



Logistics Indicator in Q2 2016:

Strong uptrend for German logistics business

Following downturns in recent quarters, the logistics business in Germany is now once again picking up significant speed. This is the finding of the latest Logistics Indicator survey (June poll), conducted for Bundesvereinigung Logistik e.V. (BVL) by the Institute for the World Economy. The overall climate is up by over 18 points to 133.3 points. The more favourable assessment of the business scenario is due both to a greatly improved assessment of the current situation (up by over 14 points to 130 points) and to far more optimistic expectations for the next 12 months (up by just under 22 points to 136.5 index points). The supply side of the market (logistics service providers) has made a major contribution to this brighter assessment: the service provider climate has shown a strong increase of 30 points to a new level of 137.8 points, whereas the corresponding score for the users of logistics services in industry and trade has only recorded a minor increase (up by just over 6 points to 128.7 points). After three quarters during which the sentiment in the German logistics industry was trending downwards, the latest survey clearly underlines the renewed optimism.

The increased optimism with regard to the short-term *business trend* (development of business during the next three months) is equally noticeable on both sides of the market. On balance, 26 percent of providers and 34 percent of users predict an increased demand for logistics services and improved business, respectively.

The far brighter business climate among the *logistics service providers* is reflected above all by a considerably more favourable expectation component in Q2. The corresponding sub-indicator picked up strongly across a broad front, showing an increase of almost 40 points to 143.9 points, the highest level in two years. Current situation assessments also recorded a significant improvement, rising by over 20 points to 131.8 points and thereby offsetting the decline of the previous quarter. In the current survey, the logistics service providers underlined the dramatic improvement in the business situation and in orders on books, and they also expressed far more optimistic views with regard to future business. Orders from Germany and abroad are evidently more than adequate, the general business situation has improved, and capacities are better utilised than was the case three months previously. All the individual questions on the expectation component also point to further expansion across the board, with the result that the positive assessments of the future trend in business and orders are underpinned by a correspondingly high level of willingness to expand personnel and physical resources.

The slightly improved business climate among *users of logistics services* in industry and trade is due to the higher score for assessment of the current business situation (up by more than 8 points to 127.9 points) and the somewhat more positive expectations (up by just under 4 points to 129.1 points). Assessments of capacity availability in the market confirm the answers given by the service providers. Utilisation of in-house capacity on the demand side remains at a high level. Expectations for the next 12 months point to slight growth in domestic demand and, once again, to modest expansion of physical and personnel resources.



The special question in Q2 asked companies in the German logistics industry about the importance of corporate brands. Brand management is evidently a key topic for the great majority of companies – with a slightly higher percentage for logistics service providers than for companies in industry and trade. In most of the polled companies, responsibility for this issue lies with the management or the executive board, while just under 40 percent of respondents say there is a separate marketing department for this purpose in their company. A still healthy 35 percent of logistics service providers also use the expertise of an external service provider for their brand management, compared to a figure of just 10 percent in industry and trade. Roughly 20 percent of companies on both sides of the market have their own press and PR department. When it comes to the strategies employed in the field of entrepreneurial brand management, the respondents mainly support a uniform corporate identity (80-90 percent of surveyed companies). Another aspect that is seen as being of importance is the corporate vision or mission that is passed on to management personnel and employees so that they serve as ambassadors for the corporate brand (70-80 percent). Far less importance is attached to "open days" (just under one in four respondents) and regular surveys on the corporate image (less than 20 percent).

The Logistics Indicator is computed for Bundesvereinigung Logistik e.V. (BVL) by the Institute for the World Economy (IfW) at Kiel University. The design of the indicator allows values between 0 and 200, where a value of 100 characterises a "normal" economic situation (satisfactory and stable business and order situation with normal capacity utilisation levels).

This commentary is based on the currently foreseeable development of the polled survey elements. With the data volume that is available to date, the computation of the profiled overall and sub-indicators is only possible as part of an initial calculation process. Using quarterly figures, the question design on which the indicator concept is based is geared towards assessment of the seasonally "normal" values (after adjustment for seasonal effects). Nevertheless, the possibility that seasonal effects impact response behaviour cannot be ruled out. Once the indicator has been in use for a sufficient period of time, it will be possible to statistically filter out these influences. Moreover, it will in future also be possible to conduct surveys on the lead time characteristics with regard to both the sectoral and the overall economic trend. These surveys will be conducted by the IfW as soon as the necessary volume of data is available.