RBH

CREATIVE
COMMUNICATIONS

4 reasons transport and logistics is the industry to look to for innovation

From dropshipping and block chains (not to be confused with bitcoin), to the Internet of Things and sustainability, check out our round-up of key industry insights that are propelling the travel and transport industry forward.

Mercedes-Benz Future Truck 2025 - theautofuture.com

1. Dropshipping – offering democratic delivery

Despite what it is often reduced to online, when we talk about drop shipping, we aren't highlighting a fad, con or a get rich quick scheme.

Instead, dropshipping is a form of democracy – giving power to the people. It's the ideal form of entrepreneurship for individuals who want to be the owners of their own means of production. Of course, with all the uncertainty of the world right now, entrepreneurship is not as traditionally accessible as it once was. However, this hasn't stopped people finding a way to get products in people's hands when they have spotted a gap in the market.

Traditionally, a business owner would need to employ a logistics company, depot transport, stock take and keep, as well as accounting for shrink and all manner of overheads as products arrive in their distribution centre. This is before they would even able to send the product out to the consumer or further distribution networks.

Drop shipping puts a stop to this for those small to medium enterprises and even some conglomerates, such as Amazon, still engage in this activity. Shopify as a platform has been an excellent way to begin your online store – but it never solved the issue of logistics until dropshipping became a trend.
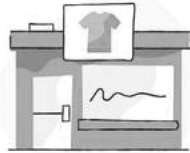
How does dropshipping work?

No more up-front inventory costs or shipping logistics. With dropshipping, products are sent directly from your whoesaler to your customers.

Step one

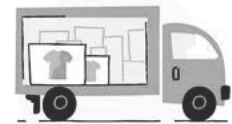Your customer places an order from your online store

Step two

Your store automatically sends the order to your dropshipping supplier

Step three

Your dropshipping supplier prepares your customer's order

Step four

Your dropshipping supplier ships the order directly to your customer

shopify.com

Working example – Tracey's metal straw business

Tracy is an environmentalist; she has a decent following on social media and interacts daily with those in her network about new ways to save the planet. In 2018, Tracy noticed that the #savetheturtles movement gained traction and people were avoiding plastic straws en-masse.

Tracy wanted to capitalise on this trend while also encouraging a cause she believed in, so she decided to sell metal reusable straws. She didn't have a depot or know any logistics companies to engage with (she didn't have a clue about how depots or networks work, either).

Initially, Tracy opened a Shopify store and found a list of drop shipping suppliers through esources.co.uk. She immediately found the kind of straws she wanted to sell, but realised the imagery wasn't great. So, she had some samples delivered and asked her photographer friend to get some high-quality images of the straws. Think hemp pillows and Instagrammable coffee backdrops.

The products were now live on her site and when a consumer places an order, Shopify's backend places the order directly with the wholesaler. Then the drop shipping company Tracy engages with directly charges her a standard price for every order. Tracy can charge the users of her Shopify whatever she likes and in doing so, makes a 150% profit on every product sold.

33%

of online stores today use dropshipping as a business model (Ecom Elites)

27%

About 27% of retailers are now doing dropshipping to help them reduce the cost of running their business (Ecom Elites)

34%

of Amazon's sales are from dropshipping, demonstrating that one of the biggest companies in the world is involved in this business model

DROPSHIPPING		
FACT	**BENEFIT**	**DRAWBACK**
Easy to start	Less time spent on getting started and many resources to guide you.	More competition
Low start-up costs	No warehouse, inventory or research costs and more funds available to market/promote your business.	More competition
Wide selection of products	Easy to find what you want to sell and easy to change the products you offer.	Can be difficult to choose a focus for your business.
No inventory on hand	No storage or warehouse costs.	Less quality control and control over branding.
No need to ship products yourself	No time spent packaging or printing labels.	Orders that contain products from multiple suppliers arrive at different times.

If RBH ran a transport and logistics company right now, we would be looking to the lists of merchants and suppliers and seeing where our network can compete in the dropshipping world. Brand partnerships between Shopify and Logistics are undoubtedly a looming possibility.

2. Blockchain – providing accountability, transparency and security

"94% of consumers say they would be more likely to be loyal to a brand that offers transparency"

CFI

Blockchain has the potential to provide transparency in logistics. In its simplest form, blockchain technology is a way for users to transparently and securely transfer unique pieces of information across a network of individuals. It creates 'chains' that are verifiable at every point and completely unbreakable, as no one party can own or administrate the chain.
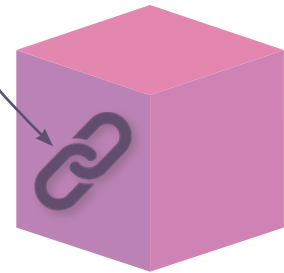
Blockchains are made up of:

1. Data

The data stored in the block depends on the type of blockchain. Once recorded in the blockchain, the data becomes very difficult to change.
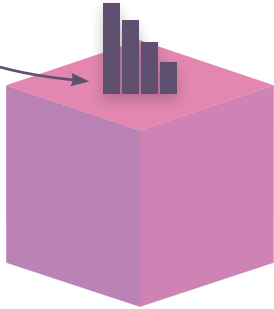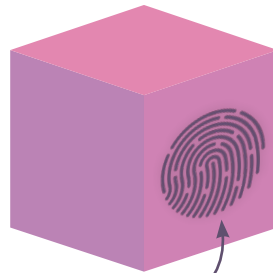
3. Hash of a previous block

This creates a secure chain of blocks that point to one another.

2. Hash

A unique code that identified a block and all of its contents. Think of it like a fingerprint. Changing something inside a block causes its hash to change. In doing so, it's no longer the same block.

Working example – the agriculture industry

Provence is a UK-based start-up company that has deployed its version of blockchain in the United States. According to premier global consultancy in partnership strategy IEG, Provence is working with three small operations in Arkansas and one of which is a meat company. They claim that "Provence offers a scannable QR code that will tell the product's story from farm to fork." That not only builds trust in the product, but in the company that produces it.

IEG has also claimed that the most common form of blockchain agriculture might use is non-public or permissioned blockchain.

"Through a permissioned blockchain, participants must have approved access, with each participant filling a predetermined role that comes with a role-limited implementation," a market analyst from IEG says.

For example, each segment of the beef business – cow-calf, stocker, feeder, packer, retailer – would have a block in the chain. Each could buy and sell to the others and information could be passed back and forth across the chain.

Think how expensive that Wagyu Beef was when you last saw it on the menu. There's a reason for this – the Wagyu Beef needs to be stored at extremely consistent temperatures, humidity and treated within specific time periods at each part of the journey. Before blockchain, the only verification was a couple of photos and a signature from a foreman. Now everyone is accountable and the journey is transparent. This ensures the quality of the product at the other end and gives the logistics company that adopts blockchains an edge over their competitors.

The Internet of Things – putting safety and efficiency first

The Internet of Things (IoT) is an eco-system comprised of web-enabled smart devices with processors, sensors and communication hardware. Data is collected and smart sensors, cars and trucks can alert vehicles of potential dangers ahead. Smart vehicles like IoT-enabled trucks will be able to identify road hazards.

The Tesla Semi. Alexis Georgeson/Tesla

"This is expected to transform the transport industry by collecting data that is critical key information from business and technology trends relating to data analytics and mobility automation"

Aptude 2019

You may have seen the Cyber Truck's Blade Runner-esque launch from Tesla recently, but what we're most excited about is how they plan on changing the face of real trucks.

The Tesla 'Semi' will start at $100,000 for a 300-mile range, a massively fast 0-60mph time of 20 seconds (remember, that's with 80,000 lbs towing) and a 500-mile range model available alongside. It contains the same LiDAR (Light Detection and Ranging) technology built into the Model S, 3, X and Y – making it nearly impossible to crash and testing the road surface constantly.

On top of all of this, we must consider the autonomous driving this vehicle is capable of and a potential future of an almost driverless logistics world.

Take a look at how a driver's cabin differs in this versus your standard truck
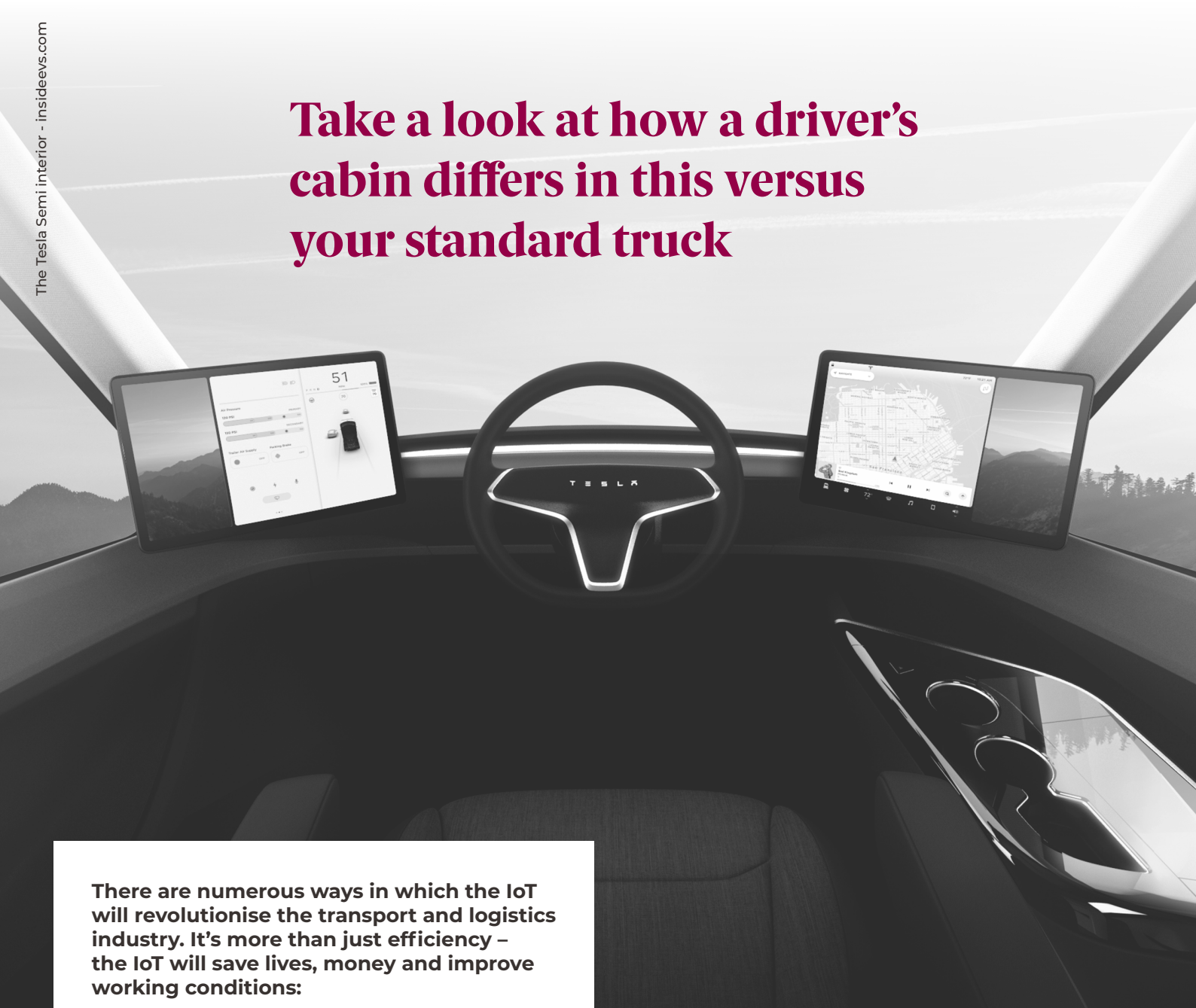
There are numerous ways in which the IoT will revolutionise the transport and logistics industry. It's more than just efficiency – the IoT will save lives, money and improve working conditions:

- This will reduce 80% of crashes and bring visibility across global manufacturing networks.

- Drivers utilising the IoT can monitor fuel performance, brakes, speed and safety. With geo-fencing and logistics, transport managers can view if packages or shipments have deviated.

- Mercedes-Benz has unveiled its prototype autonomous truck, Future Truck 2025, which aims to make long-distance truck journeys a safer and more efficient form of transport.

- The automated system incorporates smart cameras and radar scanners to map out the road up to 250m ahead. The cameras aid navigation by recognising road markings, reading traffic signs, scanning for pedestrians and monitoring for moving or stationary obstacles.

Mercedes-Benz Future Truck - mercedes-benz.com

4

Sustainability contributing to a reduced carbon footprint

Sustainability and circularity are more important than ever in 2020. They have been identified as the key macro trends of the year by renowned research company and agency partner of RBH, Stylus. We won't harp on about everything green, but we will say that even if your generation doesn't consider it the most crucial element right now, there are newer generations that are shifting the way companies work and have more spending power and influence every year.

"Born with digital DNA, Generation Z are in a unique position to influence broader social networks and use the tools at their disposal to choose which media content to support – to create a real change"

Neilson 2019

Specifically, this upcoming generation and those to come are gaining more power over how companies operate, with sustainability being one of their main priorities. So, by improving transportation systems, from the way a product is packaged, to the way it arrives on the doorstep, companies can lower their carbon footprint while also impressing upcoming generations.

Don't worry, there are already ways to adapt in the logistics world to this new demanding generation and global sentiment.

One example is eco-friendly "green" packaging materials – biodegradable, compostable and reusable. Recyclable packing materials include cardboard, paper, cellulose fibres and plastarch material.

Is this why Lush is making such a strong splash in the cosmetics market for Gen Z consumers?

They do it using the bare necessities. Their eco-flow packaging is as minimal as you can get. Their mail orders are "naked" and go beyond this concept to allow tech-savvy consumers to order and receive their cosmetics quickly and guilt-free. All boxes are 100% recyclable, including a water-based seal, with products protected by eco-flo chips – these are potato starch alternatives to polystyrene that biodegrade quickly in water and soil (Lush 2018).

Outside of brands changing packaging, there are ways networks can change and optimise their deliveries. Green freight transportation is a key opportunity to demonstrate how to remove wasted CO_2 and time on route. This includes generating optimal paths, green vehicle routing and more.

> "Domestic and international freight activity will quadruple by 2050 if trends persist"
>
> **ICCT**

> Decarbonizing freight is more challenging than other sectors of the economy, and technology alone will not be sufficient to achieve the goal. A systems approach will be needed – one that includes advanced vehicle technologies and measures to shift freight to the most sustainable modes and optimize supply chain activity. "Green freight" refers to a collection of technologies and practices that improve the efficiency of the freight sector and provide a means to benchmark and track performance. Green freight programmes promote these technologies and practices across the freight sector to help cut costs, track carbon and benefit the environment
>
> **ICCT**

This goes beyond euro i-vi (1-6) categorisations for vehicles and spans into the entirety of a network's responsibility to continue to report and optimise everything from routes to supply chain and overhead CO_2. It's also the only way to achieve sustainability credentials worth shouting about.

If you do get those credentials, then the brand that shouts about these will naturally enable their next client to shout about them too.

Hopefully you can see that transport and logistics is enabling economic growth, technological growth and setting trends on a global scale. It's an industry to look to in the incredible ways it's implementing measures to combat problems in the world.

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If you're keen to keep your brand working smart and turn these insights into something powerful, get in touch with RBH by contacting joeh@rbh.co.uk

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