

Logistics Indicator in Q1 2016

Logistics sector adopts short-term strategy

Digitisation the key driver of change processes

*Commentary by Prof. Dr.-Ing. Raimund Klinkner,
Chairman of the Board, Bundesvereinigung Logistik (BVL)*

The March survey on the Logistics Indicator paints a highly diverse picture: trade and consumer goods producers report good business and excellent prospects. They are investing in logistics systems, with one of the big trading companies alone investing in the order of 800 million euros. The relevant respondents say this is essential to gain a sustainable competitive edge.

The responses of the car manufacturers and their suppliers reflect their general ambivalence with regard to current developments. All sectors of industry say that the China and South America business is significantly slower and that business with Russia is still suffering. In terms of volumes and prices, the international exchange of goods remains at a low level. In contrast, Internet trading and consequently all courier, express and parcel services in Germany are breaking one record after another.

Current situation assessments and 12-month expectations among logistics service providers are at their lowest level since the 3rd quarter of 2012. They are almost down at the "normal line" of the Logistics Indicator – a level that in 2012 signalled the start of a six-month slump.

The assessment of the current situation in industry and trade was far less positive yet still in the expansive corridor. Expectations for the next 12 months are on the up, a sign that the economic situation will soon become more stable once again. This correlates with the unanimous statements of industry, trade and services on the three-month outlook: they all expect a favourable business trend. This means all surveyed sectors of the economy are more optimistic in the short term than was the case in December 2015, but more pessimistic in the longer term. This is a typical phenomenon whenever business strategies themselves are only "short-term".

Financial crisis, Greece crisis, Grexit, Brexit and refugee crisis – the series of historically new challenges shows no sign of ending. Uncertainties with regard to tighter border controls in the Schengen area give logistics service providers reason to be cautious, and they expect new – and cost-intensive - challenges and change processes. There are also uncertainties concerning international economic developments and the intensity of the digital transformation.

While the intelligent use of technical progress is a strategic challenge that can be mastered by companies, the successful management of external uncertainties is a far less predictable process. What remains, therefore, is a time-proven realisation: namely, that it does not pay to be nervous even in turbulent times; what is needed is the deployment of the tried-and-tested tools and instruments of company management and logistics. These are also challenges that can be mastered if companies work together and stand shoulder to shoulder.