The Potential for a Regional Electronic Logistics Marketplace: The Case Of Wales

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Coverage

• Introduction
• Motivation for the research
• Method
• Findings
• Learning Points and Conclusion
Definition
Concept of a Regional ELM

- Most ELMs are led by a member of the supply chain
- With a regional ELM,
  - Ownership remains independent (neutral)
  - Focus on a geographical region
  - Some government involvement
- Limited number of examples
  - Twintowns.com
  - RegWa.net
  - e-Freight Logistics
Road Freight in Wales

- Volumes
  - 60 mt domestic flows
  - 30 mt to Wales
  - 30 mt leaving Wales
- These volumes are dominated by food transport, with bulk products such as steel, building materials and timber also important.
- Largely focussed into two main areas
Motivations for Study

**Government**
- Wales Freight Strategy focuses upon sustainable distribution
- Suggests an electronic information service
- Many SMEs which may not be able to afford their own ELM

**Research**
- Limited studies on closed ELMs
- Even fewer on regional ELMs
- Focus upon systems that already exist

Research Questions:
- What are the technical, managerial and attitudinal capabilities of potential users of the regional ELM?
- How do these affect the development of a regional ELM?
Method

• Qualitative
  – Three focus groups and 6 semi-structured interviews, covering key sectors;
  – automotive, steel, timber, road haulage and food
• 3 case studies
  – Case A: a piloting pan-industry ELM in Scotland.
  – Case B: an unsuccessful regional ELM in the UK.
  – Case C: a physical, urban consolidation centre.
### Barriers and Enablers

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<th>Enablers for use</th>
<th>Freq.</th>
<th>Barriers to use</th>
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<td>Clearly defined and demonstrated benefits</td>
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<td>Culture change needed for collaboration</td>
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<td>Broad scope and functionality</td>
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<td>Nature of the Welsh logistics network</td>
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<td>Target at powerful players</td>
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<td>Value proposition currently unclear</td>
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<td>Complement other business objectives</td>
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<td>Potential impact on profit margins, especially carriers</td>
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<td>Encourage long term relationships, no auctions</td>
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<td>Constrained by current capabilities, networks and attitudes</td>
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<td>Critical mass needed</td>
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Case Findings

• **Case A:** a piloting pan-industry ELM in Scotland.
  – Look to improve competitiveness from network optimisation
  – Most small carriers use telephone/fax and so need training for the ELM
  – Scepticism and reluctance from carriers

• **Case B:** an unsuccessful regional ELM in the UK.
  – Needs to be developed at the right time, to the right customers and with the right functions

• **Case C:** a physical, urban consolidation centre.
  – Strong leadership and sufficient funding needed from government
  – ELM and physical consolidation are compatible but the links should be developed later
Generic Learning Points for Regional ELMs

- They need strong initial support to demonstrate benefits
- A critical mass of users needs to be developed over time
- Users need to have the capabilities to utilise the system
- Need to have complementary flows
- What is meant by regional?
Conclusions

• Regional ELMs do offer an alternative to company orientated systems
• However, it is important that the system is appropriately designed and that there are clear benefits
• Despite being neutral, carriers are still reluctant to participate
• In Wales, there are issues related to the
  – Nature and capabilities of the logistics network
  – Product related constraints affecting optimisation
Future Activities & Research

- WAG is helping to support ELM introduction in a number of companies
- The Wales Freight Strategy has an emphasis on multimodal transport
- More research is needed on how ELMs can enable this
- There are also opportunities to look at further best practice in Europe
Thank You!

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