

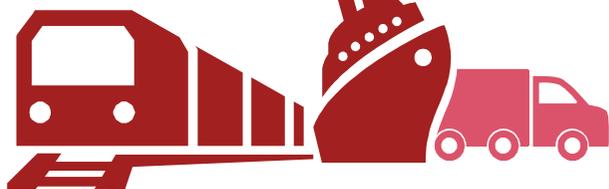
Steady mid-term growth expectations

80%

of T&L CEOs find mobile technologies for customer engagement somewhat or very important.

71%

of T&L CEOs are somewhat or very concerned about high or volatile energy costs.



Quiet confidence

Transportation & logistics (T&L) CEOs remain fairly upbeat about the economic outlook this year: 41% think the global economy will improve. That's a stark contrast to only 17% who expected the economy to improve two years ago, and similar to last year's results. This year, half of T&L CEOs are very confident of their revenue growth looking out three years, again holding steady compared to last year. They believe China, the US and Germany, in that order, offer the best opportunities for growth.

Colliding trends causing upheavals

Of course, T&L CEOs know that it won't all be plain sailing. They're extremely concerned about over-regulation, geopolitical uncertainty and the availability of key skills. Another major topic is, incontestably, energy costs. Despite the decline in the price of oil, T&L CEOs are really concerned about high or volatile energy costs.

T&L CEOs are also clear about the way colliding megatrends are disrupting the business landscape. In fact, 58% think changes in regulation and

greater direct and indirect competition will impact their organisation over the next five years. They also foresee a shift in consumer spending and customer behaviour (56%) taking a toll.

Entering adjacent or entirely new sectors

Almost three fifths of all T&L CEOs anticipate an increasing amount of cross-sector movement, as incumbents from other industries enter adjacent or entirely new areas of business. But they're not complacent about this threat: 35% of T&L CEOs have already entered a new industry themselves, while another 21% have considered doing so. Those who are making, or contemplating, a move are primarily targeting the technology, professional and business services and retail and wholesale distribution sectors.

Driving down the digital highway

T&L CEOs are also exploring new ways to compete. They see mobile technologies for engaging with customers, cybersecurity tools and data analytics as the three most important areas in which to invest.

Exploring new ways to compete

Driving down the digital highway (cont'd)

The speed at which technology is evolving concerns them a lot more than last year. In our view, some T&L companies have struggled to keep up in the past. But because of the high value it brings to their organisation, many are now embarking on the digital path. T&L CEOs see improvements in operational efficiency, the ability to deliver a better customer experience and a stronger grip on the data they collect as among the top ways digital technologies bring value to their organisation.

However, T&L CEOs stress the fact that maximising the value of the digital investments they've made requires a well thought-out plan, including defined measures of success. It also requires a CEO who personally champions the use of digital technologies and a clear understanding of the competitive advantages to be gained.

Diverse alliances, new ways of working

Nearly half of all T&L CEOs (48%) plan to form a new alliance this year. An alternative to M&A, most aim to partner with customers, suppliers and business networks or trade organisations, mainly to get access to new customers and geographic markets.

49% of T&L CEOs intend to increase the headcount. Yet, even though skills shortages are a growing cause of concern, almost two fifths of T&L CEOs say their companies are not yet actively searching for talent in different countries, industries or demographic segments.

Questions to ponder

- How are you identifying the digital technologies that will be most valuable to your business?
- What will it cost your organisation, if you get your talent pipeline wrong?



“One of the key things for technology is around the customer experience and making it easier for a customer, and using the huge sources of data and information we have. So technology is something that we’re very conscious of, making sure that we’re at the front end of it.”

Alan Joyce, CEO & MD,
Qantas

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