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25TH ANNUAL QUEST FOR QUALITY AWARDS

FREIGHT FORWARDERS

Foreign policy titans

Year after year it seems that we report that globalization—and now the growing shift to near-shoring—will continue to paint a pretty rosy picture for the world's freight forwarding community. This past year was no different.

According to a recent report by the U.K.-based analyst firm Transport Intelligence (TI), the freight forwarding market has been the single biggest beneficiary of an increasingly global world economy, and it should continue to reap those benefits even as shippers continue to see the emergence of mega-forwarders and a growing interest of the private equity market to leap into the business.

Despite sky-rocking fuel and freight rates, a slowing U.S. economy, and the fact that the true-cost benefit of off-shore manufacturing is coming under tighter scrutiny, the age of the extended supply chain is still upon us and should be for the foreseeable future.

In turn, it's led to solid year-over-year growth for the world's leading freight forwarders, especially those that can provide some of the world's savviest companies with a high-level of communication, clean data, and a commitment to meeting demands in an increasingly cost sensitive environment.

Even though the cost and complexity of global logistics has become downright daunting for shippers, we're pleased to announce that this year's survey finds 11 freight forwarders beating out the overall weighted average of 32.51—in fact it's the first improvement in the overall average in this category in four

Freight Forwarders						
	On-time Performance	Value	Information Technology	Customer Service	Equipment & Operations	Weighted Score
Nippon Express USA	11.88	8.84	4.60	7.09	3.89	36.30
Pilot Air Freight	10.95	8.08	4.73	7.38	3.71	34.85
UPS SonicAir	10.73	7.53	5.34	7.29	3.81	34.70
Lynden Air Freight	10.67	7.98	4.90	7.50	3.64	34.69
FedEx Trade Networks	10.79	7.48	5.27	6.86	3.89	34.29
Expeditors International of Washington	10.57	7.71	5.24	6.80	3.60	33.93
SEKO Worldwide Express	10.51	7.71	5.08	7.15	3.45	33.91
YRC Logistics	10.12	7.70	4.82	7.02	3.80	33.47
Kintetsu World Express	10.68	7.60	4.64	6.44	3.38	32.75
Schenker	10.23	7.60	4.72	6.38	3.68	32.61
BAX Global	10.13	8.07	4.45	6.41	3.51	32.56
AVERAGE	10.14	7.63	4.61	6.61	3.52	32.51

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 - 2008 Quest for Quality - Freight Forwarders - Reed Business Information - June 2008

years. Leading the pack in 2008 is Nippon Express USA, posting an impressive 36.30, a notable 1.56 point jump from last year's point leader. Nippon took top scores in On-time Performance (11.88) and Value (8.84).

While Nippon took this year's top spot with a solid overall performance, it's good to see key attribute accolades being dispersed among the other top vote getters. Ringing up top honors in the all-important Information Technology category this year is UPS SonicAir with an impressive 5.34; Lynden Air Freight took first in Customer Service with a 7.50; and Nippon

and FedEx Trade Networks tied for honors in Equipment & Operations with a 3.89.

Overall, we find another impressive list of perennial favorites populating the category in 2008. Expeditors International of Washington, the 2007 point leader, posted a noteworthy 33.93 score this year, down slightly from last year's overall score, yet the company saw subtle improvements in their Value (7.71) and Customer Service (6.80) scores. Shippers also welcomed 2007 winners Kintetsu World Express (32.75), Schenker (32.61), and BAX Global (32.56) back to the winner's podium this year.

It's important to note that shippers have also voted in a couple service providers that missed the cut last year. SEKO Worldwide Express (33.91) and YRC Logistics (33.47) will also be collecting Quest for Quality gold this year.

The age of the extended supply chain is still upon us and should be for the foreseeable future. In turn, it's led to solid year-over-year growth for the world's leading freight forwarders

THIRD-PARTY LOGISTICS

Shifting in the polls

According to the reporting of our intrepid John Paul Quinn in *LM's* annual 3PL Market Report this past June, the overall market is still posting impressive revenue numbers despite a bit of a slowdown in the U.S.

While global 3PL gross revenues continue to surge ahead, posting a record \$487 billion for 2007, the U.S. sector posted its second straight year of single-digit numbers after nearly a decade of averaging 14 percent annual growth.

According to a recent report issued by Armstrong & Associates, a market-leading research firm, volume rose only 7.4 percent to \$122 billion from last year's \$113.6 billion, and the consultants anticipate this slowdown drift will continue for the immediate future, wrote Quinn.

Quinn added that during the coming year it will be interesting to watch these revenue numbers as shippers begin to reassess overseas strategies as the geographic fundamentals of sourcing begin to shift. Even so, it needs to be repeated that the U.S. 3PL industry's growth pattern, despite its deceleration, is still more than triple that of the gross domestic product—numbers that any market would love to take to the bank.

And while 3PL revenues continue to surge on the growing reliance on the international marketplace, we're happy to report that the overall scores in the 3PL category jumped up as well. Four of the five key attributes that shipper's vote on in this category saw a subtle increase in 2008, led by Carrier Selection/Negotiation, which improved by 1.42 points over 2007. It's also important to note that shippers voted in 10 providers in 2008 that did not make the cut last year, marking a notable shifting of allegiance over the past year.

In fact, Unyson Logistics, a company that did not make the list in 2007, led the way this year by posting an impressive overall

weighted score of 38.31. Unyson put up top scores in the Carrier Selection/Negotiation (9.00) and Logistics Information Systems (7.14) key 3PL attribute categories. Taking the lead this year in Order Fulfillment was Ozburn-Hessey Logistics with an impressive 8.75. **Placing first in the Transportation/Distribution category was last year's overall winner Expeditors International of Washington with a 9.15.** Rounding out our list of category leaders is Cardinal Logistics which posted a 5.14 score in the only category that

saw its overall weighted score drop a bit over last year's numbers.

In 2008, shippers welcomed Penske Logistics (35.92), Averitt Express Supply Chain Solutions (35.56), Crowley Logistics (35.49), Hellmann Worldwide Logistics (35.09), Caterpillar Logistics Services (35.01), Jacobson Companies (34.99), Landair (34.91), Saddle Creek Corp. (34.53), Lynden Logistics (34.00), and UTi International (33.87) up to the podium this year after missing the cut in 2007.

Third-Party Logistics Companies

	Carrier Selection/ Negotiation	Order Fulfillment	Transportation Distribution	Inventory Management	Logistics Information Systems	Weighted Score
Unyson Logistics	9.00	8.70	8.75	4.73	7.14	38.31
Expeditors Int'l of Washington	8.69	8.50	9.15	4.70	7.10	38.14
Ozburn-Hessey Logistics	8.75	8.75	8.50	4.90	5.97	36.86
ADP Logistics (A. Duie Pyle)	8.81	8.10	8.69	4.50	6.53	36.63
Cardinal Logistics	8.44	8.01	8.36	5.14	6.48	36.44
FedEx Supply Chain Services	8.00	8.11	8.55	4.76	6.77	36.19
Penske Logistics	8.75	7.76	8.83	4.33	6.26	35.92
Landstar Logistics	8.55	7.90	8.56	4.63	6.28	35.91
Averitt Express Supply Chain Solutions	8.40	7.76	8.48	4.47	6.45	35.56
Crowley Logistics	8.17	7.57	9.07	4.43	6.25	35.49
Hellmann Worldwide Logistics	7.88	7.50	9.10	4.40	6.21	35.09
Caterpillar Logistics Services	8.17	8.25	7.39	4.60	6.60	35.01
Jacobson Companies	7.93	8.04	8.75	4.50	5.76	34.99
Landair	8.27	7.80	8.46	4.00	6.38	34.91
Saddle Creek Corp.	8.31	7.80	7.44	4.50	6.48	34.53
C.H. Robinson Worldwide	7.94	7.46	8.39	4.26	6.00	34.05
Lynden Logistics	8.17	7.01	8.08	4.33	6.41	34.00
UTi International Logistics	7.93	7.36	8.35	4.00	6.23	33.87
AVERAGE	7.86	7.53	8.02	4.37	6.08	33.85

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