

# Creating added value with efficient logistics solutions, strategic acquisitions

Although the South African economy has shown a measure of growth in the latest quarter, widespread [recession](#) across market sectors still abounds. This is true for the supply chain industry which has seen Logistics Service Providers (LSPs) drop rates in an effort to compete and grow market share.



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## Where does this leave customers?

"Current market rates are not sustainable and this is evident in the number of LSPs closing down. For the interim this is unsettling however in time, perhaps over a period of years, it will lead to price stabilisation," says Steven Gottschalk, CEO of Value Logistics.

"We, for example, are geared to bridge this time of volatility, ensuring that customers continue to enjoy a valued service offering with a long-term future vision. With our economies of scale and ability to offer vertically integrated services, combined with our approach to finding innovative ways to save cost and improve efficiencies, we work hard at doing this," he says.

## Logistics viability needs the right capabilities

One of the challenges faced by LSPs is a shift to small consignments as customers look to distribute smaller loads in depressed market conditions.

"LSPs need to rethink their business strategies to accommodate this requirement of small consignments as running full truckloads at partially loaded prices are, in many instances, no longer achievable due to low volumes," he explains. "Where service providers have been distributing smaller quantities but not adjusting rates, many can no longer do so. On the other hand, customers find themselves unable to absorb higher prices."

## Strengthening service offerings through strategic acquisitions

"The skill lies in finding the right match. Being able to identify companies with offerings that complement our service portfolio and that will fit our customer-focus and innovative culture, is imperative. Also, such acquisitions should increase

our economies of scale in a profitable way."

Over the years, Value Logistics has acquired Fleet Rent, Rent-a-Bakkie, Freightpak, Core Logistics, Rennie Technology Logistics, R&C Express and Key Distributors. The acquisition of key distributors unlocked a new market for the group, says Gottschalk.

"The relevance of this retail route-to-market business has an excellent fit for customers in the retail market space, enabling supply to South Africa's informal sector," concludes Gottschalk.

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