



For Immediate Release

US Logistics Industry Poised for Rebound

CSCMP Benchmark Report Reveals US Logistics Industry Follows Economy as 2009 Logistics Costs Drop For the Second Year

Lombard, Illinois USA (June 9, 2010) —An annual benchmark released today shows the continued impact of the economic slowdown on the US logistics industry. The 21st Annual “State of Logistics Report[®]”, released by the Council of Supply Chain Management Professionals (CSCMP) and presented by Penske Logistics, reveals that, continuing the decline reported in 2008, business logistics cost fell to 7.7% of US Gross Domestic Product (GDP) in 2009, as compared to 9.3% the previous year. Total US logistics costs dropped **again** last year showing a significant decrease from 2008. Interest rates remained historically low, dropping below those set in 2008.

Since 1988, the report has tracked and measured all costs associated with moving goods through the US supply chain. The report benchmarks key metrics in US logistics such as transportation and inventory-carrying costs, freight volumes, and revenues, giving practitioners a big-picture view of the performance of the US supply chain process.

Other key findings

In 2009, inventory-carrying costs continued to fall due to a 4.6% decline in inventory and further plunge in interest rates. Pressure on rates and an inability to move goods resulted in warehousing costs falling 2% below those of 2008. Although early 2009 saw warehouses full of inventory, by mid-year goods had been drawn down or relocated leaving facilities with empty space.

Transportation costs were 20.2% lower than 2008 levels, with all modes of transportation being negatively affected. Trucking, which comprises a large percentage of the transportation component, had a 9% drop in tonnage carried. Rail carload traffic was also down from the previous year. The Ocean sector reported sharp declines, lowering rates to stimulate business, with some ocean carriers reporting losses for the first time in their company's histories. After heavy losses early in the year, air cargo had a much stronger showing by the latter part of 2009.

Due to abundant capacity and decreased freight to move, the industry has experienced significant pressure to reduce costs. Although shippers have responded with reductions, customers have not necessarily noticed a decline in rates.

Overall, indicators show improvements in the fourth quarter with a focus on future direction. “The economy is beginning to recover, and although time will tell how the logistics sector deals with the recovery, those companies that use the statistics and industry insight contained in this report will be better prepared for the business activity ahead,” said Rick Blaugen, CSCMP president and CEO. “This research presents data for company leaders to be able to capitalize on the recovery as it occurs, such as restructuring their distribution networks to maximize efficiency and minimize miles, investing in technologies to facilitate ‘green’ transportation, and improving real-time data flows to increase visibility and enhance productivity.”

“Logistics providers were among the first to feel the effects of the economic downturn”, said Vince Hartnett, president, Penske Logistics. “Today, we are seeing some positive signs of recovery in the supply chain with increasing truck freight volumes and higher truck fleet utilization rates. If this continues, trucking and logistics firms will likely add capacity to take on additional loads and hire drivers to meet increasing demand.

“Anecdotally, we are also seeing more *Fortune* 1000-level companies evaluating logistics outsourcing compared with the previous 12-month period,” Hartnett continued. “This tells us that business leaders are looking to capture emerging growth opportunities while still staying focused on cash and capital - a good combination for our industry and a steady recovery.”

The report, authored by Rosalyn Wilson, a transportation consultant for Delcan Corporation, was released at the National Press Club in Washington, DC. A panel of senior supply chain executives and academics from BNSF Railway, Covidien, Delcan Corporation, Jones Lang LaSalle, Miami University (Ohio), Penske Logistics, Staples, and Sustainable Supply Chain Consulting discussed the implications of the report’s findings on their companies, on the industry, and on their significance as the economy recovers.

About Penske Logistics

With operations in North America, South America, Europe, and Asia, Penske Logistics provides supply chain management and logistics services to major industrial and consumer companies throughout the world. Penske Logistics delivers value through design, planning and execution in transportation, warehousing, international freight forwarding, and carrier management.

About CSCMP

Founded in 1963, the Council of Supply Chain Management Professionals is the leading worldwide professional association dedicated to education, research, and the advancement of the supply chain management profession. With over 9,000 members globally, representing business, government, and academia from 63 countries, CSCMP members are the leading practitioners and authorities in the fields of logistics and supply chain management.

For more information about CSCMP's Annual "State of Logistics Report[®]", please contact:

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