

High Dynamics in the Supply Chain

Several Trends and Expectations Will Shape the Market for the Logistics Sector in 2024

The European Logistics Association (ELA) is a federation of national logistics associations, covering almost every country in Europe and even some non-European countries. The members of these national logistics associations are professionals working in a logistics function, mainly in the industry but also in different service sectors. Throughout this network, ELA reaches 57,000 professionals. CHEManager asked Markus Mau, President of the ELA, about developments in the logistics sector, the particular challenges in chemical and pharmaceutical logistics and the role of the ELA. The questions were asked by Birgit Megges.

CHEManager: *Mr. Mau, which developments, both among your customers and the logistics specialists themselves, do you see as challenges for the sector—and which as opportunities?*

Markus Mau: In the pharmaceutical sector, several developments pose challenges and opportunities for both customers and logistics specialists which are indeed similar to several other industries.

The challenges are numerous—but fortunately so are the opportunities that arise from them. To name just a selection, in addition to the basic requirements for regulatory compliance, which are complex and cost-intensive in themselves and require trained personnel and adequate infrastructure, temperature-controlled transportation and counterfeiting and security, for example, are cost-driving requirements. Ensuring product secu-



Markus Mau, President, European Logistics Association (ELA)

delays, losses, and compromised product integrity. Ultimately, 100% transparency of the logistics processes also ensures temperature control. And as if all this wasn't enough of a burden, it has to be done in an environment with strong external cost pressure.

On the opportunity side, however, the high value of the products in the pharmaceuticals sector in particular means that opportunities arise through innovations such as robotics, predictive analytics blockchain, IoT—Internet of Things—, and AI—Artificial Intelligence—to improve supply chain visibility, efficiency, and traceability, leading to better management of pharmaceutical logistics.

How do you expect the market for the logistics sector to develop in 2024?

Markus Mau: Predicting the precise developments in the logistics sector for 2024 is challenging due to various factors such as economic conditions, technological advancements, geopolitical events, and regulatory changes. However, several trends and expectations

rity and authenticity throughout the supply chain is an ongoing significant challenge. Ensuring end-to-end visibility in the supply chain is challenging, especially with the involvement of multiple stakeholders and hand-off points. Lack of visibility can lead to



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Achieving the EU's self-imposed environmental targets is a long way off, so unless there is a course correction, there must be even greater emphasis on sustainability in logistics operations. The speed with which the charging infrastructure for electric trucks is being set up will drive the fleet conversions forward. Despite all

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the lip service, rail is not in a position to offer additional capacity before 2030—which would then still have to meet the aforementioned requirements.

Of course, the Green Deal requirements also include energy-efficient warehouses, packaging materials to reduce their carbon footprint etc. All in all, a broad spectrum of investment measures—even without using the options provided by the aforementioned advancements in technology.

Resilience and risk management is a fundamental logistics topic that everyone has been aware of since Covid-19. Logistics companies invest in strategies and technologies to enhance supply chain agility, mitigate risks, and ensure business continuity in the face of future disruptions. The current geopolitical situation illustrates this very well with regard to supply security.

What is the situation in logistics with the use of digital solutions? Where do you see the greatest progress, where is the greatest need?

M. Mau: I've just come from California and have been catching up on the latest developments. It is not just there that really big changes are on the horizon that will have an impact on many areas of logistics. Digital solutions such as IoT sensors, RFID—Radio Frequency Identification—write tags in combination with GPS tracking enable real-time visibility into the movement of goods throughout the supply chain—as a starting point for logistical optimizations. By leveraging big data and predictive analytics, logistics companies can forecast demand, optimize inventory levels, and anticipate potential

bottlenecks or disruptions in the supply chain. This proactive approach helps in minimizing costs and improving overall efficiency. Automation technologies such as autonomous vehicles, drones for stock control, inventory and security at site boundaries and robotic process automation (RPA) are transforming logistics operations, streamlining processes, and reducing reliance on manual labor. Robotic solutions in warehouses and driverless solutions in logistics centers are increasingly being used—and this is also where there is still the greatest need to compensate for the decreasing availability of employees.

Depending on the product group, blockchain applications meet the exact requirements for enhanced security, transparency, and traceability in logistics operations. It enables secure and tamper-proof record-keeping, particularly in areas such as supply chain provenance, customs documentation, and payment settlements.

As an association that works on behalf of its members, how is the ELA adapting to the changing market environment with its economic and geopolitical challenges?

M. Mau: With its 57,000 members, the ELA is active throughout Europe as an umbrella organization for national logistics associations. ELA addresses economic and geopolitical challenges through various strategies.

ELA is engaging in advocacy efforts to support policymakers and government authorities on issues affecting the logistics sector. This includes advocating for policies that promote infrastructure development, and regulatory harmonization as well as emphasize the importance of fundamental logistical efficiency for a strong Europe.

We offer events and exchange for all the topics mentioned as ELA or via our members such as industry events, conferences, and workshops where members can exchange insights, best practices, and learn about strategies—because we all have very similar challenges to overcome. ELA also works closely with partner organizations, for example in America.

With ELA Certification, we have been ensuring for many years that logisticians worldwide have uniform practical knowledge—at every level. Over 10,000 logisticians have been certified to ELA standards in recent years!

The logistics sector is also increasingly confronted with a shortage of skilled workers. Does the ELA have

any initiatives to support its member companies in finding qualified employees?

M. Mau: We are orchestrating the Day of Logistics in Europe throughout Europe—and every company and institution is invited to celebrate and it with us on April 18, 2024. The Day of Logistics is an annual event aimed at promoting awareness of the importance of logistics and supply chain management. The ELA members organize various activities and initiatives on the

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Day of Logistics, including seminars, workshops, networking events, and educational programs, to highlight the vital role of logistics in supporting businesses, industries, and societies. This is a great help in drawing the attention of potential applicants and career changers to logistics.

In addition to attracting employees, retaining them plays an important role. ELA Certification is very helpful here and can also be used to recruit foreign specialists. I have been to a number of events in Europe where graduates have enthusiastically received their ELA Certificate and friends and family have congratulated them on site and on social media. That's fantastic for the graduate, the company and logistics as a whole. The trusted ELA

standards that are the foundation for this benefit us all.

How do you see the future of logistics? How can companies play to their strengths even better in the future in order to further expand their role as an important partner to the chemical and pharmaceutical industry?

M. Mau: The more a pharmaceutical or chemical company is directly affected by the developments outlined above or wants to take advantage of technological developments to gain a competitive edge, the greater the importance of logistics in the company will become.

Ultimately, every unrealized optimization is wasted money that multiplies with every single item in the supply chain—you have to keep that in mind. In addition, the cost effect of logistical errors is really severe—not to mention the lawsuits and penalties that can result.

There is a lot of supply chain dynamics evolving. Continuous innovation and adaptation is key and to embrace a culture of learning about—logistics—innovation and adaptation to stay ahead of emerging trends and disruptions in the logistics landscape.

By leveraging strengths in state-of-the-art technology solutions, sustainability, compliance, visibility, collaboration, and innovation, logistics service providers will be indispensable partners to the chemical and pharmaceutical industry, driving value creation, reliability, and excellence in supply chain management.

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