Support for Long-term Scenario Planning and Strategy Execution

With drastic changes in the business environment of the transportation and logistics industry, it is required to implement long-term scenario planning and form relevant strategies.

Need to quickly predict the transportation and logistics business environment that is undergoing transition
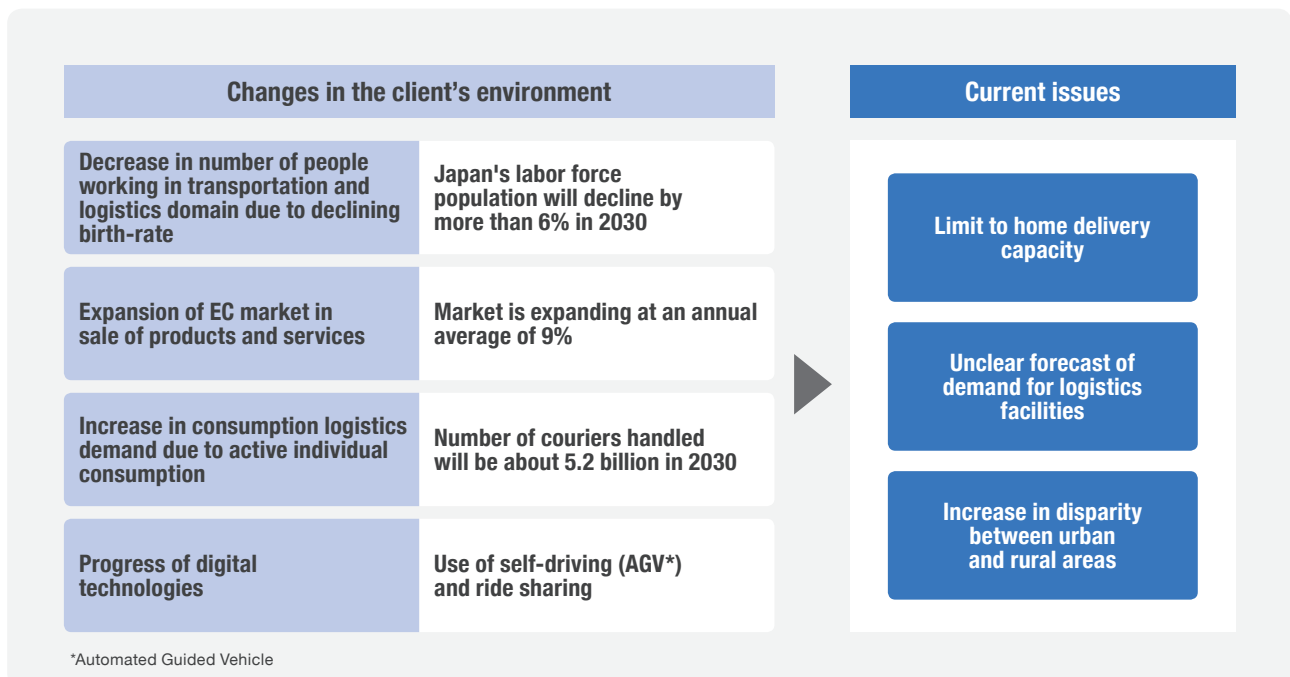
The business environment of Japan's transportation and logistics industry, mainly urban logistics is amidst a major transition with strengthening of e-commerce channels of retail and services industry, the demand for retail logistics is increasing. However, on the other hand, the number of people working in the transportation and logistics industry is decreasing steadily due to economic stagnation, low birth rate and aging population. Due to this, the supply of logistics infrastructure that supports the demand is likely to become severely constrained making the limits of delivery capacity apparent in the logistics industry.

Also, in the transportation industry, "MaaS"* will prevail because of innovation in digital technologies. Hence, it is necessary to form strategies to find business opportunities in the urban and rural areas by using digital technologies. Moreover, it is required to foresee the likely future changes and incorporate this in long-term scenarios and strategies for the client depending on the business environment.

*Mobility-as-a-Service

It is effective to create scenarios focussing on "driving force of changes" before the advent of the uncertain future

In a continuously changing business environment, it has become increasingly difficult to predict the future by using the past accumulated data. Hence, many transportation and logistics operators find challenges in creating a suitable strategy. It is important to shift the focus to the future changes in the social environment, to envisage several possible future states through scenario planning and create a strategy for each possible future state.

The development of several scenarios will help in gaining a comprehensive view of the possible future states, which can help in linking them to a suitable strategy. Furthermore, the risk of not being able to predict the future and delay in taking measures by considering only one scenario can be reduced.

■ Environmental Changes and Issues in the Transportation and Logistics Industry

Changes in the client's environment		Current issues
Decrease in number of people working in transportation and logistics domain due to declining birth-rate	Japan's labor force population will decline by more than 6% in 2030	Limit to home delivery capacity
Expansion of EC market in sale of products and services	Market is expanding at an annual average of 9%	Unclear forecast of demand for logistics facilities
Increase in consumption logistics demand due to active individual consumption	Number of couriers handled will be about 5.2 billion in 2030	Increase in disparity between urban and rural areas
Progress of digital technologies	Use of self-driving (AGV*) and ride sharing	

*Automated Guided Vehicle

NRI draws multiple future states and provides support for deriving a strategy corresponding to each state based on discussions with our client.

Support for identifying suitable factors and deriving strategies based on in-depth understanding about the clients

As a think tank, NRI has a wealth of detailed insights of the trends in social environment and predicting the future. Moreover, we have many specialized consultants who have rich experience in the transportation and logistics industry. By accumulating such knowledge, we implement scenario planning in 4 steps, (1) Identify the driving force of changes, (2) Establish the basis of evaluation, (3) Select critical factors and (4) Create scenarios.

We form a team of consultants who possess knowledge of conducting social surveys, quantify the market scale and demand, and identify the competitive advantage of our clients to get a comprehensive view of the multiple scenarios and create and examine strategies. We have used this approach in many cases where we discuss with the clients and develop a suitable strategy for each of them.

We seek to obtain an understanding from our clients that scenario planning is not a single assumed state of what will happen, and we seek to tailor the optimal strategy for each of the scenario that can be envisaged.

Case: Scenario building and strategies on urban logistics of Japan, US and China in 2030

NRI provided support for a project for a component manufacturer A by implementing scenario planning on state of urban logistics of Japan, US and China in 2030 and derive strategic hints against each scenario drawn.

Company A was looking for a strategy which could respond to the changes in business environment surrounding the future urban logistics. However, amid significant changes in the environment due to innovation of digital technologies, etc., the company was facing a challenge in implementing long-term forecast based on the past trends and creating and examining strategies.

NRI implemented scenario planning based on the possible factors of change and had a thorough discussion regarding the future strategy. As a result, we noticed a gap between the company's original business scope and the strategy formulated based on the scenario planning, which required a revision of the company's position within the industry and their target customers.

■ Scenario Planning by NRI