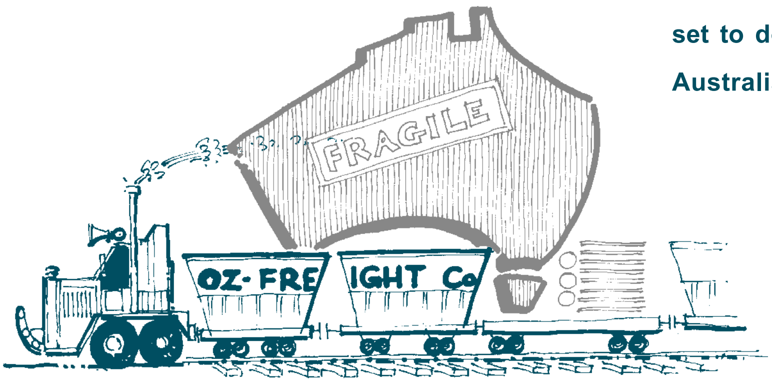
Supply Chain Distribution in Australia

5th edition, 2004-2008



“Global logistics is set to dominate the Australian market”

BIS Shrapnel

Global business research and forecasting

Contents

1. INTRODUCTION

The fifth edition of our biennial study of the Australian freight market has undergone a name change to better describe the changing direction and emphasis of the information presented. The term supply chain distribution is a descriptor of process rather than content. Freight is a generic term that describes goods that are moved around on the back of a truck or rail wagon. As this report focuses on identifying issues that reveal insight into the changing needs of the market in the context of the distribution process rather than for freight itself, the name change is believed warranted.

As for the last edition, we commissioned two market surveys. In addition to the survey of the management of freight services by 400 major businesses, we also surveyed the use of courier services by the front office of business involving nearly 270 organisations. Other market information included in the report was derived from consultant-based interviews and desk research.

As in previous reports, we review developments in the three key segments of the market. These are the time definite, integrated logistics and general freight segments. In this report we have further segmented the time definite segment not only into express freight and courier services, but also segmented express freight into satchel and parcel based services. Many issues investigated in this report were nominated by ‘early bird’ subscribers.

Since 1997, we have followed the inexorable progress of the emergence of the rail freight industry as an increasingly viable alternative to line haul. Today, this industry is now mainly in commercial hands leaving the parlous state of the track infrastructure in New South Wales, the only encumbrance to genuine growth.

This edition has been further re-structured to deal with all the issues canvassed for individual market segments to be reported together in the one chapter. This change simplifies presentation of the vast amount of information included and, thus, the reference process to access this information.

This strategic marketing document is designed primarily to aid the business planning process undertaken by the freight transport industry. BIS Shrapnel is appreciative of the contribution made by subscribers to identify strategic issues that could be canvassed with the market.

Following this introduction, an **executive summary** highlights the key strategic issues and results that have emerged from our market investigation.

In **Chapter 3** we provide an **overview of the Australian freight market** including quantification of the size, value and historic growth profiles of the road, rail, sea and airfreight markets

Chapter 4 covers an **industry overview** by mode and includes estimates of market shares of key players and market and industry trends in each key segment.

Chapter 5 considers the **supply chain** dynamics associated with the task of moving intermodal freight into and out of Australian ports. This chapter also investigates the warehousing models used by Australian business and the reasons for adoption of these models.

The first of a series of chapters that cover a range of **strategic issues** identified by subscribers, **Chapter 6** covers the **general freight** segment. Also highlighted in this chapter is a review of the service reputations of key suppliers.

Chapter 7 covers the **time definite** market segment and includes a review of the service reputations of key suppliers.

Chapter 8 covers the **courier service market** and includes a review of the service reputations of key suppliers.

In **Chapter 9** strategic aspects of the **third party logistics market** is investigated and the service reputation of key suppliers is reviewed

Finally in **Chapter 10,** strategic aspects of the **rail freight** market is explored and a review of the service reputation of key suppliers is included.

Chapter 11 looks at **trends in the freight industry** especially those related to new electronic technologies.

Finally, **Chapter 12** provides an industry **outlook through to 2008** by mode and market segment and considers the opportunities and threats to the industry.

In **Appendix** 1, we include the survey questionnaires.

Appendix 2 provides two lists of respondents who contributed to both surveys conducted.

Appendix 3 lists other suppliers nominated by one respondent, by mode and market segment.

Appendix 4 covers corporate profiles of key global logistics industry members

Respondent Profile

By location	*Number*	*%*
New South Wales	126	32
Victoria	119	30
Queensland	95	23
South Australia	24	6
Western Australia	36	9
By Industry		
Construction	32	8
Manufacturing – food	109	27
Manufacturing – non-food	111	28
Mining	34	9
Wholesale	29	7
Services	28	7
Retail	20	5
Agricultural	37	9
By position of respondent		
Logistics manager	113	28
Distribution manager	64	16
Purchasing manager	40	10
Owner/managing director/general Manager	42	10
Transport manager	38	10
Warehouse manager	52	13
Operations manager	49	13
Fleet manager	2	(<1)
Total	400	100

Respondent profile by freight mode (numbers of respondents)

By industry sector	*Road transport out-sourced*	*Own fleet*	*Road transport operators*	*Rail freight outsourced*	*Total*
Agriculture	29	5	4	8	46
Construction	23	11	5	10	49
Manufacturing - food	69	29	7	18	123
Manufacturing - non-food	92	9	10	5	116
Mining	29	3	2	6	42
Retail	15	3	2	3	23
Services	18	6	3	4	31
Wholesale	19	9	3	3	34
States					
New South Wales	104	12	11	15	142
Victoria	87	25	9	9	130
Queensland	60	24	10	19	113
South Australia	17	7	4	4	32
Western Australia	26	7	2	12	47
Total	294	75	36	59	464

Note: Multiple responses are permissible

Respondent profile by freight expenditure (numbers of respondents)

Annual spend	*Road*	*Rail*
Small (<$300k)	72	15
Medium ($300k to $2m)	92	13
Large (>$2m)	100	16
Don't know	136	15
Total	400	59

Respondent declarations as to the industry their organisation operates within (respondent numbers)

Industry	*NSW*	*VIC*	*QLD*	*SA*	*WA*	*Total*
Manufacturing-Food						
Dairy	4	10	5	--	-	19
Eggs	-	-	1	-	-	1
Beer	-	1	-	-	-	1
Carbonated drinks	3	-	1	-	-	4
Hot beverages	-	1	-	-	-	1
Other liquor	2	-	-	-	1	3
Food manufacture	13	12	7	2	1	36
Bakery	4	2	1	1	-	8
Cereals	2	-	1	-	-	3
Flour	1	-	1	-	1	3
Pasta	-	1	-	-	-	1
Confectionery	1	-	-	-	-	1
Frozen foods	1	1	1	1	-	4
Fresh & frozen fish	1	2	1	-	-	4
Pet food	1	1	-	-	-	2
Edible oils	-	1	-	-	-	1
Sugar	-	-	1	-	-	1
Snack foods	1	-	1	-	-	2
Condiments & Sauces	-	-	1	-	-	1
Fruit/veg products.	1	3	1	-	-	5
Fresh frozen meat	3	2	6	2	-	13
Other meat products	3	-	1	-	-	4
Wine/wineries	6	1	-	2	2	11
Other food manufacturing	4	7	5	-	-	16
Concrete products.	4	1	1	-	1	7
Bricks & pavers	1	1	1	1	-	4
Paint	-	-	-	-	1	1
Fibrous cement	1	-	1	-	-	2
Other building products	5	3	6	-	1	15
Saw milling/ wood products	-	2	-	-	1	3
Agriculture						
Other agriculture	2	3	2	1	1	9
Live animals	2	--	3	1	2	8
Fresh fruit and vegetables	2	3	1	-	2	8
Fisheries/seafood	-	1	1	-	-	2
Other grains	1	2	-	1	-	4
Agricultural services	-	-	1	-	-	1
Logging/wood chipping	1	-	3	-	-	4
Mining						
Coal	5	1	1	-	-	7
Metal ore mining	1	-	1	1	5	8
Stone/sand and gravel	1	1	3	-	2	7
Mining services	-	-	-	4	3	7
Other mining	1	3	4	-	2	10

Respondent declarations as to the industry their organisation operates within (respondent numbers) … continued

Industry	*NSW*	*VIC*	*QLD*	*SA*	*WA*	*Total*
Manufacturing – other						
Fertilisers	-	1	-	-	-	1
Liquid chemicals	3	1	1	-	1	6
Other chemicals	-	-	-	-	1	1
Pharmaceuticals	5	-	-	-	-	5
Aluminium	-	-	3	-	-	3
Clothing/fashion	-	3	1	-	1	5
Computer and IT products	1	3	1	-	-	5
Furniture	2	-	1	-	-	3
Iron and steel	1	1	2	-	-	4
Laundry products	1	-	1	-	-	2
Electronic appliances	2	-	2	-	1	5
Whitegoods	-	1	1	1	-	3
Household products	1	-	-	-	-	1
Other consumer products	1	1	-	-	-	2
Motor vehicles	3	6	1	1	-	11
Machinery and equipment	4	1	3	-	-	8
Metal fabrication	-	1	-	-	-	1
Other metal products	-	1	-	-	-	1
Paper and board products	3	2	1	1	-	7
Personal care/hygiene	-	3	-	-	-	3
Plastics and rubber products	-	2	1	1	1	5
Printing, copying and publishing	1	5	3	1	-	10
Other manufacturing	8	7	3	-	2	20
Retail						
Food	-	-	-	-	1	1
Clothing	1	3	1	-	-	5
Electrical	-	-	1	-	-	1
Other retail	6	4	1	-	2	13
Other						
Wholesalers	9	10	5	3	2	29
Services						
Energy/electricity/gas	1	-	1	-	-	2
Telecommunications	2	1	-	-	-	3
Transport/logistics	2	3	1	2	-	8
Other services	4	5	3	1	1	14