Magic Quadrant for Third-Party Logistics, North America

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By Analysts Farrah Salim, David Gonzalez, Susan Boylan, Brian Whitlock, Chris Kina

Initiatives: Logistics and Customer Fulfillment

This research evaluates the third-party logistics (3PL) provider market in North America. Supply chain leaders responsible for logistics can leverage this research to assess these 3PLs when considering candidates for their logistics outsourcing needs.

This Magic Quadrant is related to other research:
View All Magic Quadrants and Critical Capabilities

Market Definition/Description

Gartner defines a third-party logistics (3PL) provider as a commercial firm that moves, stores or manages products or materials on behalf of its customers, as a service, for a fee. 3PLs perform some part or all of a corporation's logistics operation in an outsourced arrangement. The logistics service provider (LSP) does this predominantly without ever taking ownership of such products and/or materials. In this research, we consider “logistics service provider” and “third-party logistics provider” to be synonymous, and refer to them as “3PL providers.” Traditional logistics services typically provided by 3PLs include:

- Transportation management and brokerage
- Warehousing, distribution and fulfillment
- Air and ocean freight forwarding
- Global trade management, including activities such as customs brokerage

Increasingly, 3PLs have extended their services beyond the basics, providing opportunities to increase their value proposition and resolve additional customer supply chain challenges. These might include, for example:

- E-commerce and omnichannel fulfillment
- Reverse logistics
- Supply chain visualization
This research does not consider pure transportation carriers (asset-based haulers) to be 3PLs, nor does it consider revenue obtained from asset-based hauling services as part of the net logistics revenue inclusion criteria described below. As a result, this Magic Quadrant excludes companies that exclusively offer the following:

- Trucking companies
- Cargo airlines
- Railway services
- Steamship/ocean shipping lines
- Couriers, parcel delivery companies and postal services

However, this research does include companies that operate a separate logistics service division or 3PL subsidiary (e.g., FedEx Logistics and Penske Logistics). For the purposes of this research, we consider the revenue, characteristics and capabilities of these divisions or subsidiaries only. The region of North America for the purposes of this research is in reference to the U.S., Canada and Mexico.

Other types of companies, such as contract manufacturers, wholesale distributors and business process outsourcing providers, might offer some logistics services as part of what they do. However, they do not offer logistics services as the core of their businesses. Gartner does not classify them as 3PLs, and they are therefore not included in this research.

Using the Magic Quadrant in Logistics Outsourcing Initiatives

Most supply chain leaders responsible for logistics outsourcing — particularly those in multinational corporations — are in a perpetual cycle of logistics outsourcing for one service or another. That is, they are assessing the benefits, bidding and selecting, working through an implementation, or disentangling from one 3PL and transitioning to another. Companies typically have an outsourcing strategy that allows them to balance the risks and benefits associated with outsourcing a number of different logistics functions.

As part of the outsourcing strategy, critical information is needed to aid in the provider identification, evaluation and selection process. This Magic Quadrant research is dedicated to companies that want to evaluate 3PLs that have a strong presence in the North American region (the U.S., Canada and Mexico).
Global corporations seeking a regional provider that also has extensive worldwide coverage should reference the **Magic Quadrant for Third-Party Logistics, Worldwide**.

### Magic Quadrant

**Figure 1: Magic Quadrant for Third-Party Logistics, North America**

![Magic Quadrant for Third-Party Logistics, North America](image)

Source: Gartner (May 2021)

### Vendor Strengths and Cautions

#### CEVA Logistics

CEVA Logistics (CEVA) is a Challenger in this Magic Quadrant. CEVA is a full-service global transportation and logistics company with freight management and contract logistics operations across North America. The company offers end-to-end logistics services, including network design, freight forwarding, customs brokerage, transportation and managed transportation, as well as warehousing and distribution. With 2020 gross revenue of $2.2 billion, the company has more than 9,700 employees and manages more than 16 million square feet of warehouse space across 122 locations. CEVA offers
integrated services for companies in the automotive, consumer and retail, technology, industrial, aerospace, energy, and healthcare industries.

**Strengths**

- In addition to traditional 3PL warehousing and road services, CEVA provides North American airfreight services for time-sensitive shipments, including air charters and three levels of air services: Air Now, Air Premium and Air Value. CEVA also offers temperature-controlled and dangerous goods options within its airfreight service offerings.

- CEVA has one of the strongest ground network coverages, consisting of six strategic hubs crossing Canada, the U.S. and Mexico. The company has added a 95,000 square feet cross-dock facility in Denver as part of an internal network optimization project, taking 34 million miles out of the network with a cost avoidance of $1.5 million annually.

- CEVA has a proprietary Matrix Supply Chain Platform, a configurable, cloud-based, global supply chain visibility and orchestration tool that serves as a multitenant application suite. It offers flexibility by integrating best-in-class components from independent software vendors with proprietary CEVA components and can be connected with customer-specific technology solutions.

**Cautions**

- Driving continuous improvement is something customers would like to see CEVA improve on. While continuous improvements initiatives are executed by CEVA, customers would like to see the provider be more proactive in proposing these initiatives.

- CEVA could provide greater information and thought leadership to customers on changing market conditions. Some customers indicated that they would like to see CEVA offer more market insights on shifts in transport modes to help customers stay ahead.

- Some customer experience surveys indicated that CEVA appears to be a somewhat disconnected organization that needs to create more integrated supply chain solutions. Other comments were that, although CEVA listens to customer suggestions and takes action, there is room for improvement in terms of its customer service process and strategy.

**C.H. Robinson**

C.H. Robinson (CHR) is a Leader in this Magic Quadrant. The company is a global 3PL based in Eden Prairie, Minnesota, with North American revenue of $14.5 billion. CHR provides surface transportation (full truckload [FTL], less than truckload [LTL], parcel), intermodal, freight forwarding and supply chain services within its North American business. Through its TMC division, CHR also provides managed transportation services that include procurement, planning, execution and freight bill payment solutions. CHR supports specialized solutions for a number of vertical industries, including retail, food and beverage, and automotive.

**Strengths**
CHR has a strong product portfolio of basic and specialty transportation services, including ground, international air and ocean services. Its recent acquisition of GrandCanals gave CHR parcel capabilities, and its acquisition of Prime Distribution Services provided expanded services to serve retailers through a network of cross-docks.

CHR’s Navisphere TMS software provides strong visibility that helps to differentiate the company from its competitors. The integrated platform supports all modes of transportation, including digital brokerage, transportation planning and execution. The company invests more than $200 million annually in Navisphere to meet growing digital demands.

CHR has taken a leadership role in environmental, social and corporate governance (ESG). The company has most recently contributed to the development of a more accurate methodology for estimating carbon emissions for LTL shipments.

Cautions

- CHR provides a full portfolio of warehouse services with a primary focus on freight consolidation, cross-docking, distribution center bypass or similar services related to freight in motion. Customers looking for a large footprint of traditional warehouse storage services may find CHR’s business model not the right fit.

- C.H. Robinson operates a non-asset-based model. Customers looking to contract with an asset-based carrier should look to other providers that own assets in this research.

- One of CHR’s top vertical markets served is food and beverage. However, many shippers in the North American market may be unaware of this expertise. CHR could do more to promote its expertise in this sector and establish greater brand recognition within this vertical.

DHL Supply Chain

DHL Supply Chain is a Leader in this Magic Quadrant. The company is a division of Deutsche Post DHL Group. North America’s DHL Supply Chain is headquartered in Westerville, Ohio, and provides warehousing, distribution, transportation and integrated logistics solutions in North America. The company operates at more than 500 locations, with 56,000 employees and 152 million square feet of warehousing in the region. 2020 gross revenue represented a 6.4% growth over the prior year. DHL Supply Chain’s businesses in Mexico and Canada make up around one-third of the company’s North American activity. The company focuses on multiple vertical industries such as consumer, retail, automobility, technology, life sciences, engineering and manufacturing.

Strengths

- Delivering outstanding customer experience has become one of DHL Supply Chain’s primary strengths and key differentiators. In 2020, the company delivered a 95.9% customer contract renewal rate, taking the average duration of relationship between DHL and its customers to nine years.

- Technology is at the heart of DHL Supply Chain’s innovation strategy. The company focuses on 12 technology categories ranging from assisted picking robots to asset tracking and monitoring. More
importantly, DHL Supply Chain focuses on combining technologies with its human workforce so that it can both automate processes and deliver smooth organizational integration.

- Sustainability has become a cornerstone of DHL Supply Chain's capabilities as it continues to invest and develop its GoGreen program. The company has been so successful in its efforts that, in 2020, 30% of its supply chain revenue was generated from green solutions.

### Cautions
- The global scalability of DHL is an advantage. But it also can be a hindrance in its ability to appeal to small and midsize companies seeking a more manageable midsize regional North American provider that will give their comparatively small businesses the care they seek.

- Some customers said that, in some instances, DHL's cumbersome management structure and operating rigidity inhibit the company's ability to be agile and responsive. This service provider's motto of "Right the first time" sometimes comes at the expense of speed and flexibility.

- DHL Supply Chain has focused on improving its diversity and inclusion at every level within the business, but it has more work to do here. As a whole, diversity and inclusion is a challenge for the logistics industry. DHL has the potential to lead by example in addressing the imbalance.

### Echo Global Logistics
Echo Global Logistics (Echo) is a Niche Player in this Magic Quadrant. Headquartered in Chicago, Illinois, the company provides technology-enabled transportation and supply chain management services encompassing freight brokerage, managed transportation services and supply chain network design solutions. With 2020 revenue of $2.5 billion, the company operates across 30 locations and employs more than 2,500 associates in the region. It supports more than 35,000 customers, and works with more than 20% of global enterprises. The company focuses its growth on several key vertical industries, including industrial, manufacturing, consumer packaged goods (CPG) and retail.

### Strengths
- Echo's large carrier network makes it a viable solution for shippers looking to access additional transportation capacity when the market is constrained. With more than 50,000 carriers and 16,000 shipments moved daily, Echo's depth of multimodal transportation solutions provides an opportunity to access additional capacity.

- The majority of Echo's customer portfolio consists of small and midsize enterprises, and the company sees one of its core value propositions as cost savings initiatives. This makes Echo a good match for organizations that are heavily focused on achieving cost down initiatives.

- The company has made strides in cybersecurity. Echo operates a round-the-clock security operations center (SOC) whose sole purpose is to detect, analyze and respond to cybersecurity incidents. This center also has a comprehensive set of processes and metrics designed to minimize potential data security breaches.
Cautions

- Echo is heavily focused on operations within the U.S. and does not provide as much support for logistics services for Canada and Mexico in comparison to its peers. Companies looking for comprehensive coverage across the region might find Echo's coverage lacking.

- Echo does not offer traditional warehousing and distribution services as part of its service offering. Customers looking for broader-based 3PL services that include warehousing may want to consider additional providers in their sourcing events.

- International freight-forwarding services are offered primarily by Echo as part of the company's managed transportation service offering to customers and not generally as stand-alone services.

Expeditors

Expeditors is a Challenger in this Magic Quadrant. Headquartered in Seattle, Washington, Expeditors provides supply chain solutions, freight forwarding, road transportation, customs brokerage and trade compliance, as well as warehousing and distribution services. The company has three subsidiaries: Tradewin, a professional trade consulting services firm; Expeditors Cargo Insurance Brokers (ECIB); and Cargo Signal, a supply chain control and oversight company. Expeditors serves several major vertical industries, including manufacturing, retail, aerospace, oil and energy.

Expeditors did not respond to requests for supplemental information or to review the draft contents of this document. Gartner's analysis is therefore based on other credible sources, including public information.

Strengths

- Expeditors has a long-standing commitment to recruiting, retaining and developing leading talent to support its customer operations. The investment in and sophistication of its talent development program are core differentiators for the company.

- Expeditors has a focus on and commitment to further developing capabilities for end-to-end visibility and business intelligence, creating new solutions via connected devices, advancing machine learning, and digital transformation through automation. Because its technology is proprietary, upgrades are constantly being planned, developed and implemented.

- While Expeditors has breadth across multiple logistics service offerings, its international import/export, trade consulting and customs brokerage capabilities remain among its strongest executional differentiators.

Cautions

- Most of Expeditors' innovations occur as part of customer-driven requests. Providers in the Leaders quadrant explore opportunities via other avenues and have dedicated innovation centers. Customers said they would like to see Expeditors be more creative, proactive and thought leading.
FedEx Logistics

FedEx Logistics (FXL) is a Leader in this Magic Quadrant. Based in Memphis, Tennessee, FedEx Logistics is a subsidiary of the FedEx Corp. that provides warehousing and distribution, e-commerce fulfillment, reverse logistics, customs brokerage, managed transportation, freight forwarding and other supply chain solutions. The company has more than 20,000 team members across North America and manages more than 35 million square feet of warehouse space. The company also has more than 130 warehouse and distribution center facilities and processes more than 85 million returns annually. Its four primary vertical industries are healthcare, technology, consumer goods and retail/e-commerce.

Strengths

- FXL has strong core competency in reverse logistics. The company has a comprehensive return management system (RMS) that provides visibility, detailed tracking and automated dispositioning built around customer-set rules to reduce manual processes around returns.
- FXL has many performance-based incentive commercial arrangements focused around cost reduction/control. Its willingness to participate in gain share programs indicates a dedication to adhering to the specific and measurable KPIs agreed on between FXL and its customers.
- The company takes a Quality Driven Management (QDM) approach to drive continuous improvement in an actionable way. QDM is incorporated into daily tasks and decisions to empower, educate and encourage team members to implement operational improvements.

Cautions

- FXL has not yet reached the same degree of notoriety as many of the other subsidiaries of the FedEx Corp, such as FedEx Express and FedEx Ground. FXL could work to improve its brand recognition to rival that of the other more well-known FedEx subsidiaries.
- The thresholds for customer fit requirements for FXL's forward logistics and reverse logistics are on the higher end, with customers having more than $250 million in revenue for each service. Enterprises with lower annual revenue thresholds for these particular services may not be a good fit for FXL.
- FXL's value-added warehousing and distribution services in North America are vertically integrated specifically to serve four core industries: healthcare, technology, consumer goods and retail. Companies outside of these verticals may not find as many specialized value-added services tailored to their industry.

Customers say that data capture, cleansing and data integrity plague the industry, and Expeditors could also improve here. Customers would like to see further or faster efforts with regard to data integrity and extraction.

Expeditors’ value-based service often comes with a price premium. Organizations should be cognizant of this when going to bid/tender, and be prepared to consider the trade-offs between cost and service when making their final 3PL selections.
GEODIS

GEODIS is a Leader in this Magic Quadrant. GEODIS is a wholly owned subsidiary of SNCF Logistics. Its North American business is headquartered in Brentwood, Tennessee. Within North America, the company operates across 171 sites and encompasses more than 52 million square feet of warehousing space. The company is a full-service vendor in the logistics space, encompassing activities that range from transportation and warehousing management to return logistics and supply chain optimization. Compared to 2019, GEODIS’ revenue grew in 2020 by 14% to just over $2.7 billion. GEODIS places focus on six priority vertical industries: fast-moving consumer goods (FMCG), retail, high tech, automotive, industrial and healthcare.

Strengths

- GEODIS is one of the few North American 3PLs to recognize cross-border e-commerce as a rapidly growing niche sector. Through its GEODIS MyParcel brand, this 3PL already provides a business-to-consumer cross-border small parcel service from the U.S. to 27 European countries, with guaranteed delivery in four to six days supporting all sizes of companies and parcel quantities.
- Warehousing and contract logistics are significant strengths for GEODIS and represent more than 50% of the company’s North American revenue. The business is organized around a campus-based model that optimizes labor, space, materials handling equipment and management through shared resources. By deploying this method of shared-service campuses, the 3PL can better respond to and accommodate seasonal peaks in demand.
- The business has significantly benefited from the accelerated growth in demand for same-day and final-mile fulfillment services. Through a network of regional fulfillment centers supported by its GEODIS Zipline technology platform, GEODIS combines drop-shipping solutions and microfulfillment locations that convert storefronts into local fulfillment sites that help customers react faster to changing consumer demands.

Caution

- Capabilities beyond warehousing for GEODIS are underrepresented. Despite having some of the most innovative and technology-enabled transportation services, its transportation offering represents a mere 15% of the company’s annual turnover.
- Following the acquisition of OHL in 2015, GEODIS was a lesser-known brand to North American logistics leaders. Although the company is now more widely recognized than it once was in North America, it still has more work to do in brand recognition to achieve the same degree of recognition as its peers.
- More than 85% of GEODIS’ revenue in North America is generated by its U.S.-based activities. The company is present in both Mexico and Canada. However, it must increase its business in these countries to achieve economies of scale.

Ingram Micro Commerce & Lifecycle Services
Ingram Micro Commerce & Lifecycle Services (IMCLS) is a Visionary in this Magic Quadrant. Based in Irvine, California, it is a division of Ingram Micro, a global distributor of cloud, mobility, supply chain services and technology solutions. IMCLS provides services in warehousing, reverse logistics, repair services and transportation management. Its 2020 NAM revenue was more than $1.33 billion, with 10.4 million square feet of space across 50 warehouses supported by 9,600 associates. The company specializes in B2B and B2C order management, order fulfillment, inventory management, e-commerce solutions, reverse logistics, and value-added supply chain services. Its solutions are designed for e-commerce, technology and medical device customers.

**Strengths**
- IMCLS offers end-to-end logistics services, including supply chain planning, forward, reverse (including IT asset disposition [ITAD], product liquidation and resale services), warehousing, fulfillment and transportation. The company has advanced technology applications to support complex supply chains.
- Existing technology platforms include Shipwire, BlueIQ and Renugo, with new innovations in both software and hardware automation, such as its REV system for mobile phones and tablets. These are key areas of investment as IMCLS expands its reach across retail, e-commerce, and enterprise customers.
- IMCLS has implemented a Carbon Neutral 2030 plan to have all sites carbon neutral by 2030. In addition, the company has BREAAM-certified all sites, executes zero-waste practices, optimizes transportation to remove empty miles from its network, and uses sustainable packaging for all shipments and product rework.

**Cautions**
- IMCLS’ parent organization is one of the world’s largest technology distributors, leading some to assume that IMCLS specializes in consumer electronics exclusively. In fact, it offers strong logistics capabilities for CPG, health and beauty, food and beverage, and other e-commerce products, in addition to its services for consumer electronics and technology verticals.
- IMCLS’ business processes and corporate governance are designed to protect both customers and the company. As a result, there have been very few business interruptions. However, such processes may also require a more detailed contracting process and implementation period.
- IMCLS has expanded in all North American countries: Mexico, Canada, and the U.S. This growth, along with the impact of the pandemic (municipal approvals, for example), may have resulted in startup delays for new customers.

**Kenco**

Kenco is a Challenger in this Magic Quadrant and is based in Chattanooga, Tennessee. Kenco offers a portfolio of integrated services encompassing distribution and contract warehousing, transportation services, materials handling and fleet management, as well as supply chain solutions, design and
engineering. In 2020, Kenco generated revenue of more than $700 million. It operates more than 90 locations, with more than 32 million square feet of warehouse space, and has more than 4,700 employees. Kenco’s vertically aligned structure supports and provides custom solutions for several key industries, including health and personal care, industrial, consumer durables, FMCG, and e-commerce and retail.

**Strengths**
- The company has developed an app that is made available to all Kenco associates. This app allows all employees to provide immediate feedback on an individual’s performance and behavior as they go about their daily duties. Improvements in employee engagement at Kenco have reduced staff turnover by 30%.
- Customer sentiment for Kenco is very positive, and ensuring an excellent customer experience is part of the business culture. Kenco conducts regular customer surveys that seek to gather feedback across a broad set of capabilities. In its 2020 customer satisfaction survey, the business achieved a Net Promoter Score of 60.3.
- The company has a very robust methodology for innovation that encompasses people, process and technology. An example of this approach is evident in its investment in and development of Kenco’s DaVinci AI platform. This advanced analytics tool uses machine learning models to make data-driven predictive and prescriptive decisions.

**Cautions**
- Kenco currently does not offer international freight forwarding or customs brokerage as part of its service offering. Customers looking for these specific services may find Kenco to not be the right fit.
- Expansion is an area of improvement for Kenco. The company lacks comprehensive coverage across the continent, given that its operating footprint is more than 95% based in the U.S. For the business to truly offer services to larger, multinational companies with complex service needs, it must expand beyond the borders of the U.S.
- Customers would like to see Kenco improve its IT implementation process when onboarding new customers. Some customers have indicated that their IT implementation timelines took longer than originally projected.

**Kuehne+Nagel**
Kuehne+Nagel (K+N) is a Leader in this Magic Quadrant. Its North American regional headquarters is in Jersey City, New Jersey. It provides freight forwarding, customs brokerage, transportation, contract logistics and supply chain services in the region. Its distribution footprint across North America consists of 195 locations, more than 13 million square feet of warehouse space and 9,000 specialists. K+N has a long-standing and substantial presence in both Canada (since 1953) and Mexico (1967). K+N specializes in verticals such as aerospace, automotive, retail, consumer packaged goods (CPG), food and beverage, high tech, industrial, pharmaceutical, medical devices, healthcare, and oil and gas.
Strengths

- K+N has strong digital tools such as an easy-to-use TMS for LTL and FTL freight management.
- K+N has one of the strongest sustainability strategies of the participants in the region. K+N has outlined its intention to be CO2 neutral by 2030 through its Net Zero Carbon program. In order to achieve this, K+N intends to collaborate with business partners, suppliers and transport carriers.
- K+N has specifically designed a Women in Logistics Leadership (WILL) mentorship program, rolling out a comprehensive strategy to create awareness and provide a community that supports workplace gender equality. WILL is designed and managed by women employees.

Cautions

- The chemical sector offers opportunities for improvement at K+N. Further developing its capabilities and capacity in relation to specialist sectors will expand and future-proof its service offerings.
- Although K+N may be at the forefront of technological advances in its innovation labs, it is still reliant on the centers operating outside of North America. A dedicated North American innovation center could facilitate greater levels of technical support and improved end-user training for its North American customers.
- Some customers shared that K+N will respond with its standard industry services, and this sometimes limits the flexibility and ability to compare pricing. Although customers realize they are getting the services from a leading 3PL, K+N should consider how to ensure the services are not seen as more expensive versus competition.

NFI

NFI is a Challenger in this Magic Quadrant. NFI provides warehousing and distribution, dedicated transportation, transportation management, brokerage, intermodal, port services and international freight forwarding. Headquartered in Camden, New Jersey, the company is privately held. In 2020, NFI generated more than $2.6 billion in annual revenue, employing more than 14,500 associates. NFI owns and operates 50 million square feet of warehouse and distribution space in North America. Its dedicated fleet operation exceeds $755 million in annual revenue and consists of more than 3,000 tractors and 12,500 trailers operated by 3,000 company drivers and 400 owner operators. Key customer segments for NFI include retail, e-commerce, food and beverage, and CPG.

Strengths

- NFI has more than 350 locations to support its integrated suite of supply chain solutions that leverages in-house proprietary technology and best-of-breed vendor partners. NFI also provides Tier 1 and Tier 2 warehouse and transportation management systems that are customized to meet customer needs and complexity.
- The company has consistently ranked high in customer experience reviews, and its organizational structure allows access to ownership and upper management for quick decision making.
NFI is a family-owned-and-operated company, and because of this, it is one of the most flexible 3PLs in the North American market. Customers endorse NFI for being able to make quick decisions and being less risk-averse than others when implementing unique solutions. Its agility continues to be a clear differentiator for NFI versus larger industry peers.

**Cautions**
- The non-asset portion of its business is relatively small and might not be a good fit for supply chains seeking heavy diversification for resiliency. These services include freight brokerage, managed transportation, intermodal, and global air and ocean forwarding.
- NFI's coverage includes the U.S. and Canada, but not Mexico. Shippers looking for a provider that can support all three major countries across North America, or Mexico specifically, would not find NFI to be a good fit for their needs.
- As a family-owned-and-operated company, there is concern over what will happen if the company is acquired. Although this is a generic concern around any successful privately held company, the rapid consolidation and investment characteristics of the current 3PL market make this possibility worth noting.

**Odyssey**
Odyssey is a Challenger in this Magic Quadrant. Headquartered in Danbury, Connecticut, the privately held company provides managed transportation, logistics consulting, LLP, 4PL, warehousing and distribution, and technology platform services. With estimated 2020 revenue in the region of more than $800 million, Odyssey manages all modes of transport, including FTL, LTL, rail, air and ocean. The company is well-known for bulk transportation services, including ISO tanks, bulk tanks, railcars and tankers. Its origins are in chemical logistics and hazardous/nonhazardous materials shipping. Vertical markets served by Odyssey include chemical, food and beverage, consumer goods, manufacturing, and automotive.

**Strengths**
- Odyssey has a strong portfolio of 4PL, LLP and managed service operations in the chemical, consumer products, and food and beverage industry verticals. Customers in this segment benefit from the scale and depth of service offerings Odyssey is able to provide.
- Odyssey’s strength in specialized transportation services, such as dry and liquid bulk transportation, offers clients in these markets unique capabilities that may not be found elsewhere with other 3PLs.
- Odyssey’s network modeling capability helps clients improve operating costs by rationalizing networks and finding efficiencies in their operations.

**Cautions**
- Odyssey’s managed transportation services model may not be the right fit for customers looking to contract directly with an asset-based carrier, as Odyssey has a non-asset-based model.
Penske Logistics

Penske Logistics (Penske) is a Visionary in this Magic Quadrant. Headquartered in Reading, Pennsylvania, it is a subsidiary of Penske Truck Leasing, a privately held, diversified transportation services company. Penske Logistics, with revenue of $2.6 billion, provides a host of services, including warehousing and distribution, transportation management, dedicated contract carriage (DCC), freight brokerage, and supply chain management consulting. It operates more than 460 locations in the U.S. and 30 million square feet of warehousing and cross-dock space across Canada, the U.S. and Mexico. The company offers strong specialized solutions by industry for consumer markets, such as consumer products, food and beverage, automotive and retail.

Strengths

- Penske takes a long-term view of its customer relationships and builds those relationships from a strategic and collaborative perspective. Customers of Penske have outlined that one of its greatest strengths is its focus on customer centricity and relationship investment.

- Customers provided positive reviews of Penske's information transparency and data visibility. They outlined strong performance in relation to ease of integration, technical support and end-user training.

- Penske's ClearChain is one of the few platforms that offers true end-to-end visibility across the entire supply chain. The proprietary technology allows shippers the capability of identifying disruptions at the production, inventory and order fulfillment levels. It also serves as a collaboration tool integrating workflows from different stakeholders across the supply chain.

Cautions

- Customers indicated challenges with hierarchical complexity within the organization and rigidity around pricing structure as areas that Penske could focus on to improve its customer experience and flexibility.

- Customers would like to see Penske be more proactive around continuous improvement initiatives as well as increase its responsiveness to operational issues.

- Customers have outlined that, in order to achieve the best results when working with Penske, strong monitoring and collaboration across KPIs and metrics are a requirement. Expectations in relation to
SLAs need to be clearly defined and monitored in order to achieve optimal results with Penske.

Radial
Radial is a Visionary in this Magic Quadrant. The company is a subsidiary of bpost (Belgium's leading postal operator) and is headquartered in King of Prussia, Pennsylvania. With an estimated $1.2 billion in 2020 revenue for the North America region, the company provides fulfillment services, customer care service centers, network design solutions, DTC and B2B solutions, as well as omnichannel technologies. As part of its DTC and B2B fulfillment solution offerings, Radial also offers inventory management, returns management, drop shipping, customization and personalization. The company's primary focus is on its key vertical markets, which are consumer products, retail and fashion.

Strengths
- Radial provides a high degree of flexibility to customers. In 2020, the company added more than 22,000 temporary staff members to its fulfillment and call centers to meet peak season demand. The capability to scale up operations quickly helps customers meet unprecedented demand.
- The company provides several microservices for e-commerce such as its Payments, Taxes and Fraud Protection (PTF), which uses machine learning and consortium data to detect fraudulent e-commerce orders. The program offers zero fraud liability to customers, which presents an added layer of business protection.
- As part of its differentiated service offerings, Radial has nine customer care services with call agents that receive highly specialized training to support customers. Multilingual capabilities, 24/7 support and secure networks are included.

Cautions
- Radial is a provider of specialized e-commerce services and focuses its solutions on three key verticals: consumer products, retail and fashion. Customers in other vertical industries that do not engage in e-commerce would be better aligned to other providers featured in this Magic Quadrant.
- Radial has an innovation center in Radial Future Labs and is actively working on pilot programs for autonomous mobile robots. However, the company has yet to achieve the same level of advancement in warehouse automation as some of the other vendors featured in this Magic Quadrant.
- Radial provides services in the U.S. and Canada, but not in Mexico. The company also does not currently plan to expand into the region, which may be a challenge for prospective customers considering expansion into Mexico for nearshoring.

Ryder
Ryder is a Leader in this Magic Quadrant. Ryder's headquarters are in Miami, Florida, and its revenue for North America in 2020 was $8.2 billion. The company provides warehousing and distribution management, transportation management, freight brokerage, e-commerce fulfillment, last-mile delivery, dedicated fleet, and network optimization services to customers across the U.S., Canada and Mexico.
Ryder operates more than 63 million square feet of warehousing across over 350 facilities. The company executes almost 28,000 border crossings each month and has approximately $6.1 billion in freight under management. Ryder focuses on creating integrated solutions for key vertical industries such as automotive, technology, healthcare, CPG retail and industrial.

**Strengths**
- Ryder’s proprietary suite of technology includes Ryder OpsBox, RyderView, RyderShare, RyderDrive and RyderConnect. This approach to developing its own technology creates a competitive advantage for Ryder and helps Ryder keep costs down for customers.
- Through Ryder Last Mile, the company is able to leverage its existing network of more than 120 existing hubs across the U.S. and Canada to present a robust last-mile solution. Shippers can reach more than 95% of the U.S. and Canada within two days, with the added benefit of having real-time visibility for those shipments.
- Ryder has a very strong presence and significant expertise in Mexico in comparison to many of its peers. The company has the existing infrastructure in place to support order management, LLP services, and network reengineering and optimization, as well as control tower solutions within Mexico.

**Cautions**
- In contrast to many of the other providers present in the Leaders quadrant, Ryder provides services exclusively within North America. The company is a best-in-class regional provider and does not have plans to expand beyond those borders. Ryder may not be a good fit for customers requiring a regional provider to scale globally.
- The company launched its Ever Better campaign in 2020 to create brand awareness, as Ryder’s services beyond those of transportation, fleet and commercial rental trucks are not as well-known in comparison to its peers.
- Ryder has a rigorous qualification process for prospective customers. Before taking on new business, this leading 3PL determines whether the companies are a good cultural fit and whether they can drive value for both parties. Customers looking for short-term tactical partnerships may not find Ryder to be a good fit for this type of outsourcing relationship.

**Schneider Logistics**
Schneider Logistics (Schneider) is a Challenger in this Magic Quadrant. Headquartered in Green Bay, Wisconsin, it is a wholly owned subsidiary of Schneider National, North America’s largest truckload transportation and logistics company. With 2020 revenue of more than $1.13 billion, Schneider Logistics has offices across the U.S., Mexico and Canada. The company offers transportation brokerage, outsourced transportation management, cross-border shipping, drayage, transloading, port services, warehousing and distribution, integrated last-mile delivery, and supply chain consulting services.
Schneider offers logistics solutions for a number of vertical industries, including automotive, oil, gas, chemical and manufacturing.

**Strengths**
- Schneider has a well-respected, long-standing broad spectrum of transportation-related services and expertise. Customers admire Schneider's industry-leading capabilities and progressive thought leaders.

- Customers have outlined that Schneider works hard to understand its customers’ challenges and design a suite of solutions across its platforms. Schneider has proved strong in developing and implementing market solutions to drive excellent reliability and favorable costs.

- Schneider is one of the few participants piloting and driving forward blockchain in its organization. It is one of the founding members of the Blockchain in Transport Alliance (BiTA) and continues to be actively involved and committed to the exploration of blockchain.

**Cautions**
- In comparison to some of its peers, Schneider doesn't provide the same level of support for logistics services in Canada and Mexico. While it has expanded internationally by partnering with 3PLs in Asia, Schneider could look to increase its Canadian and Mexican coverage. Schneider's specialized vertical industry support and depth of contract logistics are not as deep as those of some of the providers in the Leaders quadrant.

- Customers have identified that Schneider could also improve on its 4PL service offering, outlining that it is not as strong as its other service offerings.

- While Schneider has portrayed a lean program and culture, some customers have outlined that they would like to see swifter response to issue resolution and greater collaboration across continuous improvement initiatives.

**Transplace**
Transplace is a Niche Player in this Magic Quadrant. Headquartered in Frisco, Texas, with $3.4 billion in revenue, it provides managed transportation services, brokerage, intermodal and cross-border transportation across the U.S., Mexico and Canada. The company is heavily focused on operationalizing supply chain data to complement its TMS platform in order to deliver data-driven insights to its customers. It continues to broaden its portfolio of offerings with recent acquisitions, including ScanData (parcel), Lanehub and LeanCor. Transplace saw strong growth in 2020, with revenue increasing 19% and freight under management increasing 38%. The company provides services to a wide range of vertical industries, including CPG, chemicals, industrial manufacturing and automotive.

**Strengths**
Customers laud Transplace for smooth implementation of its TMS and managed transportation services. They also hold the company in high regard with respect to Transplace’s ability to provide customized solutions to customers.

Transplace heavily invests in technology advancement and business analytics, with a 24% CAGR in its IT capital expenditure budget.

Transplace’s strengths in the CPG, retail and chemicals vertical industries allow it to deliver solutions based on deep expertise. In CPG, it has 45 customers participating in a benchmark report aimed at improving on-time delivery and penalty avoidance from major retailers.

Cautions

- Although Transplace does participate in SmartWay, it is not as advanced in sustainability in comparison to some of its peers.
- Transplace does not offer traditional warehousing as part of its offering, because the company focuses more on transportation-based services, such as managed transportation, brokerage and intermodal.
- Transplace does not own its own transportation assets, because the company operates a non-asset-based model.

UPS Supply Chain Solutions

UPS Supply Chain Solutions (UPS SCS) is a Leader in this Magic Quadrant. The company is a wholly owned subsidiary of United Parcel Service (UPS). Its North American business is headquartered in Alpharetta, Georgia, and encompasses global logistics, freight forwarding, warehousing and distribution, domestic transportation, and the U.S.-based Coyote-branded services. UPS SCS has 130 facilities with more than 19 million square feet of warehouse and distribution space. The company also provides 4PL, managed transportation and end-to-end visibility solutions throughout the North America region. While UPS SCS serves several vertical industries, the company’s priority industry verticals include healthcare, retail, high tech, industrial and manufacturing.

Strengths

- This company’s agility was demonstrated through its response to the highly disruptive consequences of the COVID-19 pandemic. It was able to ramp up its healthcare-licensed warehousing and distribution space in North America by 2.5 million square feet in 2020.
- UPS invests around $1 billion in technology development annually. Over the years, UPS SCS has launched innovative technologies such as UPS Supply Chain Symphony. In 2020, the business launched its new UPS Forwarding Hub and UPS Customs Brokerage Portal for digitally enabled customers.
- Small and midsize customers highly value the UPS SCS eFulfillment service and the award-winning Ware2Go solution. These technologies have been designed to help merchants get their products to
their customers without the hassle of fulfilling orders themselves. Ware2Go was named a gold winner for Most Innovative Product of the Year in the enterprise category by the 2020 Best in Biz Awards.

Cautions

- Alignment of UPS SCS’s component parts into one true end-to-end solution is something that customers want this leading 3PL to improve. Some customers highlight the apparent lack of service connectivity from both a technology perspective and an account management point of view.

- UPS SCS is focusing its growth strategy on these priority industry verticals: retail, high tech, industrial, and manufacturing and healthcare. Companies that do not fall within these verticals and need heavily customized solutions may not be a good fit for UPS SCS.

- UPS SCS is focusing its forward-looking strategy on “better, not bigger” to optimize its business and drive network efficiency. Customers looking for purely tactical agreements or leveraging high volume for deep pricing discounts may not be a good fit for UPS SCS as the company becomes more strategic in aligning its customer base with its future strategy.

XPO

XPO is a Leader in this Magic Quadrant. Headquartered in Greenwich, Connecticut, with 52 total North American offices, XPO offers a broad set of logistics services, including distribution, managed transportation, warehousing, 4PL, supply chain services, asset-based transportation, reverse logistics and other value-added services. XPO’s revenue is divided into two reporting segments: logistics and transportation. XPO reported 2020 North American gross revenue of $9.67 billion with more than 21,000 associates and 101 million square feet of warehouse space. The company provides specialized logistics services to customers in various industries such as consumer goods, food and beverage, omnichannel retail, healthcare, chemical and automotive.

Strengths

- In response to the e-commerce boom caused by the COVID-19 pandemic, XPO partnered with leading industrial commercial real estate agencies to secure access to 23 million square feet and 90 facilities of flex warehouse capacity for XPO Direct. This shared space model offers two-day ground delivery service for 99.95% of the U.S. population. This expansion provided immediate capacity and fulfillment services for small to midsize businesses that are driving demand in warehousing services.

- XPO invested $550 million in new proprietary technologies in 2020, which include XPO Smart suite, XPO Connect and Drive XPO products. These investments addressed the need for real-time visibility and business intelligence required by supply chains in a rapidly changing marketplace.

- XPO spent almost $1 million adding electric vehicles (EVs) to its fleet for delivery of shipments under 75 miles, reducing its carbon footprint by 1,000 metric tons. XPO proactively tracks its carbon footprint and projects a 29% additional reduction by eliminating empty miles through route optimization.
Cautions

- XPO has expanded operations in Canada, but its Mexico coverage is limited and may not support all near-sourcing efforts as firms restructure their supply chains for resiliency during global disruptions.

- XPO has a seven-level tiered escalation structure for addressing operational and customer issues. Although this structure is designed to drive accountability and action, these multiple tiers may also hinder the speed by which issues are resolved, especially customer-facing items.

- Some customers voiced concerns that, without changing contract terms, continuous improvement initiatives were not completed or were difficult to get implemented. Also, some customers found inconsistency in performance across countries, with performance levels differing significantly between countries.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

- Transplace was added to this Magic Quadrant because it passed both the qualifying logistics service revenue threshold and the service diversification criteria.

- Echo Global Logistics was added to this Magic Quadrant because it passed both the qualifying logistics service revenue threshold and the service diversification criteria.

Dropped

- TQL was dropped due to changes in the inclusion criteria that included regional/service diversification maximum thresholds.

- Americold was dropped due to disparity in the type of core services Americold offers and the core services of the other vendors represented in this Magic Quadrant.

Inclusion and Exclusion Criteria

North American 3PLs with existing operations in the U.S., Canada and Mexico and with qualified logistics services revenue exceeding $600 million from services performed within the three countries are evaluated in this research.

Definition of “qualified logistics service revenue”: 
In addition to the criteria specified above, the 3PL must meet at least one of the following:

- **Revenue exclusively generated from the following services performed (or completed) within the U.S., Canada and Mexico only:**
  - Warehousing
  - Distribution
  - Contract logistics
  - Managed transportation services (excluding any pass-through transportation carrier/haulage charges)
  - 4PL services (excluding any pass-through transportation carrier/haulage charges)
  - Supply chain services

- **Revenue not included in “qualified logistics services revenue”:**
  - Asset-based transportation revenue (carrier or hauler) services
  - Revenue from dedicated contract carriage divisions
  - Revenue from international air and ocean freight forwarding services

In addition to the criteria specified above, the 3PL must meet at least one of the following:

- **Services Diversification:** No more than 80% of revenue generated from any one service as outlined in the “qualified logistics service revenue” above.

- **Regional Diversification:** No more than 80% of “qualified logistics service revenue” coming exclusively from one single country within the region.

### Evaluation Criteria

#### Ability to Execute

- **Product or Service:** Measures the strength and quality of the logistics services offered, supported by the use of technologies to provide top execution performance.

- **Overall Viability:** Assesses the organization's overall financial health, the practical success of the business, and the likelihood that the business will continue to offer and invest in its services, and can extend its capabilities to meet customers’ needs.

- **Sales Execution/Pricing:** Appraises the sales team's consistent ability to drive new business from new and existing customers, the professionalism of the sales methodology, ability to offer competitive value for pricing, ability to create flexible agreements, and the delivery of what was sold.
- **Market Responsiveness/Record**: Considers the provider’s track record to be flexible in capitalizing on opportunities as they develop, as competitors act, as customer needs evolve and as market dynamics change. Includes the degree of specialized offerings across different industries.

- **Marketing Execution**: Evaluates the 3PL provider’s clarity, quality, creativity and efficacy of programs designed to deliver the organization’s message. This is used to influence the market, promote the brand and business, increase awareness of its services and capabilities, establish a positive identification of the organization and its reputation in the minds of buyers, and contribute to sales growth.

- **Customer Experience**: Rates the 3PL provider’s ability to manage its customers’ supply chain needs consistently and efficiently, matching or exceeding customer expectations. This includes features such as consistently providing effective startup services, having a customer-oriented culture, having a value-driven relationship structure and management, frequent communication mechanisms, issue resolution, and overall customer support.

- **Operations**: Gauges the degree to which the provider can profitably meet its customer goals and commitments on an ongoing basis, as well as the ability to set and routinely meet customer SLAs. This includes management style, talent development, experience and tenure, IT system capabilities and governance, sustainability and corporate social responsibility (CSR) programs, and internal operational metrics.
## Table 1: Ability to Execute Evaluation Criteria

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Source: Gartner (May 2021)

### Completeness of Vision

- **Market Understanding**: Evaluates the degree to which the provider understands current supply chain and logistics challenges and trends, and translates them into industry and/or domain-specific customer solutions. This includes supporting new and different partnering and operating models as desired by customers.

- **Marketing Strategy**: Assesses the 3PL provider's programs and strategies to offer a clear and differentiated message about its offerings and brand. This evaluates the provider's ability to promote itself as a leading or unique provider in the North American region in order to grow the business.

- **Sales Strategy**: Considers the provider's strategy for driving future business development, including its approach to keep prices competitive over time and in varying economic conditions. Better sales strategies outline methods for approaching industry-specific variations, and for aligning with segmented customer opportunities from transactional business to value-added to strategic.

- **Offering (Product) Strategy**: Considers the provider's strategy for developing a portfolio of repeatable, configurable and integrated solutions that are in demand and satisfy customers’ current and future supply chain challenges across North America. It also considers the degree to which the provider’s
strategy for service delivery matches or exceeds client requirements for cost, quality and differentiated service, and enables continuous improvement and innovation in line with clients’ business objectives.

- **Business Model**: Evaluates the stability, soundness and logic of the 3PL provider's underlying business ownership structure, financing and operating model in terms of satisfying the range of clients’ current and future business requirements and objectives, while supporting profitable business. Included here is an assessment of the 3PL provider’s investment and growth strategy, mixing organic and merger and acquisition (M&A) growth.

- **Vertical/Industry Strategy**: Rates the degree to which the 3PL provider has a strategy to invest in and develop resources, skills and service offerings to provide customers with industry-specific supply chain solutions.

- **Innovation**: Measures the degree to which the 3PL provider invests in and develops differentiated services for itself and its customers by leveraging an innovation generation process methodology that uses a combination of specialized competence, creativity and advanced technologies.

- **Geographic Strategy**: Evaluates the degree to which the provider offers transportation management, warehousing and distribution, and other supply chain services with its own physical infrastructure and resources to meet customers’ requirements across the U.S., Canada and Mexico.
### Quadrant Descriptions

#### Leaders

Leaders rate well on the highly weighted criteria for both Ability to Execute and Completeness of Vision. These strong-performing and full-service 3PLs offer a broader portfolio of logistics functions and typically value-added services that span the end-to-end supply chain, and have specific industry variations that customers can leverage. They understand North American logistics market drivers, regional nuances and customer needs, and translate that understanding into service offerings that are locally fit for purpose and supported by the use of leading technologies. Leaders have well-structured strategies and business models that support the continued expansion of their regional capabilities and service coverage. Customers trust and rely on Leaders to help them achieve top logistics performance within the U.S., Canada and Mexico.

#### Challengers

Challengers characteristically perform traditional logistics functions exceptionally well on behalf of their customers. However, they trail the Leaders on any number of Completeness of Vision criteria. For
example, they may lack a comprehensive regional network, depth or variety of service offerings, or depth and availability of specialized vertical industry solutions when compared with the Leaders. Although Challengers demonstrate a solid understanding of today’s logistics industry across North America, they are unlikely to invest as much in innovative solutions or solution design approaches as the Leaders. Challengers may not have the same clarity and comprehensiveness in their strategies for growth to meet the most demanding customers’ North American regional needs.

Visionaries
Visionaries display process, technological or business model innovation, and are influencing (or will soon influence) the direction of the logistics industry. These 3PLs may have a more limited scope than Leaders and Challengers, but most likely are limited only in execution or a demonstrable track record across a broad range of customers and industries in North America. Typically, their services and regional market presence aren’t as complete or established enough to challenge the leading vendors. However, certain organizations and industries seek them out for their alternative, less regimented and potentially innovative approach to logistics.

Niche Players
Niche Players, either deliberately or as a natural course of evolution, offer a more limited set of logistics services, or operate primarily in a more selective number of regions or industries than their competitors. Niche Players may offer a single or limited set of traditional logistics services, but have either consciously chosen to focus on a specific region or industry, or have limited their growth and investment to particular areas of service expertise. These providers usually demonstrate reduced scale and robustness, compared with the Challengers and Leaders, in one or more of the criteria that are highly rated, while potentially still having very strong performance in particular areas. Niche Player providers may be sought after for their high-touch service and customer-oriented flexible approach.

Context
This Magic Quadrant evaluates 19 top North American 3PLs to demonstrate how they compare in relation to one another across a variety of detailed criteria (see the Evaluation Criteria section above). These criteria are designed to define “what good looks like” for logistics providers in the region based on capabilities, strategies, services and operating models that customers prefer when formulating their 3PL portfolios.

The Magic Quadrant (see Figure 1) places a dot for each provider in a position on a grid to indicate its representative — and competitively relative — score across the criteria for Ability to Execute and Completeness of Vision. In this section, we detail how we define those criteria and place importance on certain ones over others for the 3PL market. This provides the context for how Gartner rates logistics providers for North America, and explains why the dots land in the positions they do.

Setting the Baseline
All the 3PLs evaluated here, as well as many other logistics providers operating in North America that didn’t meet all the inclusion criteria for this Magic Quadrant, have hundreds (if not thousands) of customers. They have all proved that they can successfully serve customers to some level of execution in at least one form of logistics service or another. There certainly is no shortage of 3PL providers in the market.

The 3PLs evaluated in this Magic Quadrant are not the only 3PLs worth considering. Based on our inclusion criteria, the 19 providers evaluated in this research are an elite group of 3PLs.

Logistics and supply chain professionals at companies forming their portfolios of regional providers should use this research as part of an evaluation and selection process for sourcing 3PLs for services in the U.S., Canada and Mexico. To identify and choose the right providers for your organization, it is important to develop and deploy the appropriate evaluation, selection and ongoing management methodologies in alignment with the overall logistics and supply chain strategy of your organization. This would include defining screening criteria, identifying essential requirements, evaluating and aligning with the providers, and developing lasting relationships that continually drive desired business outcomes.

For warehousing and fulfillment engagements, see resources such as Ignition Guide to Evaluating and Selecting a Logistics Outsourcing Vendor and Learning From Logistics Leaders: Build Network Resilience With a Balanced 3PL Portfolio Strategy. They provide directional guidance on how to structure 3PL portfolios and considerations for evaluating and selecting logistics outsourcing vendors.

A Logistics Landscape Altered by COVID-19

The recent COVID-19 pandemic placed logistics activity center stage for many organizations as the capabilities, responsiveness and agility of 3PLs were put to the test in an unprecedented way. Macroeconomic constraints created both new challenges and opportunities for 3PLs that had the agility to adapt to a rapidly evolving logistics landscape in order to meet the changing needs of their customers. Supply and demand swings, surging e-commerce volumes, capacity constraints, delays, congestion, equipment shortage and increased buffer stock are just a few of the challenges shippers faced during the pandemic. Many shippers brought these issues to their 3PLs with the expectation of having the 3PLs offer plausible solutions.

Seemingly overnight digital dexterity and end-to-end supply chain visibility became a crucial component in navigating through the crisis. For shippers that were not prepared with the necessary technology in place to face these challenges head on, the alternative was to leverage the technology and visibility of their 3PLs. For companies using 3PLs for outsourcing, the realization that their performance is heavily dependent on their 3PL’s capabilities is now unquestionable.

A noticeable shift toward clearer understanding of the value of strategic partnerships between shippers and 3PLs has also occurred. As a result, the motivation to focus on continuous improvement and innovative solutions to tap into greater value in these relationships is stronger than ever before. See Use
Defining the Core Components of a Good North American 3PL Provider

All Magic Quadrants are composed of two major axes — Ability to Execute and Completeness of Vision — and the major criteria elements for every Magic Quadrant are the same. To create a Magic Quadrant that would be valuable to logistics customers, it was critical to develop a definition of what is important when outsourcing logistics in North America in the context of the criteria on the two axes. In the Evaluation Criteria section above, we detailed the criteria for each axis and articulated how each criterion is defined for the logistics market. Here, though, we focus on and further explain several of the highly rated critical factors that more heavily influence each provider’s evaluation as represented in the Magic Quadrant. You might say these critical factors form the major definition of “what good looks like” for a North American 3PL provider.

Critical Factor No. 1 — Agile, Adaptable and Resilient: One major differentiating capability for this Magic Quadrant is the 3PL’s ability to demonstrate agility, adaptability and resilience throughout the COVID-19 pandemic. As with any major disruptive event, customer needs became quite fluid, and responding quickly to those rapidly changing needs is a key critical factor. Providers that successfully demonstrated agility, adaptability and resiliency through the crisis were able to provide better support to their customers. That support was instrumental in helping customers deliver on the strategic imperatives of their organization. Vendors that were able to identify key logistics trends and demonstrate concise, deliberate and effective action taken in response to those trends scored higher in the Completeness of Vision and Ability to Execute.

Critical Factor No. 2 — Digitally Dexterous: Digital dexterity refers to the ability and ambition to use technology to better business outcomes. Collecting a portfolio of logos from off-the-shelf technology providers does not equate to digital dexterity. Rather, the interconnectivity and resulting impact of the technology is digital dexterity. This is especially true when clear benefits are represented to justify the 3PLs’ tech stack. Customers are less impressed by the diversification of technology a 3PL provider is using and more focused on how the technology is leveraged to drive business outcomes. Seamless access to integrated services, unified technology platforms and business intelligence tools that provide data-driven insights are highly valued by customers. Vendors that presented supporting information on how their technology was leveraged to support the business goals of their company and their shippers scored higher on Ability to Execute.

Critical Factor No. 3 — Social Sensitivity: Another critical factor in this year’s Magic Quadrant is social sensitivity. Diversity, equity and inclusion (DEI) initiatives have substantially progressed among 3PLs. Social responsibility and sensitivity by 3PLs to create more diversity, not only among their talent pool, but also among their executive leadership teams, set many apart from their peers. Providers that highlighted outcomes of DEI scored higher on Completeness of Vision.
In addition to DEI, sustainability initiatives also gained traction as many 3PLs demonstrated participation in well-known sustainability programs. Providers that drove their own initiatives and presented sophisticated initiatives and substantial progress on sustainability targets scored higher on Completeness of Vision. There does however appear to be significant gaps between targets set by shippers particularly in relation to greenhouse gas emissions and those of the 3PLs. Shippers will need to discuss with their 3PL service providers their sustainability targets and strategies and ascertain the level of contribution their 3PL service providers can make. As shippers focus on sustainability increases, 3PLs will need to invest in both sustainable transport vehicles and sustainable warehousing infrastructure if they are to support shippers in achieving their sustainability targets.

**Critical Factor No. 4 — Fluency in Innovation:** Customers express a desire for 3PLs to be more inherently involved in improving their business outcomes without being asked or provoked. This broadly comes under the idea of “being more innovative,” but 3PLs often find that vague. Customers specifically state they want 3PLs to share more of the improvements or innovations they achieve with other customers, and to better leverage their networks to provide value that no individual customer might be able to achieve. 3PLs score higher on Completeness of Vision when investing in a dedicated capability to develop innovative ways of improving logistics processes or exploring new technologies outside of customer engagements.

**Critical Factor No. 5 — Service Specialization:** As customers continue to mature, they look to their logistics providers to offer more end-to-end logistics services. They also look to 3PLs to have tailored services to the idiosyncrasies of their industry, and to have retained and developed highly seasoned competency in top industry-specific practices. Customers are looking for, and hoping to gain leverage through, specialized expertise and capabilities beyond what they have themselves, and for 3PLs to help jump-start improvements across their logistics networks. Providers that work well within one or two specific industries improve their Ability to Execute scores. Those providers with extensive industry programs that are embedded within their business development and operational approaches tend to score higher on Completeness of Vision.

With this contextual backdrop, companies can now more fully understand how the various 3PLs were evaluated, what was deemed important and what might be differentiated. Consequently, it is clear why the dots for each 3PL provider appear where they do on the Magic Quadrant.

**Market Overview**

As the logistics market in North America continues to expand, the providers represented in this research continue to expand their capabilities to further enable customers to outsource, either completely or partially, their logistics operations to external specialists. Many companies view logistics outsourcing as an effective strategy primarily to reduce costs, but more and more customers are seeking innovative solutions that can improve processes, enhance technological capabilities and improve service.

In the course of our research for this Magic Quadrant, we repeatedly found a set of substantial trends or business conditions that logistics providers should be paying attention to, such as:
These are driving change across the logistics outsourcing industry and worrying logistics executives. Some providers are evolving existing models, so they are looking at the logistics industry in a new way.

M&A is a very common growth strategy, and consolidation is likely to continue as it presents a faster way to obtain more services and provide coverage in additional geographies than organic growth. In that regard, as evidenced by recent events, customers should be aware that a 3PL provider of almost any size could be involved in an ownership change event. Quite often, 3PLs are also making smaller targeted acquisitions to add industry-specific capabilities or much needed technology, or to bolster a service line with more depth of capabilities. These acquisitions are often proving to be very good for all parties concerned, including customers.

**Evaluation Criteria Definitions**

**Ability to Execute**

**Product/Service:** Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.
Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers’ wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers’ wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners,
channels and subsidiaries as appropriate for that geography and market.

Document Revision History

Magic Quadrant for Third-Party Logistics, North America - 8 May 2019
Magic Quadrant for Third-Party Logistics, North America - 2 May 2017
Magic Quadrant for Third-Party Logistics, North America - 21 April 2015

Recommended by the Authors

Magic Quadrant for Third-Party Logistics, Worldwide
How Markets and Vendors Are Evaluated in Gartner Magic Quadrants
Ignition Guide to Creating an Effective RFP for 3PL Warehouse Providers
Learning From Logistics Leaders: Build Network Resilience With a Balanced 3PL Portfolio Strategy
Shippers Take Note: 3PLs Are Innovative and Here Is the Proof
Use Continuous Improvement in Logistics Outsourcing to Drive Greater Value
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Source: Gartner (May 2021)
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<tr>
<td>Vertical/Industry Strategy</td>
<td>High</td>
</tr>
<tr>
<td>Innovation</td>
<td>High</td>
</tr>
<tr>
<td>Geographic Strategy</td>
<td>Medium</td>
</tr>
</tbody>
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Source: Gartner (May 2021)