



LOGISTICS INDEX REPORT

**Q1 2021**

**CartonCloud.com**

# Introduction

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

On behalf of the CartonCloud team, I would like to extend my appreciation to all who participated in the inaugural Index.

The Index has been designed to delve into crucial issues facing our industry, including how businesses view the current economic climate, how they expect to perform over the next six months and what opportunities and challenges we face.

Tracking sentiment in the logistics industry each quarter will help us understand where we are, where we have come from, and what the road ahead might look like.

There are many forces at play in our industry and the Index will empower us to collectively analyse their impact over months, years and even decades.

We are excited to provide CartonCloud users, and the broader industry, with ongoing actionable data and insights to help them better understand trends and changes in the external environment, and use this to benchmark against their own progress.

Your ongoing feedback is the key to providing clear, meaningful and reliable data that identifies trends, challenges and opportunities. So I encourage you to submit your responses to the CartonCloud Logistics Index every quarter and share it with your network so we can continue to track sentiment and provide this valuable snapshot.

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

It's all part of our commitment to support the industry that has given us the opportunity to grow from a software startup into a thriving business providing our service to more than 200 carriers and warehouses across Australia, New Zealand and South East Asia.

Thank you once again for your participation in the CartonCloud Logistics Index.



Vincent Fletcher  
**Founder, CartonCloud**



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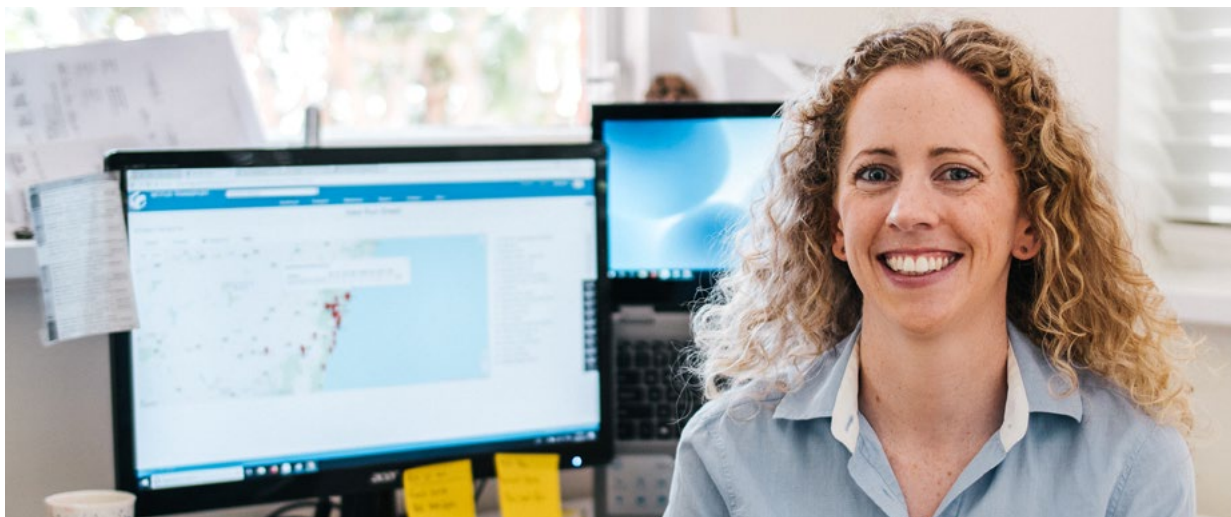




# METHODOLOGY AND CORE DATA

## WHAT IS THE CARTONCLOUD LOGISTICS INDEX?

*The CartonCloud Logistics Index (CCLI) was launched in early 2021 to measure and track sentiment within the logistics industry. Our goal is to provide CartonCloud users, and the broader industry, with actionable data and insights to help them better understand the external environment, market confidence and growth expectations — and benchmark this against their own position and progress. Our quarterly index reports will allow us to identify changes and track industry trends over time.*



Our goal is to empower members of the logistics industry by providing a snapshot of industry information and expectations. Anyone within the logistics industry is welcome to participate in the index and will be sent a full report following the end of each quarter.



## THE SURVEY

We received 50 responses from members of the logistics industry during the first quarter (January to March) of 2021 to find out their thoughts on the current industry climate, their business prospects and expectations for the coming six months.

The CartonCloud Logistics Industry Sentiment survey is an opt-in survey, distributed to a broad range of individuals across the logistics industry to gather the data to calculate the index. The survey asks participants to respond to eight questions on a 1-5 scale, from poor to very good, aiming to explore participant insights and responses in order to highlight industry opinion and forecasts across the following topics:

- **Current economic climate**
- **Workforce and hiring**
- **Industry activity & business opportunities**
- **Technology advancements & adoption**

Popular indexes such as the Melbourne Institute Survey on Customer Sentiment have utilised similar questions to gauge forward-looking sentiment. The index is calculated by computing the relative scores across these three questions over subsequent periods.

The CartonCloud Logistics Industry sentiment index itself is calculated based on responses to the following three questions:

1. *How do you expect your business to perform in the next six months?*
2. *What is your view of the current economic climate for your business?*
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?*

## INTERPRETING THE RESULTS

An index level of 100 indicates that the balance of confidence is equally weighted, a neutral perception; while an index of above 100 indicates that optimists outnumber pessimists, and likewise, an index of below 100 shows that pessimistic views outnumber optimistic perceptions.

For the purpose of the Logistics Index the Base Value will be initially set at 100, as this will provide the initial point of comparison for each consecutive quarter thereafter.

Positive responses are scored as “very good” (5) and “good” (4), negative responses are “poor” (1) and “very poor” (2), and no change (3) being “average”.





## RESULTS Q1 2021

*Industry optimism in the current economic climate, diversification and B2C opportunities, concerns over workforce ability to meet growing demand and opportunities for digital training and new technology adoption.*

A snapshot of industry perceptions, the CartonCloud Index Report for Q1 2021 explores responses from logistics industry participants concerning business operating conditions, workforce and hiring outlook, industry growth and opportunities, as well as challenges to be faced.

This quarter report shows a high level of optimism for the current economic climate, and strong views of industry success and potential growth in coming months. This optimism and perceived growth opportunities are further reflected in an overall high likelihood to hire new staff.

With an optimistic view on the current climate and increased workforce on the horizon, plans to grow and expand are high. The highest value activities for achieving growth in the coming 12 months were seen to be general increases in demand for logistics services, expanding the range of services offered and additional investment in B2C or e-commerce capabilities.

This growth was not without concerns for meeting increasing demand and expectations. Hiring and upskilling the workforce to meet the requirements of increased demand was seen as a key challenge for both warehouse and transport industries.

Operational staff especially saw workforce capacity as a concern in coming months.

Participants saw an opportunity for growth in the adoption of technology across both warehouse and transport industries. In this snapshot, we saw a higher perception of technology adoption in the transport industry compared to the warehousing industry. While there was a general perception of an opportunity to increase and enhance technology adoption across the industry, the adoption and use of automation and robotics was not seen by participants as a high value activity over the coming months.

Interestingly, a significant number of senior management and business owner participants cited their own lack of digital vision and support as a key inhibitor in their business's adoption of technology.

Workforce knowledge and skill was also identified as a key barrier in the use of technology, with digital training and upskilling seen as a high value opportunity for the coming months, across warehouse and transport industries, in order to boost digital operations

### WANT MORE?

*Read on to view the full breakdown of participant results.*











## SECTION 1:

# SUCCESS AND OPTIMISM FOR THE CURRENT ECONOMIC CLIMATE

*The results show broad expectations of significant tailwinds and continued growth for the logistics sector, with over half of the participants perceiving the current economic climate to be either positive or very positive for their business, and over 80% expecting their business to perform well over the next six months.*

Regardless of job type, all participants had a positive outlook on business performance in the next six months.

This consistent optimism for the future suggests the industry will perform well throughout the remainder of 2021.

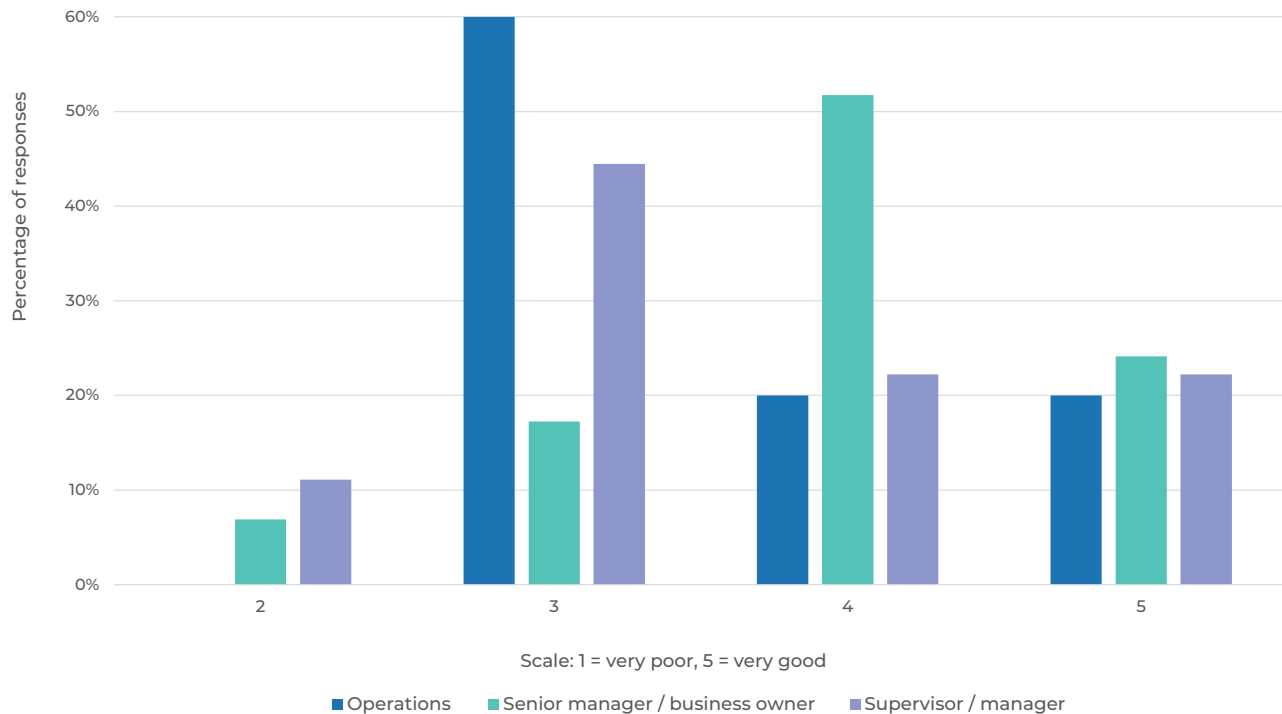
### **Q1: What is your view of the current economic climate for your business?**

A significant 68% of respondents believed the current economic climate for their business was either positive or very positive. This is in stark contrast to only 5% of respondents experiencing a poor economic outlook. The positive attitudes to economic conditions are a strong sign businesses are confident and are experiencing success in their operations. It's important to note 27% of respondents reported a neutral view of their economic climate and future events may tip some of them into the poor or positive category.

***Current economic climate optimism held by senior managers and business owners is significantly higher than that held by operations and supervisors / managers.***



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



76% of senior manager and business owner respondents believed that the current economic climate was positive or very positive. This is in comparison to supervisors / managers with 44% and operations at 40%.

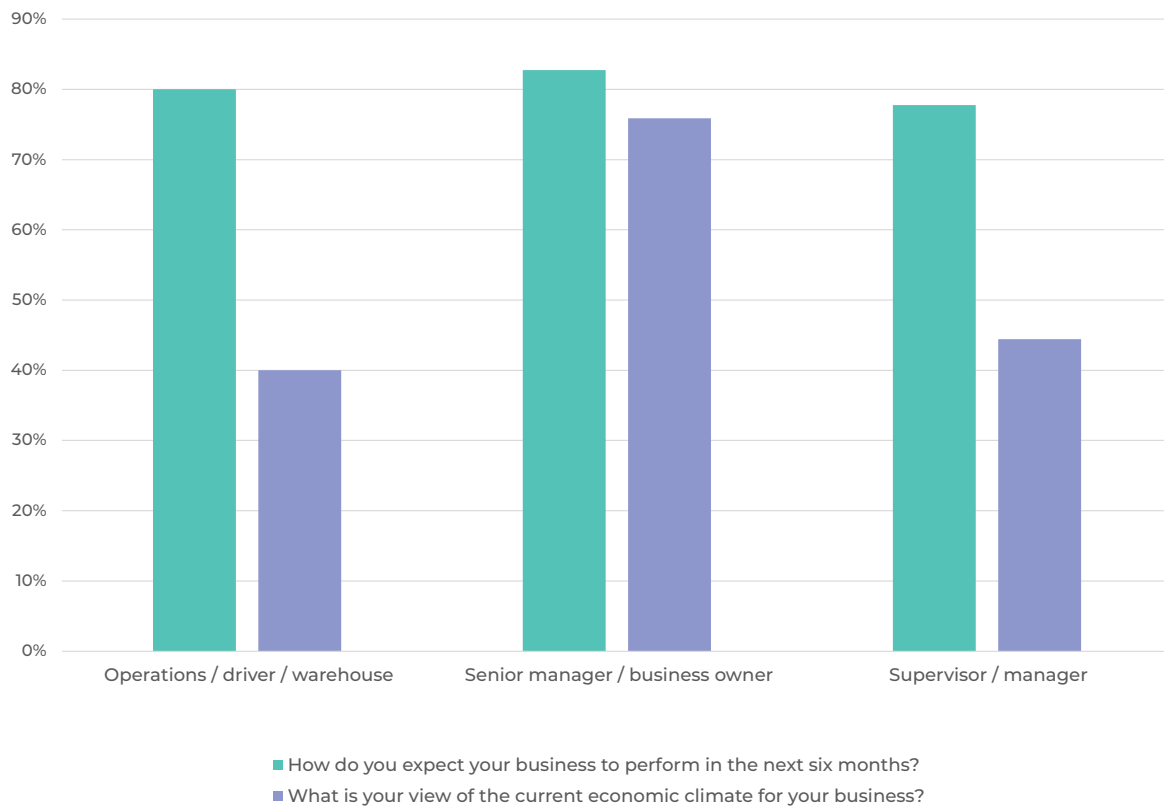








## PERCENTAGE OF RESPONSES THAT BELIEVE BUSINESS PERFORMANCE WILL BE GOOD AND VERY GOOD



## Industry Optimism for the Future is Strong

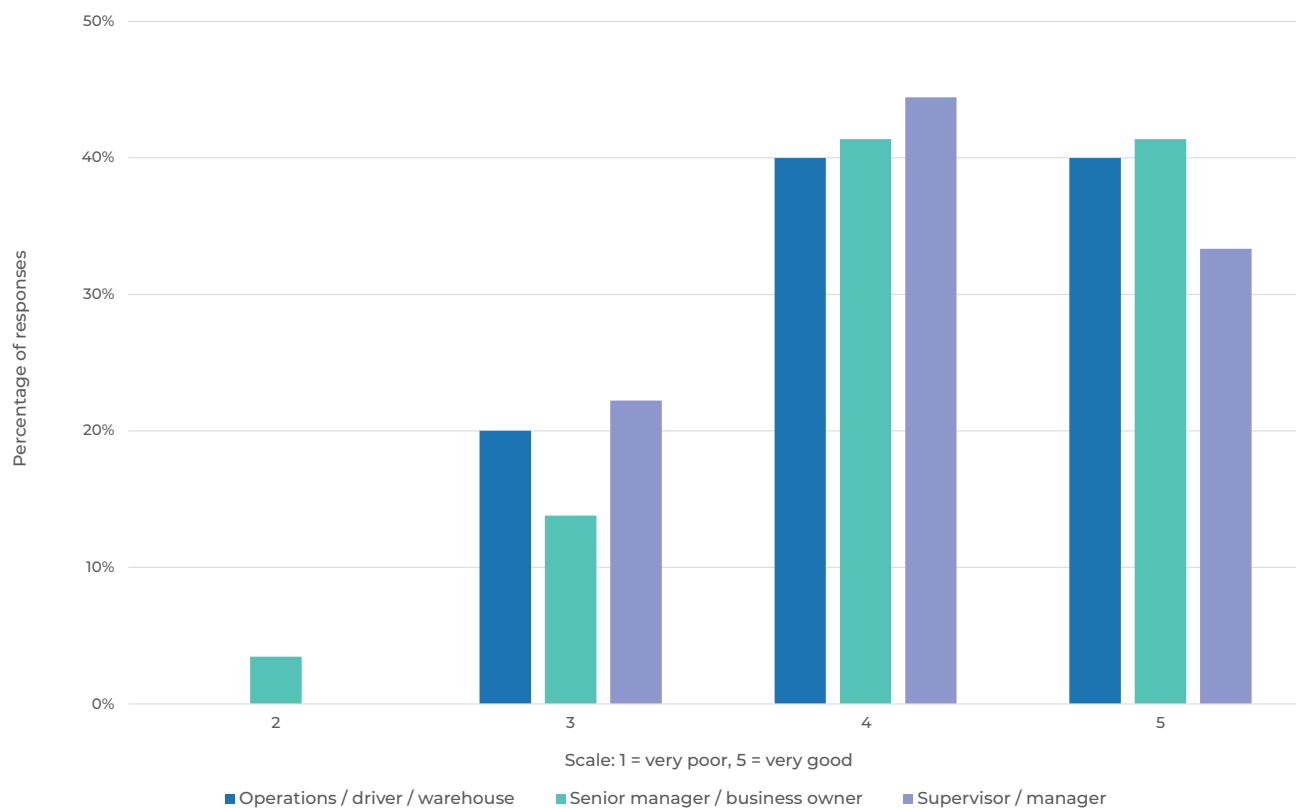
### **Q2: How do you expect your business to perform in the next six months?**

An overwhelming 83% of businesses expect to perform well or very well over the next six months. Less than 3% of participants expected their business to perform poorly, which is a sign of a very healthy industry outlook.

**Regardless of job type, all participants had a positive outlook on business performance in the next six months. For every category, an average of 80% of responses were positive and very positive.**



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



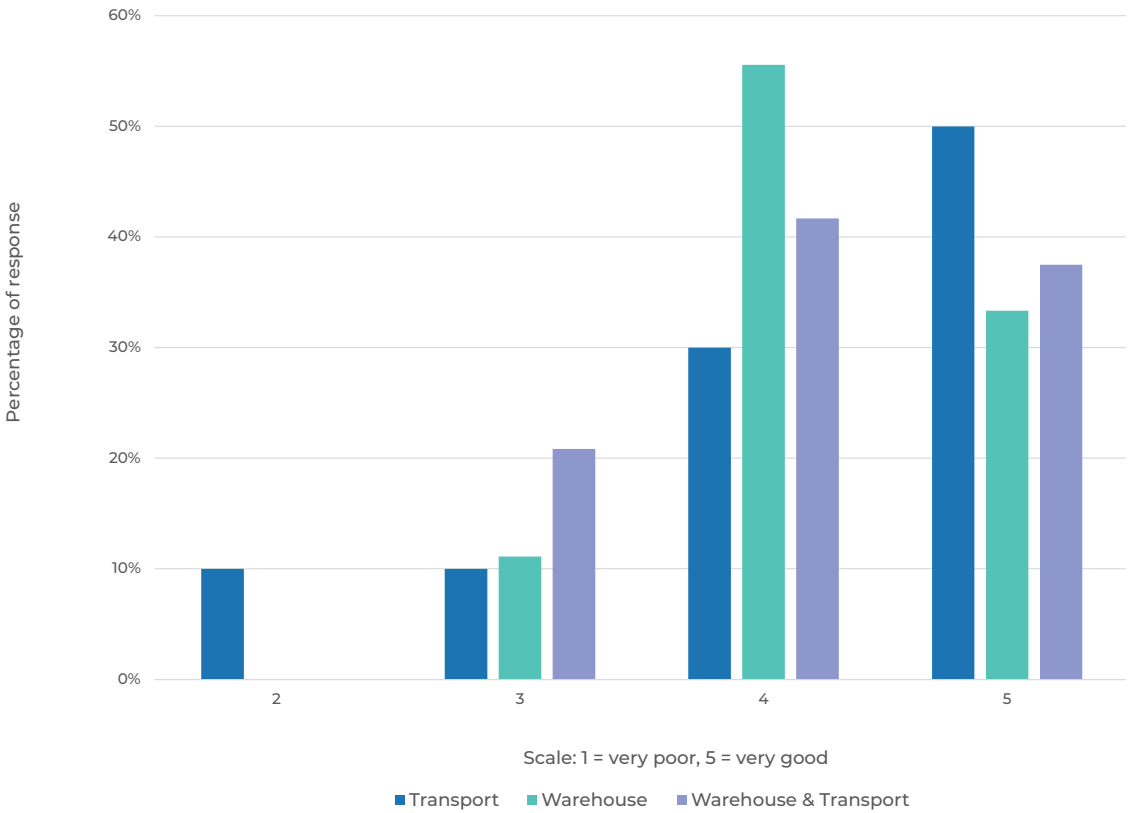
***When comparing results from question 1, even though there is some uncertainty surrounding the current economic climate for business (especially from operations and supervisors / managers), there is still an overall very positive outlook for business performance in the next six months across all job categories.***







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



## High Expectations for the Transport Industry

50% of transport company respondents saw the expected business performance in the next six months as very positive, in comparison only 33% and 37% of warehouse and warehouse & transport responses respectively.

*When we break these results into the various industry segments, we see a stark comparison of industry growth optimism between transport and other logistics respondents.*







## SECTION 2:

# WORKFORCE AND HIRING

*While economic climate views are optimistic, there are mixed perceptions of hiring likelihood in the coming months.*



Job creation is a powerful indication that logistics businesses are growing and they are in secure financial positions. In both warehouse and transport industry results, the overall results show optimism for the current economic climate and perceived industry success in the coming months.

The positive economic and performance outlook is encouraging, with 65% of participants believing their business is likely to bring on additional staff over the next six months.

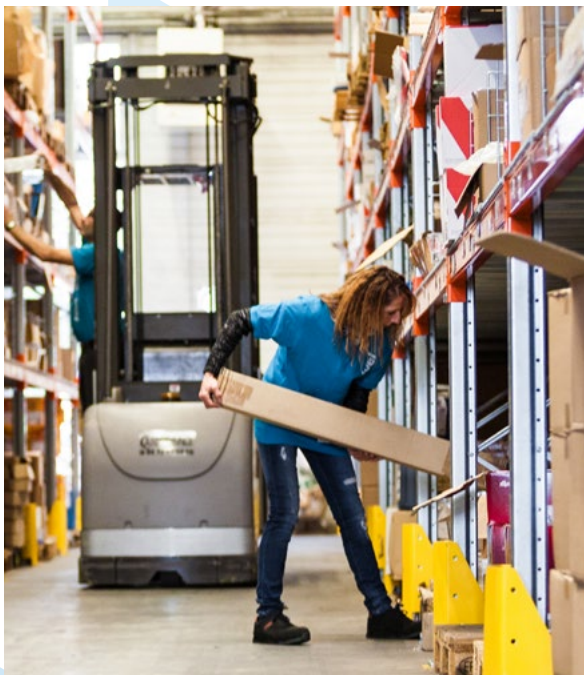
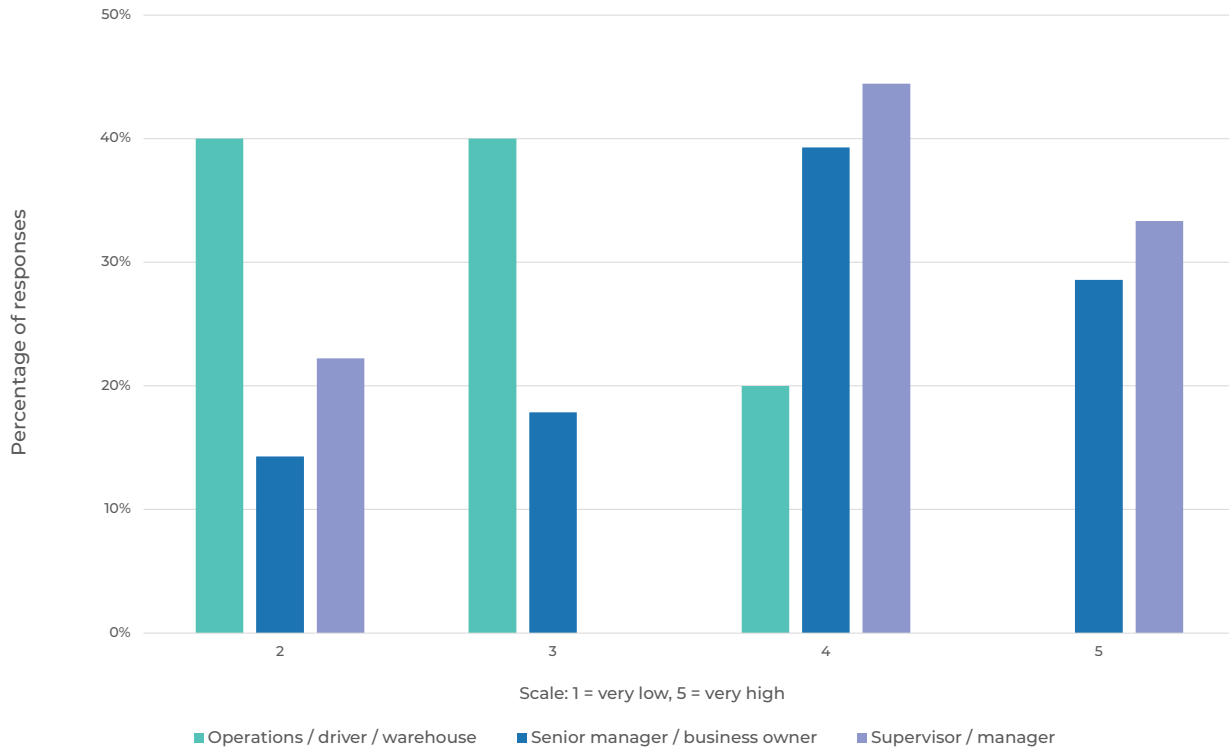
One-quarter of participants said they believed their business was very likely to increase their staff numbers, reflecting the current optimistic view of industry success and perceptions of growth in the coming months.

Senior management and business owners for both warehouse and transport industry participants show a higher optimism for the prospect of hiring in coming months when compared with other job levels.

**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?**

The positive economic and performance outlook is encouraging with 65% of participants indicating they believe their business is likely to bring on additional staff over the next six months. Likewise, 25% said they were very likely to increase their staff numbers.

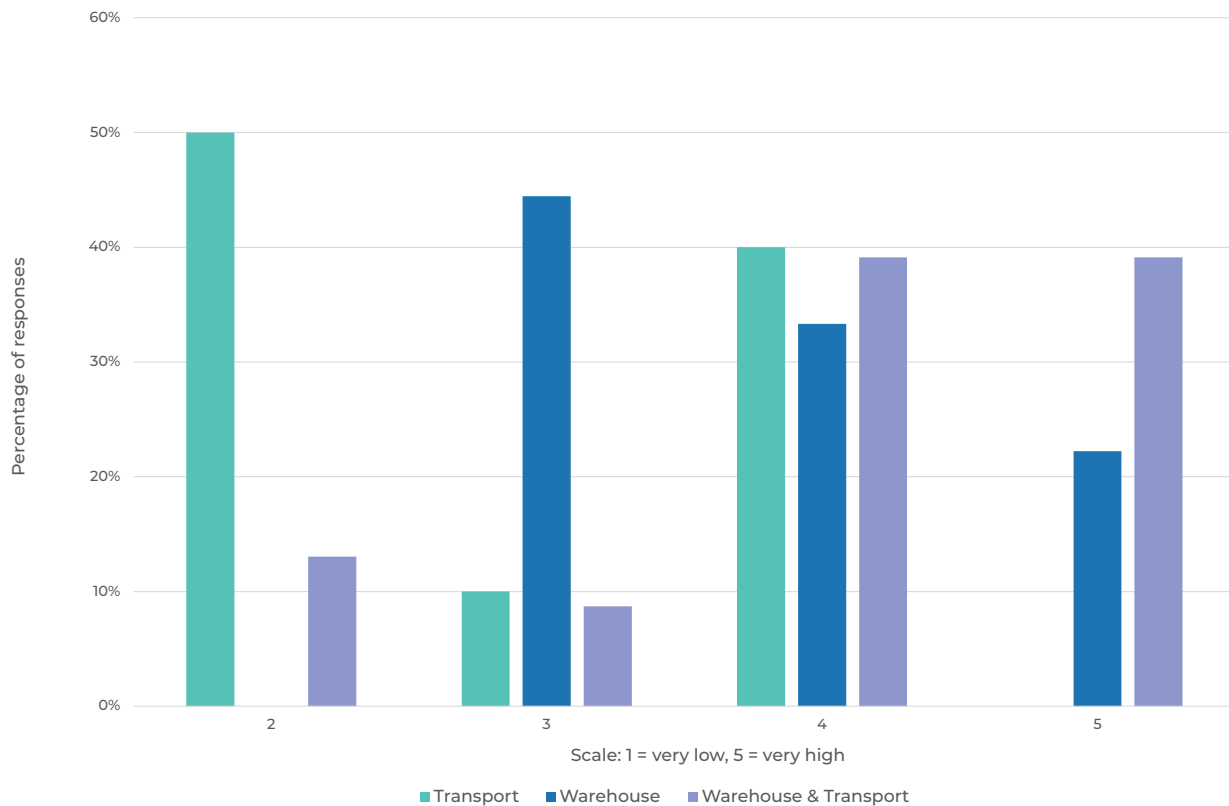
## PERCENTAGE OF RESPONSES BY JOB ROLE FOR LIKELIHOOD OF HIRING ADDITIONAL STAFF IN THE NEXT SIX MONTHS



**Optimism was shared by both supervisors/managers and senior management and business owners, with 78% and 68% respectively indicating they believed it likely or very likely that their operation would hire new staff in the next six months. Interestingly, 80% of operations staff were either neutral or pessimistic in their responses.**



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



***The optimism was not shared evenly across different types of logistics operations, with businesses involved in warehousing significantly more optimistic than transport operations. Only 40% of participants in transport-only operations believed it was likely their company would hire.***

Comparatively, 55% of warehouse-only and 78% of warehouse & transport company participants believe that it is likely and very likely they will hire in the next six months. This suggested that confidence to hire additional staff is considerably stronger for operations involved in warehousing.









## SECTION 3:

# LOOKING TO THE FUTURE

*What will our industry look like in the next 12 months?*



The results show a high belief in an increase in logistic services across all industries, with the perception of the most valuable activities for the next 12 months being growth in e-commerce/ B2C activities, investment in new technology and diversification of the services offered.

Increasing demand for their logistics services is seen as the most likely method for warehouse businesses to drive revenue growth over the next 12 months, while transport companies are looking at diversifying the services they offer.

There are a number of challenges seen to be facing the industry in the coming months, with concerns over meeting the increased demand, driver and workforce shortage, and increased operating costs as the main issues facing both transport and warehouse industries.

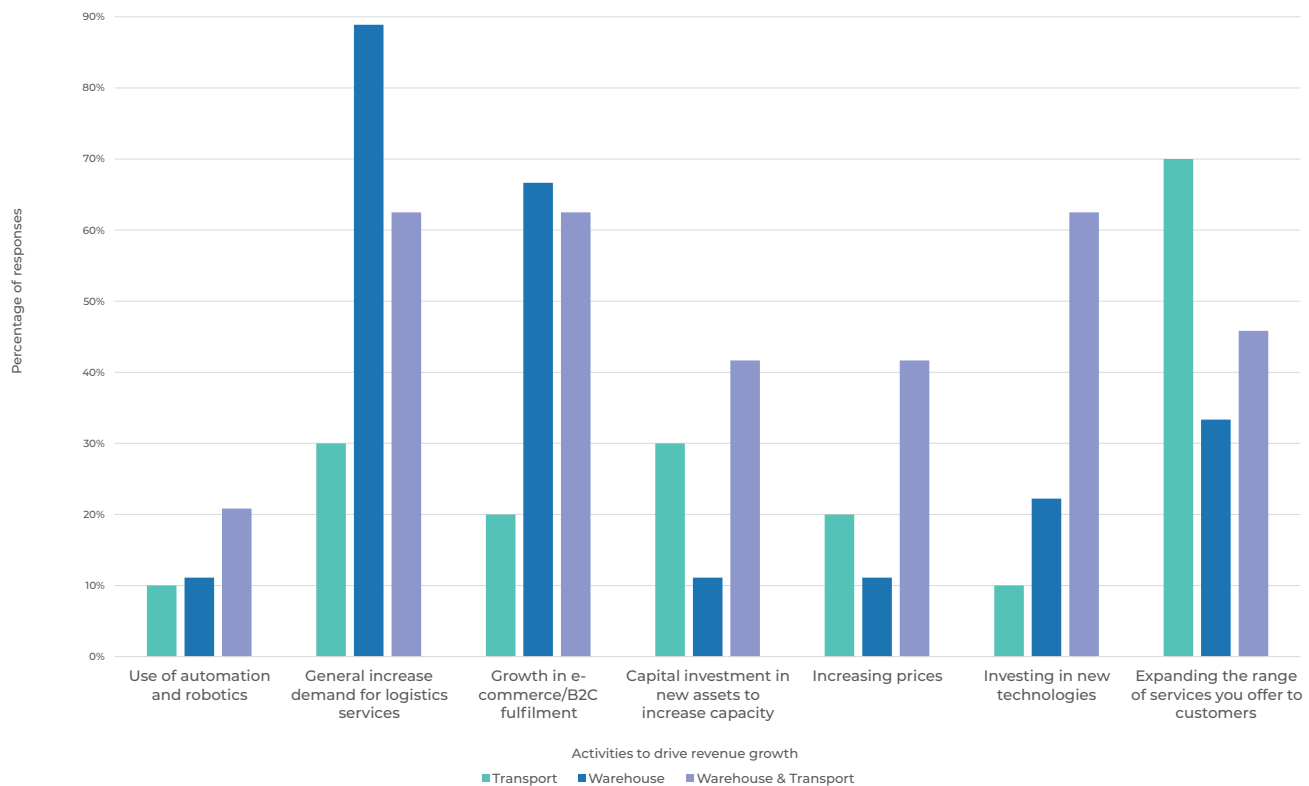
The results show a strong belief in the opportunity to increase technology adoption in both transport and warehouse industries, a view held in particular by senior management and business owners. The biggest challenges for increasing technology in the coming months were seen as insufficient knowledge and digital training.

**Q4: Which of the following activities, if any, are you planning in the next 12 months in order to drive revenue growth?**

More than 50% of participants believe their businesses will also tap into e-commerce/B2C fulfilment, and require an expansion in the range of services in the coming 12 months.

A smaller segment (15) saw automation and robotics as their primary revenue growth mechanisms for the coming months.

## PERCENTAGE OF RESPONSES PER OPERATION FOR PLANNED ACTIVITIES IN THE NEXT 12 MONTHS TO DRIVE REVENUE GROWTH



## Growing Demand, Diversification and Investment in e-Commerce.

70% of transport company participants plan to expand their range of services they offer their customers in the next 12 months in order to drive revenue growth. In comparison, only 33% of warehouse participants believed expanding their range of services in the next 12 months was their most likely way to drive revenue growth.

Instead, 89% of warehouse companies perceived the general increase in demand for logistic services to be the number one driver of growth, whereas only 30% of transport participants believe this to be true.



Companies providing both warehouse and transport saw increasing B2C/ e-commerce services and investing in new technologies as the most valuable activities for their business over the coming 12 months.



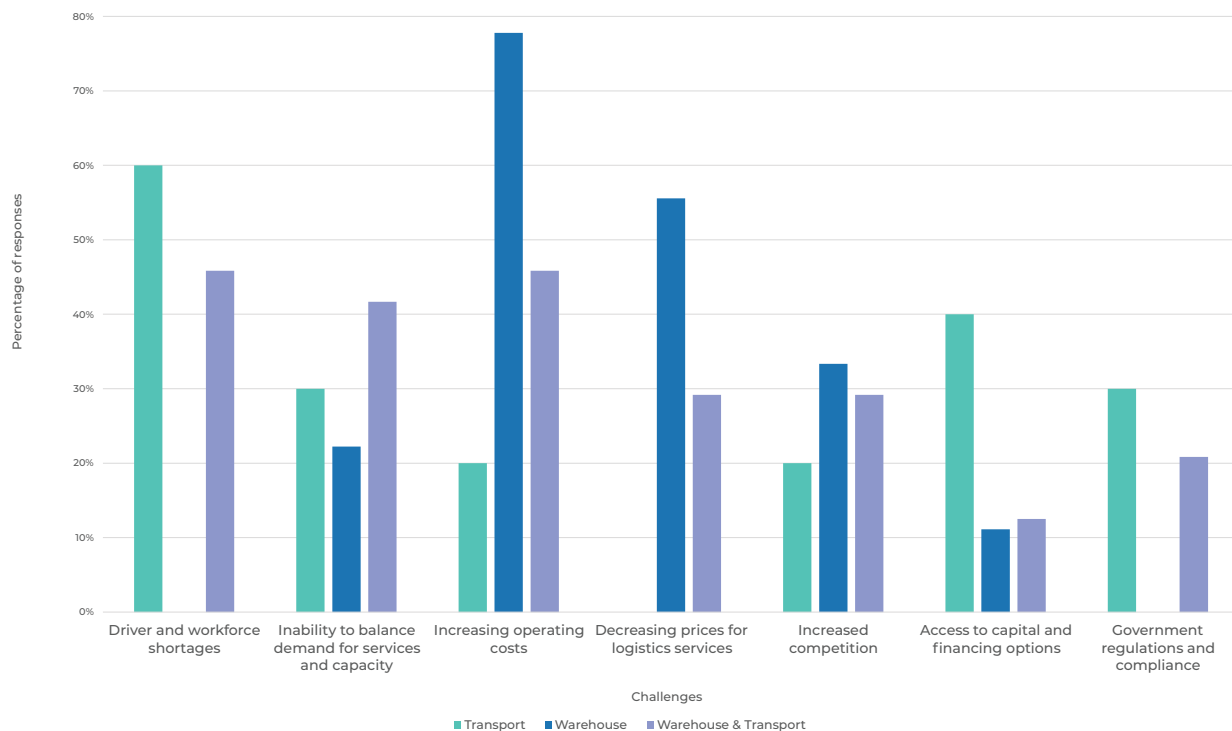








## PERCENTAGE OF RESPONSES PER OPERATION TYPE FOR THE BIGGEST CHALLENGES BUSINESS WILL FACE IN THE NEXT 12 MONTHS



## Workforce Challenges and Meeting Growing Demand, a High Concern.

### **Q5: What will be the biggest challenges facing your business in the next 12 months?**

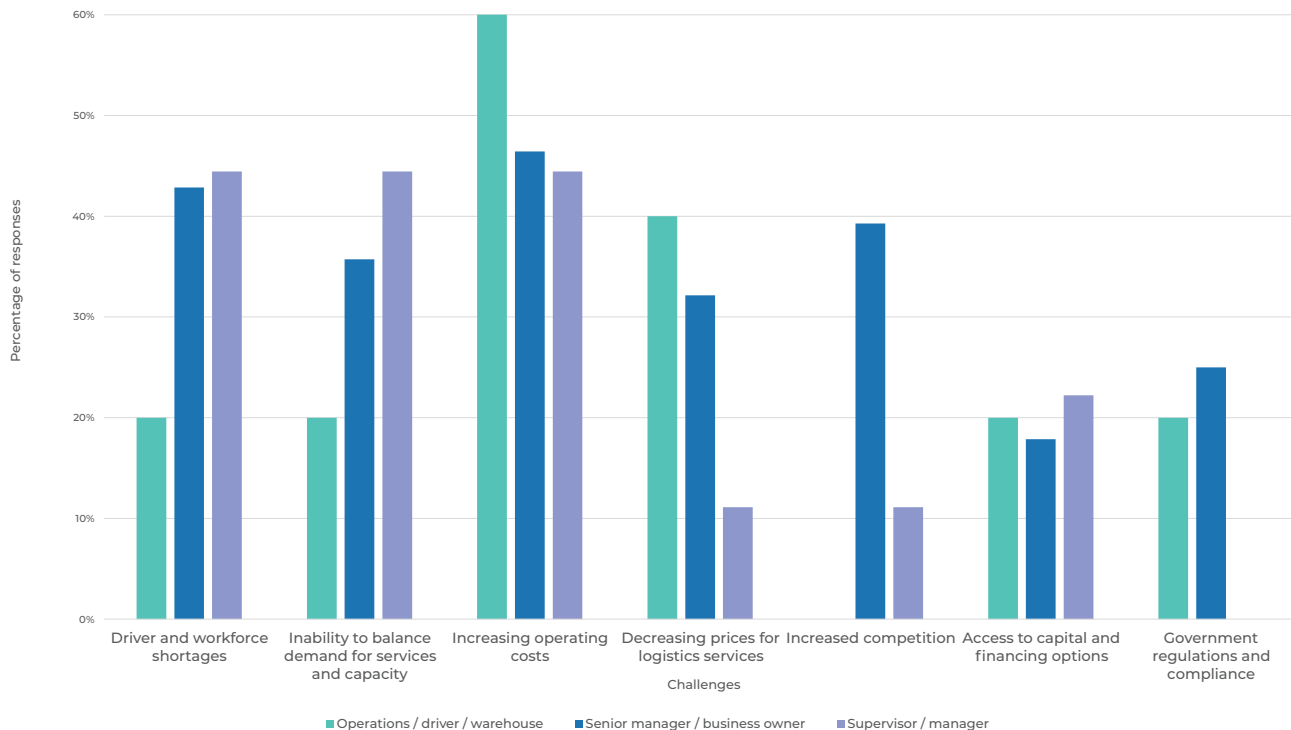
Despite positive attitudes towards the economy and business performance, the logistics industry is not without its challenges. Increasing operating costs were the main challenge faced by most (50%) businesses followed by driver and workforce shortages (43%). Inability to balance demand for services and capacity rounded out the top three.

60% of transport companies expect driver and workforce shortages to be the biggest challenge facing their business in the next 12 months.

In comparison, no warehouse respondents believe this to be a challenge in the next 12 months. This correlates with the fact that 50% of transport company participants responded with it being unlikely that they will hire additional staff in the next six months.

**78% of warehouse companies expect increasing operating costs to be the biggest challenge facing their business in the next 12 months. In comparison, only 20% of transport companies see this as a challenge.**

## PERCENTAGE OF RESPONSES PER JOB TYPE FOR THE BIGGEST CHALLENGES BUSINESS WILL FACE IN THE NEXT 12 MONTHS

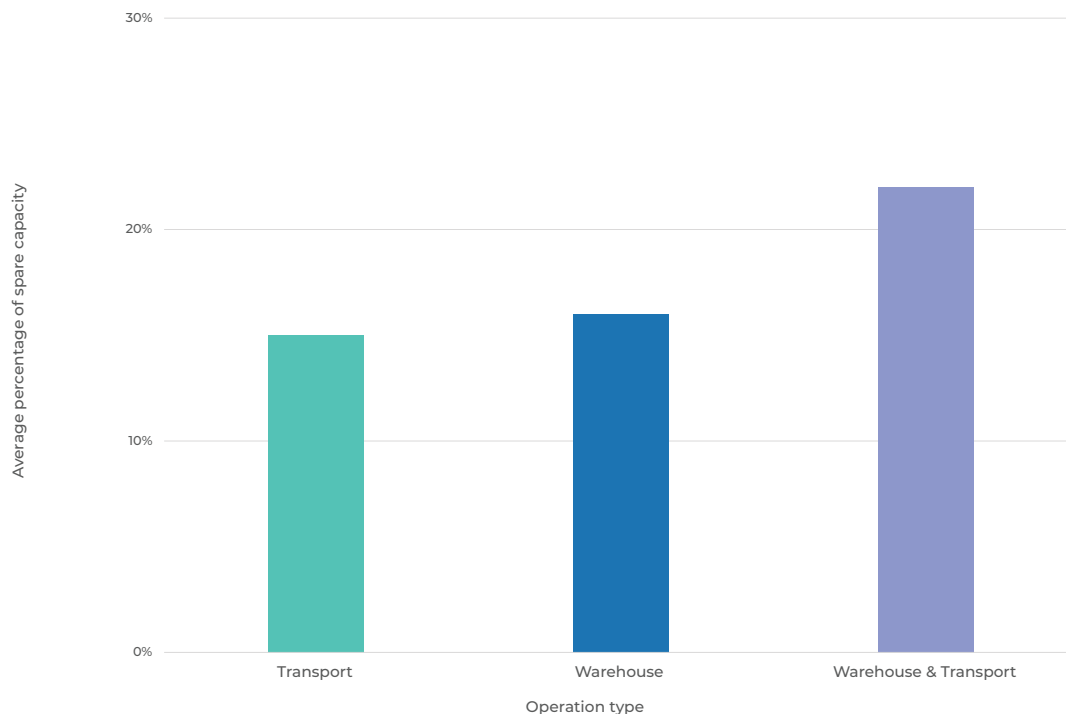


Operations and supervisor/manager respondents had a concentrated result with most respondents believing that driver and workforce shortages, inability to balance the demand for logistics services and capacity, and increasing operating costs will be the biggest challenges for them over the next 12 months.

***Interestingly, this concern regarding workforce shortages and inability to meet demands also correlates with the perception held by operations staff that their companies would be unlikely to hire over the coming months.***



## AVERAGE SPARE CAPACITY IN THE BUSINESS AT THE MOMENT PER OPERATION TYPE



**Q6: As a % of your total capacity, how much spare capacity is there in your business at the moment?**

Many logistics businesses are operating at close to full capacity in a sign there is high demand for warehouse and transport services. 65% of businesses reported they were operating between 80 and 100%. Only one business reported they were operating below 50% capacity.



***There is little difference between spare capacity for each operation type. The average spare capacity across all operation types is 18%.***







## SECTION 4:

# TECHNOLOGY ADOPTION AND INTEGRATION

*Technology advancements and adoption is a significant driver in the growth and development of the logistics industry, changing the way we work and do business. However, both warehouse and transport industry participants saw a high opportunity for technology adoption in their business, a view shared by owners and senior management, supervisors and operational staff.*



Most participants believed their current digital infrastructure was not inhibiting their business' technology adoption.

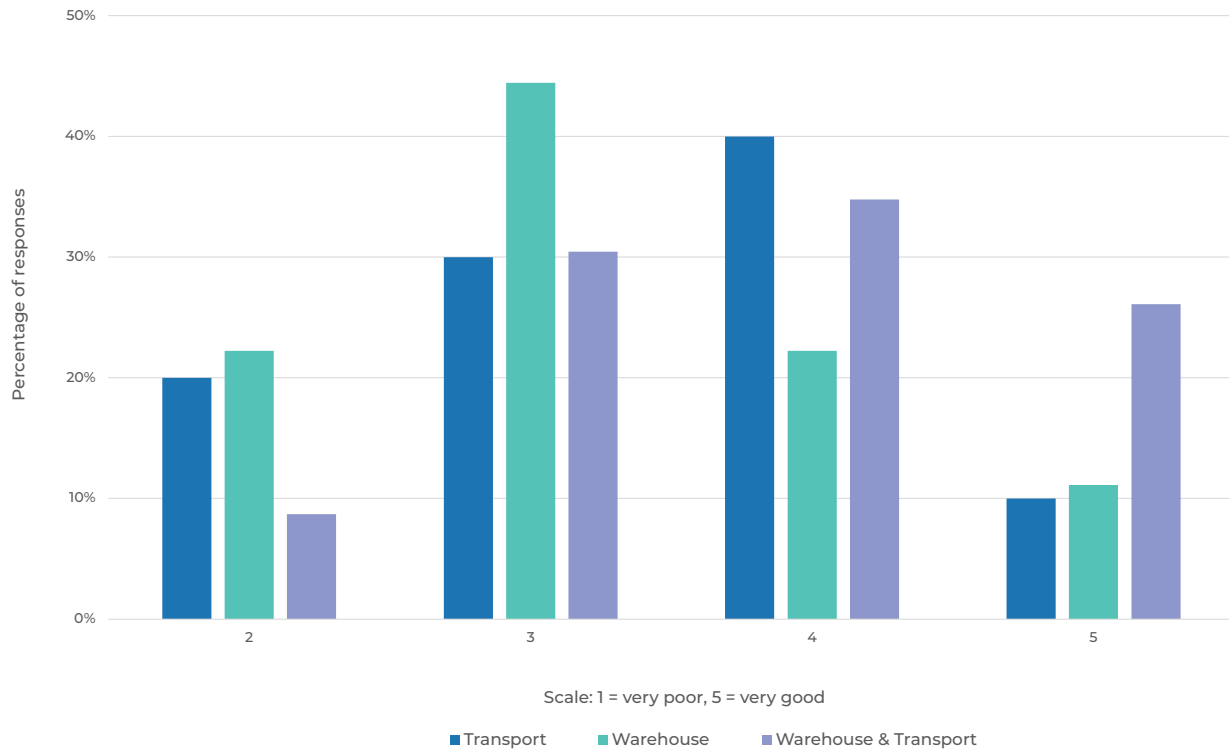
Insufficient knowledge and talent, insufficient training and lack of financial investment were seen as the highest barriers to an increase in technology adoption, highlighting a significant opportunity for an increase in training and investment in technologies over the coming months.

Senior management and business owners also responded with their own direction and leadership in technology investment as being one of the main inhibitors for their own business's adoption of technology.

### **Q7: How would you rate the level of technology adoption in your business?**

Technology is one of the main drivers for change in the logistics industry and 55% of businesses believe their business is embracing technology adoption well or very well. Only 13% of respondents thought their technology adoption was poor. Nearly a third of respondents rated their technology adoption as neutral indicating room for improvement among many businesses.

## PERCENTAGE OF RESPONSES PER OPERATION TYPE FOR LEVEL OF TECHNOLOGY ADOPTION IN THE BUSINESS



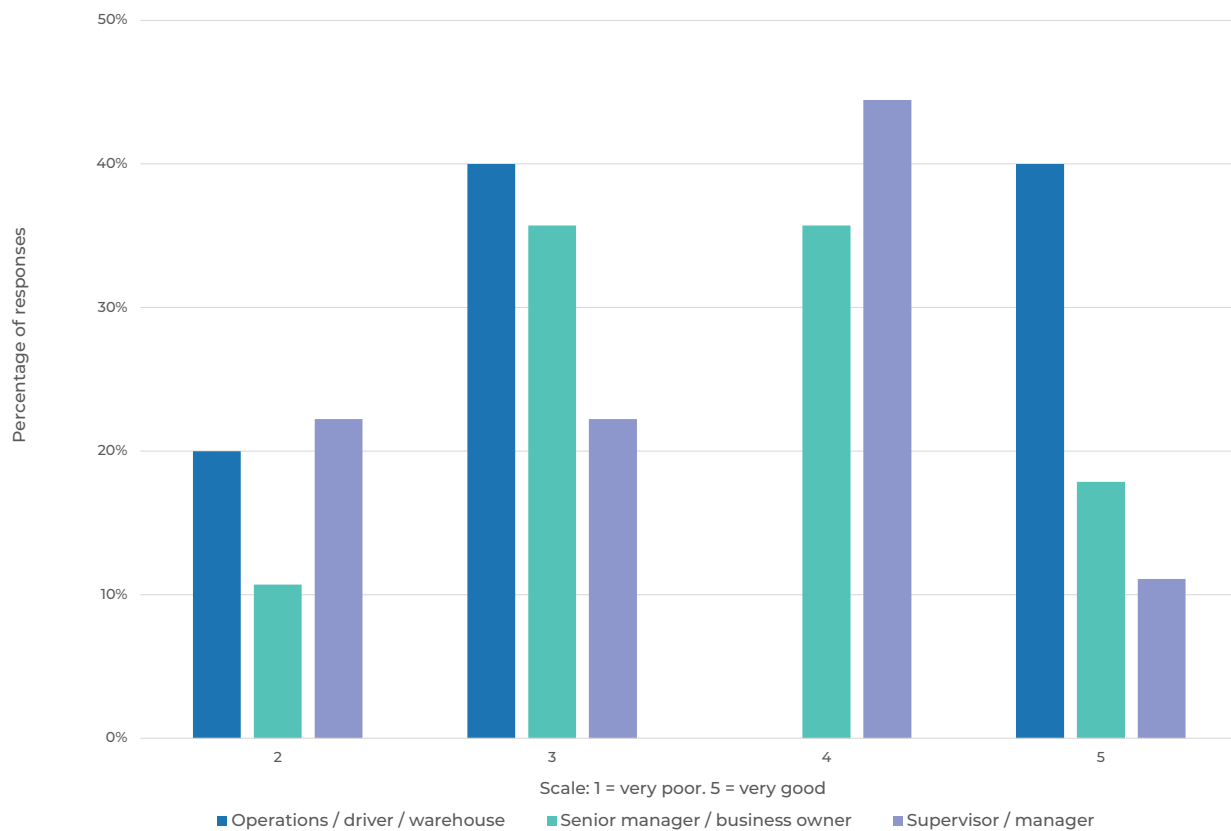
**50% of transport respondents believe that there is a high and very high level of technology adoption in the business, whereas only 33% of warehouse respondents believe this to be true in their own businesses.**







## PERCENTAGE OF RESPONSES PER JOB TYPE FOR LEVEL OF TECHNOLOGY ADOPTION IN THE BUSINESS

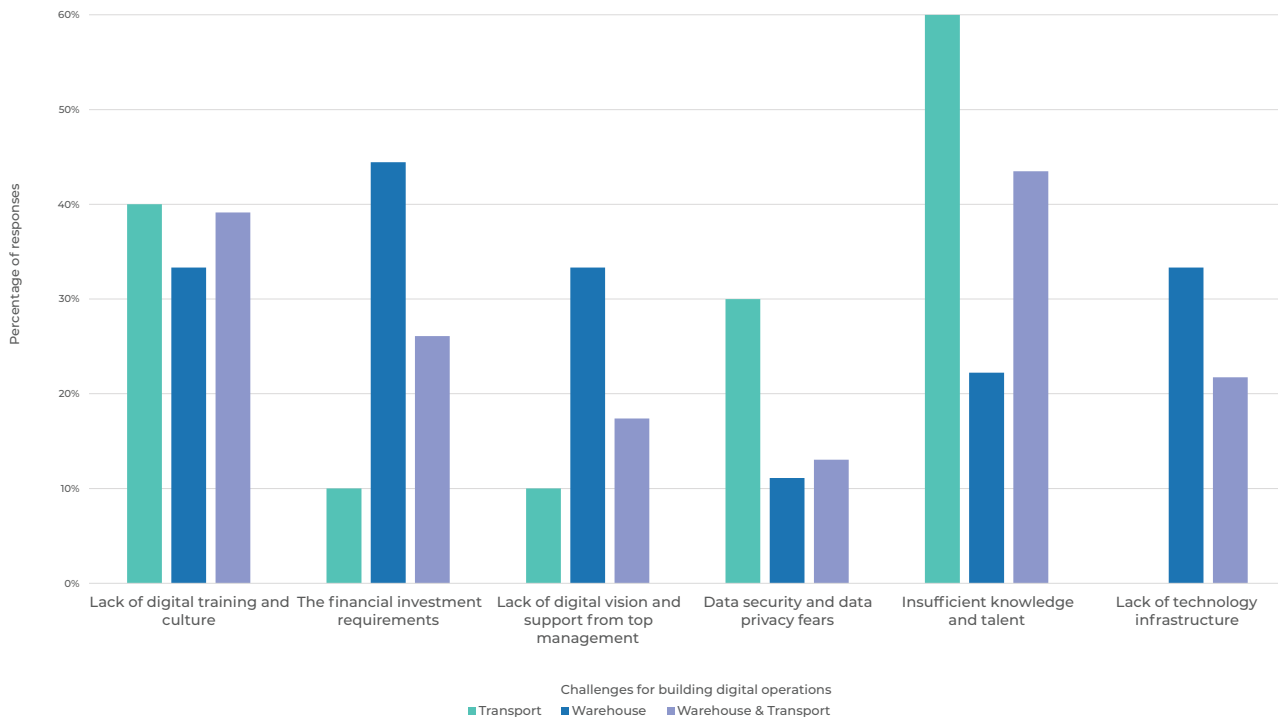


**40% of operations participants believe that there is a very high level of technology adoption in the business compared to only 18% of senior managers and business owners.**

**Only 11% of supervisors / managers believe there is a high level of technology adoption in their business.**



## PERCENTAGE OF RESPONSES PER OPERATION TYPE FOR THE BIGGEST CHALLENGES FOR BUILDING DIGITAL OPERATIONS

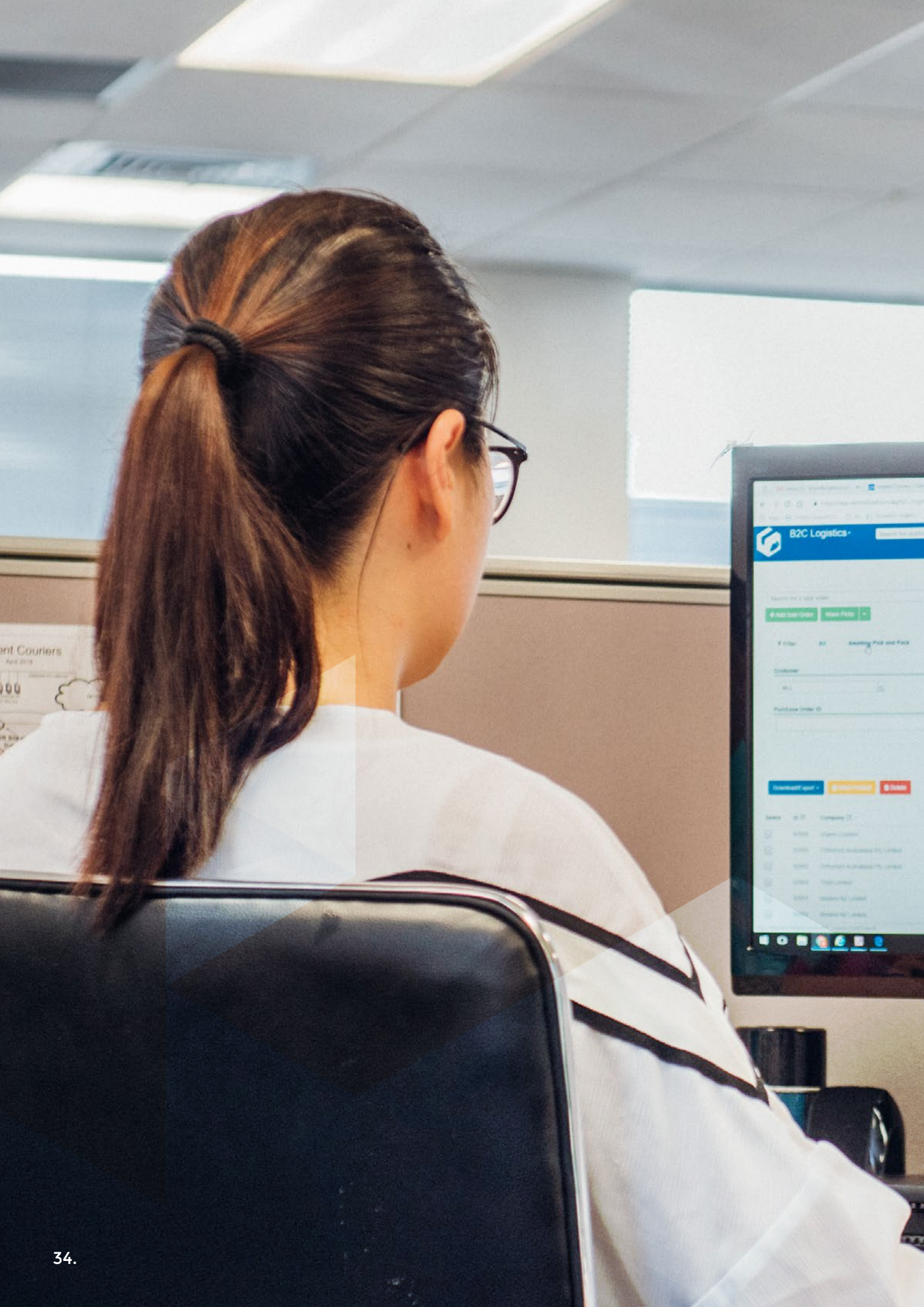


### Q8: Biggest challenges or inhibitors for building digital operations

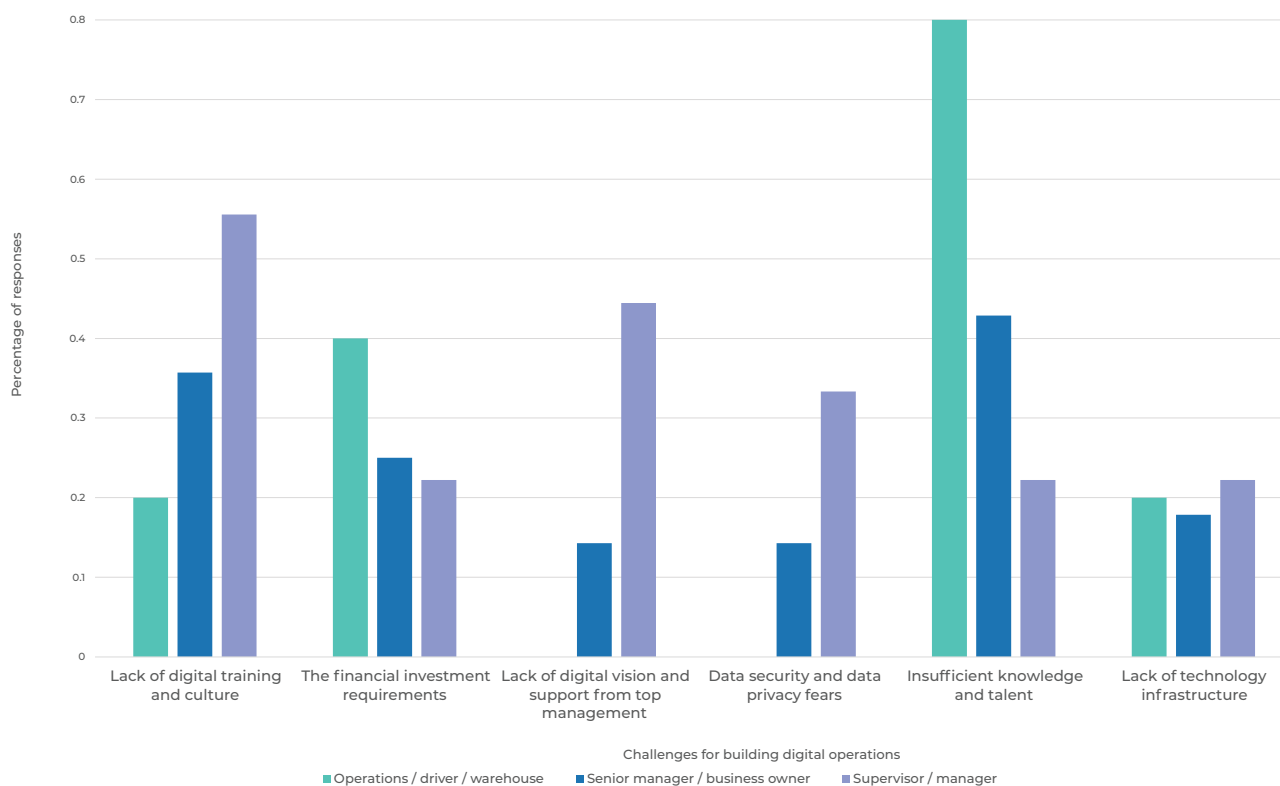
Nearly half of the businesses surveyed reported insufficient knowledge and talent to be the major hurdle for building digital operations. A lack of digital training and culture was the second biggest challenge (40%) followed by financial investment requirements (25%). Data security and data privacy fear were identified as a key concern for 17.5% of businesses.

**60% of transport and 43% of warehouse and transport participants believe that the biggest challenge for building digital operations is insufficient knowledge and talent, whereas the highest response for warehouse participants was that financial investment requirements were the biggest inhibitor.**





## PERCENTAGE OF RESPONSES PER JOB TYPE FOR THE BIGGEST CHALLENGES FOR BUILDING DIGITAL OPERATIONS



***Both operations and senior manager and business owner respondents saw insufficient knowledge and talent as the biggest inhibitor for building digital operations.***

***This was also reflected by a view held by most supervisor/manager participants, that a lack of digital training and culture is the biggest challenge for building digital operations.***





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