FIDI 2021/22 State Of The Industry Report

Introduction A New Landscape

If in 2020 international moving was defined by the emergence of, and emergency response to COVID 19, 2021 was characterised by movers understanding more clearly the medium-to long-term effects of this crisis on the industry. After spending the early months of the pandemic speculating as to what these impacts might be, businesses have now experienced them first-hand. They are facing issues including greater administration, higher costs, staffing and material shortages, and ongoing delays to shipments. These are both direct and indirect impacts of COVID, which have interacted with pre-existing challenges in the marketplace – such as industry consolidation and other ongoing structural shifts – adding further complexity and creating the most difficult and uncertain trading environment in living memory. Movers spent 2021 navigating this new landscape, while the climate emergency and other new obstacles loomed larger ahead, demanding that businesses make additional and urgent changes to their operations.

The Pandemic Covid Sets The Scene

As a perfect storm of unparalleled challenges has developed, the pandemic has shifted from centre stage to the setting against which numerous other crises have played out.

After a year tackling COVID and working in a new, unpredictable market where change happens frequently and at short notice, by 2021, movers had adapted their operations to deal more effectively with uncertainty. Having introduced them reactively in 2020, most now had in place, as standard, personal protective equipment (PPE), regular testing, and new procedures such as working with smaller crews to make staff and customers feel safer.

Many encouraged vaccinations, with some even offering staff incentives (sanctions against non-vaccinated employees have also been discussed, if not implemented). Forward-looking businesses have now developed and incorporated wider employee wellbeing programmes as a permanent and central part of their operations, developing remote working and digital strategies and other changes designed to increase staff wellbeing beyond the context of COVID. Those companies that do this particularly well have created a useful differential in regions affected by severe staff shortages.

During 2021, movers continued to face upheaval from full or partial lockdown measures and other restrictions on international movements, or the effects of staff shortages through illness or self-isolation precautions. Secondary impacts of COVID restrictions have included strikes in October by Italian port workers, protesting the introduction of a mandatory Green Pass, to provide proof of vaccination. But, while COVID-induced disruptions didn't necessarily get easier for companies during 2021, by now they were, at least, familiar.

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An Uneven Effect

There were marked disparities in the development of the pandemic across the world and the varied response of authorities made a huge difference to how business flowed in different countries.

Andrew Chng, Country Manager at Vanpac Group Asia in Vietnam and FIDI 39 Club Board member, said: 'Countries where COVID is better controlled, where the local government has a clearly communicated plan will continue to be a stable and attractive proposition'. Indeed, a June study of the most desirable expatriate destinations by Boston Consulting Group showed countries perceived to have tackled the pandemic well, such as Canada, Japan, New Zealand and Singapore, increased in attractiveness (although it's worth noting that travel to some of these places remains highly restricted); while those who were considered to have struggled, including the US and several European countries, fell lower down the rankings.

The likes of Singapore, which introduced draconian restrictions – and punishments for non-compliance – to fight but 'live alongside' COVID, have been able to reduce infections to a level where, during the past year, they have been able to open themselves up much more freely to business than other countries. These countries saw a strong reversal of the outflux of staff experienced during the early months of the pandemic.

In August, The Washington Post contrasted Singapore's approach to that of Hong Kong, which was again tightening quarantine restrictions – a move the paper said could seriously undermine its competitiveness against rival areas. Shifts such as these around the world are altering future demand for moving services, notably in large expatriate hubs, including the United Arab Emirates.

At the start of the COVID crisis, many movers feared that, globally, demand for their services would plummet as the result of ongoing restrictions preventing moves and forcing some staff to stay close to home rather than relocate. Instead, after initial lockdown periods ended, pent-up demand coupled with outward moves from areas (including those mentioned above), meant the international industry reported generally strong demand, with 'neverending' peak season in some regions.

Two years since the start of the pandemic, while difficulties remain, there is still a huge appetite for moving. Many in the industry now believe that having survived the early months of COVID, international demand will continue to rebound, even with the arrival and rapid spread of the Omicron COVID variant in the first quarter of 2022. However, there remains a degree of uncertainty about the coming months – and how quickly, and by how much, corporate demand specifically will recover.

A World In Crisis

There are also serious questions about the long-term impact of the varied but often interlinked crises that arrived in COVID's wake, materialising in 2020 and becoming a key theme during the year that followed. If the pandemic initially threatened to erode the moving industry's customer base, these varied and interrelated pressures have now threatened the way in which it delivers its services.

The global shipping industry has been in a state of severe imbalance since the early months of the pandemic. This began with much of the globe in lockdown and was followed by the uneven loosening of these restrictions between different countries; and was made steadily more complex as excesses of containers built up in some regions and they became acutely scarce in others.

'Ports that become increasingly full mean diminishing efficiencies, and shipping lines may avoid them and route services elsewhere', says Gavin Simmonds, Commercial Policy Director at the UK-based Chamber of Shipping, highlighting that logistics operations now need more careful planning than ever.

Diminishing Efficiencies

The international mismatch has caused processing backlogs and 'diminishing efficiencies' in many ports around the world and previously smooth global flows of trade have become irregular and unpredictable. Fines have been levied in ports (including unlimited fines at the ports of Los Angeles and Long Beach) in attempts to lessen congestion, but international shipments continue to face severe delays.

Movers have reported that, because of the disruption, the price of a single shipping container had skyrocketed, with one Singapore-based Affiliate reporting a rise from approximately US$2,000 to more than US$10,000. Freight from the Far East to Europe and the US is at an all-time high, according to Chng, who adds: 'Rates of certain lanes have risen 600 per cent, which has made private moves prohibitive for many self-paying clients'.

With single customers often using one or more whole containers for a move, the increases in shipping prices are impacting on them particularly hard. The accidental blockage and subsequent impounding of one of the world's major trade routes, the Suez Canal, by the container ship the Ever Given, for more than 100 days, only added to the global problems and spiralling costs for movers using international services. Meanwhile, shipments containing household goods have reportedly been given lower priority by some shipping lines.

Using air freight as an alternative has been a necessary option for some movers but, with 2020 the worst year on record for air travel, this is a sector that has been beset with its own issues. With many passenger flights not running, space has been limited to cargo-only services, pushing prices up in this sector, too. The price of raw materials has also increased internationally, as demand has waned and bounced back at different rates depending on location. This has further impacted on movers' costs in areas such as wood and paper for packing.

Regional Differences

These delays, irregular movements and increased costs have affected movers, in every part of the world but have been compounded differently according to the specific issues affecting each country. Staff shortages, for example, have challenged many businesses in logistics and related sectors in much of Europe and the US, pushing expected wages up and threatening the viability of existing employment models there. Asia, Africa, and Latin America have been comparatively unaffected by these issues.

In Europe, Brexit has increased the time, administration, and cost of moving goods between the UK and the European Union, adding complexity in this part of the world, while border crossings have been additional, major sources of difference and continuous change for the mobility industry between different countries throughout the pandemic.

Plan And Communicate

While global unpredictability and increased costs are unavoidable, savvy movers have adjusted operations to mitigate the worst impacts on customers.

The lack of staff resources brought about by the so-called 'Great Resignation' can also be tackled – to an extent. Movers are looking carefully at how they can make their businesses more attractive to prospective employees, and to keep hold of them once they are there. This forms part of an all-encompassing and growing imperative for companies to become sustainable businesses in all definitions of the word. This approach was important but often forgotten before COVID – it now appears essential.

As 2021 came to an end, there were some reported signs of stability returning to the market, but some expect that as well as living with COVID, the 'new normal' will also involve living with higher prices and increased volatility, indefinitely.

Sustainability

In this new world, sustainability has become a major theme, too. Since the Paris Climate Agreement was signed by almost every nation in 2016, sustainability has shot up the agenda for businesses around the globe.

However, after being deprioritised as governments battled the first months of the pandemic (which even now continues to generate large amounts of unrecyclable waste from personal protective equipment (PPE) – with 6.8 billion disposable masks used worldwide each day according to one MIT University study), the 'climate emergency' is now the primary issue facing the world.

Driven by customers, and many staff within organisations too, and enshrined in a growing raft of national and international legislation, movers are now being called upon to play a major role in transforming themselves into sustainable operators that don't impact negatively – or, better, have a positive impact – on the environment.

Most corporations are now looking at not just their own impact but the credentials of their suppliers, too, and demanding changes that mitigate the imprint of their entire supply chain. Derrick Young, Director of Transportation Governance at BGRS, illustrated this: 'A lot of our clients are being driven by the principles of measuring and reducing and this flows into their HR programmes. We have clients that are saying, we want to hire people with a mindset that is green, and we need to have flexible policies so they can choose a green move'.

These forces are changing the nature of some relocation programmes, which are moving towards flexible lump sum packages with environment-focused options such as sea rather than air freight – or allowing employees to select furniture rental rather than moving their household goods at all.

Movers are being asked to choose their sustainability goals carefully, to focus not on box ticking, but on making real and long-lasting changes – and to be open about what they are doing, too. As with supply chain crises, it is essential for companies to be completely clear with their customers and partners about what they can and can't achieve.

With international transport – trucks, ships and planes – and offices making up the bulk of moving businesses' carbon emissions, and many packing materials being used too, most have targeted reductions, efficiencies and switches in these three areas first, to meet or in anticipation of new legislative requirements. However, many companies have gone beyond these 'entry level' adjustments, looking at ways in which they can make a difference not only to the environment, but also to their employees and communities in which they operate – and their bottom line, too.

Indeed, in the long-term it is those movers who are embracing this 'beyond green', holistic view of sustainability who will be the winners, according to commentators such as Defour. 'The real green transition will be about more than "being green"', she says.

The shift towards greater all-round sustainability brings with it the promise of helping these businesses address their long-standing weaknesses, as well as some of the issues created by the pandemic. To do this well, many companies are increasing their transparency and working towards much closer collaboration with supply chain partners.

Goal-setting and measurement of progress is crucial, and some international moving businesses have begun to benchmark themselves against accepted metrics such as those outlined in the United Nations 17.

"We have clients that are saying, we want to hire people with a mindset that is green" says Derrick Young. However, there remains a lack of globally accepted standards, with many different programmes offering solutions for measuring and reporting sustainability, not all of which are transparent or verifiable.

Diversity On The Rise

International diversity-focused movements including #MeToo and #BlackLivesMatter have helped a drive towards a broader, more open approach to recruiting, seeking to widen the participation across gender, ethnic and cultural groups and offer better opportunities for all. Management, staff, and clients have become more engaged in this issue, with business championing relevant causes. For example, Australian FIDI Affiliate Grace is supporting a national charity that aims to increase literacy in remote indigenous communities, and forming an indigenous working group made of key managers, which is chaired by an indigenous staff member.

These developments aren't only bringing one-way benefits. More diverse organisations can provide opportunities to understand and connect with a wider customer base, and create bespoke services, which is better for business and an important part of creating more socially sustainable companies, too.

How this powerful and emotive movement will alter the international moving business – both in terms of its own companies and those of its supply chain partners and corporate clients – is yet to become fully clear. In South Africa, government Black Economic Empowerment (BEE) initiatives designed to redress inequality have seen companies legally obliged to meet percentages of staff from specific groups. While such quotas are perhaps unlikely to be adopted more widely, transparent approaches like open publishing of company salaries are becoming more common as measures of progress made towards making more diverse organisations.

More diverse recruitment policies – including the employment of younger staff with up-to-date tech skills – will help movers with digitisation, another process that was already under way but accelerated significantly by the pandemic. Prior to 2020, remote working was possible, but not used widely, while remote survey platforms had been touted but were still to take off. The pandemic brought these and other digital solutions to the frontline of operations, allowing movers to get the job done while minimising physical closeness between staff and customers – and giving them first-hand experience of the efficiencies and cost savings that this technology brings.

The Digitisation Of Moving

According to Brielle Jones at Triglobal – a Dutch company connecting movers to online consumers using multiple tools – the pandemic led to a greater uptake of internet use for moving services. 'Lockdowns and working from home have pushed the remaining customers online and the internet is unquestionably the place where customers now go to find a mover', she said. 'Movers and consumers are at ease with incorporating online volume calculators and digital surveys into their sales processes. The quickquote functionality is also being used on many moving websites to meet customer demands and expectations on price'.

Hybrid And Remote Working

Clearly, the proliferation of remote working could threaten part of movers' customer base – while some businesses are looking at emerging hybrid remote/ office-based options, too. However, as much of the world began to move again, many were optimistic that demand was rebounding and would continue to do so. There are many jobs which – after the recent test – don't appear to lend themselves well to remote work; and the relocation and travel that comes with jobs at international corporations remain an attractive draw for many employees, too.

The speed with which remote and hybrid office-based/remote working has been accepted means companies have had to develop in-house policies to cover employees operating in entirely new conditions. Organisations including Worldwide ERC have highlighted the need for governments to legislate in order to protect staff rights and wellbeing, and business's interests, in this emerging area.

A Focus On Data Security

Meanwhile, as more of the relocation process has been digitised, the increased streamlining of processes and use of customer data are raising vital new questions of standardisation, data protection and regulation for relocation businesses. Private information is often requested on shipping documents, and it can be sold or shared by third parties, putting customers at risk of identity theft, fraud or other criminal activity.

'Data security and compliance have become a major focus', said Bell at Asian Tigers. 'Groups like ours devote considerable time and resources to meet the many demands we face. It is a costly exercise, but a necessary one, and one that is here to stay'.

Illegal use of Personal Identifiable Information (PII) is an increasing issue and there have already been high-profile cases of data breaches in shipping and logistics businesses, including French container transport and shipping company CMA CGM.

In June 2021, following lobbying by military and moving associations including AMSA, ERA and IAM, the US Senate passed the US Competition and Innovation Act (USICA), to protect the details of military personnel during moves.

By the beginning of last year, some 130 countries had launched data privacy laws, around 66 per cent of the world's governments. And, while certain regions have developed common strategies – such as the EU's Digital Services Act – a widely-accepted, standardised international approach has not yet been tabled.

Pre-Existing Issues

As the world continues to open up again, the above issues - the ongoing impact of COVID; global supply chain crises; the pressing need for sustainability, financial security and diversity in business; and data privacy issues – are being joined by those that pre-date the pandemic and bring their own unique impacts on mobility, albeit now in a new context. These include the forces of industry consolidation in the form of mergers and takeovers and the drawn-out award process of a single-provider contract by USTRANSCOM, which as 2021 ended had entered another phase after one of the losing bidders, American Roll-On Roll-Off Carrier Group (ARC), filed a protest to the Government Accountability Office (GAO). The US contract business is reportedly worth nearly US$20 billion across its longest possible duration, with domestic small business subcontractors taking an estimated share of 40 per cent of the overall value of the contract.

Faring Better

At the end of the pandemic's second year, there are several notable variations in the impacts of COVID 19 on the international mobility industry. These include the effects on different regions of the world, driven diversely by factors including the area's make-up of expatriates and nationals and the local government's approach to implementing, enforcing and lifting restrictions.

There are differences in the impacts depending on industry sector, with movers enjoying solid demands for their core services, while emerging requirements for greater transparency in supply chains may challenge RMCs in the future. There has been discussion, too, about the variance caused to asset heavy movers compared with asset-light movers, with the latter able to leverage their flexibility and shop around for best prices, and the former capable of responding quickly – or sell/rent assets to keep cash flow smooth.

Many movers were also able to use their assets – trucks, offices and staff – to help deliver emergency and other services, generating new revenue streams during times of slower demand and connecting them to new clients, too. Some also began to work directly with large corporate accounts, as these eschewed established channels to get jobs completed by those with knowledge of often rapidly changing local conditions and able to mobilise fast.

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