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Logistics Indicator in Q3 2013**Key signals point to upturn****Logistics service providers set their sights on innovation**

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2013 has been a good year for logistics - driven by the macroeconomic data and an encouraging turnaround reflected by the Logistics Indicator of Bundesvereinigung Logistik (BVL): the expectation scores of all market participants are higher than the current situation scores for the first time since the turn of 2010/11. Experience tells us that this scenario signals an upturn. Moreover, the September survey recorded an upswing in expectations for the next 12 months for the third time running. The overall indicator continues to rise and is well into the expansive corridor.

The logistics service providers were the bigger optimists in the first two quarters, but logistics managers in industry and trade are closing the gap across the board. The short-term outlook for the next three months, surveyed for the first time in Q3 2013, shows that the logistics service providers are more optimistic than the logistics managers in industry and trade. On balance, however, both sides of the market predict a further improvement in the business situation in the fourth quarter of 2013.

The detailed findings show that industry and trade report strong growth in demand for cross-border logistics services as well as increasing demand within Germany. They are reacting to these trends by investing in physical capacities and stepping up recruitment of new personnel. The logistics service providers also intend to expand both physical and personnel resources.

The findings of the Logistics Indicator therefore concur with the most recent forecast of the Ifo Centre for Economic Studies, who predict a recovery of the global economy and a current account surplus of up to 200 billion euros for the German economy. Following 186 billion euros in 2012, this would be the biggest surplus in the history of the Federal Republic of Germany. Logistics companies profit from the dynamic trade in foreign trade in two ways: firstly, through the organisation and handling of the worldwide flows of goods, and secondly, in their capacity of "know-how owners". In the BRIC states, for example, logistics and supply chain management are not nearly as advanced, processes not nearly as sophisticated, and technical equipment levels and IT resources not nearly as developed as they are here in Germany - which means German expertise is in high demand in these countries.

Quite apart from the economic and business outlook, it is encouraging that the logistics sector has recognised the importance of logistics-specific innovations as drivers of growth. Four in five logistics service providers agree with this assessment, compared to 36 percent of respondents in industry and trade, where the focus on innovation is not quite as pronounced. These findings are also confirmed by the recently published PWC study on innovation, which highlights the strong emphasis on product innovations in Germany. There generally tends to be less emphasis on service and business model innovations, but this is set to change in the near future in response to the growing challenges created by the organisation of logistics processes along entire value-added chains.