



LOGISTICS INDEX REPORT

**Q2 2021**



**CartonCloud.com**

## Foreword

Welcome to the second edition of the CartonCloud Logistics Index Quarterly Report. The Index presents data at a snapshot in time, delving into crucial issues facing our industry and exploring topical themes each quarter and tracking changes in sentiment over time.

Our industry supports hundreds of thousands of livelihoods across Australia, and I am proud of the role CartonCloud can play to take the pulse of the market.

With the data collected in our previous quarter, this report not only shows current attitudes and sentiment within our industry but acts as a benchmark to show changes in sentiment from last quarter to this quarter.

At CartonCloud, we know the importance of data in decision making. We believe in providing topical data on our industry, empowering us to collectively analyse their impact over months, years and even decades.

Once again, we are excited to provide CartonCloud users and the broader industry with actionable data and insights, showing trends and changes in the external environment and industry insights and attitudes.

Thank you immensely for your input and for supporting us in creating this industry resource through your ongoing participation in the CartonCloud Logistics Index.



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.*

*Tracking sentiment in the logistics industry each quarter will help us understand where we are, where we have come from, and how the road ahead might look. This report marks the first time we have tracked changes, comparing our inaugural quarter's index to this quarter's responses.*



## 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.

## METHODOLOGY

The survey asks participants to respond to eight questions on a 1-5 scale, from very poor to very good, aiming to explore participant insights and responses to highlight industry opinion and forecasts across these three topics.

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 Q2 2021

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

*This quarter shows high industry optimism for the current economic climate, aligned with expected growth over the coming months — despite slightly lower optimism for hiring than last quarter.*

*Overall, the economic shifts, government stimulus and changes to business practices resulting from COVID-19 have had a neutral or slightly positive net impact on the logistics industry, offsetting adverse effects from business restrictions and border closures.*

*In exploring environmentally friendly practices, the Q2 results show a clear opportunity for improvement across the industry. The switch to paperless technology is the most likely investment to improve environmental practices.*

Tracking sentiment from the previous quarter, Q2 saw a slight decrease in industry optimism, despite an overall optimistic view regarding the current economic climate. A downgrade in senior management optimism from very good to good primarily drove the reduction in optimism. Despite this, business performance optimism for the coming six months generally remains high across all job roles and operations.

Over the past year, COVID-19 has significantly impacted our communities and industry, including lockdowns, interstate border closures, and contactless delivery. When reflecting on imposed operating restrictions, government stimulus and changes in demand due to the current COVID-19 climate, 75% of respondents said the overall impact on their business had been neutral or positive.

This quarter also explored how often the industry is using data in its decision-making processes. A significant 70% of senior managers/business owners used data in decision making either most or all of the time.

In comparison, only 40% of respondents from operational roles used data in decision making most of the time. The low usage of data by respondents in operational roles may highlight an opportunity to improve access to data to increase data-driven decision-making across the board.

When exploring attitudes regarding environmentally friendly practices, this quarter's results showed no respondent believed their operations were very good at following environmentally friendly practices. Most respondents saw their company practices as neutral (51%) or good (31%). Transitioning to paperless systems was seen as the most likely opportunity for transport and warehouse respondents to improve environmental practices, with warehouse respondents also showing intentions to adopt more sustainable packaging.

### WANT TO KNOW MORE?

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



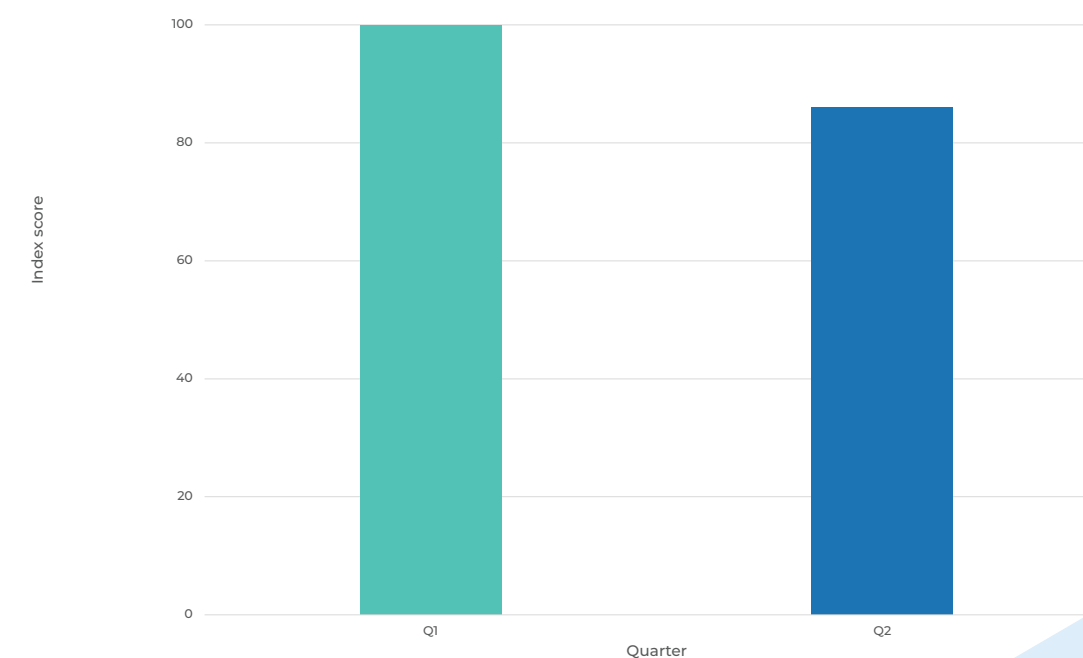


## SECTION 1:

# OVERALL CCLI: INDUSTRY SENTIMENT, ECONOMIC CLIMATE & HIRING

*This quarter observed an overall decline in industry sentiment, with a significant drop in optimism for hiring prospects.*

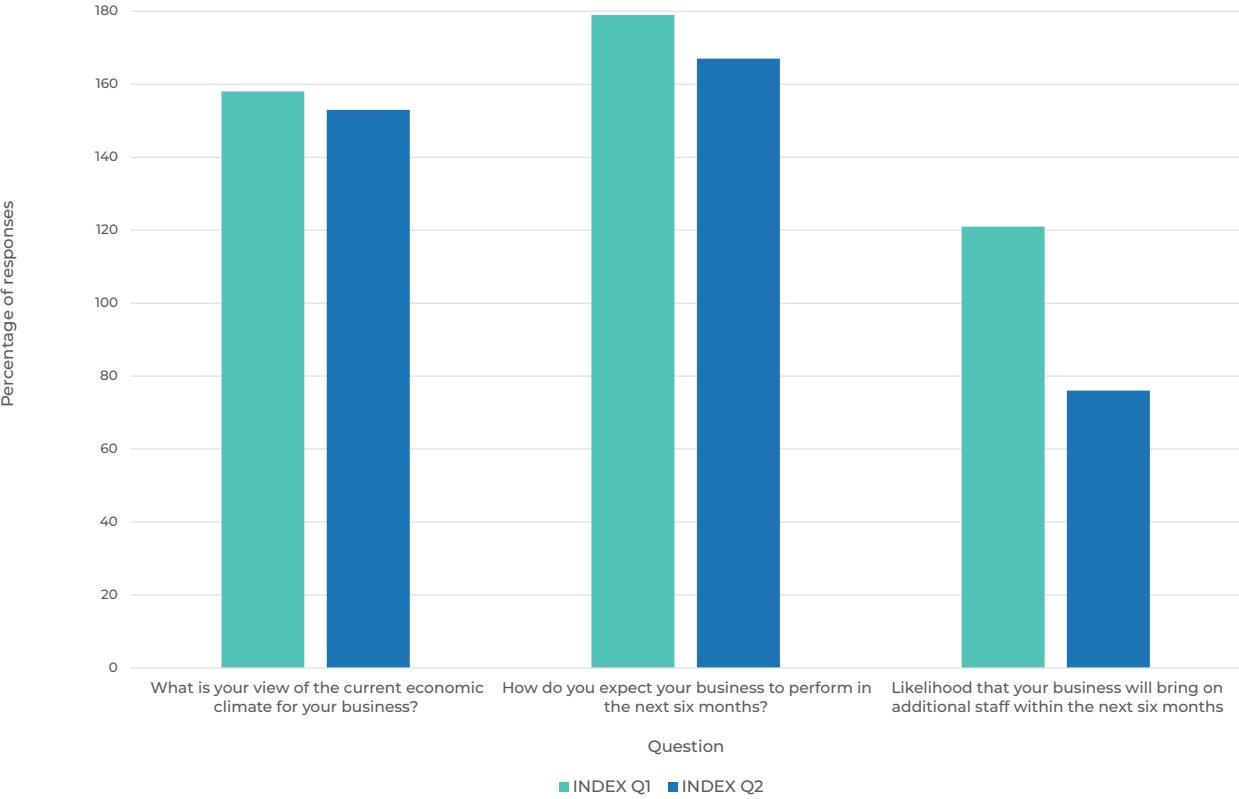
## OVERALL CARTONCLOUD LOGISTICS INDEX (CCLI) SCORE FOR Q1 AND Q2



*Since last quarter's report, we can see the index has dropped from 100 to 86, showing an apparent deterioration in overall sentiment.*



INDEX SCORE FOR Q1 AND Q2 PER QUESTION

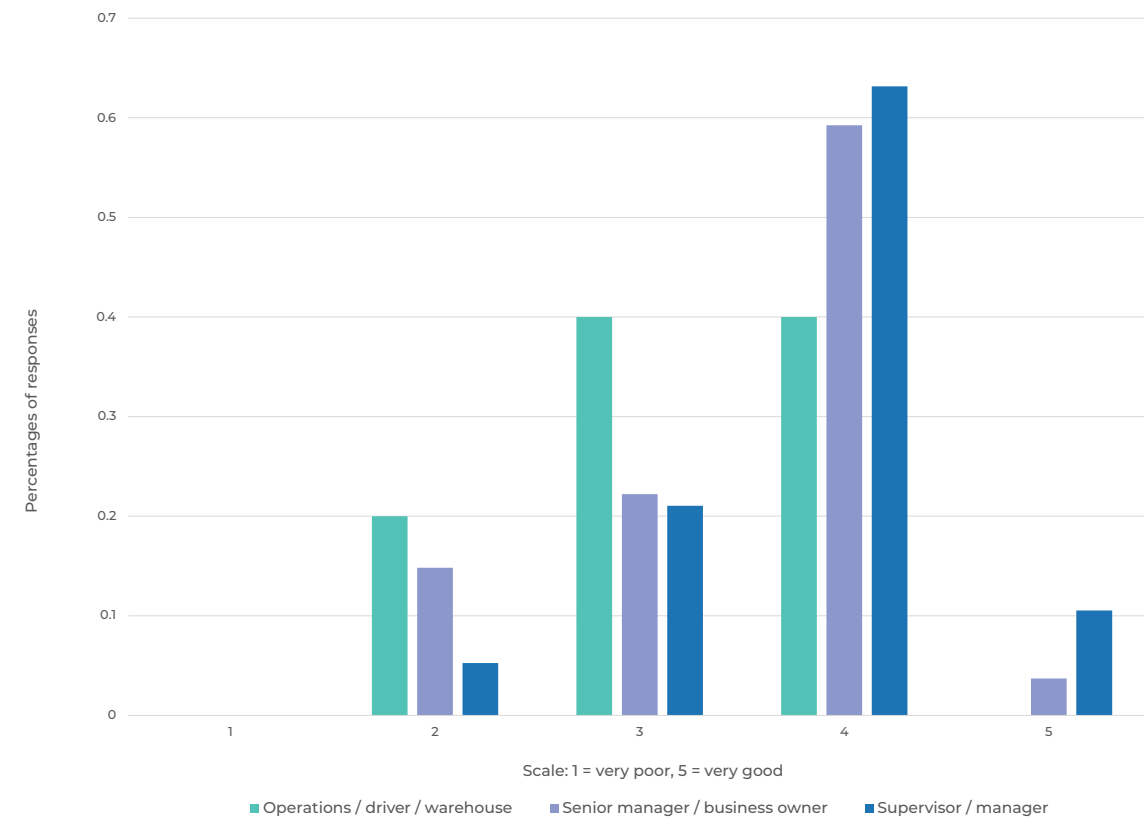


However, when looking at responses for each question, it becomes clear that the major contributor to the deterioration in overall sentiment this quarter is the 37% decrease in optimism for hiring additional staff in the next six months. In contrast, the economic climate and business performance expectations scores have only fallen slightly this quarter (3% and 7%, respectively).

The impact of current business restrictions, lockdowns, and uncertainty stemming from COVID-19 may have contributed to the slightly more negative results received in Q2 than Q1. This report will explore this sentiment decline in more depth, delving into the data collected from Q2, including varying responses across industry roles and sectors.



VIEW OF THE CURRENT ECONOMIC CLIMATE BY JOB TYPE  
WITHIN THE BUSINESS



**Q1:** What is your view of the current economic climate for your business?

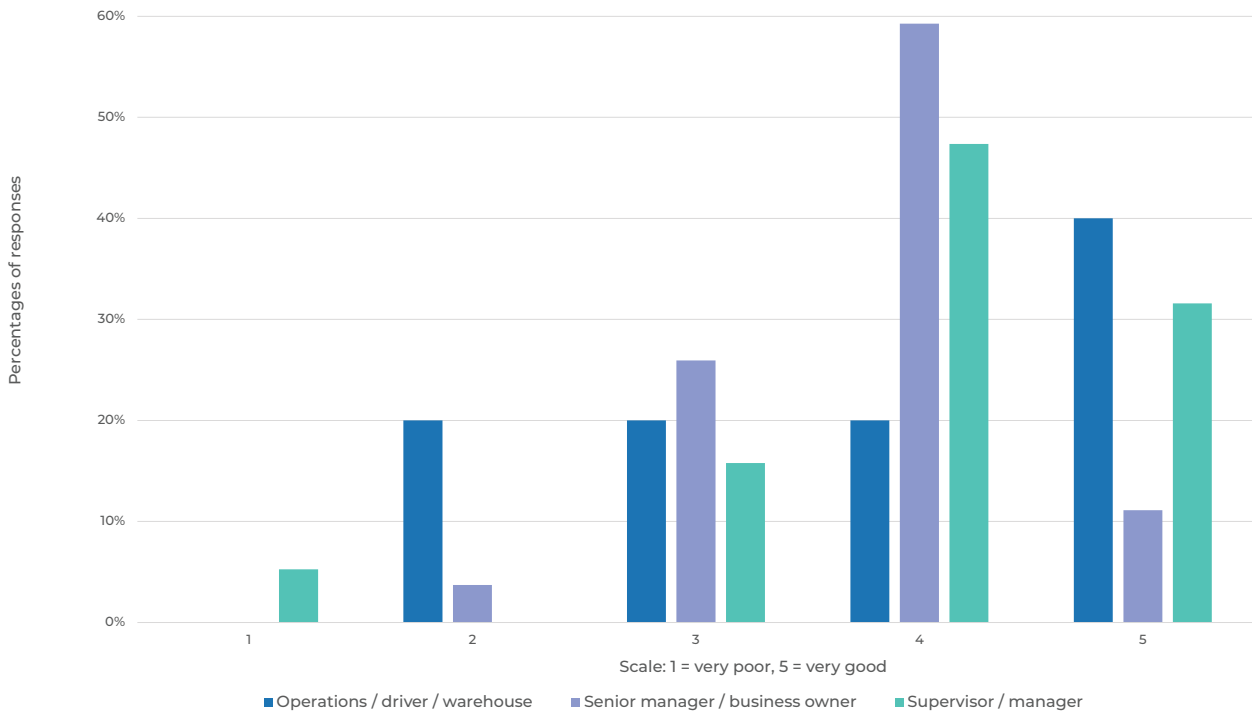
This quarter, senior roles responded with higher optimism than those in operational roles. Around 70% of management roles saw the current economic climate as good or very good, while most operational staff responded neutral (40%) or good (40%). A further 20% of respondents in operational roles saw the current climate as poor.

Interestingly, while senior management remains more optimistic than those in other roles when compared to the results from last quarter, the optimism of those in senior roles has dropped slightly.

**General sentiment for the current economic climate in this quarter remained broadly consistent since last quarter, with a slight drop in optimism overall (3%).**

Despite this conservative optimism, in comparison with Q1 results, Q2 showed an increase in optimism regarding the current economic climate from those in operations roles. In addition, last quarter, 20% of senior roles and management responded with a very good outlook for the economic climate, compared to 5% and 10% of owners and supervisors in this quarter.

PERCENTAGE OF RESPONSES PER JOB TYPE FOR EXPECTED  
BUSINESS PERFORMANCE IN THE NEXT SIX MONTHS



**Optimism for business performance over the coming six months has reduced since Q1.**

**Q2:** How do you expect your business to perform in the next six months?

We can see a slight decrease in optimism across senior management roles and operational role responses compared to the previous quarter.

**Despite this decrease, the outlook on expected business performance in the next six months remains high from respondents across all job types.**

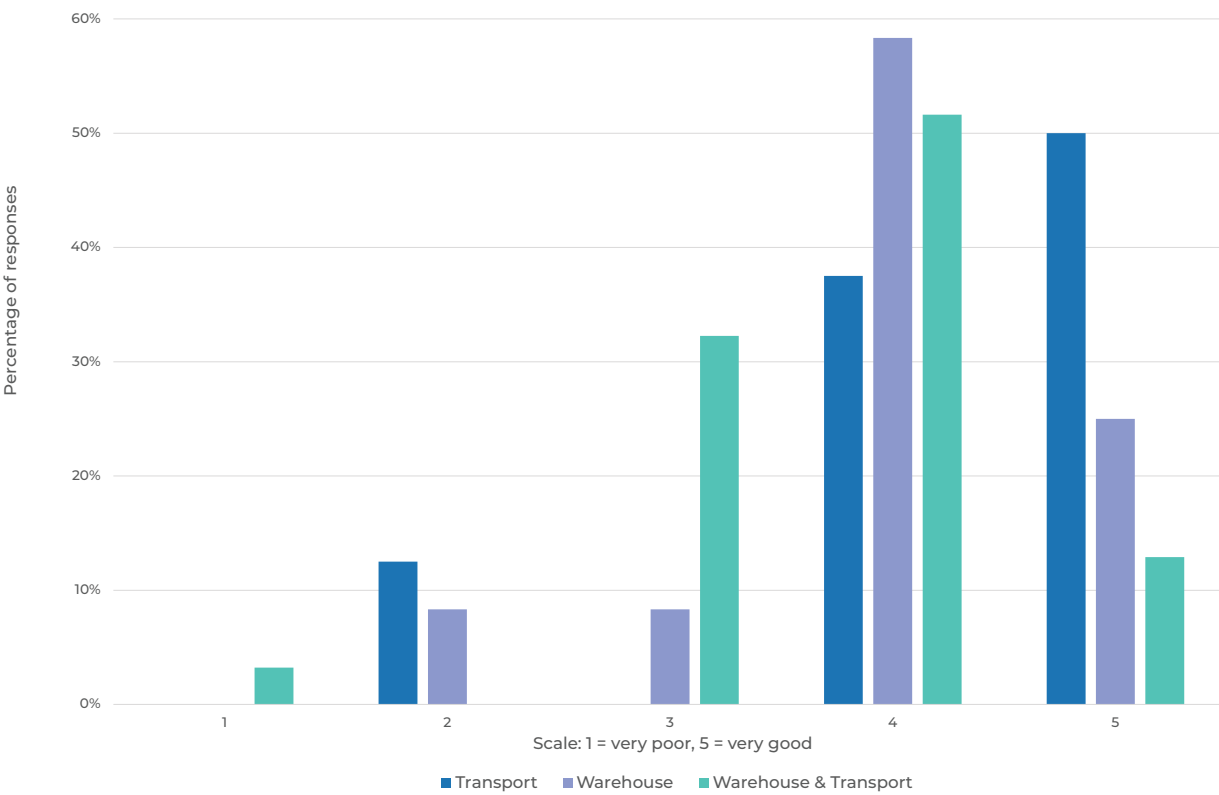
A majority (73%) of respondents this quarter believe their business will perform well or very well in the next six months. In particular, senior managers, owners, and supervisors were considerably more optimistic about business prospects than operations, drivers, and warehouse roles for the next six months.







PERCENTAGE OF RESPONSE TYPE PER OPERATION FOR EXPECTED BUSINESS PERFORMANCE IN THE NEXT SIX MONTHS

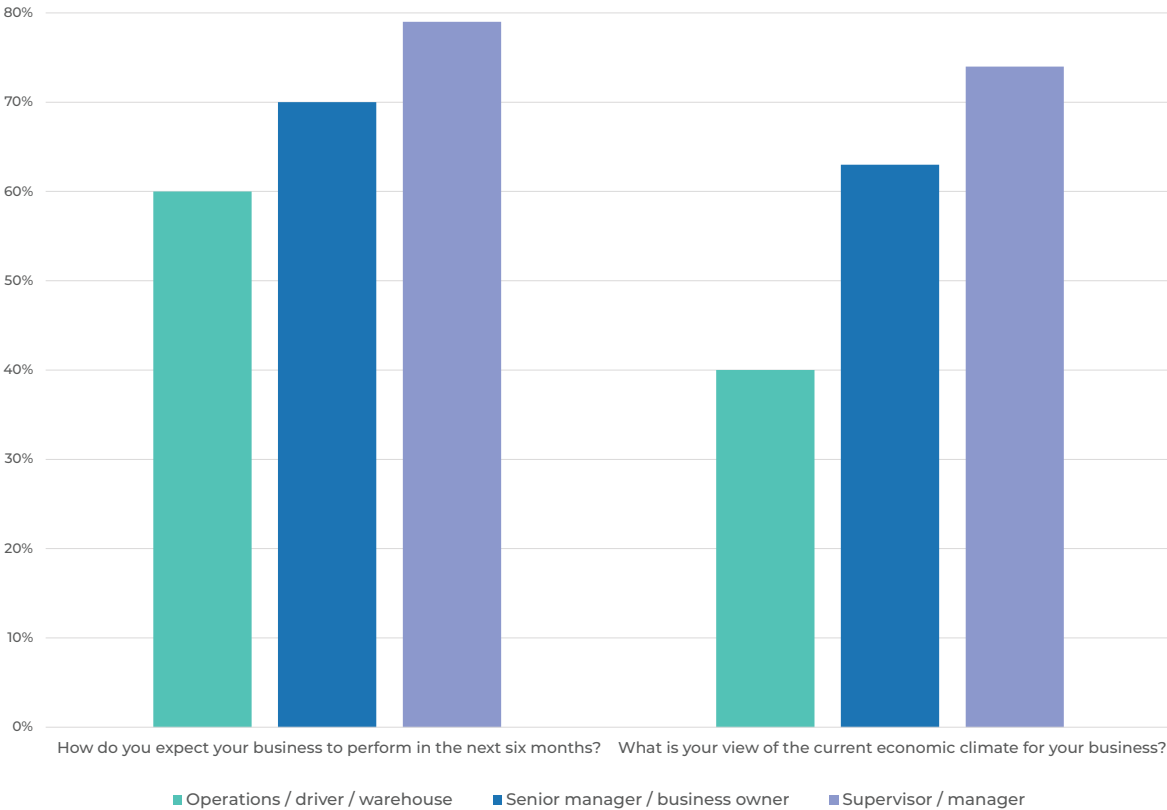


***Transport companies are more optimistic about business growth in the coming months than both warehouse and combined warehouse and transport operations.***

A significant 50% of transport company respondents saw their business growth outlook as very good for the coming six months. In contrast, only 13% of respondents from companies operating in combined warehouse and transport held a very good outlook for business performance in the coming six months.



PERCENTAGE OF RESPONDENTS THAT BELIEVE BUSINESS PERFORMANCE WILL BE GOOD AND VERY GOOD

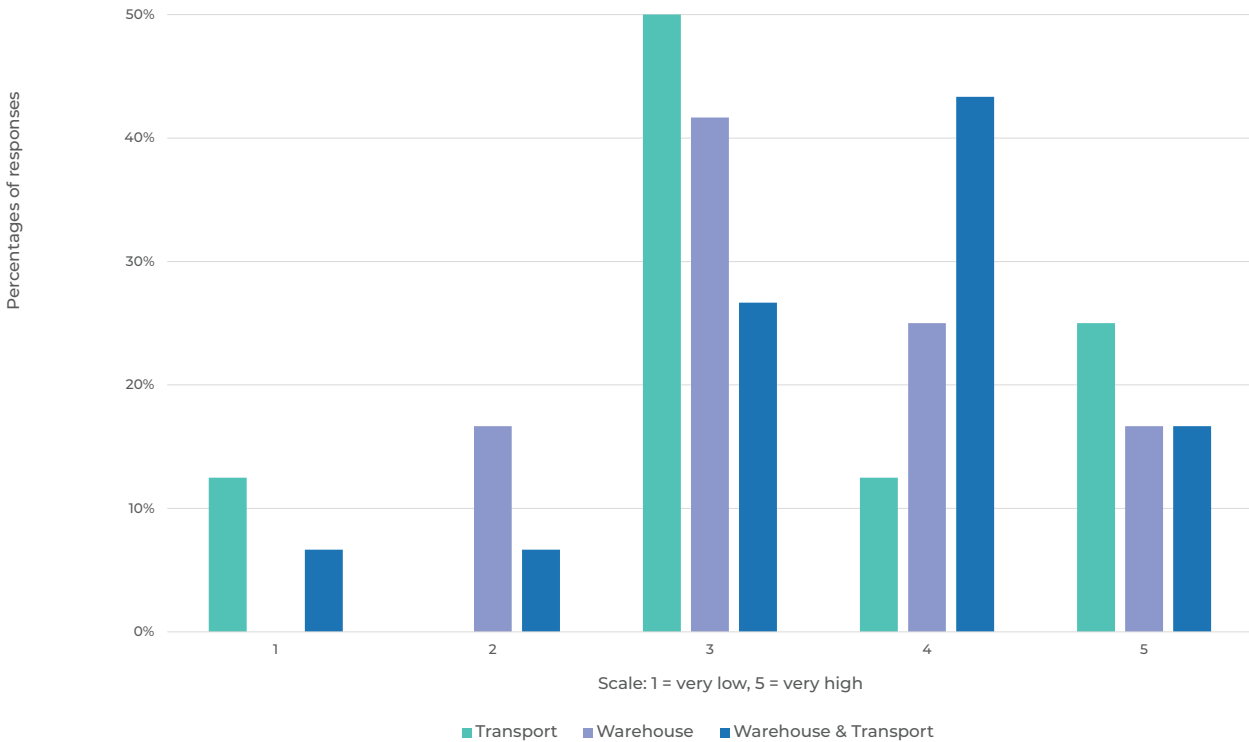


**Industry optimism for future short term growth remains high across job roles. However, operations staff are the least optimistic.**

The Q2 snapshot shows industry optimism across job roles remains high for future growth, with 60-80% optimism that business growth will be good or very good. Consistent with Q1 results, supervisor and manager roles continue to hold more optimistic outlooks than operational staff.

Despite the current economic conditions and impacts of COVID-19, over 40% of all industry responses believe the current economic environment and potential for growth are either very good or good.

PERCENTAGE OF RESPONSES PER OPERATION TYPE FOR LIKELIHOOD OF HIRING ADDITIONAL STAFF IN THE NEXT SIX MONTHS



**Q3: 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?**

**Q2 saw a significant drop in hiring expectations compared to Q1 across the industry, impacting the overall industry sentiment index score**

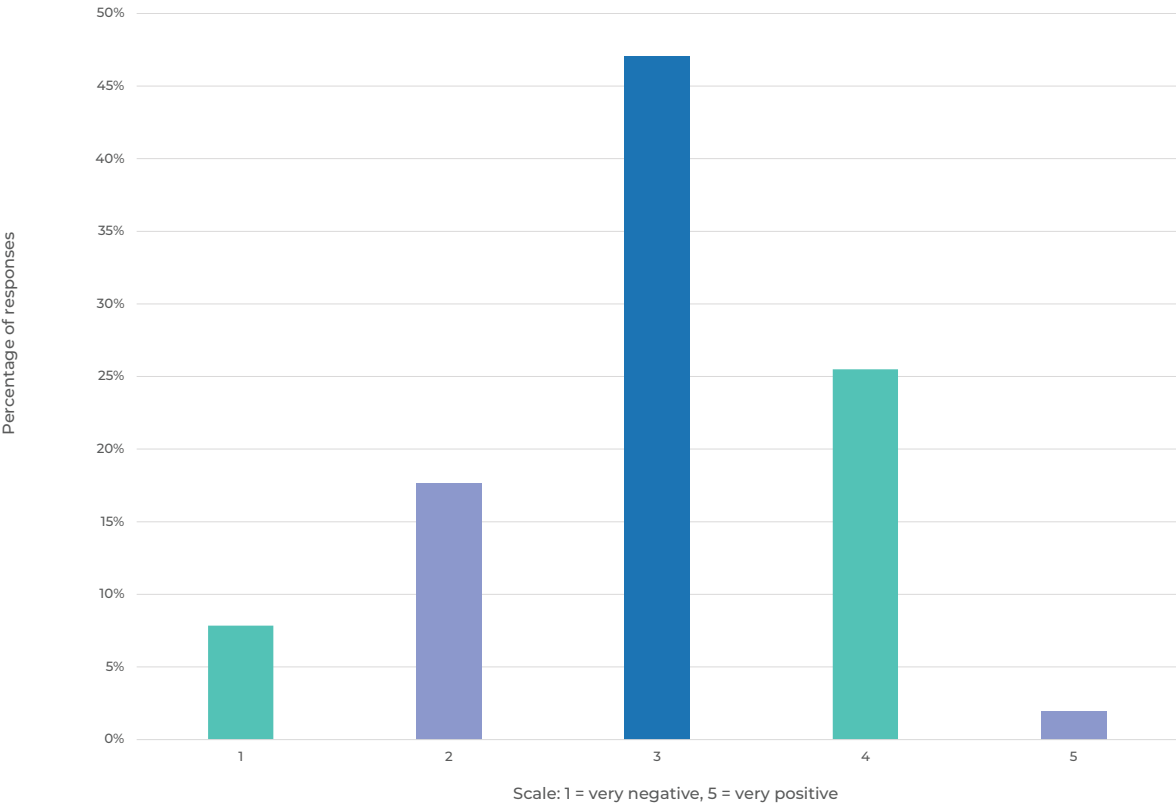
This result shows that although there is still an overall relatively positive outlook on expected business performance, respondents are less likely to hire new staff in the coming six months than in the previous quarter.

The current COVID-19 restrictions/lockdowns and the flow-on impacts on the economy may be causing this reduction in hiring expectations. This reduction may also represent that businesses looking to hire staff in the previous quarter are no longer hiring new staff, either because they have filled the roles or are no longer adding additional headcount.





OVERALL PERCENTAGE OF RESPONSES ON THE IMPACT OF COVID ON BUSINESS

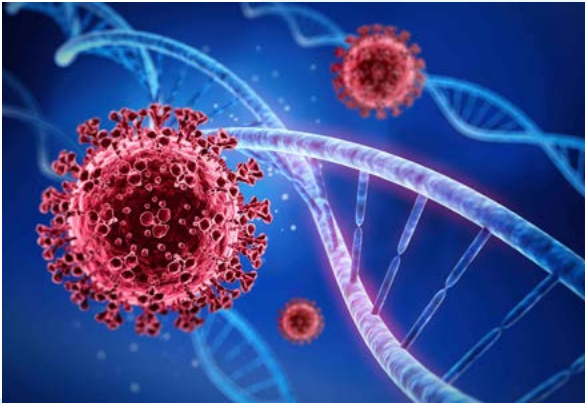


**Q4: Taking everything into consideration from operating restrictions, government stimulus and changes in demand, what has been the overall impact of the COVID pandemic on your business?**

This quarter we asked respondents to share the impact of COVID-19 restrictions, lockdowns, economic shifts, employment challenges, and consumer behaviour changes.

Over the past year and a half, our industry has seen a significant shift in demand and expectations. These changes include substantial changes in consumer behaviour resulting in a higher need for B2C fulfilment, alongside a mix of government regulations and stimulus shifting public behaviour and economic outlooks.

**Respondents said that the overall impact of COVID-19 has had a neutral or positive effect on the logistics industry.**



“ [There] definitely [have been] changes in how we operate during lockdown periods from a delivery point of view. [It] has impacted the way our transport team delivers goods to the customer, through contact free delivery. We have also had to lockdown our warehouse, not allowing any external drivers or subcontractors on site, to avoid becoming a tier 2 or tier 1 exposure site.

“[We have been] internally segregating staff to run A and B teams to minimise future tracing in the event of exposure, [and that] has also been a significant change to our workforce.”

– Parkland Logistics Owner, Aaron Li  
MELBOURNE

**A significant 75% of respondents had a neutral to a positive outlook on the impact on their business — demonstrating the industry has not only been able to maintain business but, in some cases, have seen a positive impact on their business.**

Considering the significant impact the COVID-19 pandemic has had globally across various industries, the response from Australian logistics, warehouse and transport industry members shows a positive result. Most respondents saw the COVID-19 climate and regulations to have had a neutral impact on their business.

“ More so again, it's positive changes. We're probably all growing together a bit closer, as a team, [and] as a group together. We're working a lot closer together and a lot more interconnected with personal lives and things. With vaccines and all these things going on, [there are] more personal conversations [that] are happening around the place rather than just work-related conversations.

“So sometimes it takes a negative thing to happen, to bring people together and bring us all in line to work together even harder, and that's probably the most significant change I think; it's brought us closer together.”

– Parton Logistics Warehouse Manager, Matt Billing  
PERTH



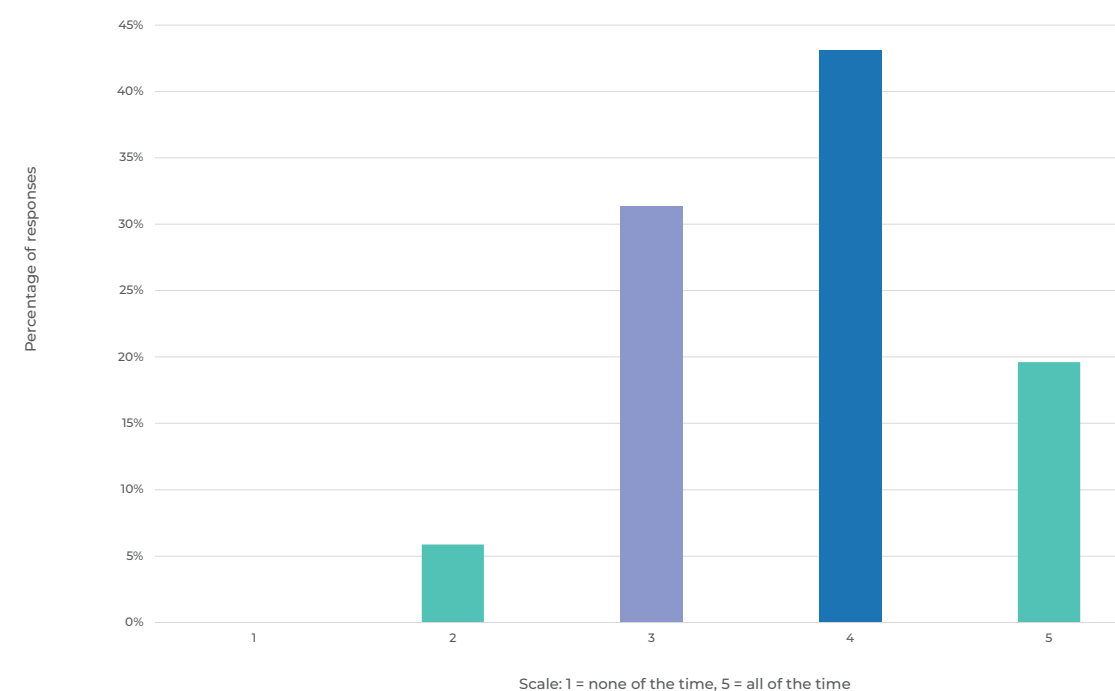


## SECTION 2:

# DATA-DRIVEN DECISION MAKING

*This quarter we explored industry attitudes regarding data-driven decision-making throughout operations and business activity.*

### HOW FREQUENTLY DOES DATA INFORM YOUR BUSINESS AND OPERATIONAL DECISIONS?



#### Q5: How frequently does data inform your business and operational decisions?

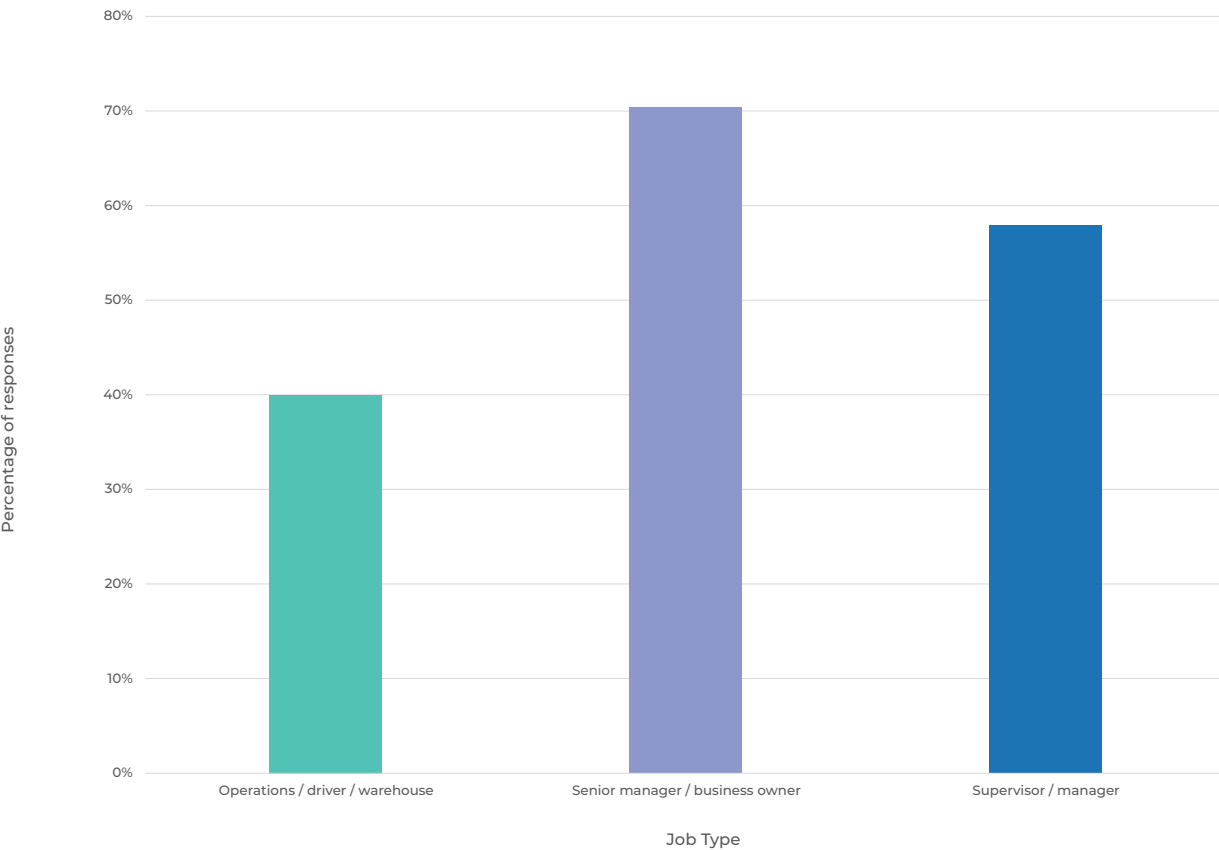
[Research from Harvard Business School](#) shows that organisations with a high focus and value on data-driven decision-making are *three times more likely* to see improved results in decision-making than organisations who rely on data less or not at all.

Overall, 63% of respondents said they used data most or all of the time to inform business and operational decisions. The high number of responses suggests that systems are in place to collect and interpret data and value, ensuring the data is correct and accessible for various decision-making purposes.

*NOTE: It's worthwhile noting that the industry respondents who make up the sample group for this survey and report may already be more inclined to value data, as seen in their participation in this survey.*



PERCENTAGE OF RESPONSES PER JOB TYPE THAT MAKE  
DATA-INFORMED BUSINESS DECISIONS ALL OR MOST OF THE TIME



***This quarter found the most common roles to use data in decision making were senior management and business owners. A significant 70% of respondents in these roles used data to inform business decisions all or most of the time.***

There is a clear contrast between senior and operational role use of data-driven decision making. The majority of senior management and business owner roles (58% and 70%, respectively) responded as using data-driven decision making all or most of the time. A substantially lower portion of operational roles (40%) said they used data-driven decision making all or most of the time.



The significant difference may reflect the access to data for decision making across different companies or workplaces — with operational staff of certain companies having less access than their role counterparts in other organisations, or a difference in roles and decision-making practices.

Cloud-based software for warehouse management systems and transport management systems provides an opportunity to streamline data collection, management, and use across all business areas, with real-time access to up to date data for decision making.

“ I don't necessarily need to source data outside of my business. I can see what trends are happening, [and view] what volumes of products are moving within our business, compared to whatever was moving, say last year, last month, [or] the last quarter. [It allows me to decide how] I target my resources when it comes to who's buying and what areas, what wine in what areas, [and] what areas have the biggest uptake of volume.”

– Provino Logistics Operations Manager, James Riini  
MELBOURNE



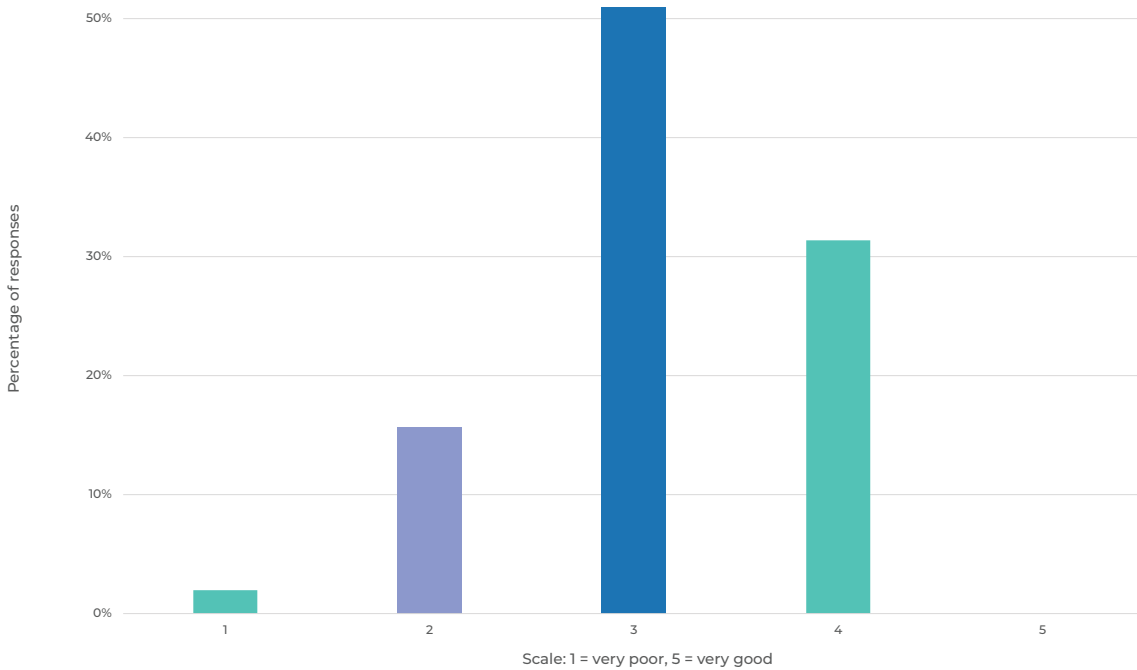


SECTION 3:

# SUSTAINABILITY AND ENVIRONMENTAL IMPACT

*Respondents in Q2 highlighted an opportunity for improvement in environmentally friendly practices across the board.*

## OVERALL PERCENTAGE OF RESPONSES FOR HOW ENVIRONMENTALLY FRIENDLY THEIR OPERATIONS ARE



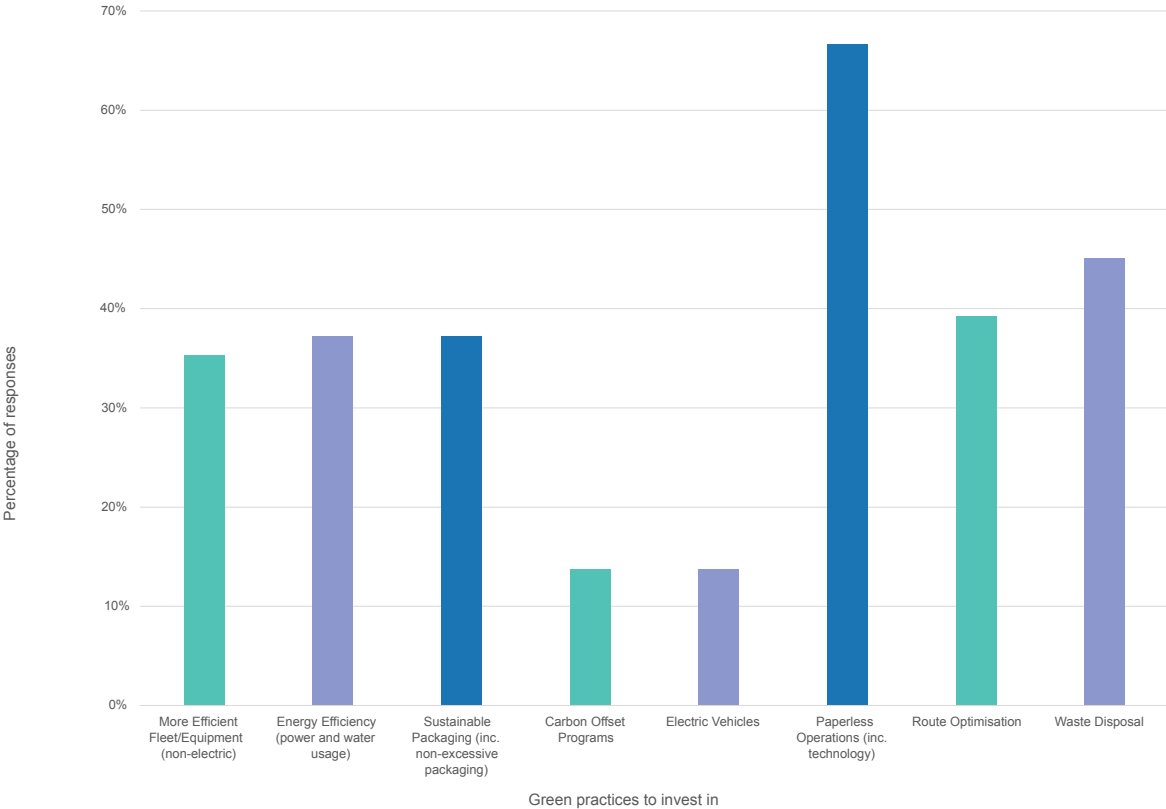
**Q6: How environmentally friendly do you think your operations are?**

There were no respondents who believed their operations were very good at following environmentally friendly practices. While most respondents (82%) thought their operations were ok or better regarding environmental impact and sustainability, the results show a clear opportunity to continue improving practices.

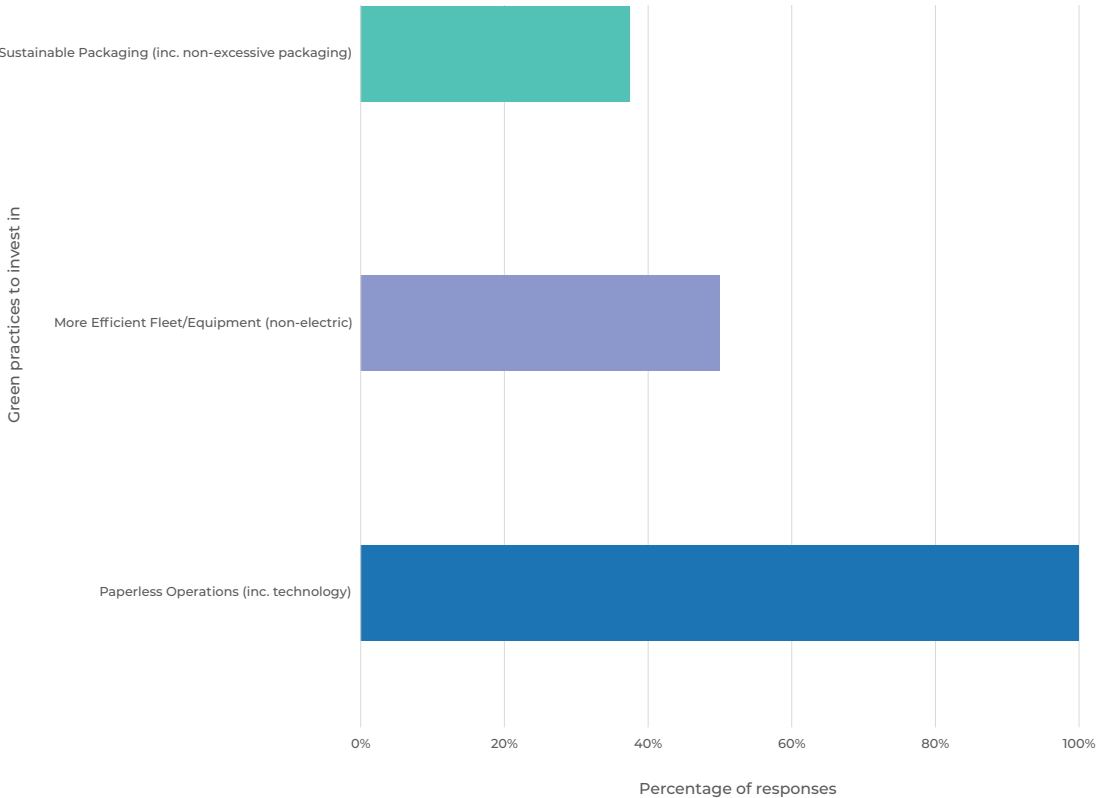
Encouragingly, most responses were ok (51%) or good (31%), and only 2% believed their operation practices were very poor.



OVERALL PERCENTAGE OF RESPONSES FOR GREEN PRACTICES  
MOST LIKELY TO INVEST IN



TOP THREE TRANSPORT OPERATION RESPONSES FOR GREEN  
PRACTICES MOST LIKELY TO INVEST IN



**Q7: If you were to invest in greener practices, in which of the following would you be most likely to invest?**

**The most likely investment selected across industry types was the switch to paperless operations (67%) to improve practices to be more environmentally friendly.**

Overall, respondents identified waste disposal (45%) and route optimisation (39%) as the next most valuable investments for improving environmental practices.

Transport Companies

**Transport company respondents highlighted paperless technology as a likely investment area to improve environmental impact when broken down by industry type.**

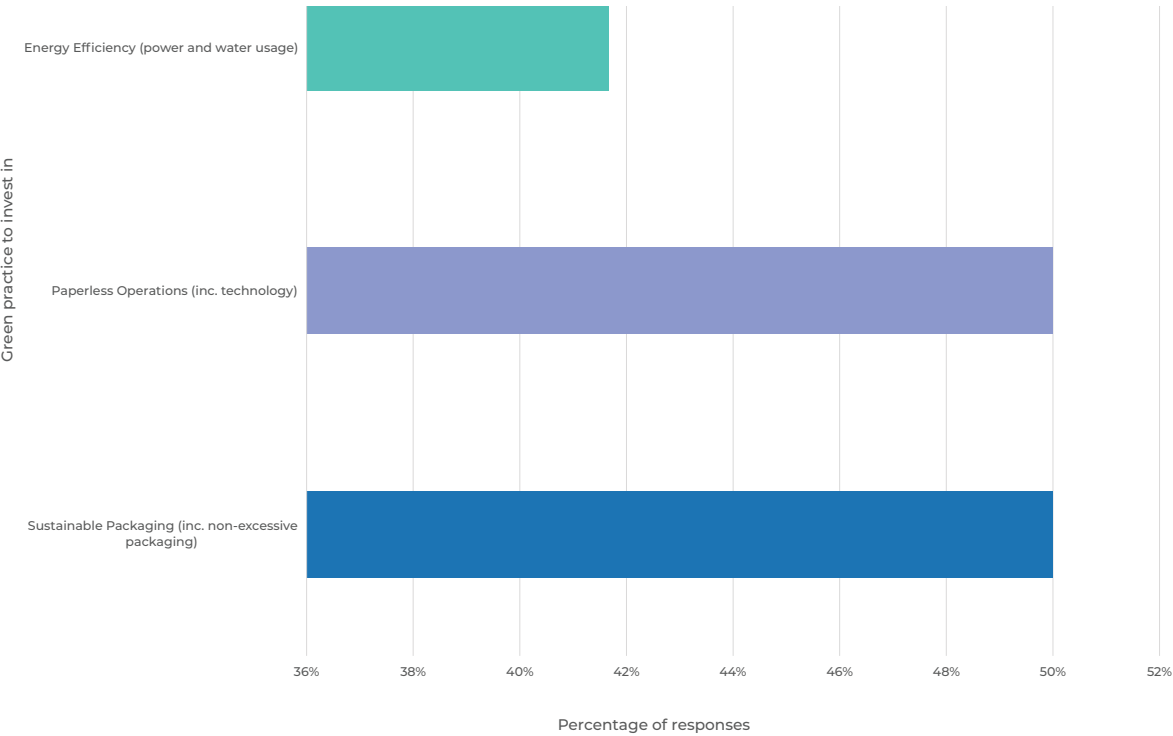
When separated between warehouse and transport, the top-scoring green practices for transportation industry respondents to invest in were paperless operations, more efficient fleet/equipment, and sustainable packaging.



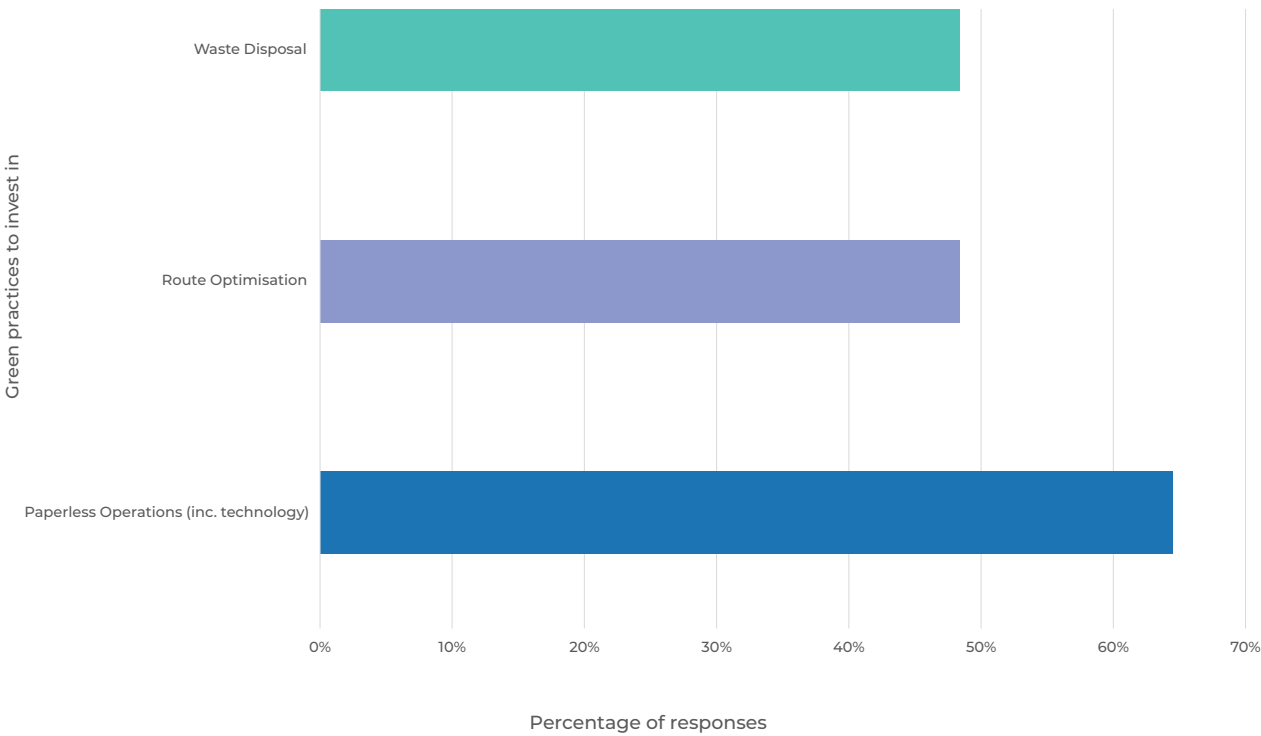
Again, paperless processes scored staggeringly higher than any other option for improving environmental practices.



TOP THREE WAREHOUSE OPERATION RESPONSES FOR GREEN PRACTICES MOST LIKELY TO INVEST IN



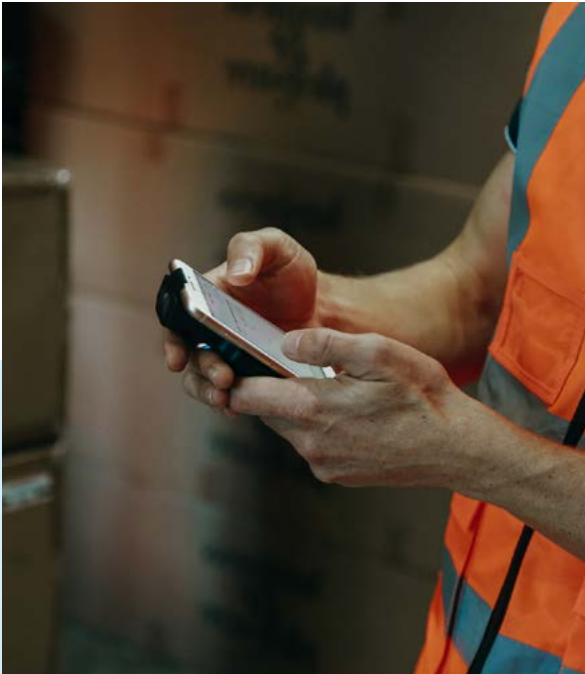
TOP THREE WAREHOUSE AND TRANSPORT OPERATION RESPONSES FOR GREEN PRACTICES MOST LIKELY TO INVEST IN



Warehouse Companies

**Warehouse industry respondents identified sustainable packaging and paperless operation technology as the two highest investment areas for improving environmental practices in their industry.**

For respondents of warehousing companies, sustainable packaging and paperless operations were identified as equally important investment areas, followed by investment in more efficient water and energy usage.



Warehouse and Transport

**Warehouse and transport companies are most likely to improve environmentally friendly practices by switching to paperless technology.**

Amongst combined warehouse and transport industry respondents, there was equal value seen in the positive impact of investing in route optimisation and improving waste disposal.





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