Magic Quadrant for Third-Party Logistics, Worldwide

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Initiatives: Logistics and Customer Fulfillment

This Magic Quadrant evaluates the leading third-party logistics providers globally. Supply chain leaders responsible for logistics can use this research to assess these 3PLs when considering outsourcing their logistics operations.

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 company that moves, stores or manages the distribution of products or materials on behalf of its customer for a fee, without taking ownership of such products or materials. Third-party logistics providers offer many traditional services, such as:

- Transportation management and freight brokerage
- Warehousing, consolidation, distribution and fulfillment (contract logistics)
- International logistics management (such as air and ocean freight forwarding and customs brokerage)

In this research, we consider logistics service provider and third-party logistics provider to be synonymous, and refer to them as a “3PL provider” or simply a “3PL.” “Non-asset-based” or “asset-light” logistics providers are prevalent in today’s market. In these models, the 3PL uses its expertise, technology and capabilities to offer and manage services that use the physical resources of other subcontractors including independent transportation owner-operators, shipping lines or other carriers across the various modes.
3PLs continue to extend their offerings beyond the more traditional services, allowing them the opportunity to increase their value, resolve additional customer supply chain challenges and establish longer-term partnerships.

Included in the portfolio of value-added services are:

- Transportation procurement
- Network design
- Returns and repair processing
- Assembly and kitting
- Cross-docking
- Co-packing
- Cargo insurance
- Call center management
- Customs brokerage
- Postponement
- Project logistics

Gartner does not consider pure carriers or asset-based operators such as airlines, couriers, integrators, railways and shipping lines to be 3PLs in the context of this research. Therefore, revenue obtained directly by 3PLs from their asset-based operating lines of business is not considered in this Magic Quadrant.

Other types of companies, such as contract manufacturers, wholesale distributors, consulting organizations and business process outsourcing providers, may offer some logistics services as part of what they do. However, since these logistics services are not their core business, Gartner does not classify them as 3PLs. As a result, they are not included in this research.
Magic Quadrant

Figure 1: Magic Quadrant for Third-Party Logistics, Worldwide

Source: Gartner (June 2021)
Vendor Strengths and Cautions

Agility

Agility is a Challenger in this Magic Quadrant. Agility is a global full-service freight forwarding, contract and integrated logistics provider and the largest owner and developer of industrial real estate in the Middle East and North Africa. Agility's headquarters are located in Sulaibiya, Kuwait. Agility offers end-to-end logistics services, including ocean, air, road freight, warehousing and integrated supply chain services in more than 100 countries. With 2020 gross revenue of $5.3 billion, the company has over 26,000 employees in 500 offices that also provide specialized solutions for the verticals Agility operates in, including oil and gas, chemicals, and events logistics.

Strengths

- In addition to traditional 3PL services, Agility offers a digital freight forwarding service called “Shipa.” This digital platform allows small and midsize customers access to e-commerce logistics and last-mile delivery services. Shipa Freight's comprehensive online freight forwarding platform also offers air, ocean freight and customs clearance expertise across more than 100 countries, complemented with other value-added services.

- Agility has invested in existing and planned energy reduction and renewables projects, including solar projects in Singapore, Dubai, Jordan and India. These projects are expected to reduce global emissions from electricity by 8% to 10%. Agility has also invested $94 million over five years in companies that promote environmental, social and governance (ESG) innovation, further strengthening its sustainability strategy.

- Agility's strong market responsiveness to disruptive challenges and deployment of resiliency initiatives helped customers navigate the COVID-19 crisis and Brexit. New services were added in its air freight, LCL Express Services and China rail service to manage capacity constraints. Certain customers indicated a high level of value derived from Agility’s specialized industry knowledge, speed of communications and a customer-oriented culture that helps it react quickly to changing market conditions.

Cautions
Agility deploys an “ACID” test methodology to measure the business impact of innovation initiatives to determine what investments will be made in new solutions. This strategy does not always provide a clear path on how initiatives would move through the development process. Companies looking for forward-thinking efforts in new solution development might find Agility’s process in this area more reactive than proactive.

Agility’s global employee retention rates are lower compared to some of its peers in this Magic Quadrant. The retention rate for 2020 was 78%, down from 85% in 2019 and 86% in 2018, indicating a downward trend. While the COVID-19 pandemic in 2020 was most likely a contributing factor, the rate of decline could present a risk of disruption in the continuity of services Agility provides to its customers.

While Agility’s offerings and support staff are strong in the Middle East, Africa and South Asia, its global staff coverage might be too unbalanced for companies looking for a more comprehensive global presence in a service provider.

**Bolloré Logistics**

Bolloré Logistics (Bolloré) is a Challenger in this Magic Quadrant. Bolloré Logistics is a subsidiary of the Bolloré Group, with its headquarters in Puteaux, France. A family-owned company, Bolloré has a global network presence on five continents in 109 countries. Bolloré Logistics has over 600 branches worldwide with more than 35,000 employees working within its logistics division. Bolloré has the largest integrated logistics network in Africa. Its vertical market expertise is primarily in the aerospace, oil and gas, healthcare, retail, telecom, perfumes and cosmetics, and defense sectors. In 2020, Bolloré generated $7.2 billion from its transport and logistics division.

**Strengths**

- Customer feedback has identified Bolloré as a very customer-centric logistics organization with an agile approach to exception management that has served them well during the disruptions of 2020. Bolloré was also identified as a service provider capable of making brave moves to ensure continuity of service supply during challenging periods.

- Bolloré continues to demonstrate a strong commitment to sustainability and the circular economy. The company’s CSR strategy encompasses eight out of the 17 United Nations Sustainable Development Goals from managing good health and well-being to the engagement of partnerships to help drive its sustainability initiatives forward.
Cautions

- Bolloré has made solid progress in technology and technological innovation, but it will need to invest further to differentiate its digitized offerings from its competitive set. While the initiatives will bring additional benefits to its customers, Bolloré needs to increase its speed of delivering technology solutions.

- The need for swifter and improved communication methods was also identified as an opportunity for improvement for Bolloré. Higher levels of productivity and expertise from team members would result in improvements in the execution of the more tactical elements of the services offered from Bolloré.

- Certain customers outlined that Bolloré could also strengthen its continuous improvement strategy by being more proactive in bringing ideas for continuous improvement to its clients and adopting a greater outside-in mindset.

CEVA Logistics

CEVA Logistics (CEVA) is a Leader in this Magic Quadrant. Part of the CMA CGM Group, CEVA Logistics is headquartered in Marseille, France. CEVA offers a full-service global transportation and logistics company with freight management and contract logistics operations. Its vertical market expertise is primarily in automotive, industrial, healthcare, energy services, consumer and retail, and technology. With 2020 gross revenue of $7.4 billion, it has more than 78,000 employees spanning 1,000 locations in 160 countries and operates in 9 million square meters of warehouse space worldwide in over 750 locations. Its average relationship with its top 30 customers is 20 years.

Strengths

- Since its acquisition by CMA CGM in 2019, CEVA has quickly reestablished itself as one of the world’s leading 3PL service providers. The company has been able to scale differentiated services as well as leverage the advantages of being part of a larger transportation group.

- CEVA’s customer centricity is one of its most admired and standout features. Certain customers noted this leading 3PL service provider’s ability to make decisions quickly and its willingness to invest in customized solutions.
ANJI-CEVA is this leading global 3PL service provider’s Chinese joint venture (JV). The JV is China’s No. 1 automotive logistics company with a 16% market share. The business operates in 400 Chinese cities and has an annual gross revenue of around $1.4 billion.

**Cautions**

- CEVA must better communicate its awareness of market trends and how it intends to build capability and new service offers. Certain customers reflected on CEVA’s occasional inability to properly explain its vision of the future and the company’s new product strategy.

- This leading global 3PL service provider needs to improve its price competitiveness. Internal data indicates that more than a third of its contract logistics and freight forwarding tenders are lost due to its pricing being uncompetitive.

- In the past, the company has been very focused on growing and retaining its large global customers. CEVA must also develop and expand its small and midsize customer portfolio by promoting its flexibility, accessibility and ease of doing business.

**DB Schenker**

DB Schenker is a Leader in this Magic Quadrant. DB Schenker is an international logistics company. Its headquarters are based in Essen, Germany, and the company was formed from several large, long-established companies beginning in 1835. It is the freight forwarding and logistics division of the German railway company Deutsche Bahn. Its vertical market expertise is primarily in aerospace, industrial, healthcare, consumer and retail fashion, and technology. DB Schenker posted logistics revenue of €17.7 billion for 2020. The company has 74,100 employees in more than 2,100 locations across 130 countries.

**Strengths**

- DB Schenker customers have outlined the professionalism of its account management services as a primary reason for engaging it as a 3PL service provider. DB Schenker’s strong willingness to listen to customers’ requirements and provide the appropriate service model was a capability customers cited as a key differentiator from its competitors.

- DB Schenker’s professionalism and willingness to provide innovative solutions has been well noted by its customers. It has also displayed the capabilities required to bring about the appropriate solutions to address crisis situations.
DB Schenker has increased its sustainability initiatives with the opening of its first low-carbon city distribution center in Oslo. The centrally located new terminal will reduce CO₂ emissions of city goods distribution by 80% by using electric cars and e-bikes. The company also has further ambitious targets to replace all of its diesel drivetrains with electric ones operating collection and distribution transport by 2030.

**Cautions**

- DB Schenker continues to build on its strong rate of business growth with a strong proportion delivered through new business acquisition. Offering greater levels of differentiated value to potential and renewing customers could ensure that DB Schenker secures a greater level of business growth.

- DB Schenker’s continuous improvement programs, while strong, were not as comprehensive as others in its competitive set. Some customers have outlined that ensuring strategic alignment and setting clear expectations are key to ensuring robust continuous improvement initiatives.

- DB Schenker’s customers have outlined the excellence of its services, but some have noted that it has a higher price point than others within its competitive set. Potential customers can expect a higher price point from DB Schenker, but customers have outlined the services provided by DB Schenker justify the higher price point.

**DHL**

DHL is a Leader in this Magic Quadrant. Headquartered in Bonn, Germany, and part of the Deutsche Post DHL Group, DHL is the world’s largest global provider of logistical and express-based services. Its vertical market expertise is primarily in automotive, engineering and manufacturing, healthcare, consumer and retail, and technology. In 2020, the company generated revenue of more than €66 billion, which represents a roughly 4% increase over the previous year. Present in almost every country in the world, the company employs more than half a million people. The two divisions considered within this research are DHL Supply Chain and DHL Global Freight Forwarding.

**Strengths**

- Customers of this global leader were impressed by DHL’s resilience and adaptability through the pandemic. DHL’s expansive network and significant resources meant that it was able to mobilize quickly and ensure continuity of services to global customers.
DHL is arguably the world’s leading global 3PL service provider when it comes to sustainability. The company’s GoGreen 2025 strategy seeks to deliver net zero CO₂ emissions in its warehousing and a 50% reduction in CO₂ emissions for its transportation services.

Another aspect of DHL’s industry leadership is its diversity and inclusion strategy, which it is eager to highlight but is also widely recognized by its customers. A progressive diversity and inclusion strategy is fast becoming a requirement potential customers are including in their list of essential requirements when selecting a third-party service provider.

**Cautions**

- DHL sometimes tends not to be as flexible and adaptable to different customers’ commercial needs. This is not to say that DHL is uncompetitive; however, some customers noted that, depending on the requirements, it is not as open to different commercial arrangements as some of its peers may be.

- Integration of services is another area where DHL can improve. While its scope of logistics services is extensive, the delivery experience to clients is disjointed and disconnected. This leading service provider has every logistics service a customer could want; however, these services are sometimes disjointed and disconnected, which can be affected by the level of complexity involved and customization offered.

- Accelerating digital transformation and driving scale and adoption must continue to be priorities for DHL. Although the company has invested heavily from both a financial and resource perspective in developing automation and robotics, as well as in digitizing processes, increased speed of adoption and adoption at scale will benefit both customers and suppliers.

**DSV**

DSV Panalpina is a Challenger in this Magic Quadrant. In 2020, DSV completed the integration of Panalpina, the largest acquisition in the company’s history. DSV Panalpina is a full-service global freight forwarding, contract and integrated logistics provider that manages global supply chain solutions for thousands of companies. Its vertical market expertise is primarily in automotive, industrial healthcare, consumer and retail, fashion, technology, and renewable energy. The company has offices in more than 80 countries and an international network of partners and agents with more than 56,000 employees and reported 2020 revenue of over $19 billion.
**Strengths**

- DSV Panalpina’s financial health and market position are strong, with 47.3% growth in overall earnings before interest and taxes (EBIT) in 2020 and 61% growth in its air and sea freight segments. DSV's financial and market position leverage allow it to be price, capacity and service competitive versus its peers.

- DSV Panalpina has shown a strong ability to build resilience and agility into customer service offerings particularly during disruptions. It established the Global Brexit and COVID Trade Intelligence Conference calls to inform on disruptions at country level, and its Innovation Hub provided customers with digital solutions to drive operational agility.

- DSV utilizes a trend monitoring platform approach to identify emerging trends in the market, develop customer solutions for them, including digitalization and sustainability within supply chain operations, and support them through technology. This process gives DSV the ability to be proactive in the development of solutions to current and future market trends and challenges.

**Cautions**

- DSV experienced an increase in its employee turnover ratio in 2020 (32.5% versus 23.6% the previous year), primarily due to the integration of Panalpina and adjustments due to the COVID-19-led decline in global trade activity. As the Panalpina integration is now complete, DSV expects this turnover ratio to decline in 2021. However, the recent turnover increase can result in customer service issues as the company realigns its workforce.

- DSV has been recently challenged with capacity and labor shortages in its operational roles. Local recruitment campaigns and the use of DSV Services (an internal labor service company operated out of Poland) have alleviated some of the pressures. External labor agencies and cross-border workers have also been deployed to improve the labor situation, but DSV’s ability to react quickly to volume demand changes remains impacted.

- DSV has engaged with a broad scope of sustainability initiatives, including setting science-based targets, to further develop its current and future sustainability programs. However, these initiatives are in an earlier stage of development than those of other participants in this Magic Quadrant. As sustainability initiatives continue to drive forward, DSV can build on its current strong start with increased focus on its sustainability programs.
Expeditors

Expeditors is a Challenger in this Magic Quadrant. Headquartered in Seattle, Washington, Expeditors provides air and ocean freight forwarding, domestic transportation, customs brokerage, trade compliance, and warehousing and distribution services. It also offers supply chain management services such as network design, order management and risk management. The company has more than 17,500 employees and operates in 357 locations in over 100 countries globally. In 2020, the company generated gross revenue of more than $10.1 billion. Expeditors serves a wide range of vertical industries including aerospace, manufacturing, oil and energy, retail, fashion, healthcare, and automotive.

Strengths

- Expeditors provides thought leadership and deep expertise in matters concerning customs brokerage and global trade compliance issues, such as Brexit. The company has subsidiaries focused on both trade consulting (Tradewin) and trade management software (Tradeflow) that provide Expeditors with a unique competitive advantage.

- The company's transportation, order management, distribution and customs systems are globally standardized and integrated, providing consistency in reporting capabilities and visibility. This standardization assists in providing consistent operational execution of its services globally for its customers.

- Expeditors has a high employee retention rate and invests heavily in its employees with regard to training and development programs. Over 51% of its employees globally have been with the company for at least five years.

Cautions

- Expeditors is known for high-quality service, which sometimes may come at a higher cost. Customers looking for purely tactical providers where cost is the sole criteria for 3PL selection may not be a good fit for Expeditors.

- Expeditors’ services are heavily focused on freight forwarding with air freight, ocean freight and ocean-freight-related services making up approximately 70% of its 2020 revenue. The company focuses less on warehousing in comparison to its peers.

- The company leans heavily toward developing its own proprietary core systems rather than purchasing off-the-shelf technologies. The downside of this is that development and upgrades of these systems may take longer.
GEODIS

GEODIS is a Leader in this Magic Quadrant. Headquartered in Paris, France, it is a worldwide transport and logistics provider with five core lines of business: supply chain optimization, freight forwarding, contract logistics, distribution and express, and road transport. The company has a direct presence in 67 countries and a global network covering 120 countries and 41,000 employees. GEODIS serves a range of vertical markets including retail, FMCG, healthcare, industrial, high tech and automotive.

GEODIS did not respond to requests for supplemental information. Gartner’s analysis is, therefore, based on other credible sources, including public information.

**Strengths**

- GEODIS has strong capabilities in the development of customer solutions in digital business applications and logistics technologies. Its product offerings include Internal Workflow Engine, GEODIS Visibility, Data Warehouse, IoT technology and Heatmap Visualization. In December 2020, GEODIS launched a new visibility platform, providing customers a consolidated control tower and integrating multiple complex operational systems (WMS, TMS, LMS and YMS) to create smarter, connected supply chains.

- GEODIS’ continual expansion of offerings and services has elevated its global presence. The company added long-term airfreight capacity for the Asia-Europe corridor via its AirDirect service. GEODIS has a two-way schedule of flights from China to Europe and back, offering customers a regular and reliable service. GEODIS also acquired PEKAES, a Polish logistics company, increasing its presence in Europe’s third largest logistics market.

- GEODIS is a leader in talent development, investment and employee retention in the 3PL space. GEODIS offers employees “step-up roles” to provide warehouse workers the opportunity to grow, as well as ongoing training through its learning management system. The company also offers a Leadership Development Program for college graduates, a military integration program in the U.S. and annual succession planning.

**Cautions**
Hitachi Transport System

Hitachi Transport System (Hitachi) is a Niche Player in this Magic Quadrant. Hitachi Transport System was founded in 1950 with its head office in Tokyo, Japan. Hitachi Transport System operates in 57 countries with a footprint across Japan, the Americas, Europe, East Asia and the rest of the Asia/Pacific region. With over 761 locations and a group total of over 45,328 employees, Hitachi Transport System offers the traditional range of 3PL services. In addition, it offers some specialized services including dangerous goods handling, heavy machinery handling, logistics consultancy, and logistics network design and development. Hitachi Transport System reported a gross revenue of $6.4 billion for 2020.

Hitachi Transport System did not respond to requests for supplemental information. Gartner’s analysis is, therefore, based on other credible sources, including public information.

Strengths

- Hitachi Transport System has a very strong sustainability strategy including eight of the 17 United Nations Sustainable Development Goals. It has outlined strong targets for CO$_2$ reduction up to 2050 with a reduction of 80% outlined in its targets.
Hitachi Transport System has an excellent bottom-up and top-down approach to continuous improvement initiatives. Employees at every level in the organization, as well as the C-suite executives, have input into the continuous improvement pipeline and selection of pilots to ensure continuous improvement is an ongoing process for Hitachi Transport System.

Hitachi Transport System specializes in handling both dangerous and hazardous goods and heavy industrial machinery transport and storage. Organizations seeking a vendor in this area of particular specialization may find Hitachi Transport System a good fit.

**Cautions**

- While Hitachi Transport System is working hard to develop its diversity and inclusion strategies, the organization does lag some of the other participants in this Magic Quadrant in terms of diversity and inclusion progression. Currently, only 4.7% of its managers are females.

- Hitachi Transport System deployed a series of technology initiatives in 2021 to enhance its digital product offerings. However, the technologies deployed by Hitachi in 2021 have been long-established by other participants in this Magic Quadrant, which puts Hitachi Transport System behind other participants for technology innovation.

- Hitachi Transport System has reviewed its talent management strategy, and while there is a strong drive to hire the very best external talent, there was not much evidence of in-house upskilling and promotion from its current talent pool. Hitachi Transport System could balance its external hiring process with an internal cross-functional training program, allowing internal team members the opportunity to progress their careers with Hitachi Transport System.

**Kerry Logistics Network**

Kerry Logistics Network (KLN) is a Niche Player in this Magic Quadrant. Hong Kong-based KLN offers a breadth of logistics services including international air and ocean freight forwarding, warehousing, distribution, and express services. It has locations in 59 countries and 4.8 million square meters of warehouse space. The logistics company had 2020 revenue of $6.9 billion. In February 2021, KLN announced a strategic partnership with SF Holding, with plans for SF Holding to acquire a 51.5% stake in the company. The merger will combine SF Holding’s leading express capabilities in China with KLN’s global forwarding services.
Kerry Logistics Network did not respond to requests for supplemental information. Gartner’s analysis is, therefore, based on other credible sources, including public information.

**Strengths**

- KLN has an extensive Asia/Pacific network in the global 3PL service provider community. Based in Hong Kong, KLN generates 50% of its revenue from its operations in mainland China, Hong Kong and Taiwan, making it one of the world’s leading 3PL service providers to the consumer electronics sector.

- KLN’s merger with SF Holding will give both companies access to new capabilities. SF Holding’s services in China include freight forwarding (air and ocean), cold chain, international express, warehousing, sales forecasting, intra-city delivery and supply chain management. In 2019, SF Holding bought Deutsche Post DHL Group’s supply chain division in China. This will result in a significant warehousing network in China.

- The company continues to invest in environmental and sustainability initiatives with plans to open a natural gas cold storage warehouse in Hong Kong, replacing R22 refrigerant with the environmentally friendly alternative. Kerry Express Thailand (KETH) is trialing a fleet of electric motorcycles as part of an initiative to reduce its carbon footprint. KETH will test the feasibility of using the bikes for parcel deliveries around Bangkok in the first phase of its Grow Green Program, with hopes to replace some of its 20,000 vehicles with these green alternatives.

**Cautions**

- KLN has deep transportation and logistics capabilities in Asia but does not have the same level of scale in other regions. Companies looking to KLN as a global provider for depth and breadth of capabilities in other geographies may be challenged.

- KLN’s planned merger with SF Holding will create a new powerhouse in logistics. However, it is subject to shareholder and regulatory approval, which is estimated to take six months. The required spinoff of its logistics operations in Hong Kong and Taiwan may create uncertainty and challenges for some customers.

- As its focus is on merging services with SF Holding, KLN runs the risk of losing momentum in strategic areas such as technology and innovation, ESG initiatives, and diversity and inclusion. In the latter area, KLN is far behind its peers.
Kintetsu World Express

Kintetsu World Express (KWE) is a Niche Player in this Magic Quadrant. The company is the parent company of APL Logistics and is headquartered in Tokyo, Japan. KWE provides air and ocean freight forwarding, customs brokerage, and warehousing and distribution services across 823 locations in 332 cities and 46 countries across the globe. The company serves several key vertical industries including electronics, automotive, healthcare, industrial and energy. KWE has plans for network expansion into emerging markets such as Bangladesh, Sri Lanka, North Africa, Turkey, and Central and Eastern Europe.

*Kintetsu World Express did not respond to requests for supplemental information.* Gartner's analysis is, therefore, based on other credible sources, including public information.

**Strengths**

- KWE is known for its regional strength in Southeast Asia, East Asia, Oceania and EMEA. The company has substantial operations in both China and India, and has a targeted focus on emerging markets as part of its growth strategy. Expansion plans also involve handling more volumes intra-Asia and from/to Asia.

- KWE provides significant localized support to customers. The company runs localized control tower operations and local dedicated customer service teams, and, in some cases, will place its own employees within the customer’s facility to ensure adequate support. Customers entering into a new or emerging market may benefit from the degree of localized support KWE has to offer.

- KWE has completed several CSR initiatives globally that focus on environmental protection, welfare and cultural support. Companies looking for 3PLs to align with their own CSR and sustainability initiatives should consider KWE.

**Cautions**

- KWE is further behind in digitalization in comparison to other providers featured in this Magic Quadrant. The company’s investment focus in IT is concentrated on more foundational capabilities that center around hardware, software and further system development rather than on more advanced technologies.

- Financial stability is an area of improvement for KWE. The company has identified the need to improve its equity ratio and reduce net interest bearing debt as a key area of focus as part of its Medium Term Management Plan.
Kuehne + Nagel

Kuehne + Nagel (K+N) is a Leader in this Magic Quadrant. Headquartered in Switzerland, K+N is one of the global leaders in providing non-asset-based logistics services. This 3PL provider is present in over 100 countries, employs over 78,000 people worldwide and maintains more than 1,300 offices. K+N generated $22.32 billion dollars in global revenue in 2020. K+N offers a broad range of logistics services, including air freight, sea freight, overland/road freight, contract logistics, brokerage and integrated logistics. K+N serves a range of vertical markets including aerospace, industrial, pharma and healthcare, automotive, high tech, FMCG, and oil and gas.

Strengths

- K+N is an industry leader and a top three global, air/ocean forwarder in terms of volume and revenue. K+N's mix of organic and inorganic growth strategies, paired with a proven propensity to develop highly specialized solutions by industry verticals, reinforces its continued expansion and position in the 3PL market.

- K+N differentiates itself through the scope and depth of its services, through the attitude and entrepreneurial mindset of its people, and through the level of data and system integration across its business units and with external partners. Companies looking to engage with K+N will find a highly capable provider with deep global expertise.

- K+N is a leader in environmental and sustainability goals, meeting its carbon neutral goal in its direct sphere of influence in 2020 (Scopes 1 and 2 of the GHG Protocol). K+N also publicly committed to being CO₂-neutral for all emissions (own emissions and suppliers) by 2030. K+N has committed that its renewable energy strategy will focus on having all countries switched from fossil to renewable energy by 2023, and K+N has numerous projects across all modes and services to meet its sustainability targets.

Cautions

- Companies that leverage K+N cite that pricing can tend to represent premium service levels. As a result, there is a need to look at both cost and service when evaluating K+N against alternatives.
Maersk

Maersk Logistics and Services (Maersk) is a Challenger in this Magic Quadrant. Headquartered in Denmark, this logistics and services business (a subsidiary of A.P. Moller-Maersk) reported revenue of more than $8.2 billion in 2020. Maersk is rapidly becoming a prominent force in the global 3PL service provider sector. With a presence in some 130 countries, its logistics and services business is composed of five main activities: supply chain management activities, intermodal transportation, inland services, freight forwarding and other activities encompassing warehousing, distribution and value-added services. Maersk serves a wide range of vertical markets including chemicals, automotive, pharma and healthcare, retail, fashion and lifestyle, high tech, and FMCG.

Strengths

- This global 3PL's resilience and adaptability was thoroughly tested by the pandemic, and customers reported that Maersk more than rose to the challenge and exceeded expectations. Its ability to mobilize resources ensured continuity of services to global customers.

- Maersk’s decision to integrate the Damco brand’s air and ocean less than container load (LCL) offering with its logistics and services products provides the clarity that the market was seeking. This eases the company’s ability to offer end-to-end integrated services.

- The company has significantly expanded its technology solutions with offerings being brought to market such as Twill, Maersk Flow and the recently launched NeoNav. Digitalization is an enabler of Maersk’s fourth-party logistics (4PL) and Supply Chain as a Service value proposition.

Cautions

- Customers acknowledge Maersk’s technologically driven strategy and future vision, and are eagerly anticipating what’s to come. However, those same customers would like Maersk to accelerate its global rollout of new technologies and digitize at scale.
Maersk has increased its focus on diversity, equity and inclusion across its entire business. Increasingly, this topic is becoming an important aspect of the selection criteria that customers apply when deciding on a global 3PL partner. Maersk can build on its solid work to date by targeting development programs for diverse groups, appointing more women to mid- and senior-level positions and using data to drive accountability and change.

Continuous improvement is an aspect of customer engagements that Maersk needs to improve. Some customers state Maersk could be more proactive in identifying continuous improvement opportunities and driving these initiatives forward.

Rhenus Group

Rhenus Group is a Niche Player in this Magic Quadrant. Rhenus Logistics is headquartered in Holzwickede, Germany. The Rhenus Group offers solutions for multimodal transport, warehousing and customs clearance, and value-added services. With 2020 annual revenue of $6.6 billion, Rhenus operates 820 locations in 50 countries, employing over 33,500 people. Rhenus Group serves a range of vertical markets including automotive, industrial and high tech.

*Rhenus Logistics did not respond to requests for supplemental information. Gartner’s analysis is, therefore, based on other credible sources, including public information.*

**Strengths**

- Rhenus has developed and deployed digital solutions through its subsidiary Cargologic, which handles complete freight logistics for airlines and forwarders at airports and introduced an RFID pilot project at Zurich Airport in 2019. Consignments can be identified and localized automatically and without any contact by using the transmitter/receiver systems it developed.

- Rhenus has also developed innovative solutions for its customers, including the Hanse Eco fleet, an innovative hull ship with hybrid propulsion, a biocatalytic converter and integrated automation. This short sea fleet is ecological and state-of-the-art in terms of its design and digitalization. Rhenus Transport also established the largest e-truck fleet in Germany.
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- Rhenus has made significant investment in geographic expansion. In 2020, Rhenus took over the Spanish supply chain specialist LTK, the Malcolm Total Logistics Group in New Zealand, the high-tech activities of Simon Hegele and the freight forwarding transport activities of the Cretschmar Group. It has acquired LOXX Group to strengthen its activities in Europe, expanded its air and ocean division to include Mexico City, launched a vehicle logistics department in the U.K., and acquired Deutsche Binnenreederei, a vessel operator in the waterways of Germany and Poland for container, dry bulk and heavy lift freight.

**Cautions**

- Customers seeking global service coverage with a 3PL might find Rhenus' geographical or service offerings limited for end-to-end supply chain coverage. As a specialized forwarder, Rhenus’ focus on customized services, combined with its decentralized operational structure, may not offer the broader, integrated logistics management solutions that some customers require.

- Rhenus' decentralized organizational structure model of 18 business units, by design, results in a lack of a cohesive sustainability strategy. Rhenus’ divisions take on sustainability actions as they deem necessary. Rhenus is making efforts to improve its carbon footprint as evidenced by its Tilburg distribution center (DC) where it produces its own electricity. Clients seeking a leader in logistics sustainability programs will find others in the 3PL market more advanced.

- Rhenus’ digital solutions for its customers are not as developed in terms of offering breadth as those of some of its peers. Although the company offers basic digital solutions like track and trace and a customer freight portal, the overall offering is limited in scope. Global organizations looking for more advanced digital solutions might find Rhenus’ capabilities in this area somewhat limited.

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**UPS Supply Chain Solutions**

UPS Supply Chain Solutions (UPS SCS) is a Leader in this Magic Quadrant. UPS SCS is a subsidiary of United Parcel Service (UPS). UPS SCS revenue in 2020 was over $15 billion. Headquartered in Alpharetta, Georgia, the company operates globally in North America, Latin America, APAC and EMEA. It offers a comprehensive suite of logistics services including warehousing and distribution services, air and ocean freight forwarding, customs brokerage, road transportation, and 4PL services. UPS serves a number of key vertical industries including healthcare, life sciences, automotive, high tech, consumer retail, industrial manufacturing and aerospace.
Strengths

- The full depth and breadth of services UPS SCS offers make it a strong global preferred provider. The company offers services from supplier management all the way through to aftermarket sales support.

- UPS SCS has made significant progress with regard to developing and implementing innovative solutions. The company is actively leveraging robotics, drones, artificial intelligence, autonomous vehicles, visibility platforms, sensor technology and many other innovative solutions to help drive value for customers.

- UPS SCS is advanced in its sustainability programs and initiatives. While there are too many initiatives and programs to state here, most notably, the company has several global environmental projects, an eco-responsible packaging program and facilities with green building certification. It has made substantial investment in the future of its sustainable fleets.

Cautions

- UPS SCS is focusing on its growth strategy of getting “better, not bigger.” Customers looking for purely tactical providers where cost is the sole evaluation factor of a 3PL may not be a good fit for UPS.

- The company is moving forward rapidly with its digitalization strategy by integrating emerging technologies and new software into its technology stack. Customers may experience some of these changes as “seams” or lack of harmonization across the different services UPS SCS provides.

- The size of UPS SCS may make it slower for customers to get commercial decisions. Some customers have indicated constraints in its decision making due to delays in confirmation of commercial agreements.

XPO

XPO Logistics (XPO) is a Leader in this Magic Quadrant. XPO Logistics is headquartered in Greenwich, Connecticut, U.S. XPO generated $16.25 billion in revenue in 2020. It has a network of 1,629 locations in 30 countries with 100,000 employees. XPO intends to spin off its logistics business into GXO Logistics with an expected completion in the second half of 2021. The result will be two stand-alone companies: one focused on LTL, truckload brokerage and air freight forwarding, and the other focused on contract logistics. XPO serves a number of key vertical industries including apparel, cosmetics, consumer electronics, food and beverages, appliances, consumer packaged goods, furniture, aerospace parts, chemicals, and medical equipment.
**Strengths**

- XPO Logistics invested $550 million in technology in 2020 and plans to invest similar amounts annually in the future. Customers benefited from these investments through solutions such as its multilingual COVID-19 dashboard, warehouse automation and digital platforms.

- XPO Logistics has significantly focused on its last-mile offering with a comprehensive service across 85 hubs reaching 99.95% of the U.S. population in two days with XPO Direct, a shared-space fulfillment model. XPO Logistics saw significant success by offering later-stage brands the ability to get their products closer to the consumer without the upfront investment of a dedicated solution.

- XPO Logistics has a strong focus on selecting and developing staff, including relationships with 60 universities to develop a pipeline of talent. It was named a World’s Most Admired Company for the fourth consecutive year by Fortune, named LTL Collaborator of the year by GlobalTranz, and honored by Dow for environmental stewardship in transportation.

**Cautions**

- Given XPO Logistics’ capabilities, technology investments and growth in e-commerce, it is unclear how the spinoff of the logistics business will impact the overall service offerings and capabilities of the stand-alone businesses.

- While XPO Logistics continues to make strides in improving employee retention rates, both in the hourly and management ranks, employees feel there is more work to be done to improve management and talent training programs.

- XPO Logistics has been identified as a solid and reliable carrier, but some customers felt its offerings and operations were more traditional than innovative. XPO could build on its current solid foundation by increasing its digitalization capabilities.

**Yusen Logistics**

Yusen Logistics is a Niche Player in this Magic Quadrant. Yusen Logistics is headquartered in Hong Kong and Japan, and generated $4.9 billion in 2020 annual revenue. Yusen Logistics offers a range of services including international air and ocean freight forwarding, contract logistics and land transport, and supply chain solutions. The business operates across 47 countries and regions, with 595 logistics centers. Yusen Logistics services a range of customers across the automotive, aerospace, food and beverage, retail, healthcare, and technology verticals.
**Strengths**

- Yusen continues to invest in technology through its strategy TRANSFORM 2025. The strategy consists of delivering customized digital solutions for industry segments as well as developing standard solutions for all customers such as track and trace and instant quoting.

- Yusen Logistics is highly focused on customer solutions, and its digital tools are a good example. Its e-sourcing tool allows for sourcing of products and complete purchase order life cycle management, e-order is its managed inventory tool, and e-commerce fulfillment provides end-to-end management of e-commerce orders. Its innovation in technology and tools offers real benefits to its customers.

- Yusen Logistics is a subsidiary of NYK Group, and, as such, it benefits from the parent’s strategy on CSR. Under the NYK sustainability policy, the majority of Yusen Logistics’ EU sites have been certified with ISO 14001.

**Cautions**

- Yusen recognizes the importance of a strong diversity, equity and inclusion strategy and has increased its focus on building a diverse workforce. However, its diversity, equity and inclusion (DEI) strategies were not as advanced as other participants in this Magic Quadrant. Yusen will need to build further on its strong start to appeal to organizations where DEI is a strong strategic objective for them.

- Yusen Logistics remains heavily present in the Asia/Pacific market. While Yusen has expanded its global presence, further increasing its global infrastructure and end-to-end supply chain services will help build Yusen’s appeal to multinational customers.

- Brand awareness in general appears to be a challenge for this 3PL. Other global 3PLs have higher profiles and are more top of mind with major customers when thinking about which global 3PL partners they may choose to evaluate and potentially work with.

**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
Hitachi Transport System was added as the company met the inclusion criteria to be featured in this year’s Magic Quadrant.

Dropped
No vendors were dropped.

Inclusion and Exclusion Criteria
To meet the challenges of the largest global and multinational organizations’ changing demands for logistics outsourcing, Gartner needed to consider 3PLs with the depth and breadth to provide the requisite broad regional coverage and multiple service requirements. Hence, to participate in this Magic Quadrant, 3PLs had to meet the following criteria:

- **Annual turnover**: The 3PL must have annual gross revenue exceeding $4 billion for the latest full financial year which was derived from logistics services encompassed by this Magic Quadrant.

- **Services diversification**: The 3PL should not generate more than 70% of its logistics revenue from just one of these main logistics services:
  - Regional transportation management
  - Warehousing and distribution management (contract logistics)
  - International freight forwarding including customs brokerage services and capabilities

- **Regional diversification**: The 3PL must have generated revenue from multiple regions of the world, with no more than 70% of its revenue coming exclusively from a single region defined as the Americas; Europe, the Middle East and Africa (EMEA); and Asia/Pacific (APAC).
Honorable Mentions

Several logistics providers were excluded from this Magic Quadrant. These providers did not meet some or all of the inclusion qualification criteria for revenue, services diversification and regional diversification. These providers may be evaluated in one of our regional 3PL Magic Quadrants or regional Market Guides.

For some customers, vendors such as those listed below may have strengths that make them more appealing than those featured in this Magic Quadrant — regardless of the characteristics that excluded the vendors from this research.

C.H. Robinson is one of the world's leading transportation brokerage companies and has a globally expansive freight forwarding business including surface transportation (full truckload [FTL], less than truckload [LTL], parcel), intermodal, freight forwarding and supply chain services. C.H. Robinson was not included in the Worldwide Magic Quadrant as it did not meet the gross revenue threshold and the service diversification threshold for contract logistics.

DACHSER is a German-based global logistics company. DACHSER's strong European asset-based logistics network is one of the most extensive in operation across the continent. It offers expert services particularly to the food sector, and, as a result, DACHSER could be a good fit for organizations looking for a European expert in food logistics. DACHSER, however, did not have the regional diversification to qualify for this Worldwide Magic Quadrant.

FedEx, founded in 1973, is a global leader in multimodal delivery services and operates one of the world's largest all-cargo air fleets. The company provides freight forwarding services and customs brokerage. FedEx did not qualify for this year's Magic Quadrant. It did not meet the service diversification criteria as its warehouse and contract logistics division is not as developed as those divisions of other 3PLs.

GEFCO is a full-service supply chain management company and Europe's leading automotive 3PL service provider. Despite qualifying based on both the gross revenue threshold and the regional diversification criteria, it did not meet the inclusion criterion for service diversification. However, customers in the automotive sector could find GEFCO a good fit.
HAVI is a 3PL service provider with deep expert knowledge in the food services sector. Organizations seeking expert knowledge in the management and movement of food products could find HAVI a strong service provider. HAVI was not included in the Worldwide Magic Quadrant as it did not meet the gross revenue threshold criteria.

Li & Fung operates in a global capacity with over 100 logistics partners, but its predominant network is in Asia where it operates across Greater China, ASEAN, Japan, Korea, the Middle East and the Indian subcontinent. Organizations seeking a strong service provider in the footwear and apparel and fast-moving consumer goods (FMCG) verticals could find Li & Fung a partner of choice. Li & Fung was not included in the Worldwide Magic Quadrant as it did not meet the regional diversification criteria.

**Evaluation Criteria**

Magic Quadrants are made up of two major axes, Ability to Execute and Completeness of Vision, having seven and eight subcriteria, respectively. To create a Magic Quadrant that would be valuable to logistics leaders, it is important that we developed a definition of what a good preferred global logistics provider is in the context of the criteria for the two axes. The detailed list of criteria for each axis and a short description of each criterion are provided below. Within the process of evaluation, analyst assessment of provider-submitted data and vendor briefings, as well as customer feedback on over 20 key topic areas, are used to assimilate the ratings. Where providers decline to participate and do not submit data or provide vendor briefings, publicly available information is used.
## Ability to Execute

### Table 1: Ability to Execute Evaluation Criteria

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Source: Gartner (June 2021)
Completeness of Vision

Table 2: Completeness of Vision Evaluation Criteria

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Source: Gartner (June 2021)
Quadrant Descriptions

Leaders

Leaders rate well on the highly weighted criteria for both Ability to Execute and Completeness of Vision. This means the leading providers have extensive service offerings and infrastructure and make them available across an expansive global footprint. They understand the market, trends and customer needs, and translate those into well-executed service offerings further specialized for any number of industries. They are formidable at logistics execution across the service lines and run highly professional, very comprehensive logistics businesses. Leaders also have well-structured strategies and business models to continue to expand their capabilities, regional coverage and industry specialization, and they are adept at offering services for different customer segments. They invest in innovative mechanisms and capabilities to advance the art of logistics in the industry. Leaders are trusted and relied on by many of the largest global corporations to help them execute their worldwide supply chains.

Challengers

Challengers characteristically perform logistics functions exceptionally well on behalf of their customers across a broad spectrum of geographies. However, they usually trail the Leaders in some of the highly rated Completeness of Vision criteria. For example, they might lack the span of service offerings or depth in industry-specialized solutions when compared with the Leaders. While Challengers demonstrate solid performance in today's logistics industry, they likely don't invest in or deliver the same level of innovative solutions as the Leaders. Challengers may not have the clarity and completeness in their strategies for growth to meet global customers' needs.

Visionaries

Visionaries display process, technological or business model innovation, and influence (or will soon influence) the direction of the logistics industry, but are limited in some of the highly rated Ability to Execute criteria. Typically, their services and market coverage are more specialized, and they are not established on the global stage enough to challenge the leading providers.
Niche Players

Niche Players offer a more limited set of logistics services or operate primarily in a more limited number of regions than their competitors. Niche Players may have an abundance of services but don't offer them on a global scale to compete with the Leaders or as requested by the largest customers. These providers usually demonstrate reduced capabilities compared with the Challengers and Leaders in at least one of the highly rated criteria, such as industry-specialized services, while having very strong performance in some particular areas, such as within regions or individual logistics services.

Context

All of the third-party service providers in this Worldwide Magic Quadrant are assessed across a number of capabilities within two major axes. These two axes are Ability to Execute and Completeness of Vision — the major criteria elements for every Magic Quadrant are the same. Participants are evaluated on the evaluation criteria outlined in the section above to ensure reflective positioning in the Magic Quadrant.

The 3PLs in this research have proven they can successfully serve their customers by providing the required foundational logistics services. Additionally, Gartner has identified five critical success factors that majorly influence the logistics outsourcing landscape. It is the 3PL's approach to these critical factors in addition to the evaluation criteria that has resulted in the final positioning of each of the participants in the Worldwide Magic Quadrant.

Critical Factor No. 1: Resilience and Agility. COVID-19 and its subsequent impact identified the need for 3PLs to be able to deliver on our first critical factor, resilience and agility. This unexpected, high-impact-outcome event resulted in a severely disrupted logistics landscape that required 3PLs to rapidly rethink old ways of working and react swiftly. 3PL participants were required to demonstrate how they navigated a changed logistics landscape in terms of agility and resilience and how these capabilities enabled them to provide the support their customers required and ensure continuity of service and support.

The 3PLs’ agility capabilities were also tested significantly when presented with an immediate requirement to move the majority of their talent to a remote working environment. The management of the remote working environment has been challenging for many 3PLs from both a talent and a management perspective, and has required resilience to maintain both performance and morale in a difficult working environment.
There was also a requirement to demonstrate future plans to build on their current foundations of resilience and agility to better prepare for future disruptive events. Those vendors that recognized the key logistics trends impacting the industry and demonstrated their agility to deliver concise and effective action plans in response to those trends scored higher in Completeness of Vision and Ability to Execute.

**Critical Factor No. 2: Sustainability Initiatives.** Our second critical factor in this year's Magic Quadrant is sustainability. Sustainability initiatives have gained significant traction as many 3PLs demonstrated increased participation in well-known sustainability programs with ambitious targets being outlined both in terms of investment and aspiration. While all of the 3PLs have outlined sustainability strategies, there have been differing levels of engagement. All of the 3PLs have outlined an increased focus on climate action and the reduction of CO₂ emissions; however, others have engaged to a greater degree with the other United Nations Sustainable Development Goals including sustainable cities and responsible sourcing. Providers that drove their own initiatives and presented sophisticated initiatives and substantial progress on sustainability targets scored higher on Completeness of Vision.

There do, 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 initiatives grows, 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. 3: Scalable Digital Innovation.** The repercussions of the recent COVID-19 crisis and upheaval in global trade have brought into sharp focus the requirement for scalable digital innovation from third-party service providers. Organizations have found themselves operating in a changed environment where they had to rethink, reinvent and realize their capabilities for digital innovation that would ensure speed and visibility across their networks.
While there were multiple pilots underway for digital innovation at scale, 2020 required 3PLs to leverage digital solutions at scale to serve their customers’ needs more effectively, efficiently and safely. 3PLs have leveraged a combination of digital innovations including robotics to help manage talent challenges in warehousing. IoT and data analytics have been leveraged to provide predictive ETAs, allowing swift management of delays and disruptions. To manage the driver shortages and safety concerns, drones have been used to deliver medical products. The seamless integration of digitized platforms has allowed for full end-to-end visibility and has been highly valued by customers. Vendors that demonstrated increased use of digital innovation to ensure services were maintained in a disrupted environment scored higher on Ability to Execute.

Critical Factor No. 4: Social Sensitivity and Talent Management. Our fourth critical factor in this year’s Magic Quadrant is the area of social sensitivity and talent management. 2020 required organizations to operate with a level of social sensitivity previously unseen and in a very challenged business environment. COVID-19 meant a great deal of change for employees not only from a remote working perspective but also from additional challenges including homeschooling, illness, caring for elderly relatives and concerns regarding the safety of their working environments. Organizations that demonstrated a socially sensitive approach to managing their talent’s additional responsibilities and concerns scored highly on Ability to Execute.

DEI has also become a progressive initiative for many 3PLs. 3PLs set out to create a more diverse organization not only among their operational talent pools but also among their executive leadership teams. This capability set many apart from their peers, enhancing the 3PL’s brand among both current talent and potential future talent. Providers that highlighted outcomes of DEI scored higher on Completeness of Vision.

Critical Factor No. 5: Collaborative and Strategic Partnerships. Traditionally, outsourcing logistics was a decision-making process primarily based on cost-saving initiatives; however, a significant shift is underway toward more collaborative and strategic relationship building. In order to foster collaborative and strategic partnerships, both shippers and 3PLs must be aligned in both the investment and deployment of critical capabilities including data analytics and technology, continuous innovation, sustainability, and talent recruitment and retention. Those 3PLs that demonstrated an enhanced approach to collaboration scored higher on Completeness of Vision.
Market Overview

The macro environmental impacts of the last 12 months have forced shippers and 3PL service providers to pivot with an unprecedented agility. The differing states of play in relation to the reopening of society depending on where you are in the globe will further stretch the agility requirement from 3PL service providers particularly where regional market requirements differ considerably. This new environment has altered how shippers and 3PLs work together collaboratively (see How Logistics Can Thrive Despite Economic Uncertainty and Industry Change). This year’s Magic Quadrant has marked a change for the Visionaries quadrant with greater focus on the Ability to Execute resulting in former Visionaries moving to Challenger positions. This last year has seen the need for 3PLs to demonstrate even more significantly their Ability to Execute in the most turbulent of times. Perhaps this increased focus on the Ability to Execute may have come at the expense of Completeness of Vision in the short term. As we return to a society that may be much altered, the capabilities for Completeness of Vision may well be a greater requirement as we move forward in a changed world.

In the past, many organizations have proceeded with a logistics outsourcing strategy mainly based on cost-saving initiatives. However, there has been a significant shift toward more collaborative and strategic relationships where shippers and 3PLs work together to overcome challenges and collectively drive joint value to both organizations. This was a year where severe capacity constraints both in air and ocean drove significant cost increases across the globe. Those organizations that had already formed a collaborative or strategic relationship with their 3PL service provider do appear to have had a more successful navigation through recent disruptions when it came to cost increases and capacity requirements.

This has proved to be a challenging period for third-party logistics providers navigating the changes in both the macroeconomic and microeconomic environments. The capability to understand and anticipate future trends and innovations may well prove to be the difference between success and failure in meeting future supply chain requirements (see Shippers Take Note: 3PLs Are Innovative and Here Is the Proof).

Several future trends emerged during our research for the Worldwide Magic Quadrant. Industry leaders will need to ensure they possess the capabilities to adapt with these trends in the future, including:

- Regionalization of supply chains
- Sustainability
Enhanced focus on end-to-end supply chain operating models enabled by visibility technologies

Rising demand in e-commerce

Contract term and structure flexibility

Elastic logistics

Capacity constraints

Emerging market opportunities

Increased deployment of emerging technologies

Going forward, it will be vital for logistics providers to foster meaningful and prolific relationships with their customers to be viewed as a true partner in the identification of future trends and solving of future challenges.

Risk management, while always a concern for logistics leaders, now requires even greater focus as we are still experiencing the impact of a global pandemic. There have been multiple lessons learned as both shippers and 3PLs have steered their way through this unchartered territory. It is vital that shippers and 3PLs understand and address the gaps that COVID-19 has exposed in their business continuity plans. As we continue to move through this changed environment, reassessments must continue to provide comprehensive, well-developed risk management processes (see Key Actions to Ensure Your Warehouse Can Operate in the Midst of a Major Disruption).
The events of 2020 and the subsequent delays or complete absence of product availability have caused organizations to review their network design strategies, increasing localization both from a sourcing and delivery perspective in order to minimize potential future disruption. E-commerce sales experienced an unprecedented spike in 2020 as lockdowns turned traditional retail locations into ghost towns and direct home delivery orders spiked. Speed and visibility of deliveries will be crucial factors in securing increased e-commerce market share, particularly as society reopens and e-commerce offerings will have to compete once again with traditional shopping behaviors. In order to successfully meet new “need it now” time constraints, shippers and retailers are decentralizing their distribution and fulfillment networks to bring inventory closer to consumers, so as to position it for a rapid distribution. As these market trends evolve, 3PL service providers will play a critical role in assisting shippers to source both new transportation providers and warehousing or distribution center space (see Capitalize on B2B Shipment Flexibility to Address Logistics Capacity Shortfalls and Capacity Constraints in Your Distribution Network? Ask These Questions Before Committing to Expansion).

Supply chains are moving away from linear processes to complex ecosystems of organizations, resources and capabilities. These ecosystems include traditional supply chain participants such as suppliers, manufacturers and distributors. They are supported by the alignment and merging of digital and physical flows via the Internet of Things (IoT), sensing devices, blockchain and overall digitalization of the supply chain. As this new and innovative framework for supply chains continues to gain traction, opportunities will emerge for leading 3PLs to respond and participate accordingly. The ability to offer their customers the product of supply chain as a service with end-to-end tailored offerings will enhance the 3PL's value proposition to their clients (see The Rise and Future of the 4PL Model).

The ability to offer a set of highly developed seasoned competencies for top industry-specific practices will set them apart from their competitive set. Customers that are seeking competitive advantage through specialized end-to-end expertise and capabilities will look to their service partners to provide this expertise and fill the gaps within their own operations.

**Evidence**

Gartner used multiple data sources to help analyze and assess each vendor in this Magic Quadrant. Data sources included detailed vendor surveys covering current operations, solution sets, strategic directions, technology vision, and market and industry focus. To supplement these data sources, Gartner used feedback from the approximately 600 3PL-related client interactions and inquiries received over the last year.

**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, Worldwide - 10 June 2020
Magic Quadrant for Third-Party Logistics, Worldwide - 3 May 2018
Magic Quadrant for Global Third-Party Logistics Providers - 12 May 2014
Magic Quadrant for Global Third-Party Logistics Providers - 14 March 2013

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

How Markets and Vendors Are Evaluated in Gartner Magic Quadrants
Supply Chain Brief: How DSV Panalpina’s Acquisition of Agility May Impact Your Global Supply Chain
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
Employ the Right Metrics to Help Manage 3PL Performance When Outsourcing Warehousing and Fulfillment
Shippers Beware — Why Logistics Outsourcing Could Be Bad for Your Business
Prep for Success: The Essential Guide to Logistics Outsourcing Acronyms and Definitions
The Rise and Future of the 4PL Model
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