

7 LOGISTICS TRENDS

THAT WILL RADICALLY CHANGE THE SHIPPING LANDSCAPE IN 2022



87% of supply chain professionals plan to invest in resilience by 2023.

Source: *Gartner* 2021

Increasing customer demands, unprecedented cargo logjams, workforce shortages, carrier capacity constraints, and the lasting effects of the pandemic have made supply chains more volatile than ever.

As a result, retailers and manufacturers must reimagine their logistics operations and adjust inventory and transportation strategies to successfully navigate a new shipping landscape and provide a satisfactory customer experience.

Rather than leaning into what's worked well in the past, **industry leaders are investing in innovation and resiliency**. Manufacturing companies are shifting their primary focus from predictability and efficiency to flexibility and sustainability, all in service to their customers and network partners. Likewise, retailers have turned their stores into warehouses and distribution centers and employed non-traditional carriers to get their products to their customers within a faster time frame.

Ready to learn more about how shippers are deploying creative strategies to build agility into their order fulfillment workflows and minimize the impact of supply chain disruptions? This white paper reveals seven logistics trends that will shape the industry in 2022 and provides recommendations on how organizations should respond to these trends.

TREND #1

CROSS-BORDER E-COMMERCE IS ON THE RISE

Not only has the pandemic accelerated the growth in domestic online shopping, but it's also increased consumers' willingness to make online purchases from abroad.

In fact, 57% of online shoppers purchased cross-border during the pandemic, with clothing and footwear the most popular categories for future purchases according to a [survey](#) across the UK, US, Germany, and Australia.

This boom in cross-border e-commerce is set to continue—creating ongoing demand for international parcel shipping services. Leading e-commerce platform, Shopify, certainly agrees—it recently [launched](#) new features to help merchants tackle the barriers to opening international storefronts, including taking care of currency conversion, localization, and regional SEO.



Unfortunately, [research](#) also suggests retailers will need to improve their parcel shipping and fulfillment performance, as many online shoppers have a poor view of the delivery experience when ordering from abroad. Sixty-six percent (66%) of those questioned believe international purchases will arrive later than promised; 47% that they are more likely to be damaged in transit; and 73% expect they will be more difficult to return.

This means e-commerce brands will need to rethink both their outbound and inbound logistics processes to retain international customers in 2022 and beyond.

CUSTOMER EXPERIENCE IS KEY

So, what can retailers and e-commerce brands who are looking to grow their business do to encourage continued cross-border sales? A key challenge is getting the customer experience right—especially the shipping and delivery strategy. Eliminating friction, delays, and doubt is crucial.



Make product returns easy

Product returns are one of the biggest concerns related to cross-border purchases, with many consumers believing that making a return will be more difficult if they purchase from abroad. Offering a free returns service is the holy grail for consumers: [72% of survey respondents say this would encourage them to buy from a country other than their own.](#)

While making returns free may not always be feasible given the cost and complexity of international shipping, it's important to make the process as easy and hassle-free as possible. Be clear about returns policies, provide returns packaging and labels with the original parcel, make booking a return quick and painless, and ensure the refund is initiated as soon as the return is collected from the customer.



Guarantee delivery by the specified date—or give a discount

Many shoppers believe delivery will take significantly longer when making purchases from abroad, so offering a discount in the event of a late delivery can encourage shoppers to go ahead with their purchase. It's also important to have clearly identified Service Level Agreements with carrier partners and use carrier performance data to identify opportunities to improve performance and reduce avoidable delays.



Be transparent about any additional duties or fees

Many online shoppers are fearful of being hit by unexpected charges when purchasing from retailers abroad, so ensure there are no additional charges or taxes, other than those made clear at checkout. Being clear and upfront about any additional costs puts the consumer in control of their purchase.



Offer a free telephone/web chat facility in the customer's own language

While consumers are open to the idea of making purchases from abroad, many online shoppers imagine a negative customer experience and believe it will be harder to contact the company to ask about their order than if buying domestically. Furthermore, 37% of consumers report thinking it is more likely their order will be incorrect if they order from another country. To counteract these worries, companies should consider offering a free telephone or web chat facility in the customer's own language that is available at times in their own time zone.



Give shoppers the ability to track their order online

Consumers are increasingly used to seeing exactly where their order is when making purchases domestically, and they want the same level of visibility when ordering from other countries. Transparency is crucial, which means retailers need visibility into carrier data to provide buyers with real-time access to their shipment status. They should also strive to deliver preemptive alerts when anything changes.

For example, implementing multi-carrier shipping technology and integrating it with a robust e-commerce solution can enable the retailer to give buyers more visibility into their order status, estimated ship date, and real-time delivery updates to mitigate the uncertainty associated with international purchases.

Additionally, brands should consider expanding their transportation network to include international carriers and couriers so they can streamline last-mile delivery and put products in their customers' hands more quickly than standard shipping and delivery services.



More than half of online shoppers made at least one cross-border purchase during the pandemic, a trend that is set to continue with clothing and footwear likely to be the most popular categories.

Source: [Logistyx 2021](#)

TREND #2

'JUST IN TIME' SUPPLY CHAINS HAVE FALLEN OUT OF FAVOR

It's no secret that many organizations suffered from a range of supply chain difficulties and shortages throughout the pandemic.

Previously reliable suppliers couldn't meet demands, and warehouses across the globe decreased or even halted operations due to labor shortages, temporary pandemic mandates, or uncertainty about their economic futures.

For companies that operate a lean, Just in Time (JIT) supply chain, even seemingly minor shifts in the market can lead to backorders and stock issues. When the pandemic disrupted nearly every industry in the world, many JIT supply chains screeched to a halt, leaving partners, employees, and consumers in a tough spot.

Due to the ripple effects of COVID-19 in concert with growing competition and customer demands for near-instant order fulfillment, the once-popular model of a streamlined, JIT supply chain is becoming less attractive.





'Just In Case' Supply Chains are Gaining Popularity

Brands are now keen to hold a larger buffer stock and plan for longer fulfillment lifecycles. Many are investing in more extensive storage and distribution centers to create self-mandated insurance policies that will help protect their operations—and their customers—against supply chain delays or unexpected lapses in product availability.

Rather than keeping their inventory as lean as possible to minimize extra costs, manufacturers and retailers are planning for the unexpected and making upfront investments in more stock to secure their operations in the long term.

This strategy reduces the probability of products selling out and simultaneously accounts for surges in demand and lapses in supply. However, transitioning to a Just in Case (JIC) supply chain strategy doesn't mean companies should take their best guess at inventory needs or buy out suppliers at every opportunity.

On the contrary, companies should lean heavily on their data, including e-commerce data, logistics data, and inventory performance data. This data can help companies adjust their inventory management processes to optimize lead times without putting themselves at risk for backorders or supply shortages. For example, using e-commerce data and logistics data, once an order is received, it can be automatically assigned to the warehouse with the fastest time-to-service (which may or may not be the one closest to its destination), thereby improving delivery speed, potentially reducing shipping costs, and increasing customer satisfaction.

Increased data visibility will enable brands to make informed decisions and deliver optimal results for their end consumers and their bottom line while still accounting for potential disruption in the months or years ahead.

The once popular model of a streamlined, 'Just in Time' supply chain is becoming less attractive as companies aim to hold a larger buffer stock and plan for longer fulfillment lifecycles.



TREND #3

THE MARKET IS BECOMING CARRIER-LED

With increased demand for e-commerce deliveries, parcel shippers learned in 2021 that even the biggest carriers including FedEx, UPS, and DHL, can reach capacity thresholds and turn away business.

These capacity issues are not only set to persist but will also be compounded by continued [driver shortages](#).

Brands with relatively low order volumes are likely to suffer, as carriers prioritize larger, more profitable partnerships. Even so, large enterprises could suffer as well if deliveries are delayed due to a lack of delivery drivers and supporting staff.





Carrier Partnerships Matter More Than Ever

Companies that have chosen to go out and tender for new carriers have been hit with staggeringly high price tags. Therefore, we expect manufacturers and retailers will stay with their existing carrier partners and instead on-board new supplemental carriers and structure multi-carrier shipping strategies to achieve greater flexibility, reduce risk, and optimize costs without compromising their customers' experiences.

Proactive shippers have used multi-carrier parcel shipping technologies with sophisticated business rules to quickly execute these strategies at scale and handle decisions related to capacity limitations, volume-related costs, and volume-related rate increases - continuously balancing delivery performance and price tag across multiple carriers for both inbound and outbound shipping.



The trucking industry shortage has increased by 30% since the start of the pandemic, leaving the U.S. market alone in search of over 80,000 drivers.

Source: [CNN](#) 2021

TREND #4

LAST MILE GIG ECONOMY COURIERS WILL STAY IN THE SPOTLIGHT

By this time, the gig economy is a familiar transportation staple, with on-demand drivers delivering meals, groceries, and even people.

During the pandemic, these courier services flourished, as retailers joined restaurants, cafes, supermarkets, and grocery stores and embraced on-demand courier and messenger services such as InstaCart, DoorDash, and UberEats to meet customer demand for home delivery. Gig economy couriers maximize flexibility, helping retailers increase order fulfillment options to meet peaks in demand without requiring them to invest in full-time staff.

In 2022, we're likely to see this trend increase further as more retailers strive to deliver products directly from the store to the consumer, often within just a couple of hours of order placement.





Last Mile Deliveries Expand Beyond Dining

As the gig economy continues to grow, we expect couriers and delivery drivers to begin servicing new markets. For example, [DoorDash recently announced it will move beyond courier delivery and online storefronts to offer fulfillment services to retailers.](#)

The opportunity is certainly there. Consumers expect near-instant access to products, whether their desire is a new set of mixing bowls from a department store or clothing from a local boutique. In the past, this meant local access to their favorite stores and marketplaces.

Now, however, customers want to receive an at-home delivery. Therefore, retailers should plan for courier-led last mile delivery and develop business plans to get products in their consumers' hands quicker, relying on support from gig economy couriers and delivery partners. Target, [Walgreens](#), and other large retailers have set the stage and currently offer same-day and two-hour delivery options, leveraging services like Deliv and Postmates. Essentially taxis and bike messengers, this new army of couriers helps these retailers lighten their demand for more traditional carrier services by reducing, often significantly, the number of parcels in those carriers' queues. Fortunately, these services are growing to meet the new demand, with more of the gig economy racing to implement the right technology to accommodate heightened requirements for security, proof of delivery, signature capture, and more.

Gig economy couriers will continue to drive order fulfillment success as new retail sectors augment their last mile delivery services.

TREND #5

DRONE DELIVERY IS ON THE HORIZON FOR REMOTE LOCALES

For many retailers and consumers alike, the prospect of remote drone delivery may seem like a far-off fantasy.

While it's far from commonplace, the global drone delivery market has already reached nearly \$1 billion, and [experts expect it to reach \\$4.40 billion](#) in the next four years.

As the pandemic highlighted both the need for timely deliveries and the difficulty of servicing remote areas, many organizations are seriously considering implementing drone delivery sooner rather than later.





Drones Combine Speed and Sustainability

We predict drones will move beyond trial stages and become part of the range of services offered to complete deliveries in highly remote areas.

In Scotland, Royal Mail recently began [trialing scheduled autonomous drone flights](#), kicking off their third drone trial in the past year. Across the pond, U.S.-based Mesa Airlines recently [purchased aerial drones](#) with plans to conduct food deliveries and hone in on the trillion-dollar last-mile food delivery market.

Drone deliveries won't just make it easier to reach remote customers. They will also improve sustainability efforts and produce a significantly smaller carbon footprint than traditional delivery tactics, which rely on commercial aircraft or cars.

The global drone delivery market is expected to reach \$4.40 billion by 2025.

Source: [The Business Research Company 2021](#)



TREND #6

LAST MILE DELIVERY IS GOING GREEN

With climate change hitting the top of the news agenda at [COP26](#), manufacturers, retailers, and logistics providers are continually exploring ways to reduce their carbon footprint and adopt sustainable practices.

What's more, consumers are increasingly drawn toward brands with eco-friendly business models, and these priorities directly impact their purchasing decisions. In fact, [66% of consumers](#) consider sustainability when making a purchase, and [34% are willing to pay more](#) for environmentally friendly products.

This expectation spans every stage of the product lifecycle, including the sourcing of raw materials, manufacturing processes, in-house recycling policies, shipping protocols, and company-led sustainability initiatives.





Sustainability is More than a Mission Statement

For manufacturers to win consumers, especially millennials, 'going green' means more than adding a leaf icon to their packaging. It starts with greener packaging—including the materials themselves and the amount of 'air' in each shipment—and extends to last mile delivery methods.

However, while consumers may value sustainability and expect brands to take environmental factors into account, most aren't willing to sacrifice the everyday luxuries of same-day or next-day parcel delivery. And every order placed online that isn't picked up in-store or curbside exponentially expands our carbon footprint.

Shipping stakeholders worldwide are discussing how to remedy the problem while still meeting consumer expectations and are likely to continue this discussion into the coming year. For example, DHL Parcel UK recently [invested nearly \\$4 million in electric delivery vans](#), with plans to significantly expand their eco-friendly fleet by 2030.

While consumers value sustainability, most aren't willing to sacrifice the everyday luxuries of same-day or next-day parcel delivery, forcing shippers to bear the burden of reducing carbon footprints in transportation.

TREND #7

PARCEL LOCKERS ARE GAINING POPULARITY



2020 and 2021 saw drastic increases in at-home package delivery as social distancing, remote work, and lockdowns were in full swing.

This trend left manufacturers, retailers, and shipping carriers highly focused on last mile delivery.

Now, as people increasingly move back to the office or embrace hybrid working models, they're no longer home to accept or retrieve packages throughout the day. For some, this heightens concerns about theft. For others who may have to repeatedly reschedule certified mail delivery, this decreases customer satisfaction.

Secure parcel lockers solve for the porch pirate scenario and give consumers next-level convenience in when, where, and how they receive their e-commerce purchases.





Security and Flexibility Combined

Gone are the days of rushing home on a lunch break to sign for a package or checking your Ring doorbell camera every 20 minutes to be sure no one grabs your latest Amazon delivery. Parcel lockers allow consumers to retrieve their deliveries on the way to or from work or a social outing and gives them peace of mind their goods are safe until they're ready to drop by and grab them.

In many cases, these lockers are linked directly to big-box retailers such as Amazon, so buyers can see real-time delivery updates on their smartphones and use an encrypted code to access their designated parcel box. This model enables self-service and mirrors the autonomy and convenience of home delivery without requiring consumers to be home. Certain companies are even rolling out refrigerated parcel lockers for medical supplies and some B2B products.

Parcel lockers are already popping up in retail stores and other commercial buildings, but we expect to see more worldwide as people emerge from their at-home COVID lifestyles. In fact, luxury multi-family residences are even beginning to install them in their tenants' mailrooms to increase security and reduce package theft.

43% of Americans have been a victim of package theft, and 64% have been targeted for this crime more than once.

Source: [C+R Research 2021](#)

CONCLUSION

Unsteady international relations, the aftershocks of the COVID-19 pandemic, and climate change are shaking the foundations of many efficient but rigid supply chains.

As organizations strive to future-proof their supply chains going forward, managers must shift their focus to building flexible, resilient order fulfillment workflows to continue delighting their customers and surpass the competition.

Companies looking to be successful in 2022 and beyond will adjust their once-rigid processes to accommodate shifts in consumer demand and embrace new opportunities and innovations.

Don't fall behind: start building a more flexible, more resilient supply chain today to fuel the future of your operations.

Contact Logistyx for a Free Consultation



About Logistyx

Logistyx Technologies connects top retailers, manufacturers, and logistics providers to more than 550 in-network carriers with strategic parcel shipping and omnichannel fulfillment technology. With Logistyx, shippers can rapidly realize fulfillment cost savings, gain end-to-end visibility for all shipments, receive proactive alerts to delivery delays, and leverage unparalleled insights and scenario forecasting to optimize transportation strategies. As businesses increasingly embrace omnichannel distribution, Logistyx expands delivery options and provides business intelligence to improve the delivery experience and drive loyalty through customer satisfaction.