



LOGISTICS INDEX REPORT

**Q3 2021**

**CartonCloud.com**

# Foreword

Welcome to the third edition of the CartonCloud Logistics Index Quarterly Report.

Each quarter, we delve into insights and data from members of the logistics industry to explore crucial issues facing our industry and track changes in sentiment over time.

We're proud to be logistics people and be part of an industry that keeps our communities moving locally and globally. Our industry supports hundreds of thousands of livelihoods across Australia, and I am proud of the role CartonCloud can play in taking the pulse of the market and sharing insights to help businesses grow.

At CartonCloud, we know data lead decision making is integral to building a strong business. Along with the data collected in our previous two quarters, this report not only shows current attitudes and sentiment within our industry but acts as a benchmark to show changes throughout the year to date.

We are excited to provide CartonCloud users and the broader industry with this industry resource and actionable data, showing trends and changes in the external environment and industry insights and attitudes.

If this is your first introduction to the CartonCloud Index Report, welcome. To those who have taken part as respondents in previous surveys and have reviewed the data of our past reports, welcome back and thank you for your ongoing support and participation.



Vincent Fletcher  
Founder, CartonCloud



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# HOW IT WORKS AND METHODOLOGY

## CARTONCLOUD LOGISTICS INDUSTRY SENTIMENT INDEX

*The CartonCloud Logistics Index aims to provide actionable data that shows current sentiment regarding industry growth, opportunities and trending issues or topics and track changes in opinion and attitudes over time.*



Through regularly tracking sentiment based on feedback from members of the logistics industry, we aim to build a deeper understanding of where we are as a snapshot in time, where we have come from, and how the road ahead might look.

This report tracks sentiment across three quarters of 2021 and explores industry trends, concerns and topical issues based on responses provided for the months of Sept-Nov.

## THE INDEX – HOW IT WORKS

The CartonCloud Logistics Industry sentiment index is calculated based on responses to the following three questions, included in every quarterly survey:

- **How do you expect your business to perform in the next six months?**
- **What is your view of the current economic climate for your business?**
- **Based on the economic climate and the performance of your business, how would you rate the likelihood that your business will bring on additional staff within the next six months?**



Consistently tracking this sentiment and pulse remains our priority. Alongside these, we vary the questions asked in each quarter to understand better the topical issues and opportunities affecting our industry which can help provide contextual information and understanding to the data set.

## METHODOLOGY

The survey asks participants to respond to each question on a 1-5 scale, from very poor to very good.

To interpret the results, we need a baseline index. The 2021 Q1 index has been benchmarked as 100 and is the baseline for tracking future changes. Responses for the first three questions in the quarterly survey are combined (business conditions, growth prospects and hiring plans) based on the response values (very good = 5, to very poor = 1) to calculate the overall index value.

Popular indexes such as the Melbourne Institute Survey on Customer Sentiment have utilised similar questions to gauge forward-looking sentiment. The relative scores across these three questions are combined and compared over subsequent periods.

An index of 100 indicates that overall sentiment is the same as the baseline from Q1 2021. An index of greater than 100 shows that optimism is higher than Q1 2021, and likewise, an index of less than 100 indicates that pessimism is more prevalent than Q1 2021.





# RESULTS Q3 2021

## OVERALL INSIGHTS THAT EMERGE FROM THIS QUARTER'S INDEX:

*Despite recent industrial activity over the last 12 months and delays impacting the global logistics industry, we have seen the industry's highest sentiment of the year.*

*This increase in sentiment is seen across all three areas tracked in the CCLI quarterly reports, including the current economic outlook, expected business performance, and hiring plans for the next six months.*

*So it is with high optimism and strong growth expectations, the industry is gearing up for the final quarter — a period which 90% of respondents believe will be their busiest of the year.*

Many companies are looking to increase their capacity by hiring new staff and increasing their fleet, optimising operations with new technology, and outsourcing services to third-party providers to manage increased demand for their services.

Interestingly, the potential of growth through the busy season has meant optimism remains high for many companies, despite the disruptions to the global logistics industry over the past 12 months.

Industrial actions and disruptions across global supply chains had an impact across the board. Respondents said the industrial actions and global delays meant increased freight and other costs, delays in receiving parts or goods, delayed deliveries resulting in reduced warehouse storage rates and uncertainty around planning.

### WANT TO KNOW MORE?

*View the full report, with responses to individual questions below.*

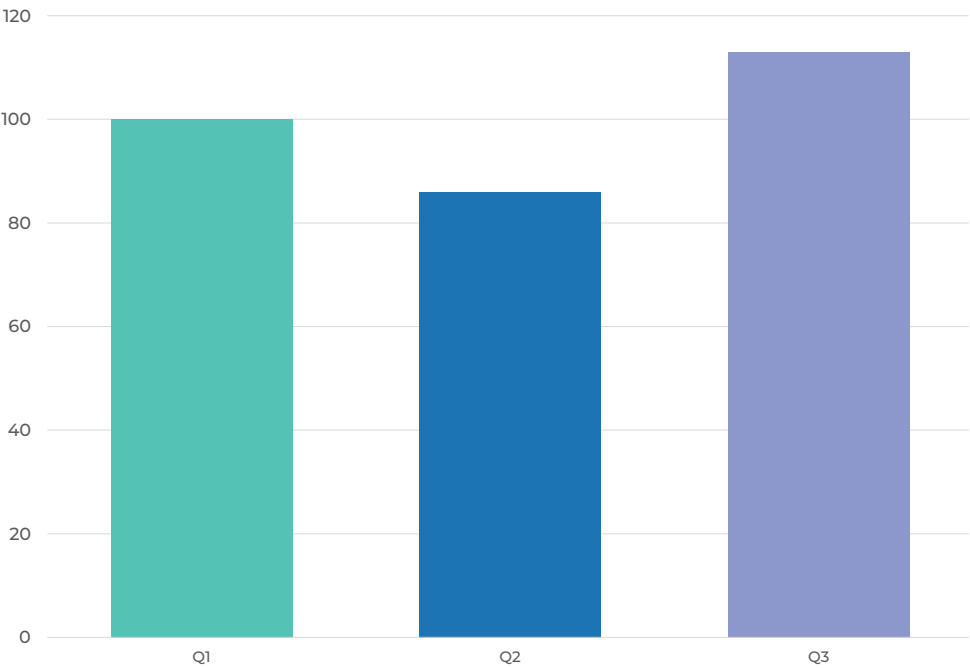


SECTION 1:

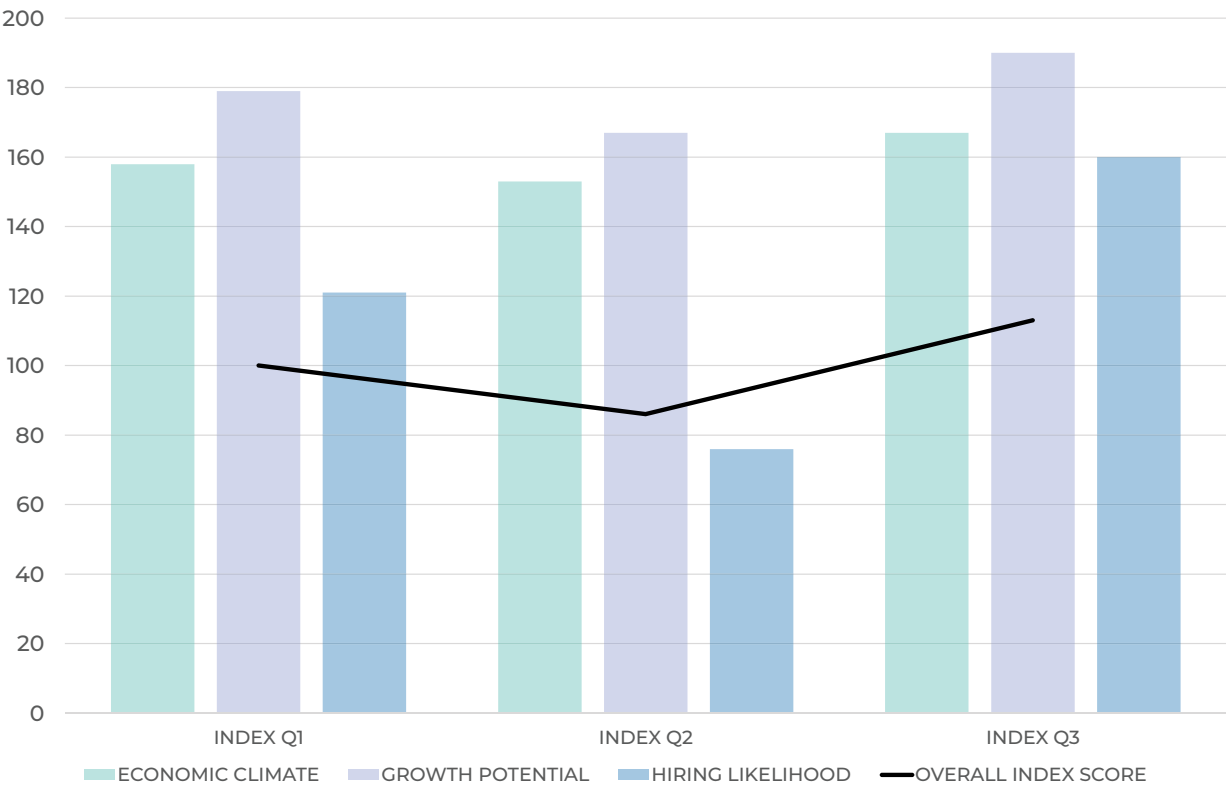
# OVERALL CARTONCLOUD LOGISTICS INDEX (CCLI)

As 2021 draws to a close, we are seeing the highest sentiment score recorded for the year to date.

OVERALL INDEX SCORE FOR Q1 AND Q2



CARTONCLOUD LOGISTICS INDEX SENTIMENT TRACKING 2021

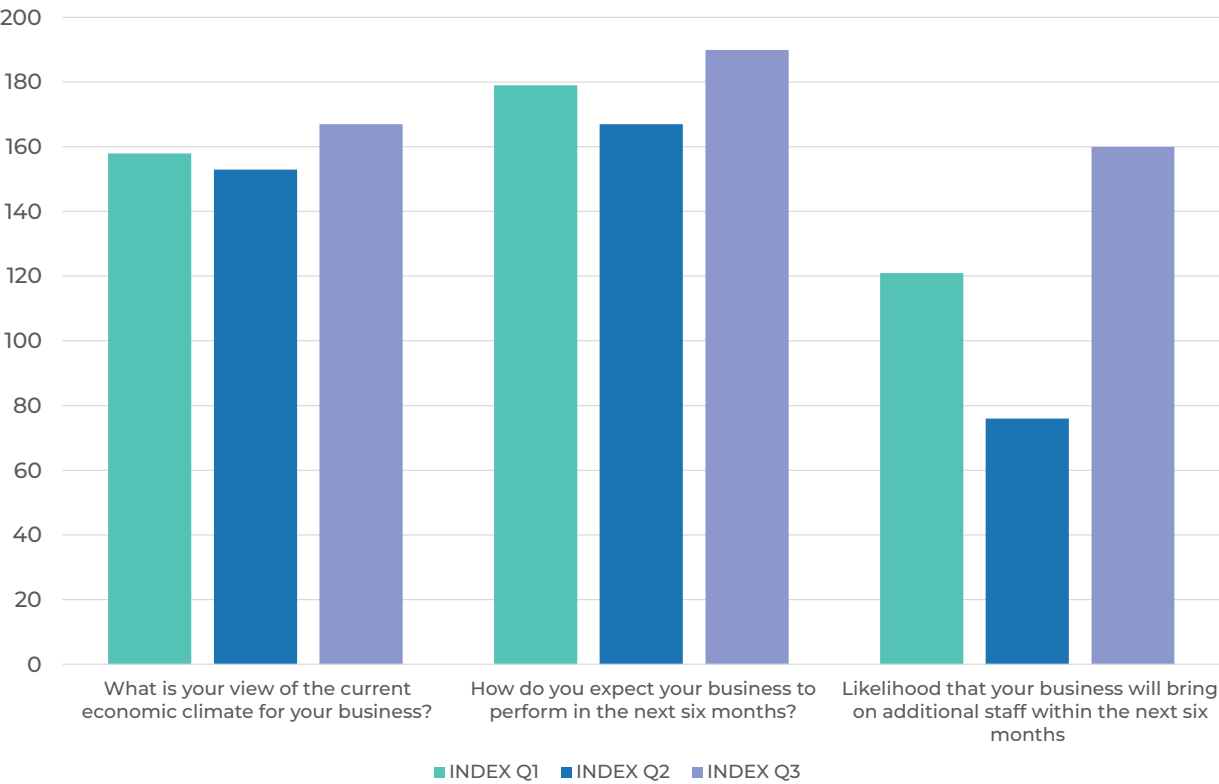


***This year, we've seen a rise and fall in industry sentiment based on three perceived business growth and potential areas.***

The initial Q1 Index report provided a benchmark (calculated at 100) against which to gauge future scores. In Q2, we saw a slight drop in sentiment from 100 to 86, mainly attributed to a decline in hiring optimism for the quarter. However, this quarter we have seen the overall industry sentiment rise significantly, from 86 to 113.



CARTONCLOUD LOGISTICS INDEX TREND ANALYSIS

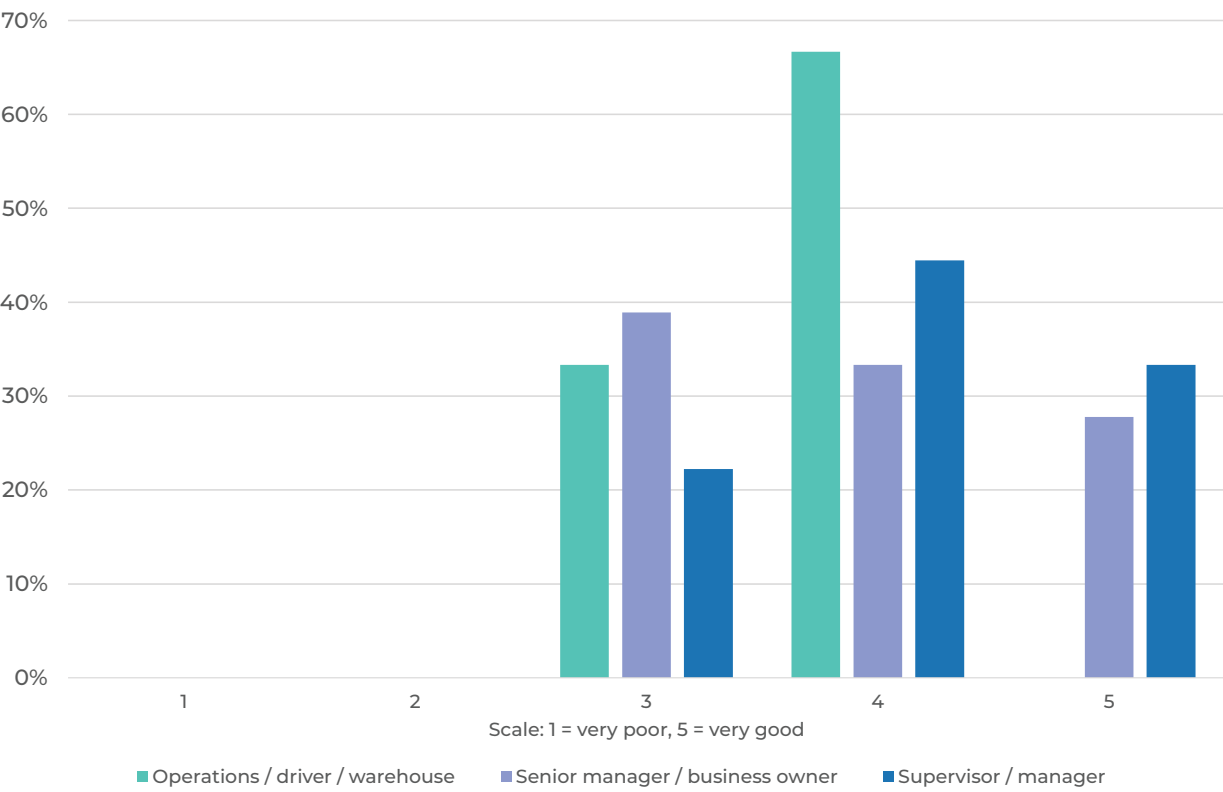


Similar to Q2 results, the most significant change in sentiment from last quarter to this quarter was a shift in optimism regarding hiring additional staff over the coming six months.

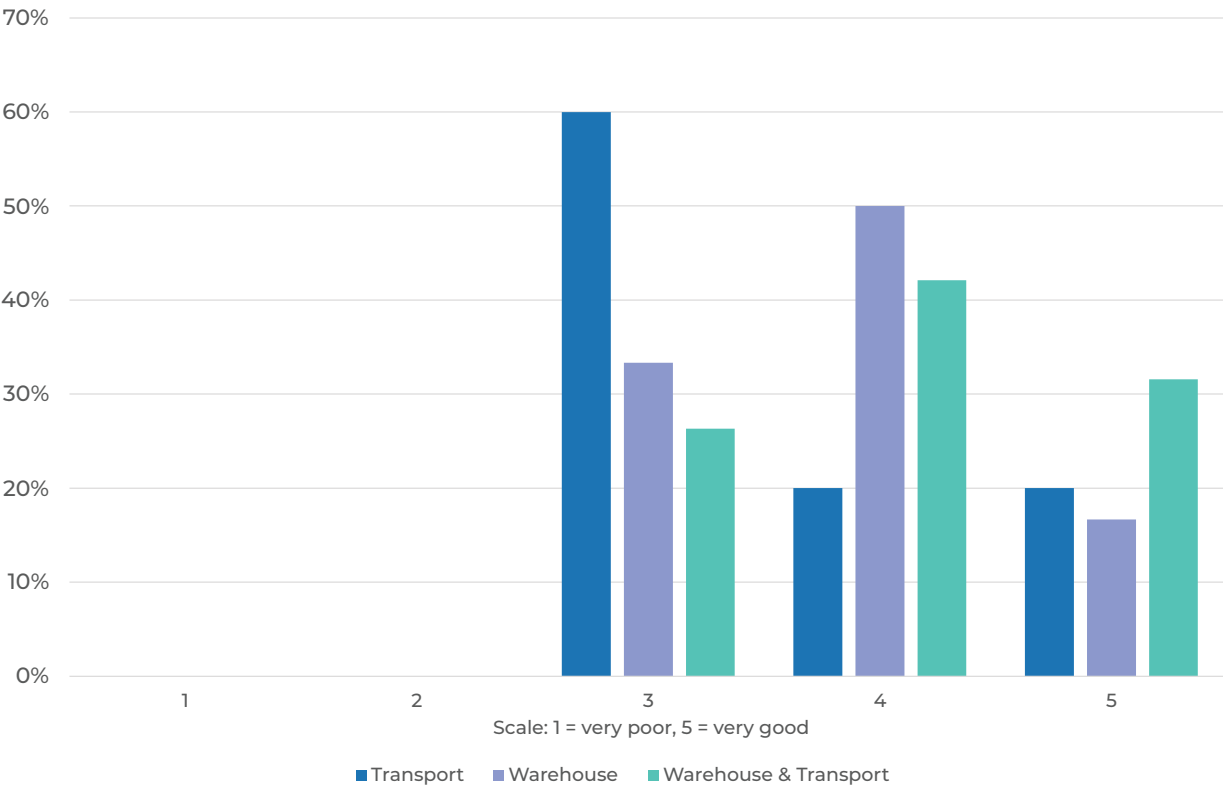
It is worthwhile noting the rise in sentiment also coincides with results showing many respondents believe the coming quarter will be the busiest of the year. To deal with the increase in demand, many respondents said they would be looking at 'hiring new staff', potentially outsourcing to third parties, investing in technology or increasing their fleet/resources (which will be explored further in Question 5). Each of these actions shows a strong perception of growth across the industry.



CURRENT ECONOMIC CLIMATE PERCEPTIONS BY ROLE



CURRENT ECONOMIC CLIMATE PERCEPTIONS BY INDUSTRY



**Question 1: What is your view of the current economic climate for your business? (1 = very poor, 5 = very good)**

Sentiment regarding the current economic climate has risen across the board since last quarter. All respondents saw the Q3 environment as either neutral or positive — with nil responses for negative outlooks.

Once again, this quarter saw higher optimism held by supervisors and managers than that of operations staff, with 78% responding they saw the current economic climate as good or very good.

**All members of the logistics industry share a positive outlook of the current economic climate as positive for business across roles and industry types.**

However, this quarter also saw a significant rise in optimism held by respondents in operational roles compared to previous quarters. In the last quarter, this group responded with 12% viewing the current economic climate as very poor, and 80% neutral or good. This quarter saw a positive shift, with all responses as neutral, good or very good.

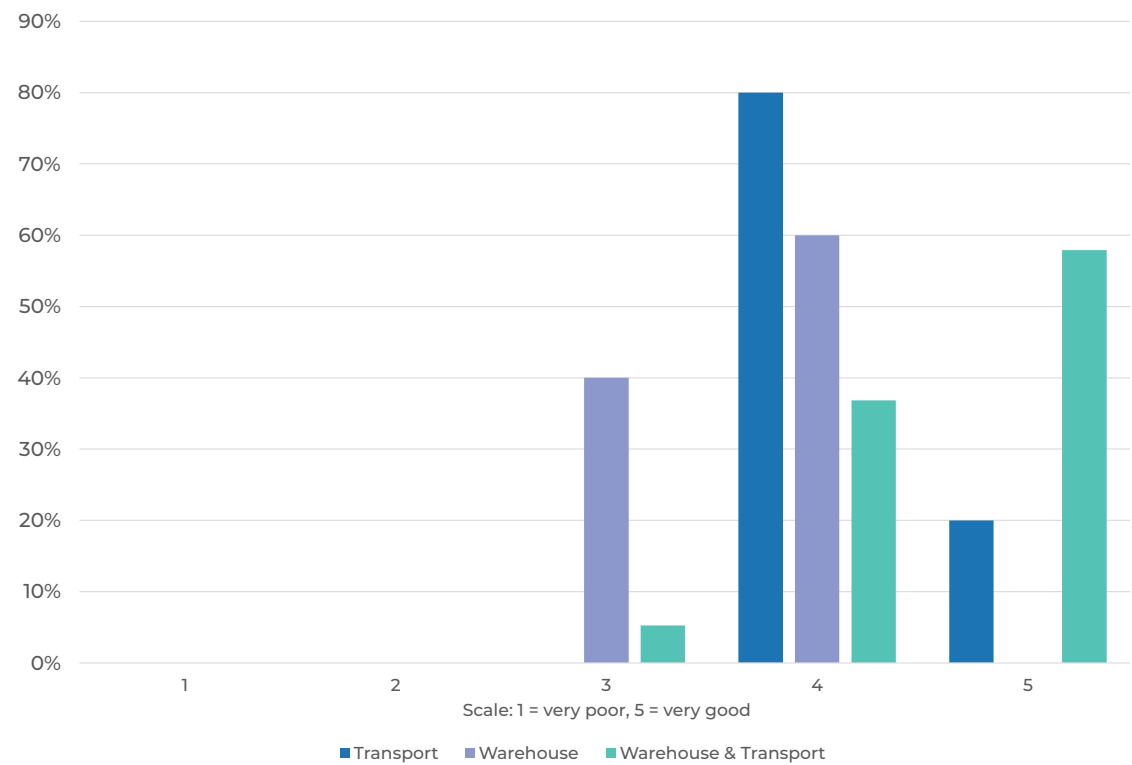
Looking at the sentiment across industry sectors, we can see a much higher sentiment from respondents who were from businesses involved with warehousing (warehouse or warehouse/transport combined).

An immense 74% of respondents from warehouse/transport combined businesses saw the current economic climate as good or very good. This is closely replicated by respondents from warehouse businesses (67%), while transport (40%) companies showed a much lower optimism for the current climate.

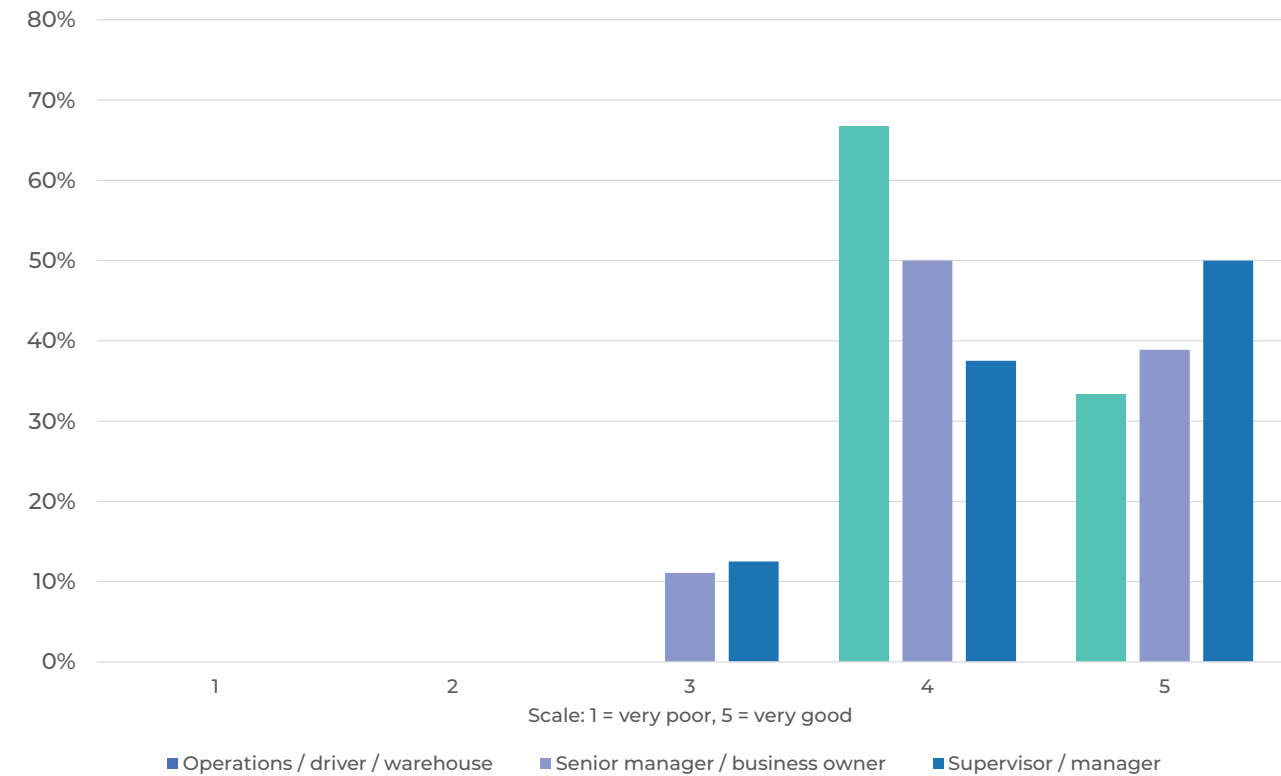




BUSINESS GROWTH EXPECTATIONS BY INDUSTRY



BUSINESS GROWTH EXPECTATIONS BY ROLE



**Question 2: How do you expect your business to perform in the next six months? (1 = very poor, 5 = very good)**

This quarter saw an increase in optimism about business performance in coming months.

Significantly, all respondents this quarter perceived their business growth potential in the coming months as either neutral, positive or very positive, with no negative responses. This is a significant shift since the previous quarter, with 27% of negative responses shifting to neutral or better in this quarter.

Transport respondents had the greatest optimism for business growth over the coming months, only slightly higher than that of warehouse and transport combined companies.

**Business performance optimism continues to shine, with high optimism for growth in the coming months.**

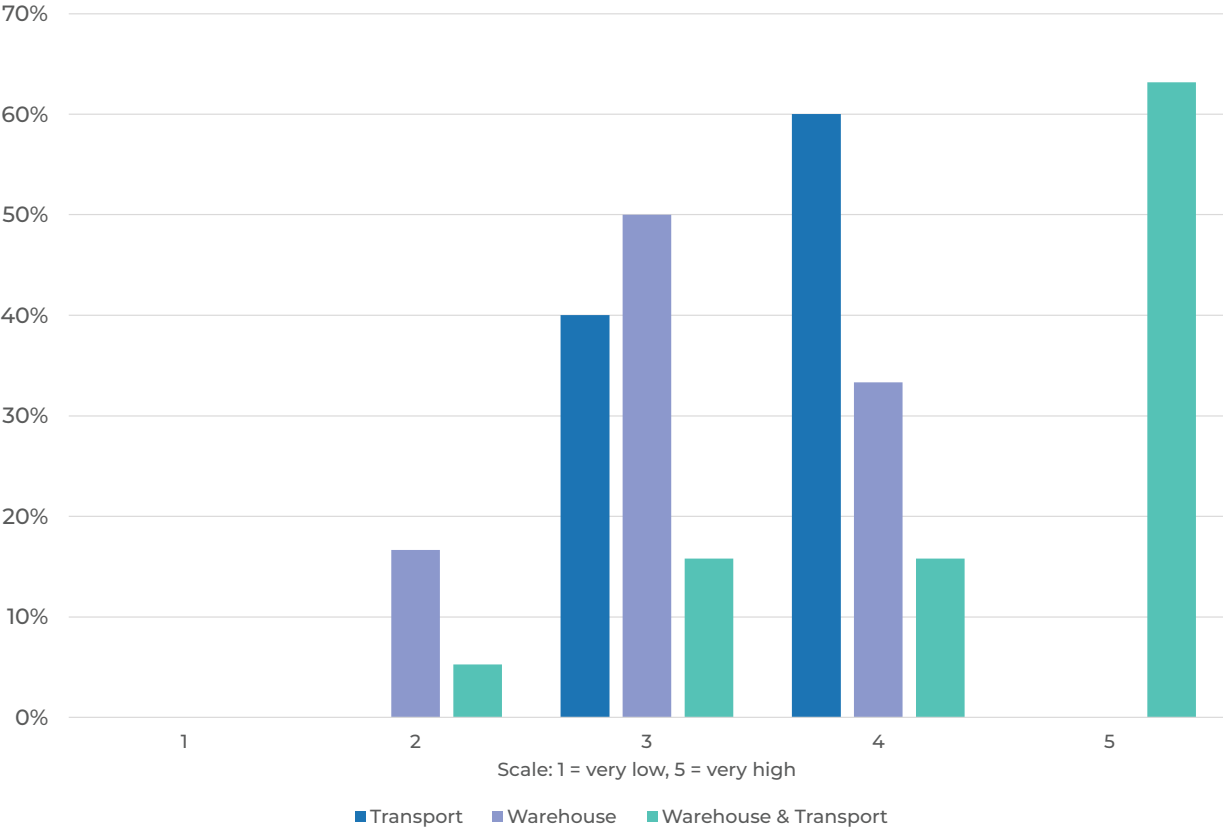
While slightly lower than other operation types, respondents from warehouse companies also had an overall positive outlook for future business growth, with 60% believing the potential for business growth was positive and 40% responding with a neutral view.

In a significant change since the previous quarter, this quarter saw a greater optimism in responses from operational staff than that of senior management and business owner respondents.





HIRING EXPECTATIONS BY INDUSTRY



**Question 3:** Based on the economic climate and the performance of your business, how would you rate the likelihood that your business will bring on additional staff within the next six months? (1 = very poor, 5 = very good)

A significant 79% of transport and warehouse and 60% of transport respondents saw the likelihood of hiring additional staff in the next six months as high or very high.

Despite an overall lift in sentiment regarding hiring potential for this quarter, this was not reflected for warehouse company respondents, who's hiring optimism reduced in comparison to the previous quarter.

**Hiring expectations boom for the transport industry, with greater optimism for the next six months.**

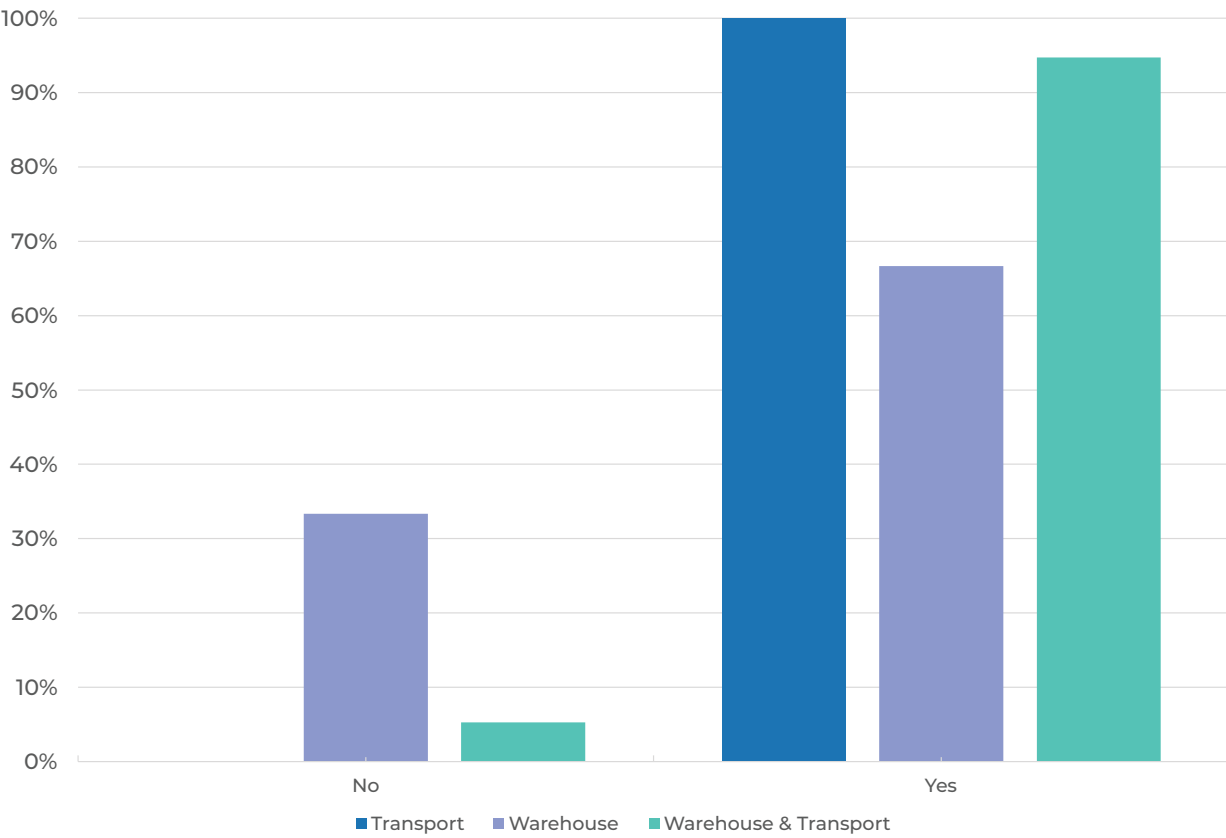
Warehouse respondents had less optimistic results, with only 33% of respondents believing it was likely they would hire additional staff in the next six months and none answering that it was highly likely.

When comparing this quarter's responses by roles, we see an increase in the number of operations and senior manager/business owners with high and very high optimism.





DEMAND INCREASE EXPECTATIONS BY INDUSTRY



**Question 4:** Are you expecting the coming quarter to be the busiest season/quarter in the calendar year for you?

Interestingly, when compared between industry sectors, transport only companies and warehouse/transport companies had a higher 'yes' response than warehouse only companies.

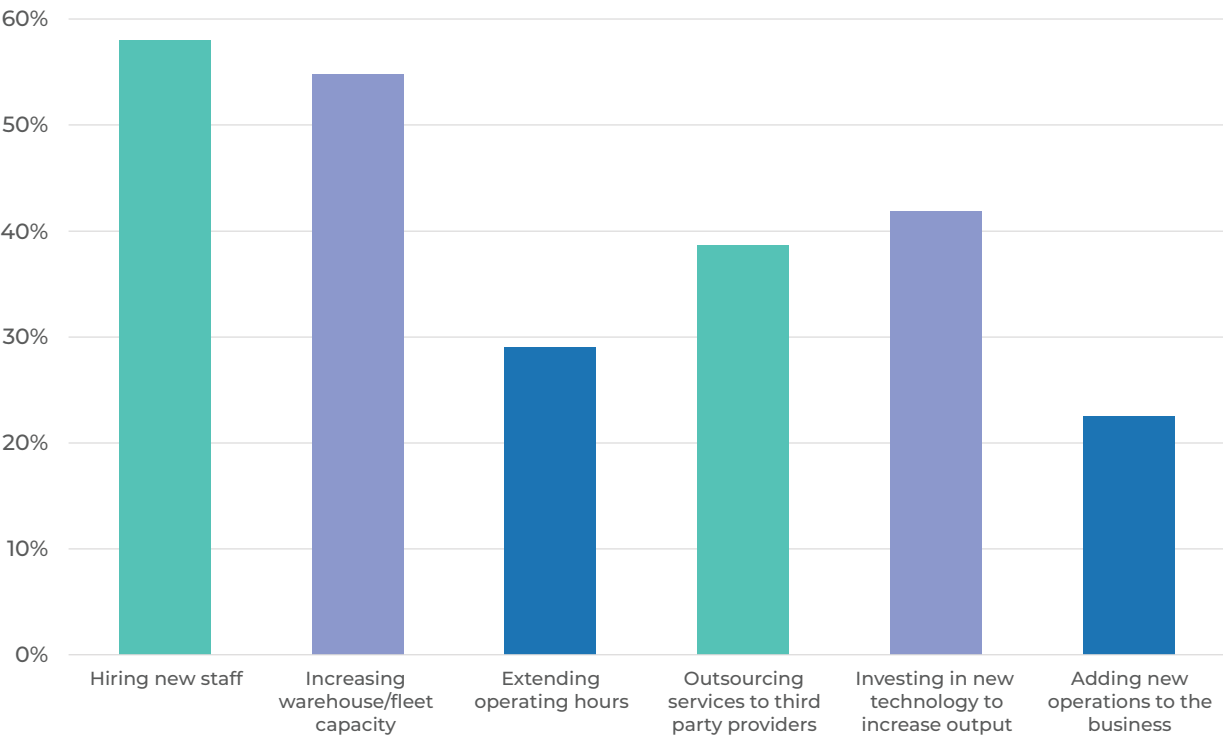
One-third of warehouse company respondents and a minimal 5% of warehouse/transport respondents said they didn't think the coming quarter would be the busiest of the year.

*The industry is ramping up for increased demand over the coming months. Regardless of industry area or operation role, the majority of respondents (90%) said they believed the next quarter would be the busiest of the year.*

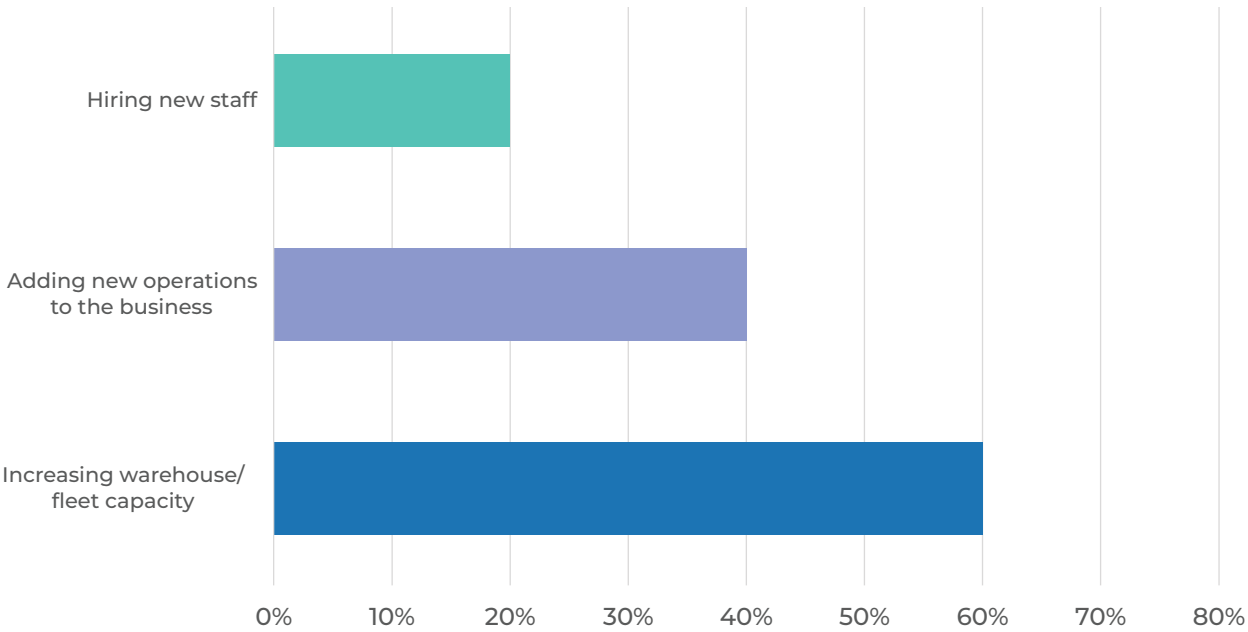




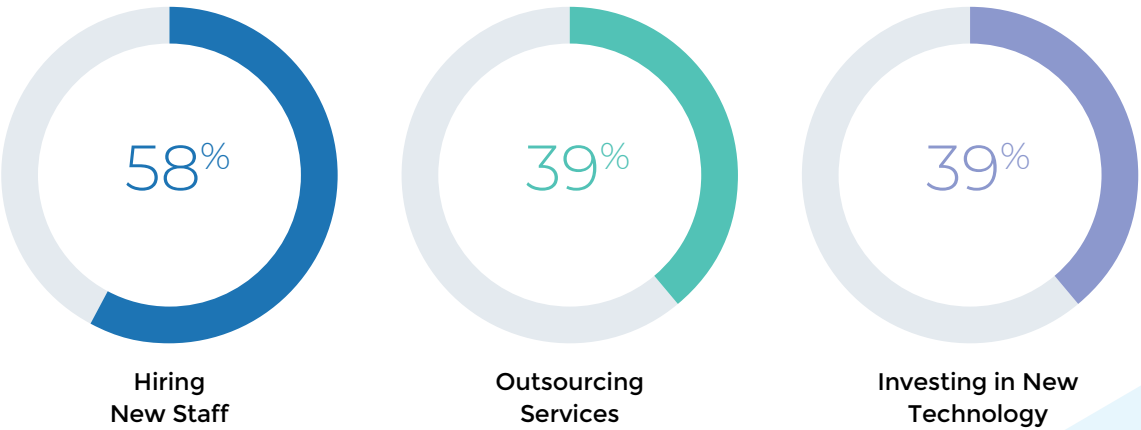
INDUSTRY ACTIONS FOR INCREASED DEMAND



TRANSPORT INDUSTRY STRATEGIES FOR INCREASED DEMAND



**Question 5:** What activities, if any, are you planning to cope with the expected increased demand?



The most popular planned activity to cope with the expected increase in demand across the industry is hiring new staff (58%), followed by outsourcing services (39%), and investing in new technology to increase output (39%).

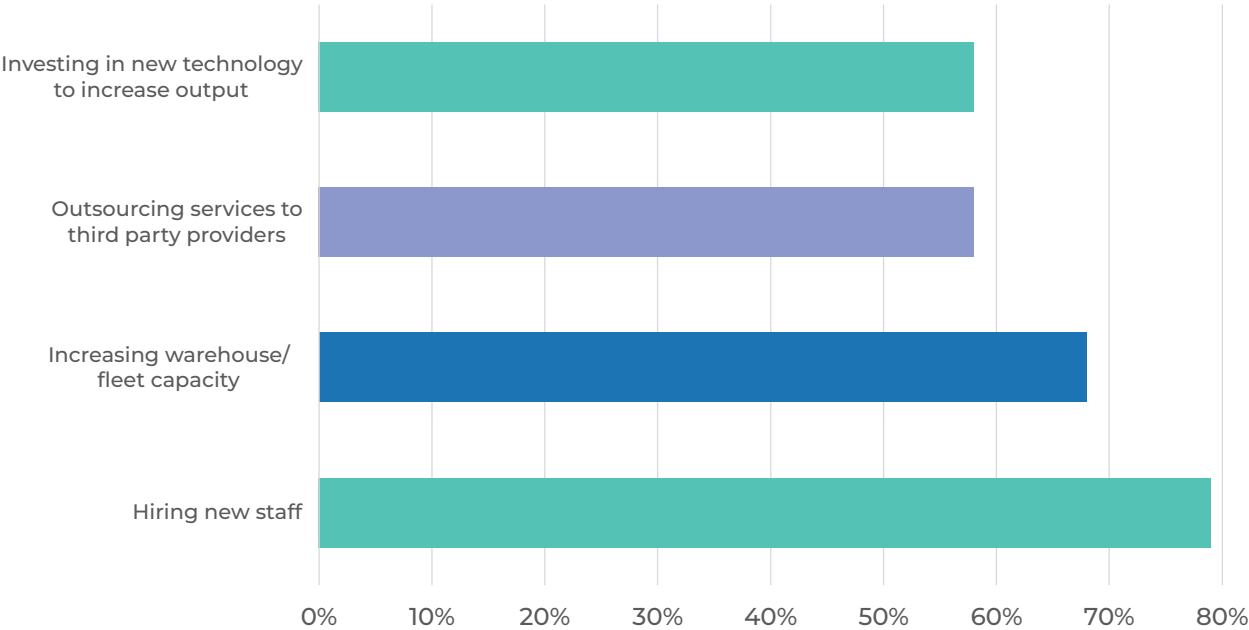
***In order to cope with the forecast increase in demand, businesses are looking to hire new staff, outsource activities, and invest in new technology to streamline operations.***

Transport respondents saw increasing their warehouse/fleet capacity (60%) as the top action, followed by adding new operations to the business (40%) and hiring new staff (20%) to cope with the increased demand.

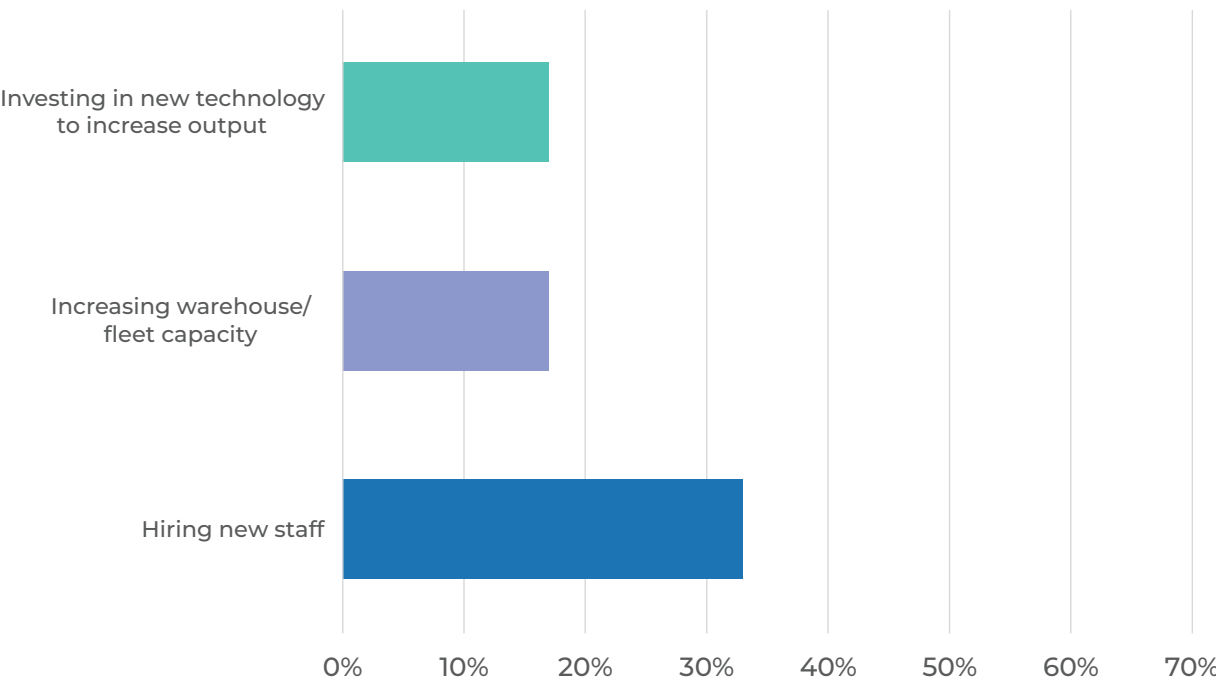




WAREHOUSE INDUSTRY STRATEGIES FOR INCREASED DEMAND



WAREHOUSE/TRANSPORT COMBINED STRATEGIES FOR INCREASED DEMAND



Warehouse respondents planned to balance growth with systems; looking to increase their staff and fleet, outsource services, and invest in new technology as their top three actions.

Interestingly, despite hiring new staff seen as the most popular means of coping with the upcoming increased demand, this quarter saw warehouse respondents ranked lower than other industry types in their optimism for hiring potential in the coming months. This may also correlate with responses for question 4, with one-third of warehouse respondents saying they didn't see the coming quarter as the busiest of the year.



Again, for combined warehouse and transport companies the most popular activity to cope with the increased demand was to hire new staff (79%). This was followed by increasing warehouse/fleet capacity (68%), outsourcing services (58%) and investing in new technology to streamline operations (58%).



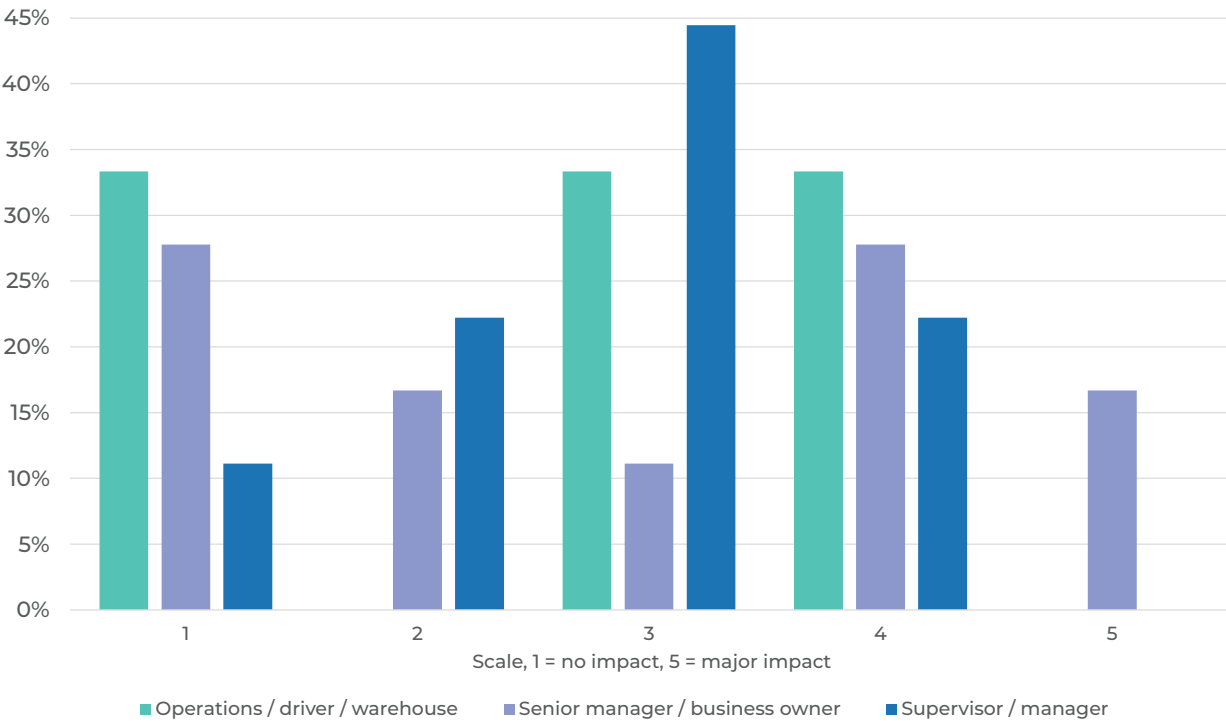


SECTION 2:

# CURRENT TRENDS & ISSUES

Combined logistics companies and high-level management are feeling the impact of recent industrial activity.

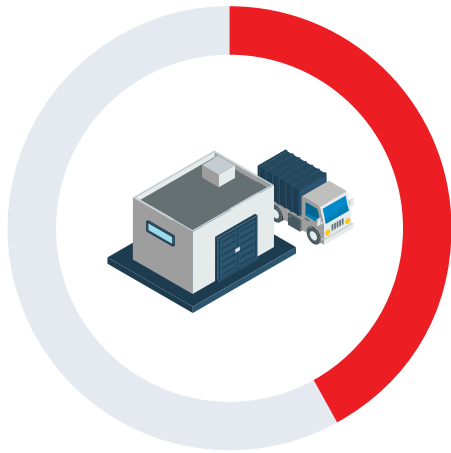
PERCENTAGE OF RESPONSES PER JOB TYPE FOR IMPACT OF INDUSTRIAL ACTIONS ON OPERATIONS



**Question 6:** Industrial actions have caused disruptions across supply chains globally over the past 12 months, from port. How much have these industrial actions impacted your operations?

When looking at the impact on industry type, combined warehouse and transport companies responded with the highest perceived impact to their operations, with 42% for high or major impact.

Reflecting the Transport industry's optimism for the current economic climate, hiring potential and business growth in the coming months, respondents from transport companies responded with a significantly lower perception of impact, with 40% of responses for transport companies saying there was no impact.

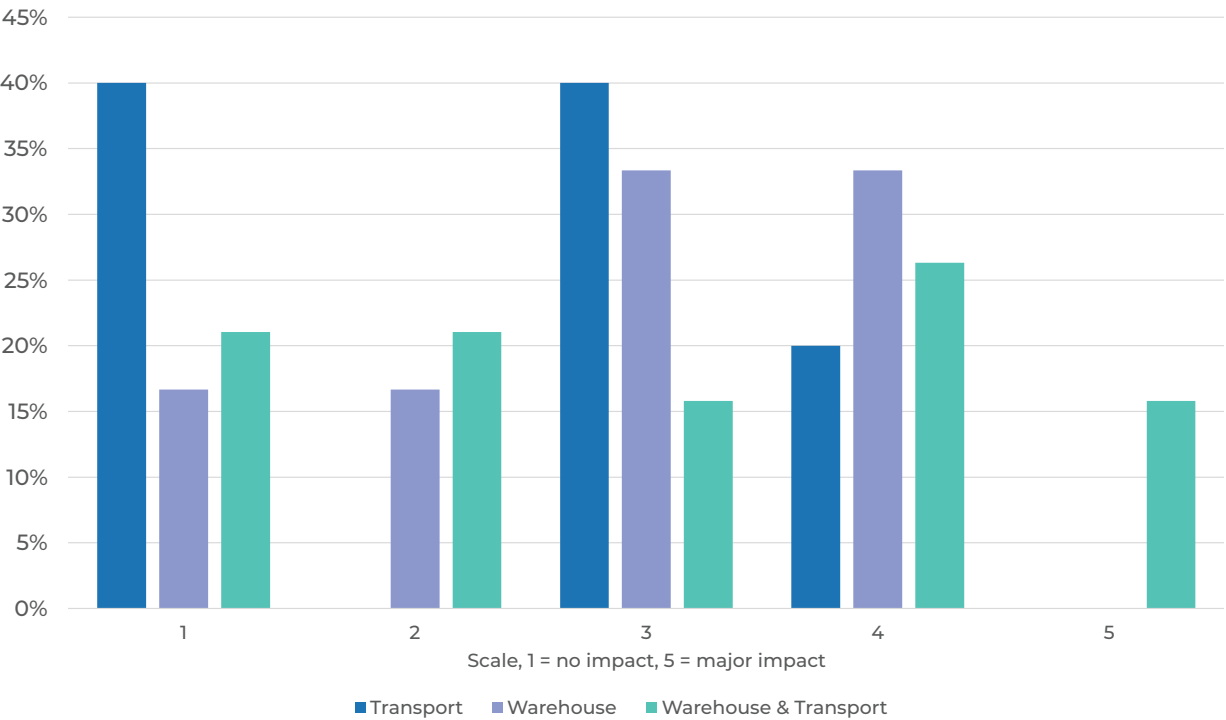


42% of combined transport/warehouse companies have felt a major impact from recent industrial actions





INDUSTRIAL ACTIONS IMPACT ON BUSINESS BY INDUSTRY



**Question 7: Can you describe how these disruptions have impacted your business?**

Respondents provided long-form answers to demonstrate the impact the industrial actions have had on their businesses. While shipping delays, port congestion and shipping costs were clear impacts of the recent industrial actions —the impact was felt in many areas of business.

Responses included delays in parts for business operations, flow-on impact of delays in future planning activities, increased freight costs, loss in revenue from delivery delays, industry bottlenecks and impeded communications.

Companies are struggling with increased costs, delays in goods and equipment delivery and difficulty in forward planning in uncertain conditions.

***The impact from the recent industrial activity was felt across all industries through freight cost increases, delays and flow-on effects from delays.***

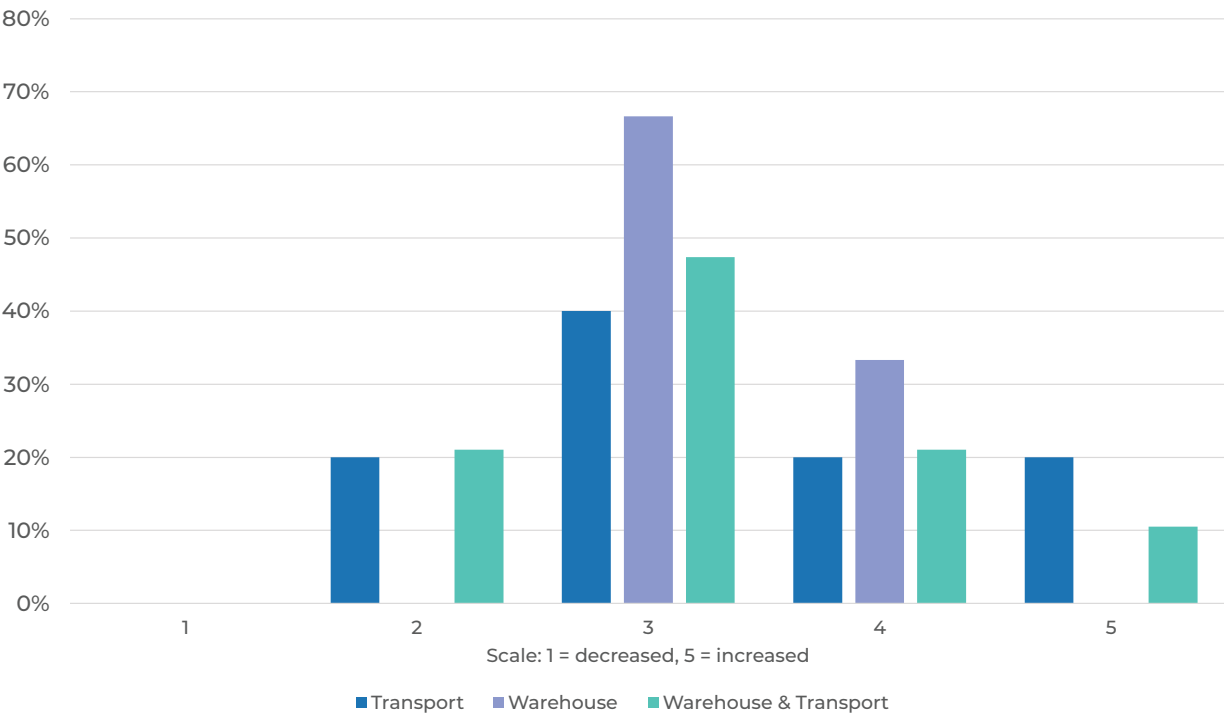
Furthermore, for some companies, the delays meant they were out of stock on major items or unable to deliver finished goods in previous timeframes, causing significant loss in revenue.

The shipping and delivery delays have meant lower time frames for goods storage for warehouse businesses, again resulting in lost revenue. On top of this, the industry has seen increased shipping and cargo freight costs, and some have seen costs rise across the board due to the flow-on effect.

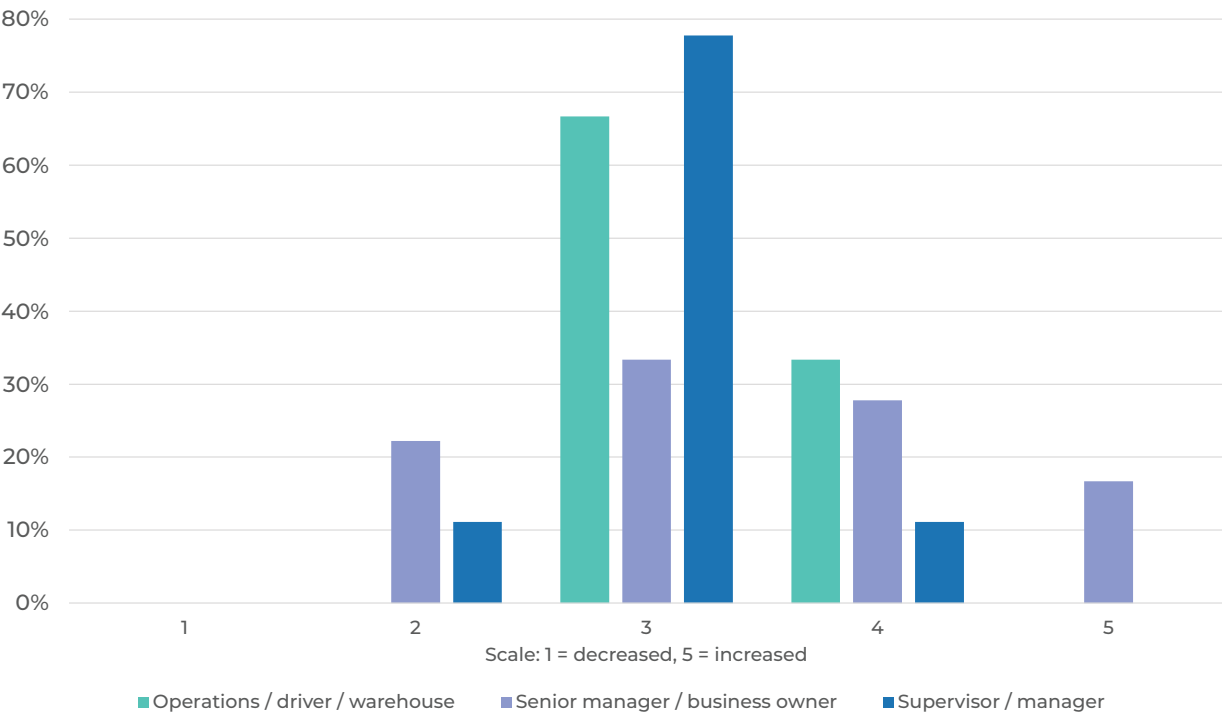




CHANGE IN ANNUAL BUSINESS COMPETITION BY INDUSTRY



CHANGE IN ANNUAL BUSINESS COMPETITION BY ROLE



**Question 8: Compared to 12 months ago, how has the level of competition changed for your operation?**

This was most visible in responses from the Transport industry, 40% of respondents believing the competition has increased in the past 12 months. One third of warehouse respondents agreed (33%), slightly ahead of warehouse and transport respondents with 32%.

Interestingly, 20% and 21% of combined Warehouse/Transport companies and Transport respectively perceived industry competition to have decreased this year.

***In general, there is a consistent perception that competition has stayed the same or increased over the past 12 months across all industry types.***

The majority (67%) of responses for warehouse respondents was neutral, with no perceived change in the rate of competition for their industry.



When comparing results by roles, the widest range in response came from business owner/senior manager roles, spreading somewhat evenly between a slight decrease in competition and a significant increase.

Operations staff recorded a much smaller range, with the majority (67%) of responses perceiving no change in competition and 33% perceiving a small increase.

Senior managers/business owners had the highest percentage of responses perceiving a major increase in competition, at 44%.





## SUMMARY

*This quarter, we have seen the majority of logistics providers gearing up for the busiest time of the year. For many, this meant taking on additional measures to cope with the increase in demand and activity. This included hiring of new staff, increasing fleet and resources, outsourcing to third parties and investing in new technology to optimise operations.*

*While the logistics industry struggles with delays and increased costs due to recent industrial activity, the overall industry sentiment in regards to current economic climate, hiring potential and business growth is at the highest level of the year to date.*





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