

McCormick

Northwestern Engineering

Northwestern University Transportation Center

BAC
BUSINESS ADVISORY COUNCIL

“The Great Recession, Macroeconomic Earthquakes, and the
Current State of Domestic and International Trade

Spring BAC Meeting
May 4, 2017
Evanston, IL

Justin Zubrod
& Company

The Past

- Logistics costs at % GDP steadily declining
- Costs rising slower than inflation
- Rising productivity, efficiency
- Predictable service levels
- Stable O/D flows
- Ready access to capacity
- Low inflation



The Present

- Shifting markets
 - Population
 - Production
 - Consumption
- Gains ending in rail, truck
- Infrastructure impacting service
- Equipment costs rising
- Fuel volatile, but trending up
- Growing operating cost

Logistics Costs on Rise

- Rail pricing, investment
- Funding infrastructure
- Warehousing expense
- Driver retention costs
- Inventory — more, costlier
- Cost of money



- AI
- Robotics
- Mobile shift
- Amazon march
- ADAS
- Autonomous vehicles
- Apps, apps, apps
- ELD's
- Retail meltdown
- IoT
- Channel re-alignment
- eFulfillment strategies
- Uber trucking
- Elon
- GPS nextgen

Today's Panel

Phil Levy
Kellogg School
Adjunct Professor of Strategy
Chicago Council on Global Affairs

Dick Craig
MOL (America) Inc.
President & Chief Executive Officer

John Larkin
Stifel Financial Corporation
Managing Director & Head of
Transportation Capital Markets Research