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The “post-Covid” era of logistics

Since March 11, 2020, the outbreak of COVID-19 has been recognized as a pandemic by the WHO. The world went into lockdown, borders started to close and the global logistics suffered a big impact. Due to this, the logistics strategies were forced to change and improve.

Due to the demand of goods all over the world, the pandemic had a big influence on everything. Since the logistics processes are needed to keep the world turning, there was need for new logistics developments and strategies.

“Covid-19 has demonstrated just how critical supply chains are,” Gina Chung, vice president of innovation for the Americas at DHL, explains. “We see some trends like automation, analytics, and real-time visibility accelerating due to Covid and due to the pressures that have been put on global supply chains.” (Chung, 2020)

Since the pandemic started there have been big developments in e-commerce, green logistics and the diverse global supply chain.

The rise of the e-commerce started due to the closure of stores and lockdowns all over the world. Since then the e-commerce has boomed. Consumers are at home all day, because of that, there is time to accept the parcels and there is time to order more online. Customers quickly got used to this new way of life and even now that the stores have opened again, some still prefer to order online.

There was also a need for safe, hygienic delivery options. As a result, BOPIS (buy online, pickup in-store), curb side delivery, and parcel lockers have grown in popularity as a way to keep human contact during the delivery process to a minimum. (Thompson, 2021)

In Germany, DHL witnessed an increase in parcel shipments from 5.3 to 9.0 million parcels per day.

The importance of sustainability has grown over the years and due to the booming e-commerce, even more. Since customers are paying extra attention at their shopping habits. A study shows

that 37% of the consumers say that they are more conscious of the environmental impact their online shopping has, than before the pandemic. 73% of the consumers expect that companies use recyclable packaging or that they minimize their use of packaging.

If companies look at ways to reduce waste across their supply chains, the costs will also lower.

Gartner research has found that supply chains are prioritizing environmental operational efficiency through waste reduction, responsible sourcing, water efficiency and greenhouse gas emissions reduction within the next 18 months. (Gartner, The future of supply chain: resilient, agile, purpose-driven, 2021)



There are multiple ways to make the logistics process more sustainable. For example, autonomous vehicles can help reduce the amount of fuel used by better route planning. The demand for self-driving vehicles are on the rise since the contactless delivery continues.

The pandemic brought some trade disruptions since we got used to the globalization that made cross-border trade possible. Due to the pandemic companies had to rethink the vulnerabilities of their global supply chain.

In the beginning, China implemented border restrictions. Due to this there were delays all over the world. The companies that had problems due to that, struggled to compete for alternative suppliers.

In the meanwhile, Europe had to deal with the Brexit that also made the movement of goods between countries difficult.

The regionalization of the supply chain has its own problems, like for example, higher labor costs.

“Like every investment, it’s a balancing act,” Kamala Raman, Senior Director Analyst at Gartner says. “An organization can opt to absorb the costs, share them with upstream suppliers, or raise prices for customers. Equally, the costs of not investing in resilience might also be high. Downsides might include tariffs, increasing costs, longer lead times, decreased customer

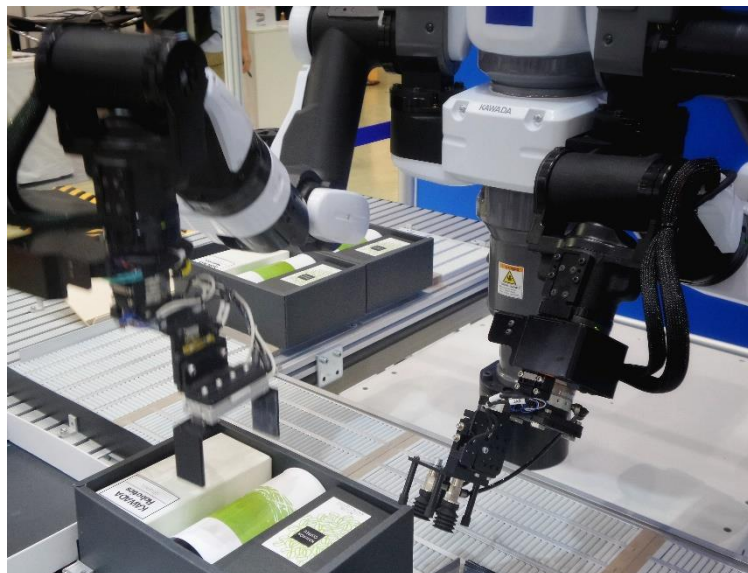
satisfaction or negative impact to the brand.” (Raman, 2020)

Some of the new opportunities to overcome costs are new technologies, such as, artificial intelligence (AI) and robotic process automation (RPA). New technologies are used for operational tasks and to enhance strategic planning and forecasting. All these new innovations will improve the overall efficiency of the supply chain.

Due to the pandemic, certain technologies have been used to ensure social distancing in warehouses. Robotic goods-to-person (G2P) systems move goods from one person to another. Due to this G2P system, productivity in the warehouses increased, warehouse management and the storage density also improved. Gartner predicts that by 2023, demand for G2P systems will quadruple. (Gartner, Gartner, 2020)

“While the social distancing aspect is an imminent benefit, robotic G2P systems will provide value long after the pandemic is over,” says Dwight Klappich, VP Analyst at Gartner. “This technology is advanced and economical, and can easily be tailored to work in every kind of warehouse environment.” (Gartner, Gartner, 2020)

The world keeps on changing every day, this means that the logistics will continue to change and improve to be able to fulfil the needs of the customers. New processes will be implemented and some will turn out for the better. It is important as a logistic professional to be up to date, to accept the change and to improve all processes.



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