European Logistics

Europe '92 is changing the spatial relationships in Europe. This is reflected in the restructuring of manufacturing and distribution activities. Merger, acquisition and plant rationalization are taking place to enable firms to reduce or hold down costs, and to provide better service levels to customers. Transportation and logistics service companies are at the forefront of change. An increased number of international transportation companies are providing integrated door-to-door service. European transportation companies and freight forwarders are increasing their ability to provide a range of logistics services.

The European forwarding industry is undergoing considerable change in response to the positive (growth) and negative (loss of border clearance activities) effects of Europe '92, as well as to global changes in trade and logistics services. Four trends are evident:

- Raise service quality through increased emphasis on personnel training.
- Develop extended service networks through mergers, acquisitions, partnerships and agency agreements.
- Offer a variety of time-related services by selling a range of delivery times instead of services defined by modes of transport used.
- Build new corporate strategies by focussing more precisely on corporate strengths and targeted market sectors. Forwarders are advertising the extent of controlled networks rather than the local nature of management control.

The Implications for Canadian Freight Forwarders

Freight forwarders are at the fulcrum of change, affected by developments in international logistics management and in interregional trade flows. For Canadian firms to respond as fully and efficiently as possible will require Canadian public and private sector commitment similiar to that found in the E.C. Various government functions, such as procurement and customs, may need to be examined to ensure that they facilitate dynamic and efficient forwarder services.

Canadian freight forwarders must seek proactive initiatives, not reactive responses, to Europe '92. Firms may consider their strategy in relation to an industry competitive map, in which the dimensions are the extent of customization of services and the range of services provided.

Competitive Map of Forwarders' Services

Customization	Range of Services: Low	Range of Services: High
High	Forwarders concentrating on niche markets, e.g. specialized commodity and company needs	Commodity- or shipper-focussed international logistics services
Low	Traditional forwarding with little specialization — a declining market	Forwarding with a range of associated consolidation, distribution and information services without customization