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## Logistics Indicator in Q1 2017

# Logistics sector still on the road to success

## Development of digital business models is generally a boardroom issue

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It was already apparent at the BVL/VDA Forum Automotive Logistics at the Mercedes-Benz plant in Bremen in mid-February that the sentiment among logistics managers in industry, trade and services in the first quarter of 2017 was one of calm and optimism. The discussions were dominated not by geopolitical events but by strategy and practice – and above all by the potentials and risks of digitisation, a process that affects all fields of activity in supply chain management and logistics.

Moreover, the German Ministry of Economics has reported that the national economy grew by 1.9 percent in 2016 after adjustment for inflation, that unemployment is at its lowest level for 25 years, and that Germany has once again set a new jobs record with more than 43.5 million people in gainful employment. The report goes on to say that average net wages and salaries have increased by more than 1.4 percent a year in real terms since 2013. The persisting uptrend on the domestic front is being driven by consumer spending and investment in housing – and the positive effects are clear: the climate score for the Logistics Indicator showed a further increase over Q4 2016 and is now at its highest level since the autumn of 2011.

The climate scores for both sides of the market are around ten points above the average Indicator score over the last ten years. Long-term expectation scores for all market participants are at least stable or better – a sign of the robust overall situation. The majority of respondents forecast a net improvement in logistics business over the next three months. It is hard to imagine a more euphoric mood.

The responses to the supplementary question in the Indicator poll revealed that the development of new digital business models in industry, trade and services is driven by the management in over 60 percent of companies. Roughly half of the companies say that they have received clear signals from their customers that they want innovative solutions. The majority of companies take calculated risks in the innovation process and accept mistakes as a creative part of this process. Less than five percent of respondents believe that they cannot afford to make mistakes in any process, including the innovation process.

Taken together with the insights gained from the study "Trends and Strategies in Logistics and Supply Chain Management" published by BVL at the beginning of March, these results are a positive sign that we will be able to master the challenges presented by digitisation. The digital transformation will be the dominant theme in 2017 – strategically, tactically, operationally, in the area of investment in physical resources and on the qualification front. With the work it performs and the content it provides, BVL addresses these issues head-on, and the association has chosen "Think different – Act digital" as the theme for the year and for the 34th International Supply Chain Conference this October. The buoyant business situation will help the logistics sector to pursue targeted new strategies without undue hesitation.