

A bumpy ride

COVID-19 powers strong, but uneven, growth in 3PL revenues

By Michael Angell

THE COVID-19 PANDEMIC powered strong growth in 2020 for the largest global third-party logistics providers (3PLs) as it aided in securing medical products from overseas and facilitated the stay-at-home shopping boom, according to new data from transportation and logistics consultancy SJ Consulting Group.

But revenue gains among individual 3PLs were uneven, as industrial and manufacturing shutdowns hurt providers with greater exposure to those sectors.

Among the 50 largest worldwide providers, revenue from non-asset-based logistics services grew 12.4 percent to \$388.7 billion last year, a major increase from the 2.1 percent growth seen in 2019, according to *The Journal of Commerce's* Top 50 Global 3PL rankings, prepared by SJ Consulting.

SJ Consulting President Satish Jindel told *The Journal of Commerce* that although the 2020 3PL rankings didn't change much from 2019, each company's revenue growth was directly affected by the COVID-19 pandemic.

"Third-party logistics benefited from the replenishment of personal



The Top 50 Global 3PLs saw non-asset logistics revenue rise 12.4 percent in 2020, up from 2.1 percent growth in 2019.
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JOC Top 50 Global Third-Party Logistics Providers

Revenue figures in millions of US dollars

2020 Rank	Company	Base Country/ Comments	2019 Revenue	2020 Revenue	YOY % Growth
1	Amazon	USA <i>Includes revenue from commissions, fulfillment fees, and other third-party seller services</i>	\$53,761	\$80,437	49.6%
2	DHL	Germany	\$32,099	\$32,448	1.1%
3	Kuehne + Nagel*	Switzerland <i>Acquired Apex International in Feb. 2021</i>	\$25,458	\$25,369	-0.3%
4	DB Schenker	Germany	\$18,343	\$19,449	6.0%
5	Nippon Express	Japan <i>Acquired MD Logistics and MD Express in September 2020</i>	\$18,306	\$18,543	1.3%
6	DSV Panalpina	Denmark <i>Completed acquisition of Panalpina in August 2019</i>	\$14,197	\$17,732	24.9%
7	CH Robinson	USA <i>Acquired the Space Group in March 2019 and Prime Distribution Services in March 2020</i>	\$14,322	\$15,148	5.8%
8	XPO Logistics	USA <i>Acquired UK Contract Logistics operations of Kuehne + Nagel in March 2020</i>	\$11,294	\$11,312	0.2%
9	UPS	USA	\$9,302	\$11,048	18.8%
10	Expeditors International	USA	\$8,175	\$10,116	23.7%
11	JB Hunt	USA	\$8,776	\$9,174	4.5%
12	Dachser	Germany <i>Acquired Transunion in Jan. 2021</i>	\$7,389	\$7,736	4.7%
13	Sinotrans	China	\$7,226	\$7,423	2.7%
14	CEVA Logistics	Switzerland <i>Subsidiary of CMA CGM</i>	\$7,124	\$7,416	4.1%
15	Bolloré	France <i>Acquired G Solutions in April 2020</i>	\$6,651	\$6,638	-0.2%
16	SNCF Geodis	France	\$5,727	\$5,829	1.8%
17	Kintetsu World Express	Japan	\$5,091	\$5,246	3.0%
18	Kerry Logistics	Hong Kong <i>Benefited from surge in demand for PPE and strong presence in China, moved up to #18 rank from #25 in 2019</i>	\$3,451	\$5,077	47.1%
19	Gefco	France <i>Subsidiary of Russian Railways</i>	\$5,307	\$4,910	-7.5%
20	Samsung SDS	South Korea <i>Logistics division of Samsung</i>	\$4,158	\$4,836	16.3%
21	NYK Group	Japan	\$4,431	\$4,720	6.5%
22	Rhenus & Co.	Germany	\$4,620	\$4,705	1.8%
23	Agility Logistics	Kuwait	\$4,127	\$4,406	6.8%
24	TQL	USA	\$3,400	\$4,100	20.6%
25	Toll Group	Australia <i>Subsidiary of Japan Post</i>	\$3,554	\$3,964	11.5%

protective equipment supplies and other medical products,” Jindel said. “It was all driven by COVID-19, whether it was from consumers or from hospitals.”

Energized by e-commerce

Fulfillment by Amazon (FBA), the e-commerce giant’s third-party logistics service, remained the top logistics provider last year, increasing its revenue 49.6 percent to more than \$80.4 billion, far outpacing the growth seen by the other companies on the list. FBA handles inbound logistics, warehousing, pick-and-pack services, and distribution for third-party merchants that sell through the Amazon platform. SJ Consulting estimates about one million retailers of various sizes use FBA for their online order fulfillment.

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Absent the pandemic and resulting restrictions on travel and in-person shopping and entertainment, Jindel said FBA might have grown 20 to 25 percent in 2020, but lockdowns that closed retail stores in the beginning of 2020 forced an even harder pivot to FBA’s services.

“COVID-19 definitely enhanced their growth by a combination of the stay-at-home orders and small businesses that couldn’t open their physical stores,” he said.

Government lockdowns in major markets like the US and EU were also a tailwind for Samsung SDS, the logistics division of the South Korean electronics maker, which increased its revenue 16.3 percent to \$4.8 billion last year as consumers snapped up new technology during the pandemic.

“A lot of people suddenly working from home boosted demand for electronics,” Jindel said.

The pandemic also drove strong demand for medical supplies,

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26	Ryder	USA	\$3,969	\$3,774	-4.9%
27	Transplace	USA <i>Acquired Lanehub in Jan. 2020, ScanData in June 2020, and LeanCor in Sept. 2020</i>	\$3,200	\$3,750	17.2%
28	CJ Logistics	South Korea <i>Acquired DSC Logistics in Feb. 2020</i>	\$3,815	\$3,719	-2.5%
29	Maersk	Denmark <i>Maersk Logistics & Services segment (includes results of Damco)</i>	\$2,880	\$3,700	28.5%
30	Hub Group	USA	\$3,668	\$3,496	-4.7%
31	Schneider National	USA	\$3,108	\$3,348	7.7%
32	FedEx	USA	\$3,535	\$3,086	-12.7%
33	Pantos	South Korea	\$3,397	\$3,053	-10.1%
34	BDP International	USA	\$2,790	\$2,700	-3.2%
35	Hellman Worldwide Logistics	Germany	\$2,710	\$2,686	-0.9%
36	Echo Global Logistics	USA	\$2,185	\$2,512	15.0%
37	Sankyu	Japan	\$2,632	\$2,504	-4.9%
38	Penske Logistics	USA <i>Acquired Black Horse Carriers in Dec. 2020</i>	\$2,369	\$2,374	0.2%
39	NFI Industries	USA <i>Acquired CAI Logistics in Aug. 2020 and G&P Trucking in Dec. 2019</i>	\$1,880	\$2,366	25.9%
40	Fiege	Germany <i>Sold Forwarding Division to AIT Worldwide Logistics in Dec. 2020</i>	\$1,792	\$1,939	8.2%
41	Hitachi Transport	Japan	\$2,097	\$1,887	-10.0%
42	ID Logistics	France <i>Acquired Jagged Peak in Nov. 2019</i>	\$1,718	\$1,874	9.1%
43	Knight-Swift	USA	\$1,675	\$1,692	1.0%
44	Worldwide Express/Unishippers	USA	\$1,695	\$1,690	-0.3%
45	GlobalTranz	USA <i>Acquired Cerasis in Jan. 2020</i>	\$1,500	\$1,650	10.0%
46	Werner	USA	\$1,534	\$1,535	0.1%
47	Wincanton	United Kingdom	\$1,502	\$1,474	-1.9%
48	Mainfreight	New Zealand	\$1,393	\$1,473	5.7%
49	BLG Logistics	Germany	\$1,298	\$1,394	7.4%
50	Yamato-BIZ Logistics	Japan	\$1,300	\$1,333	2.5%
Top 50			\$345,931	\$388,791	12.4%

*Impacted by 5.9% increase of value of (CHF) Swiss Franc against USD
Company revenues are primarily from non-asset third-party logistics
Source: Company Reports, SJC Estimates
Prepared by SJ Consulting Group, Inc.

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Consulting Group, Inc.

particularly personal protective equipment (PPE), as hospitals and government agencies scrambled to locate those products, primarily from Asian suppliers.

“Masks, gloves, ventilators, you name it — all these products had to be sourced from overseas,” Jindel said.

Record-breaking demand for Asian-made goods in the US fueled strong results for trans-Pacific specialists like Expeditors International, which saw revenues jump 23.7 percent to \$10.1 billion in 2020.

When ocean carriers quickly pulled vessel capacity out of service early in 2020 to account for plummeting demand, shippers seeking medical supplies and other goods from overseas suppliers quickly had to switch to air freight.

The rise in demand — coupled with a lack of belly space on grounded passenger airplanes — drove a three-fold increase in air freight prices between China and the US from \$4 per kilogram (kg) to \$12/kg, benefiting 3PLs with extensive air cargo networks, Jindel said.

The third-party logistics business of parcel and express carrier UPS, for example, saw its revenue climb nearly 18.8 percent to just over \$11 billion.

While COVID-19 boosted revenue for some, logistics providers that are more exposed to manufacturing and industrial customers generally saw weaker volumes due to the widespread shutdown of factories in early 2020, Jindel said.

BDP International, one of only 14 providers in the rankings to register a decline in revenue, saw its revenue fall 3.2 percent to \$2.7 billion. Jindel said the company’s customers in the oil and gas and chemical sectors faced major cutbacks at the beginning of 2020 due to a drop in global energy prices and industrial activity.

Hellman Worldwide Logistics’ revenue slipped 0.9 percent to \$2.7 billion last year, as the 3PL’s cruise-related logistics business was negatively affected by the shutdowns in that industry during COVID-19 and its apparel shipping business was also likely impacted by widespread retail closures, Jindel said. **JOC**

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