

5 TRENDS driving logistics costs up for manufacturers

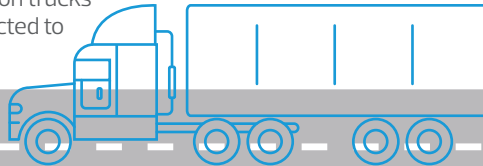
Total U.S. logistics costs increased 11.4% in 2018 and reached \$1.6 trillion.¹ How big is \$1.6 trillion? It's 8% of the United States' total GDP.



LOGISTICS COSTS ARE RISING

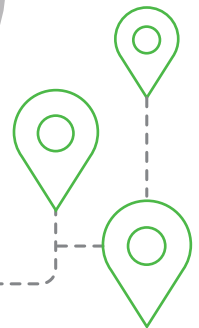
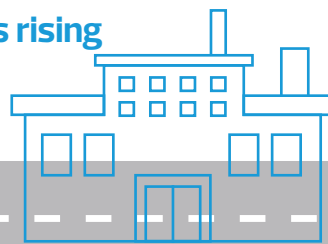
Truck driver shortage and limited capacity

- Nearly **71% of all the freight tonnage** moved in the United States goes on trucks²
- A **driver shortage** is expected to reach 239,000 by 2022³



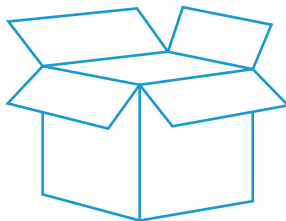
Direct-to-consumer commerce is rising

- More than **57% of consumer brand manufacturers** are embracing DTC, manufacturing and shipping their own products⁴



The continued e-commerce boom is shifting volume to package delivery channels

- **Consumers spent \$517.36 billion online** with U.S. merchants in 2018, up 15% from 2017⁵
- **The Amazon effect:** In 2018, Amazon fulfillment and shipping expenses amounted to \$34 billion and \$27.7 billion, up from just over \$1 billion each in 2007⁶



Trade tensions and tariffs

- **Trade tensions can add costs** due to longer delivery lead times, with:
 1. Longer vehicle wait times at border crossings
 2. Changes in customs documentation
 3. Trade flow migrating to markets with lower tariffs
- **The cost impact:** In December 2018, freight prices for containers going from China to the United States were more than 100% higher than December 2017⁷



Evolving regulations

- **Acceptable sulfur emissions levels from ocean liners** is set to decrease to 0.5% on Jan. 1, 2020⁸
- **Electronic logging device regulations** have added cost pressures due to stricter limitations on available driving and duty times, pushing up carrier costs



Sources:

¹Council of Supply Chain Management Professionals's 30th annual State of Logistics Report.

²American Trucking Association, trucking.org.

³American Trucking Association, trucking.org.

⁴Ally Commerce.

⁵Internet Retailer, U.S. Commerce Department.

⁶Amazon.

⁷Freightos.

⁸International Maritime Organization Regulations.

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