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26TH ANNUAL QUEST FOR QUALITY AWARDS

FREIGHT FORWARDERS

Best foreign performance

Although many shippers are still finding that far-shore operations can still equate to a high-quality, low-budget production, some of the savviest logistics and supply chain professionals are quickly turning to a strategy we're calling "right-shoring." As we defined it in the pages of *Logistics Management* earlier this year, right-shoring is the combination of on-shore, near-shore, and far-shore operations into a single, flexible, low-cost, and service-centric approach to supply chain and logistics management.

While the authors of our feature "Right-shoring: A flexible strategy for tough times" were not implying that far-shoring is no longer a viable strategy, they were attempting to stress the fact that "worldwide economic problems and changes have drastically altered the cost dynamics associated with manufacturing and distribution network strategies." So much so, our authors found, that many shippers no longer assume that far-shore operations are less expensive in the long term.

And as we continue to follow the strategic moves top global shippers are making, we're finding that companies that are over-invested in far-shore operations tend to be the supply chain operations that are most at risk, as crude oil prices fluctuate wildly, labor costs rise in developing countries, and the value of the U.S. dollar shifts unpredictably.

But no matter how difficult the global supply chain landscape may become, there is one thing for certain: Global shippers will continue to rely on the best connected freight forwarders to move goods through expanding—or contracting—distribution networks. Indeed, this savvy group of freight forwarders has seen their business flourish over the past decade, and now the very top service providers are poised to catch the next phase of growth.

In 2009, global shippers have voted in 14 freight forwarders, three more than we

Airfreight Forwarders						
	On-time Performance	Value	Information Technology	Customer Service	Equipment & Operations	Weighted Score
Pilot Freight Services	12.37	8.46	4.92	7.91	3.85	37.51
UPS SonicAir	12.63	7.65	5.38	7.65	4.00	37.31
Lynden Air Freight	11.46	8.55	4.86	7.75	3.70	36.31
Nippon Express USA	12.32	7.97	4.82	7.53	3.61	36.25
Hellmann Worldwide	10.97	8.28	4.83	7.68	3.81	35.56
FedEx Trade Networks	11.18	8.02	5.29	7.02	3.91	35.41
Expeditors International of Washington, Inc.	11.34	8.18	4.91	7.25	3.65	35.33
Exel	11.25	8.00	4.73	7.16	3.59	34.72
SEKO	11.32	7.69	4.39	7.68	3.42	34.50
CEVA Logistics	11.20	8.05	4.56	7.03	3.64	34.48
Kintetsu World Express	11.39	8.03	4.44	6.92	3.58	34.36
UTi Worldwide	11.03	7.75	4.68	7.07	3.55	34.08
DAX Dependable AirCargo Express	11.57	7.75	4.35	6.64	3.69	34.01
Kuehne + Nagel	11.15	7.57	4.68	6.84	3.67	33.90
AVERAGE	10.87	7.82	4.56	6.95	3.58	33.78

All scores are weighted. Weighted scores are determined by multiplying the average raw scores by the average importance of each attribute (1= least important; 5= most important). To find the attributed weights for this category, see the introduction to the Quest for Quality report.

Logistics Management - 2009 Quest for Quality - Freight Forwarders - Reed Business Information - June 2009

invited to walk down the red carpet in 2008. And as we've found in a number of other categories this year, shippers are telling us that this group of winning providers has kicked their performance up a notch. In fact, the overall weighted average for this group ticked up 1.27 points over 2008's number, signaling an improved overall level of service satisfaction.

As in the other categories that saw the overall weighted average climb this year, there were a couple of the individual attribute categories that helped push the number up. Freight Forwarder executives should be proud

to note that four of the five attribute categories saw slight improvements, including On-time Performance, Value, Customer Service, and Equipment & Operations.

Pilot Freight Services (37.51) and UPS SonicAir (37.31) led the pack of winners this year in a race that was nearly too close to call for the overall top position. In the individual attribute categories, UPS posted the top score in On-time Performance (12.63) and Information Technology (5.38), Lynden Air Freight took top honors in Value (8.55), and Pilot Freight Services posted the high mark in Customer Service with a 7.91. **L**

THIRD-PARTY LOGISTICS

Kings of networking

There's a hint of the James Dean saga in the script now being written about the third-party logistics (3PL) market.

There was a time when it appeared that 3PLs were poised to experience exponential growth year after year with no signs of stopping. In fact, in mid-2008 we reported that the global 3PL sector had just posted a record \$487 billion in gross revenues, and the U.S. sector had just tallied its second straight year of single-digit growth after nearly a decade of averaging 14 percent annual growth.

Now, that rocket ride to stardom has been temporarily halted, and 3PL executives are now heard reading lines like "we're experiencing solid measured growth" or "we're managing through the current economic challenges." According to Dick Armstrong and his research team at 3PL consultancy Armstrong & Associates, more than \$498 billion was generated in 2008 in the global 3PL market, and much of that revenue will continue to be reinvested in 2009 in new solutions and competitive tools.

However, Armstrong admits that 2009 will be the first recorded negative year for 3PL gross revenue growth since he began tracking it in 1996. But unlike Dean, whose life was taken in a tragic auto accident, the 3PL market is still very much perched under the bright lights and ready for its next breakthrough role.

And when that does happen, it would be pretty safe to assume that the list of this year's Quest for Quality winners will be ready to take center stage. In 2009, shippers have given 11 third-party logistics stars rave reviews and an invitation to walk the red carpet. This year, many of the award-winning providers are nearly household names.

Leading the pack for the second year in a row is Unyson Logistics (Hub Group), scoring a very impressive 42.15 weighted average and one of the best averages overall this year

in any mode or service category. In fact, Unyson came in 6.03 points ahead of FedEx Supply Chain Services (36.12), by far this year's biggest margin of victory. This large margin also found Unyson winning all five of the 3PL attribute categories, scoring 10.00 in Carrier Selection/Negotiation, 9.25 in Order Fulfillment, 9.36 in Transportation Distribution, 5.66 in Inventory Management, and 7.87 in Logistics Information Systems.

Taking this dominating performance out of the picture, we find Expeditors International of Washington, Inc. taking second spot in

Carrier Selection/Negotiation (8.33); FedEx Supply Chain Services scoring very well in Order Fulfillment (8.03), Transportation Distribution (8.52), and Logistics Information Systems (6.94); and Exel posting a second-best Inventory Management (4.84).

It is also good to see some faces return to our red carpet after missing the cut last year. In 2009 shippers welcomed back Exel (34.66), Ryder (34.07), UPS Supply Chain Solutions (34.03), CRST Logistics (33.35), Maersk Logistics (33.18), and NYK Logistics (33.12). ■

Third-Party Logistics Companies						
	Carrier Selection/ Negotiation	Order Fulfillment	Transportation/ Distribution	Inventory Management	Logistics Information Systems	Weighted Score
Unyson Logistics (Hub Group)	10.00	9.25	9.36	5.66	7.87	42.15
FedEx Supply Chain Services	7.91	8.03	8.52	4.72	6.94	36.12
Expeditors International of Washington, Inc.	8.33	7.97	8.30	4.69	6.43	35.72
Exel	7.91	7.92	7.73	4.84	6.26	34.66
Averitt Express Supply Chain Solutions	7.82	8.01	7.92	4.20	6.25	34.20
Ryder	7.66	7.78	8.10	4.59	5.95	34.07
Landstar Global Logistics	7.97	7.36	7.73	4.61	6.37	34.03
UPS Supply Chain Solutions	7.60	7.74	7.81	4.52	6.36	34.03
CRST Logistics	8.00	7.43	7.39	4.52	6.02	33.35
Maersk Logistics/Damco	7.68	7.33	7.35	4.45	6.37	33.18
NYK Logistics	7.88	7.32	7.70	4.30	5.94	33.12
AVERAGE	7.76	7.35	7.50	4.42	6.09	33.12

All scores are weighted. Weighted scores are determined by multiplying the average raw scores by the average importance of each attribute (1= least important; 5= most important). To find the attributed weights for this category, see the introduction to the Quest for Quality report.

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