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DHL GLOBAL CONNECTEDNESS INDEX AND ITS IMPACT ON LOGISTICS DEVELOPMENT

This article discusses the impact of globalization on logistics and provides an overview of DHL, one of the largest logistics brands in the world. It also describes the DHL Global Connectedness Index, which is conducted each year to examine the level of globalization and integration in international trade and logistics. Key findings from DHL's 2022 report, including data on trade volumes, investment, people and information flows are presented.

Keywords: *globalization, logistics, global connectedness index, investment, flows*

The processes initiated by globalization have contributed to the change of positions of old international relations, as well as the formation of new ones. Born in the conditions of competition between industrial enterprises for the markets of national states, logistics companies have become a significant non-state factor in international relations. Their services are used by almost all inhabitants of the world. Their names are familiar to everyone: TNT, UPS, DHL, FedEx and others. Globalization indices are calculated based on the success of their activities. For example, Global Connectedness Index.

In reference to DHL, it is the largest company in the world and was founded by Adrian Dalsey, Larry Hillblom and Robert Lynn in 1969 in San Francisco. It is part of the Deutsche Post DHL Group and aims to become “the logistics business for the world”. DHL focuses on guaranteed service, optimization and sustainable solutions for its customers, always paying attention to details and striving to achieve a positive end result. It is a strong brand that is associated with reliability, efficiency and high quality in its logistics services. A strategic approach to branding helps DHL attract and retain customers, build a positive reputation and become the preferred choice in logistics. DHL has successfully applied its logistics solutions and services to many industries, including international trade, e-commerce, pharmaceuticals, automotive and many others. It offers a wide range of delivery and logistics services, including international freight transportation, warehousing solutions, order processing and tracking services [1]. The company is the world leader in express delivery, controlling (as of 2018) 39 % of the market, its closest competitors UPS and FedEx – 30 % and 22 % respectively [2].

Approaching the main topic, DHL Global Connectedness Index is a survey conducted by DHL each year to examine and analyze the level of globalization and integration of international trade and logistics. The index assesses both physical and digital connectivity between countries and identifies trends and developments in global trade and logistics.

Globalisation is at the centre of many trade and policy debates around the world, but it remains difficult to quantify. To make it tangible and measure its progress, it is necessary to scrutinise the data and separate fact from fiction. As a leading logistics company, DHL is uniquely positioned to navigate and participate in the globalisation debate. GCI is a thorough examination of the state of globalisation. It analyses trade, capital, information and people flows at the global, regional and national levels.

Based on data taken from DHL's 2022 report, we can highlight [3] (fig.1):

- trade: its volumes plummeted at the beginning of the Covid-19 pandemic, but they recovered swiftly in 2020 and continued growing in 2021 and 2022. Trade is expected to grow at a slower pace in 2023, mainly due to weaker macroeconomic conditions. The global trade to GDP ratio increased in 2021 and 2022, but it is forecast to decline modestly in 2023. The policy environment for international trade has worsened since 2018 as countries enacted new protectionist measures, but recent data indicate some softening of this trend.
- capital: FDI (Foreign direct investment) recovered to above pre-pandemic levels in 2021. Most new investment policy measures support FDI, but a growing number of countries are enacting policies restricting or regulating FDI flows. Global portfolio equity flows remained fairly stable despite large swings in flows to emerging markets. While some indicators of corporate globalization have declined modestly in recent years, others have remained stable or continued to grow.
- information: the growth of international data flows spiked in 2020, but this did not lead to a sustained acceleration. In 2021 and 2022, the growth rate of international internet traffic was back in line with pre-pandemic trends. Data on voice calls and scientific collaboration suggest that the globalization of

information flows continues but has slowed in recent years. Countries are racing to define and implement policies governing international data flows. More restrictive policies could significantly hinder the growth of international activity.

- people: international travel was down by roughly 70 % from 2019 levels in 2020 and 2021 – and still down 37 % in 2022. The UN World Tourism Organization predicts that the number of people traveling to foreign countries will be only 5–20 % below pre-pandemic levels in 2023. International education and migration were slowed by the pandemic but the effects were much less severe for these flows than for travel.

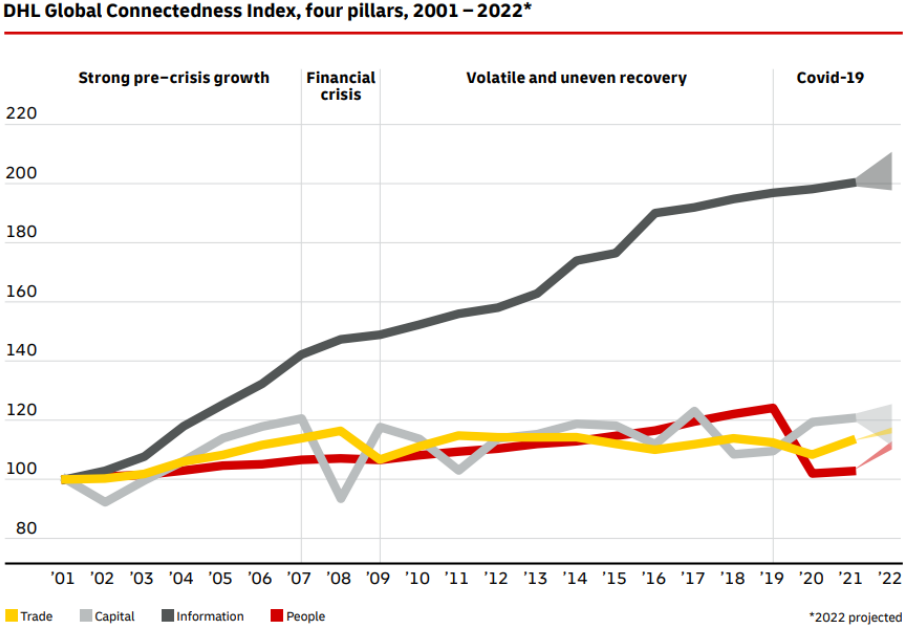


Fig. 1. DHL GCI, 2001–2022

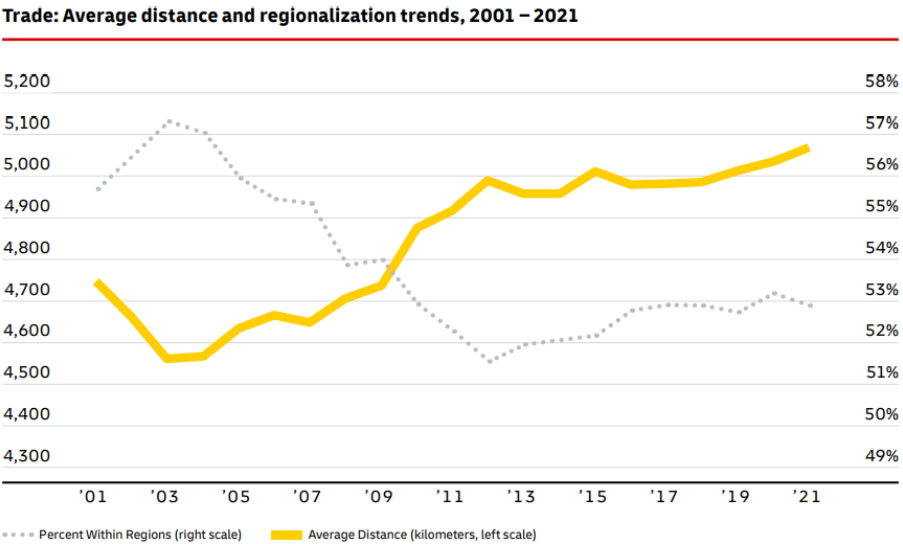


Fig. 2. Trade: Average distance and regionalization trends, 2001–2021

Geopolitical tensions as well as concerns about the sustainability of supply chains have led many observers to predict a shift from globalisation to regionalisation. However, data on actual flow patterns do not suggest that such a shift has occurred - at least not yet. As an example, the figure below shows the share of trade flows attributable to regions. They did increase for a short period between 2012 and 2016, but this trend has not continued. And given that trade has been taking place over longer distances (on average) in recent years, we can say that we are moving towards regionalisation in recent years. So we can briefly conclude that global flows are still growing. Most types of international flows are likely

to continue growing in 2023, albeit at a slower pace. This is mainly due to weaker growth in the global economy following a large increase in interest rates aimed at curbing inflation [3], [4].

The impact of the DHL Global Connectedness Index on logistics development can be significant and positive. The DHL Global Connectedness Index helps identify countries and regions with high levels of globalisation and connectivity, enabling logistics companies and service providers to identify suitable markets in which to grow their business. Globalisation encourages the creation and development of global supply chains involving multiple countries and regions. This is due to the trade of goods and services internationally, which requires efficient organisation of logistics processes and delivery of goods on a global scale (given that delivery distances have increased on average, from DHL data). From this we can say that globalisation also requires the interconnection of different modes of transport and the integration of logistics networks at different stages of delivery, so multimodality is becoming increasingly important in logistics as goods move through different modes of transport (road, rail, sea or air) to reach their final destination. The Global Connectedness Index can serve as an important guide for public authorities and private companies when making decisions on the development of infrastructure and logistics services (logistics companies actively cooperate with members primarily in the economic sphere: banks, credit organisations, insurance companies). The index data can help to prioritise development and investment in logistics infrastructure. The role of digital connectivity in global trade and logistics is also highlighted. It identifies potential opportunities for the introduction of new digital technologies such as, for example, blockchain, which will help to optimise logistics processes and improve service quality.

Overall, the DHL Global Connectedness Index is a useful tool for analysing and understanding the state of globalisation and connectivity of international trade and logistics. Its data and findings can help logistics companies, governments and other stakeholders make informed decisions and develop effective strategies for the logistics industry. Therefore, DHL aims to build and maintain the world's most comprehensive collection of data on the globalisation of trade, capital flows, information and people, and to become the leading centre of excellence in data-driven globalisation research to positively impact trade and logistics worldwide [5].

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