

A person stands on a wooden pier during a heavy rainstorm, holding a red umbrella with a white maple leaf. In the background, a red semi-truck is visible on the right. The sky is dark and cloudy, with rain falling heavily.

Canadian Transportation Snapshot... Another Perfect Storm

By Sylvain Desgens - FLS Manager, National Accounts

Over the past few months, almost everyone in the transportation and logistics industry has been talking about the perfect storm, also known as the Frankenstorm, that is currently disrupting the trucking industry in the US.

But how's the perfect storm affecting transportation in Canada?

Although the Canadian ELD mandate specifics have not been announced yet, electronic logging will soon be a requirement on this side of the border as well. So, with that in mind, let's look at what else is brewing in the transportation industry in Canada?

Solid economical growth

Economies all over are having a banner year, and Canada is no stranger to the trend. The country experienced solid economic growth of 3.1% in 2017, with many predicting a strong 2.2% for 2018.

Higher demand in goods and raw material

Experts are predicting that 2018 will be the strongest Canadian truckload and less-than-truckload demand since 2005.

Driver shortage

It's challenging to attract new people to trucking. For some, the long hours on the road and the lifestyle pose a challenge. For others, the fact that trucking is not recognized as a trade, prevents them from obtaining student loans and government subsidized training.

According to the Canadian Trucking Alliance, driver shortage in Canada could reach 48,000 by 2024. Demographics show a very large portion of drivers are 50-plus now. When they retire, they are not replaced.

Inefficiencies of Canada's intermodal transportation network

Canada is the world's second largest country by total area but our population density is low, at a mere 10.2 people per square mile. To put things into perspective, in the US, population density is 85



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people per square mile! Given our low population density, we have to move freight to further points, making intermodal an important means of transportation in Canada.

However, the increased demand in the intermodal network paired with ageing infrastructure has led to extreme congestion, undue delays and a general unreliability.

Retailers enforcing OTIF policies

Just like in the US, Canadian retailers are now enforcing strict “On-Time, In-Full” policies, which complicate deliveries and require additional resources and planning to complete. On-time, in-full (OTIF) is not a new concept in supply chain management — it simply means suppliers should deliver their products when and how the buyer needs it — but that's easier said than done.

Pick-and-pack mistakes, transportation delays, and communication issues are all common causes for an OTIF miss.

E-Commerce rising

As of 2017, e-commerce retail trade sales in Canada amounted to over 1.8 billion Canadian dollars, and revenue generated within the retail e-commerce market is expected to reach almost 29 billion Canadian dollars by 2021, up from 18.3 billion in 2016.

Consumers are demanding that retailers make more products available, more quickly, and through various points of sale. The consumer-driven supply chain is here, and as a result, retailers are in a sort of arms race, seeking out the best tools to satisfy consumer needs.

In short, it's important for all supply chain and transportation managers to review their transportation strategies on a regular basis with their logistics partners to navigate through this storm and achieve their transportation goals.

About the Author :

Sylvain is a seasoned logistician passionate about transportation implementing innovative strategies to meet today's supply chain requirements. He has successfully implemented solutions to help manufacturers, distributors and retailers meet or exceed their goals.

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