



STATE OF LOGISTICS SURVEY 2024: ROAD FREIGHT - KEY CHALLENGES & TECHNOLOGY INVESTMENTS

By Ti Research



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Each year Ti runs a State of Logistics survey which asks questions relating to current trends and expected changes to the road freight, freight forwarding and contract logistics markets. The following paper provides analysis of the results given for the road freight market.

INVESTMENT FOCUS AREAS

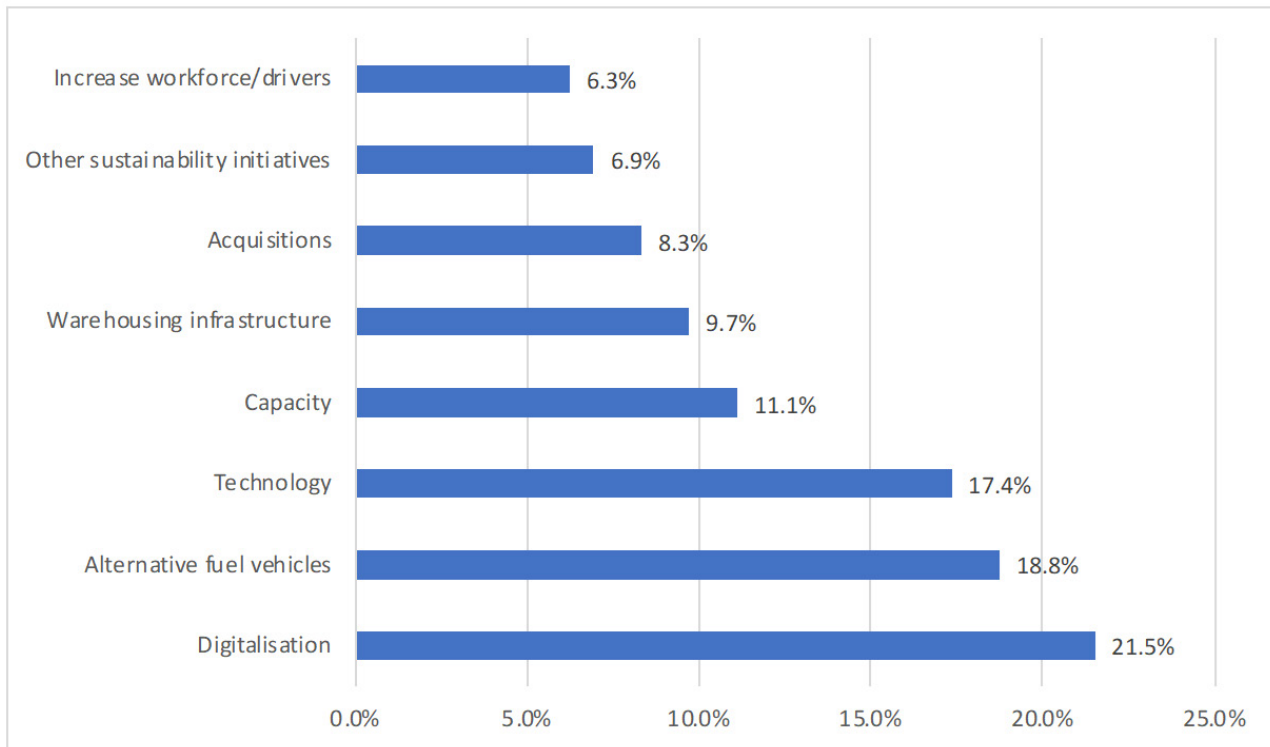
Digitalization and alternative fuel vehicles will be the key investment focus areas in road freight sector in the next 12 months.

In the face of persistent market volatility and the pressing need to address climate change, road freight forwarders are embracing technological advancements and adjusting to new legal and regulatory requirements. In order to deal with the ongoing macroeconomic challenges, 21.5% of the respondents said that their primary area of investment concentration over the next 12 months will be digitalization.

According to European digital freight forwarder sender, expanding its Control Tower business model and digitising all parts of customers' interactions remains a priority in 2024. Austrian forwarder, LKW Walter in collaboration with Krone, one of the leading German trailer manufacturers recently launched the Europe-wide digital consignment note eCMR in order to make road freight forwarding more efficient and transparent. The eCMR represents a significant advancement in the industry's digital transformation, setting new standards for efficiency and sustainability.

Another 18.8% of the road freight companies polled stated that they would focus their investments on the use of alternative fuel vehicles in the next 12 months. For example, implementing decarbonisation solutions and helping customers achieve their sustainability goals is a key component of Kuehne + Nagel's Roadmap 2026 Living ESG cornerstone. In January 2024, Kuehne + Nagel announced its Book & Claim an in setting solution for electric vehicles aimed at empowering road logistics customers who opt for Hydrotreated Vegetable Oil (HVO) to curtail their transport-related emissions.

Figure 1. What will be your key investment focus areas in the next 12 months?



CHALLENGES

Rising overall costs along with the economic downturn are the most significant challenges facing the global road freight forwarding sector.

Respondents observed that higher costs such as driver wages, tolls, vehicle maintenance, insurance, etc., coupled with the economic crisis, are some of the major problems affecting the road freight forwarding industry.

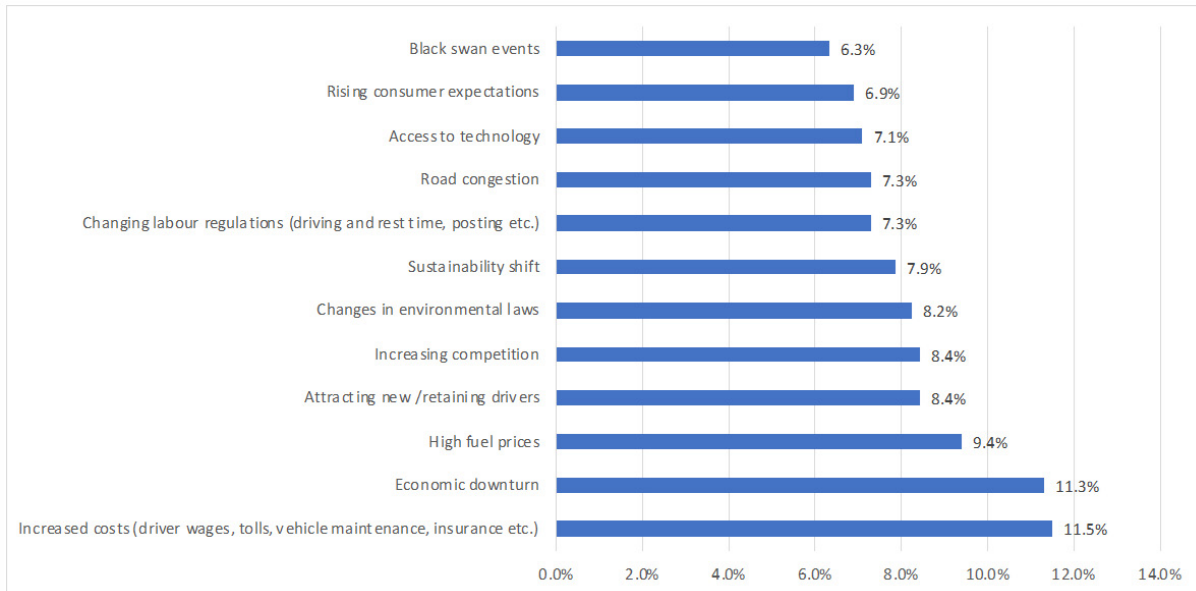
Indeed, considering the very thin margins in the sector, every cost increase represents another risk to profit erosion. Increased CO2 tolls enacted in some countries, including Germany, Hungary, Austria and the Czech Republic, as well as rising wage costs, are likely to drive operating costs even higher. In addition, the sector must cope with the economic slump while contending with the unpredictability of its costs or the imperatives of decarbonization.

With around a third of running costs in the road haulage industry being fuel, there is very little that can be done to meaningfully reduce costs in this area. Whilst it is possible for freight operators to absorb some of the cost increases, as fuel prices have been increasing continually, absorbing the costs is no longer feasible. There is little choice but to pass the increase onto shippers, who then pass the increase onto their customers.

The substantial shortage of truck drivers is also a pressing concern for other respondents. In fact, the IRU's 2023 driver shortage research indicated that more than 3m truck driver jobs remain vacant, with the

deficit expected to worsen in the coming years. Without meaningful action to attract and retain drivers, it is estimated that almost 7m truck driver roles may remain unfilled by 2028 according to the IRU.

Figure 2. In your view, what are the THREE most important challenges currently affecting the road freight forwarding industry?



The full survey analysis is available on GSCI - visit <https://gsci.ti-insight.com/logistics-supply-chain-survey-analysis> for more.

TECHNOLOGY

Data analytics, real time visibility and online digital freight platforms will lead technology investments in the road freight industry in the next 12 months.

The proliferation of internet-connected devices is creating new possibilities in data gathering and analytics and road freight companies appear ready to embrace the opportunities this technology offers – 18.4% of the surveyed companies plan to introduce data analytics in the next 12 months. IoT (Internet of things) allows for growing connected groups across the sector, multiple partners and up and down supply chains. Inside organisations the key will be having the right data presented in useful ways as the amount of available data grows massively. In addition, forwarders believe that data analytics can improve vehicle performance, reduce costs, improve processes, develop strategies, optimize routes and times, and foresee and identify problems, among others.

Similarly, real-time visibility is recognized as being important by 15.6% of the respondents. For example, Bollore Logistics, announced its partnership with Winddle, a platform for supply chain management, with the aim of optimizing transport operations through integrated management of product orders and supplier collaboration.

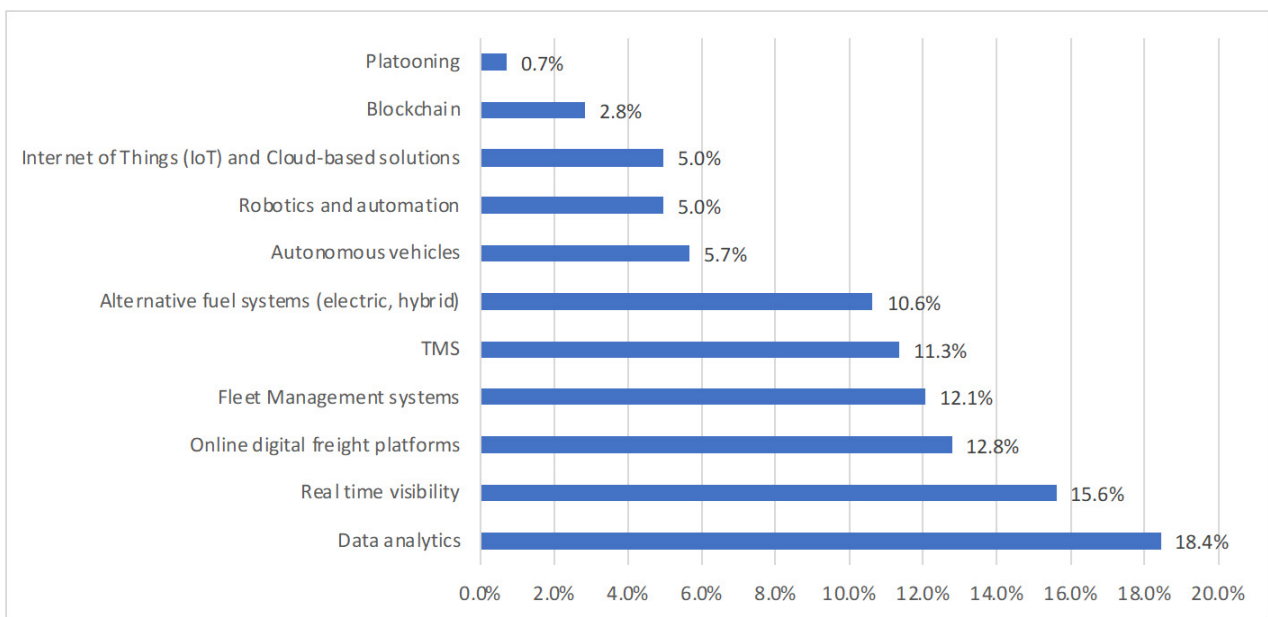
To remain competitive and relevant in the face of rapidly changing industry dynamics, 12.8% of

respondents stated they have invested in or plan to invest in online digital freight platforms. For instance, FedEx has announced fdx, the data-driven commerce platform that connects the entire customer journey, making it easier for companies to grow demand, increase conversion, optimize fulfillment, and streamline returns. By providing data and insights that improve visibility and connected capabilities across the customer journey, fdx will help merchants make more strategic logistics decisions from point of demand to delivery and returns. The official launch of the platform is planned for fall 2024, however it is currently available as a private preview.

Using the SAP Business Technology Platform, Girteka has already started fully digitising its logistics business and all operations since 2021 and this process is estimated to be completed by 2025.

Another noteworthy example of the use of digitalization capabilities is C.H. Robinson’s adoption of the electronic bill of lading (eBOL). In 2023, 17,240 C.H. Robinson clients benefited from eBOL, and the company expects even more in 2024 as it assists other LTL carriers in joining the network.

Figure 3. Have you invested or plan to invest in the following technologies in the next 12 months?



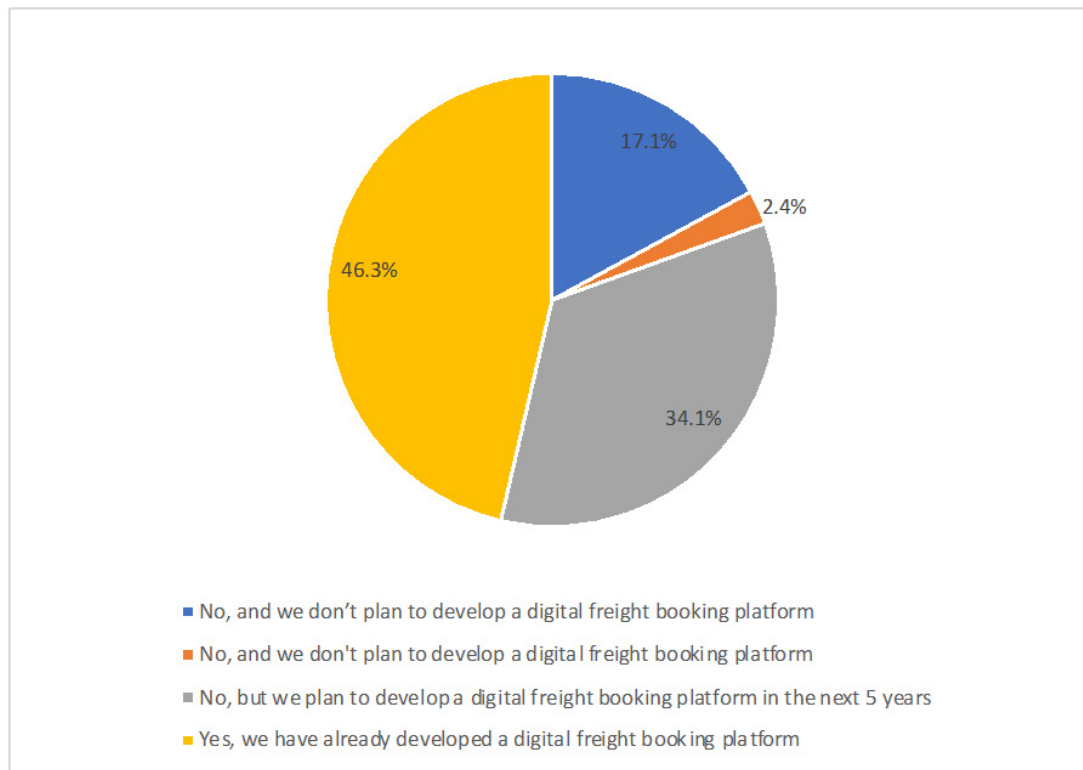
DIGITAL FREIGHT PLATFORMS

The adoption of digital freight platforms is rapidly taking hold across global businesses and shippers increasingly rely on this type of platforms to ship freight.

According to survey results, approximately 31.6% of respondents stated that between 40% and 60% of their company’s total bookings were made through a digital freight booking platform. Another 31.6% of the companies reported that digital freight booking platforms accounted for 20%-40% of their total bookings.

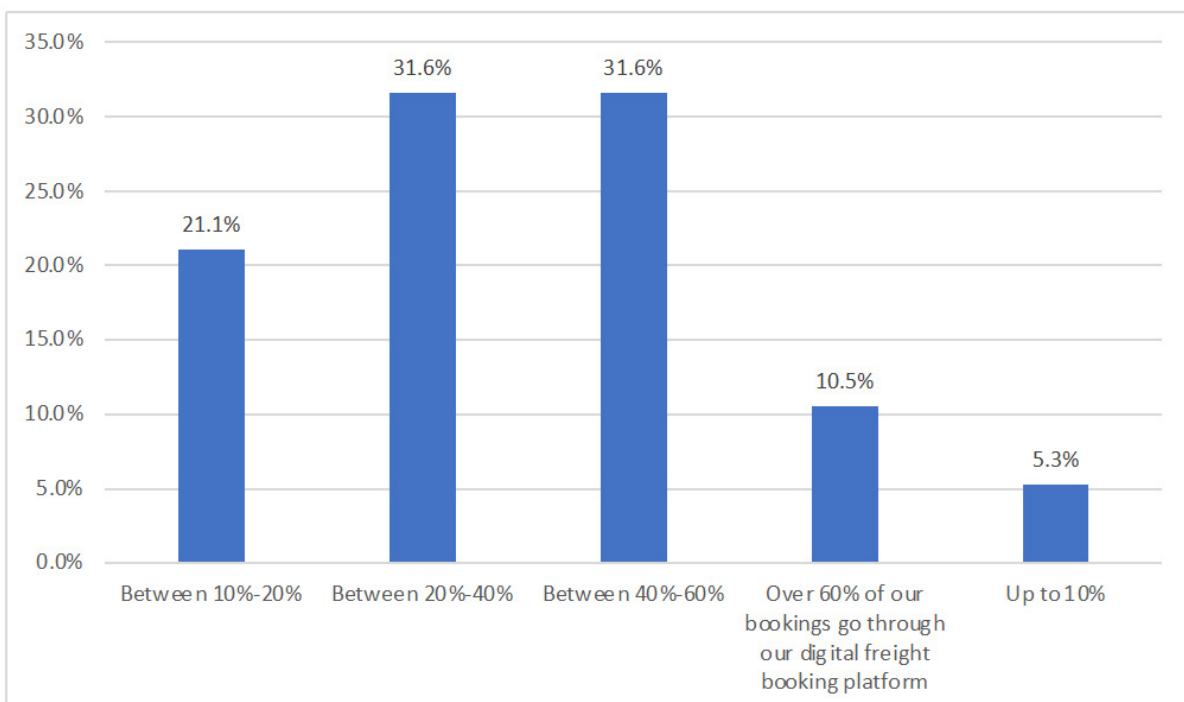
Another intriguing finding from the survey is that nearly half of the respondents have already created a digital freight booking platform, with another 34.1% aiming to do so within the next 5 years.

Figure 4. Have you invested or plan to invest in the development of a digital freight booking platform?



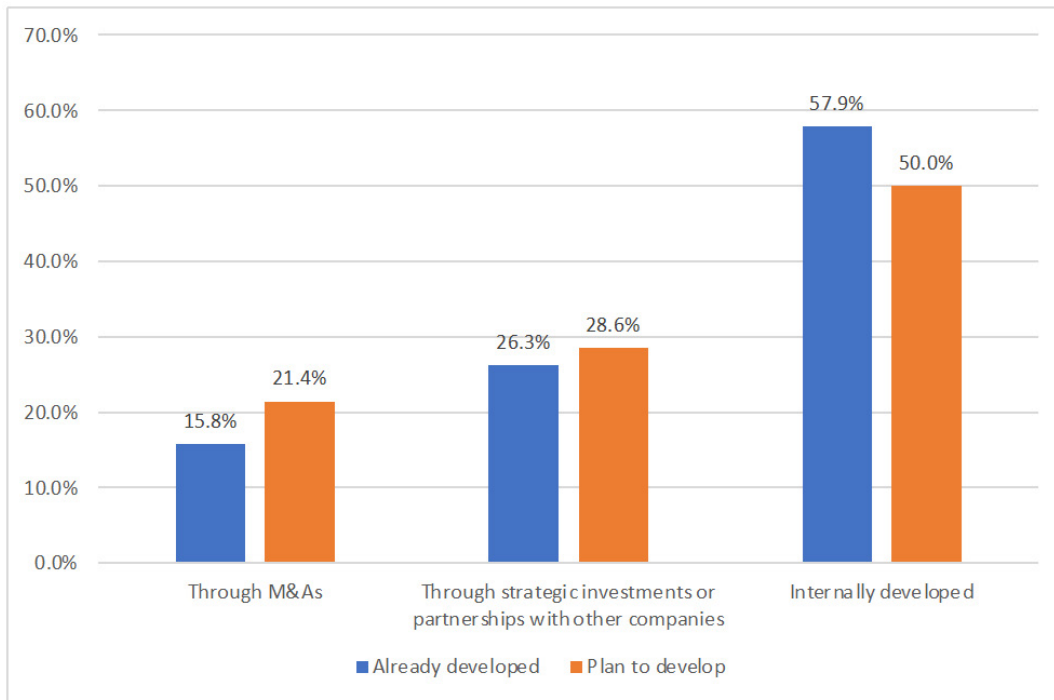
In 2023, DSV noted that it had a good customer adoption of its myDSV customer platform, and has more than 10,000 direct integrations to carriers and customers.

Figure 5. What percentage of your company's total bookings go through your digital freight booking platform?



Finally, it is noteworthy that a vast majority of road freight companies surveyed developed their digital freight booking platform internally and aim to continue doing so in the future.

Figure 6. How did you develop/plan to develop your digital freight booking platform?



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