



The European road freight transport market is highly fragmented. The top 10 all have revenues over €2bn, but cumulatively only account for 10.0% of the market. Companies ranked 11 to 20 only take an additional 2.5% of the market.

DB Schenker is the clear market leader, with revenues of €6.7bn meaning it accounts for 2.0% of the market. DHL Freight (1.3%), FedEx (1.1%) (through its 2016 acquisition of TNT), DSV Road (1.1%) and Dachser European Logistics (1.0%) all have a market share of at least 1%.

Top 20 European Road Freight Providers

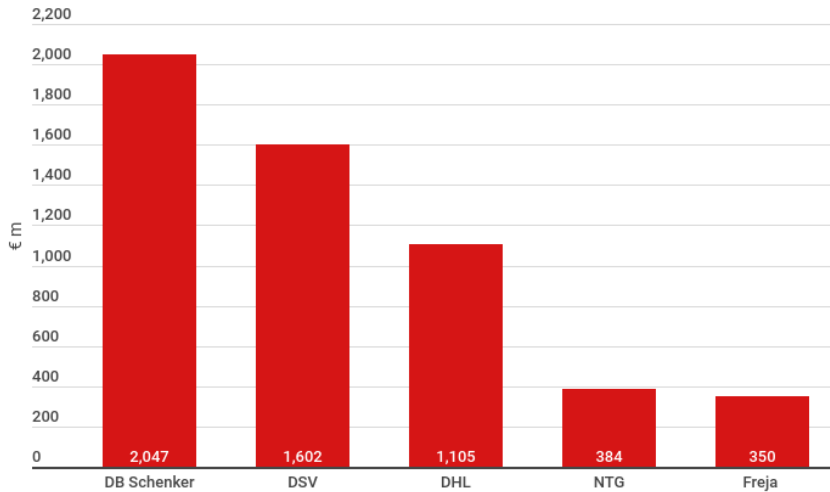


Source: Ti/Company Accounts

European Road Freight		
Rank	Company	Revenues (€m)
1	DB Schenker Logistics	6,737
2	DHL Freight	4,311
3	FedEx/TNT	3,889
4	DSV Road	3,614
5	Dachser European Logistics	3,497
6	Kuehne + Nagel Overland	3,054
7	XPO	2,469
9	Rhenus	2,150
8	Geodis	2,177
10	LKW Walter	2,117
11	GEFCO Overland	1,773
12	Nagel Group	1,200
13	Hellmann Worldwide	994
14	Ziegler Group	780
14	Girteka	780
16	Raben	766
17	Cargoline	700
18	H. Essers	650
19	Ewals Cargo Care	600
20	Waberer's Optimum Solution	500
-	NTG	490



Top 20 European Road Freight Providers



Source: Ti/Company Accounts

Nordic - Road		
Rank	Company	Revenue (€m)
1	DB Schenker	2,047
2	DSV	1,602
3	DHL	1,105
4	NTG	384
5	Freja	350
6	Frode Laursen	257
7	Posten Norge Goup (Bring)	160-180
8	LKW Walter	155-165
9	Kuehne + Nagel	135-145
10	Blue water Shipping	135-140
11	FedEx (TNT)	115-125
12	Geodis	115-125
13	HCS	110-115
14	Dachser European Logistics	90-100
15	Green Cargo	90-100
16	Danske Fragtmænd	80-90
17	VR Transpoint	80-90
18	Scan Global Logistics	70-80
19	Nagel Group	40-50
20	MaserFrakt	40-50

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Insight drives strategy – if you would like to know more about our global or local logistics insights in your sector please contact:

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