

# POLAND LOGISTICS & SUPPLY CHAIN

CONFIDENCE  
INDEX  
2017



CBRE and Panattoni Europe  
explore the latest industry trends and outlook

**CBRE**

PANATTONI EUROPE

# Introduction



Panattoni Europe BTS for H&M, Masovian district, Poland

The Poland Logistics and Supply Chain Confidence Index 2017 is the first edition of a market survey undertaken to assess confidence and expectations in the Polish logistics and supply chain sector. CBRE and Panattoni Europe with strong support from the specialist sector research agency Analytiqa have summarised the main performance indicators for businesses operating within the logistics and supply chain sector. The report corresponds with a similar analysis carried out in other European countries.

Over 50 decision makers representing both logistics companies and shippers (the collective name for manufacturers and retailers) have shared their opinions and insights to facilitate the industry research study. Respondents included CEOs, managing directors and senior management.

Interviewees were asked about current business conditions in Poland and forecasts for the future. They expressed their views on growth plans of their companies in terms of anticipated changes in turnover, profitability, logistics and supply chain related capital expenditures and forecasted changes to employment. Respondents compared Poland internationally and shared their opinions on key issues such as logistics property

requirements, e-commerce business, technology, innovation, importance of collaboration with third parties. In addition to the quantitative analysis, we are delighted to present the comments of our partners who agreed to share their more detailed views on key topics.

The survey has confirmed a positive outlook on the logistics market. The Poland Logistics and Supply Chain Confidence Index 2017 has been set at 60.7. Index results achieved by logistics operators and shippers were similar, with a slightly better outcome for the first group of respondents. Confidence among logistics operators was established at 62.1, with a 59.1 measure for shippers. The index calculation was based on the proportion of respondents reporting either an improvement, no change or deterioration within the sector. Therefore, a number over 50.0 indicates an improvement, while below 50.0 suggests a decline. The further away from 50.0 the index is, the stronger the change over the period.

We hope you enjoy our first edition of the Poland Logistics and Supply Chain Confidence Index 2017 and find the information provided useful. We would also welcome any feedback you might have on our initial survey.



All figures and data relating to the Poland Logistics & Supply Chain Confidence Index within this report have been researched by Analytiqa.

Analytiqa is a market analysis and business intelligence company providing published reports, custom research and strategic advisory for multinational clients across all sectors and industry verticals of the global supply chain.

Analytiqa delivers high quality, commercially relevant research to assist clients to grow and profit in challenging and competitive markets.

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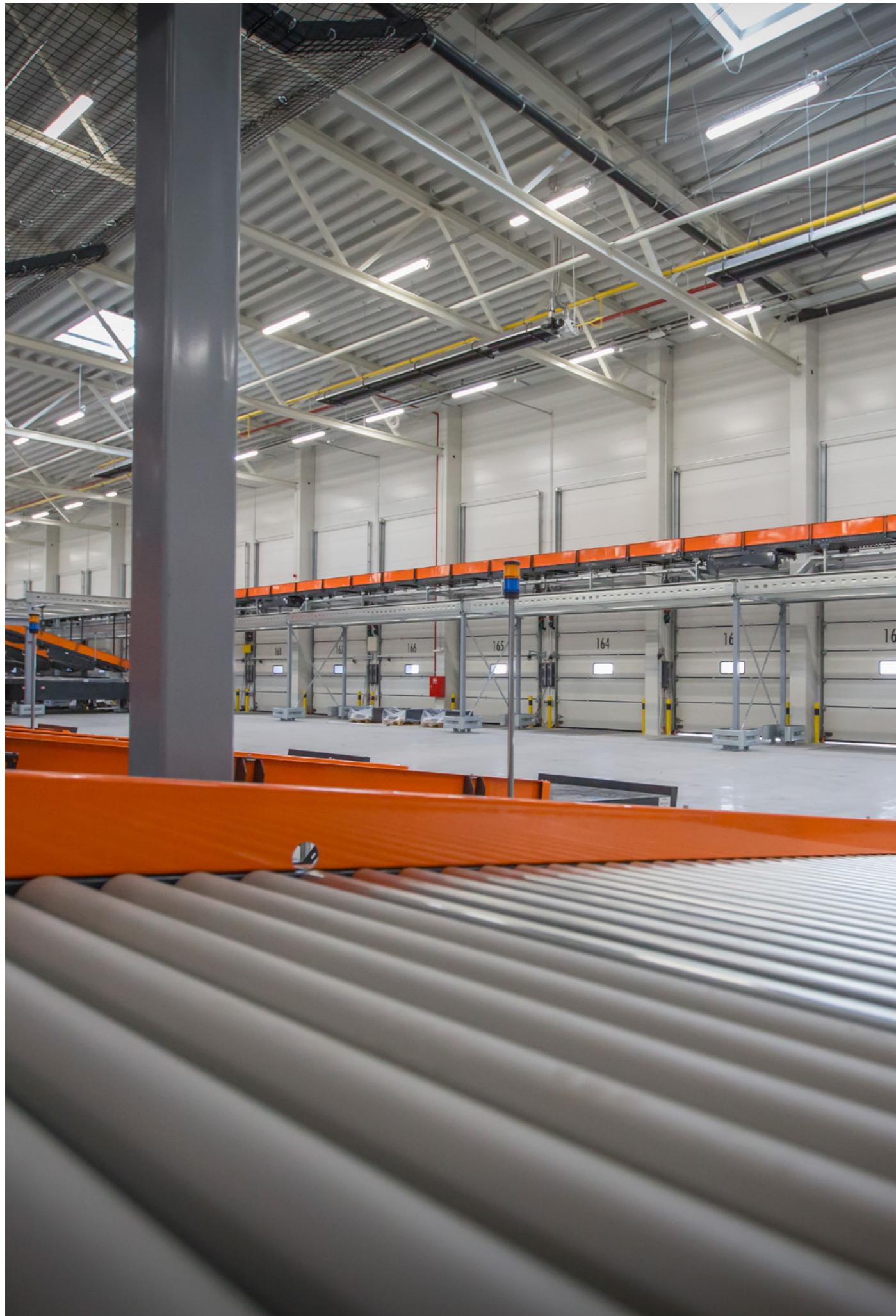
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Panattoni Europe BTS for TNT, Masovian district, Poland



# WE AS SURVIVING CONFIDENCE



In undertaking this survey, we have adopted the same methodology used across similar surveys conducted by Analytiqa for other jurisdictions.

The report examines the key performance indicators for businesses operating within the logistics and supply chain sector. It provides insights from the perspective of both logistics buyers and service providers, thus giving us a 360 degree view of sentiment as well as the current issues and topics affecting the sector. In addition to sharing their views on the recent performance of the logistics sector, respondents also outlined their expectations for the sector over the near term.

This is the initial recording of the Logistics and Supply Chain Confidence Index in Poland which will become increasingly valuable once data has been compiled for a number of years as this will facilitate better comparison.

This inaugural report was supported by CEOs, managing directors and senior decision makers from some of Poland's most successful logistics providers, manufacturers and retailers including:





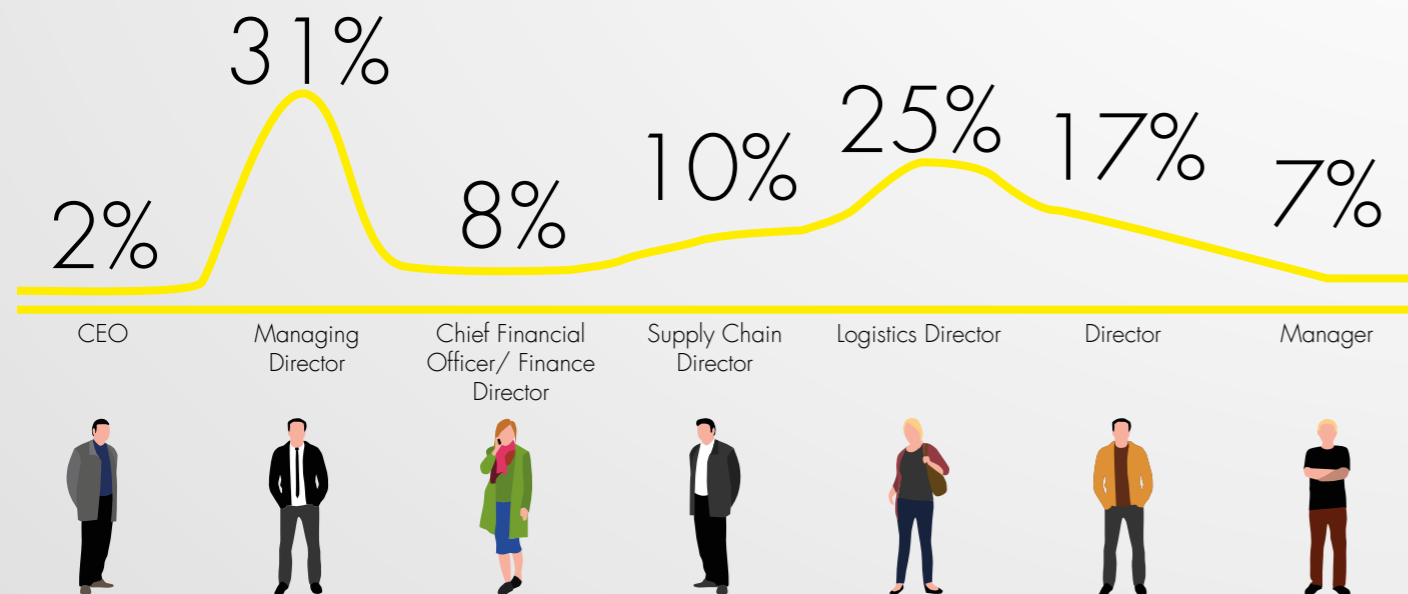
# Respondents

There were 52 respondents who took part in the survey, 28 of which represented logistics companies, whilst 24 were manufacturers and retailers (collectively referred to as shippers). The group of survey participants comprised predominantly Managing

Directors who accounted for nearly 31% of respondents, as well as Logistics Directors and Supply Chain Directors who altogether represented 35% of interviewees. A further 17% of respondents were Directors of their own companies. In more than a half

of the logistics companies surveyed the questionnaire was completed by the Managing Director. Shippers were represented mostly by Logistics Directors and Supply Chain Directors (75% of respondents collectively).

## Job position of respondents



## Logistics respondents

The majority of the logistics firms which participated in the survey were categorised as 3PL companies and

represented nearly 71% of logistics respondents. 14% and 11% belonged to forwarding companies and hauliers

respectively, with the remaining 4% being express firms.

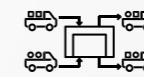
## Structure of logistics respondents

71%



3PL

14%



Forwarder

4%



Express

11%



Haulier

## Shipper respondents

The shipper companies which responded to the survey were dominated by the industrial sector including automotive and chemical

enterprises. The industrial companies accounted for 38% of shipper respondents. The remaining answers coming from shippers were split

between retail (33%), food, drinks, consumer goods (21%) and pharma/ healthcare sectors (8%).

## Structure of shipper respondents

21%



Food, drinks, consumer goods

38%



Industrial

8%



Pharma/ healthcare

33%



Retail

# How confident is the Polish logistics sector?

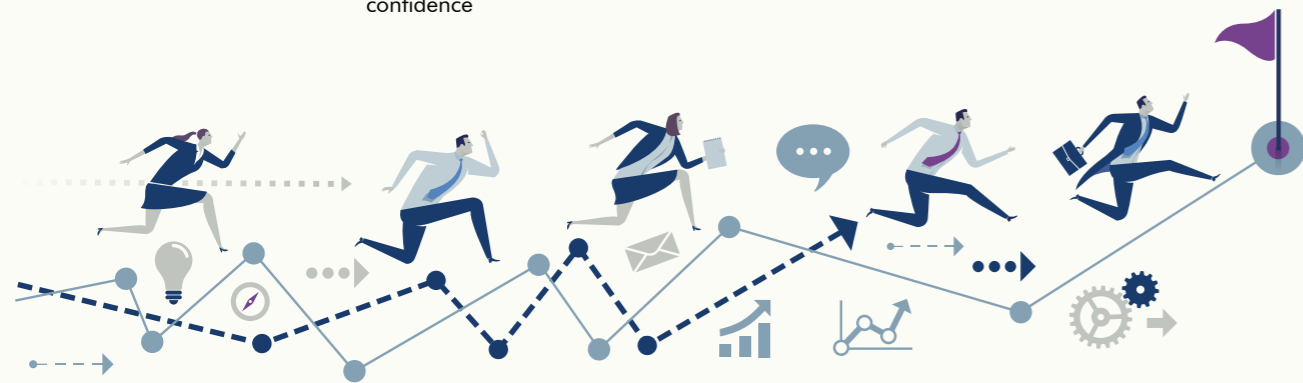
The survey has confirmed a positive outlook on the logistics market. The Poland Logistics and Supply Chain Confidence Index 2017 has been set at 60.7, therefore slightly exceeding both Ireland and the United Kingdom which also took part in the survey this year achieving a result of 60.4 and 56.7 respectively. In Poland, there was no significant difference between the results

achieved by logistics operators and shippers, with a slightly better outcome for the first group. Confidence among logistics operators was established at 62.1, with a 59.1 measure for shippers.

The index calculation is based on the proportion of respondents reporting either an improvement, no change or deterioration within the sector.

Therefore, a number over 50.0 indicates an improvement, while below 50.0 suggests a decline. The further away from 50.0 the index is, the stronger the change over the period.

## Poland Logistics and Supply Chain Confidence Index 2017



## Business confidence compared to the previous 12 months

When comparing the current business conditions to the situation prevailing on the market one year ago, 29% of respondents to the Polish study claimed they are more confident about the business environment than they were 12

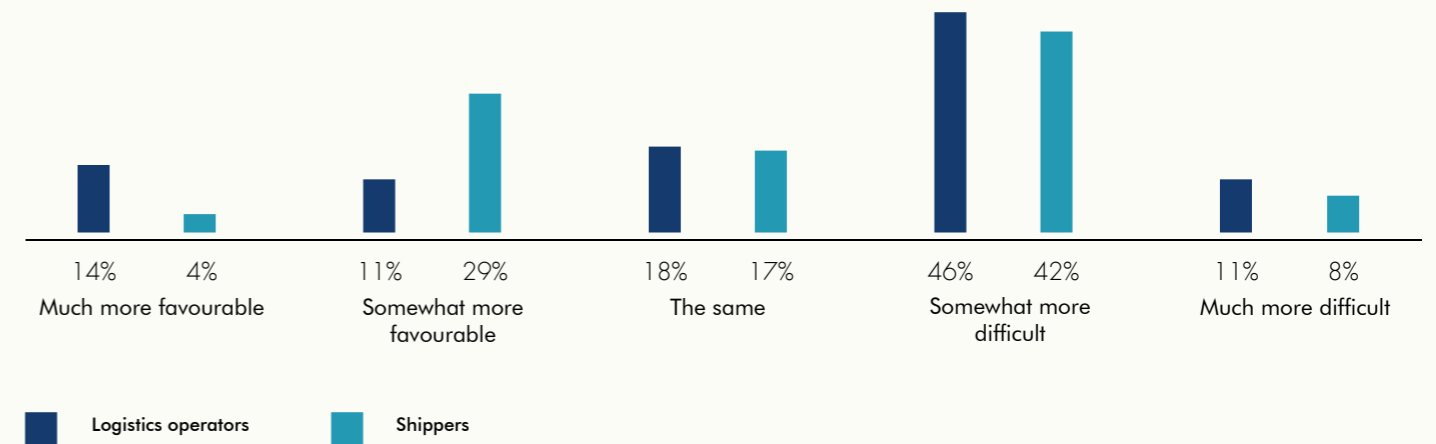
months ago. However, a large 54% share of respondents evaluated the current business conditions as "more difficult" in comparison to last year. Difficulties were mostly noticed by the logistics sector. Shippers were generally much more

optimistic than logistics operators and 33% of them gave positive answers. 17% of surveyed companies in total said that business conditions have not changed year-on-year.

## Current business conditions vs the last 12 months



## Current business conditions vs the last 12 months



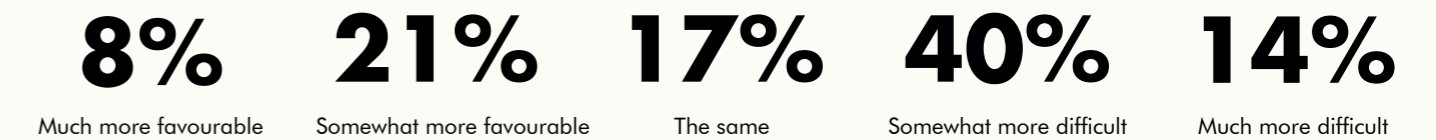
## Business confidence forecast for the next 12 months

When asked how confident the respondents feel about the coming 12 months, 29% were optimistic and perceived the future business environment as favourable, whilst over 54% predicted some external difficulties

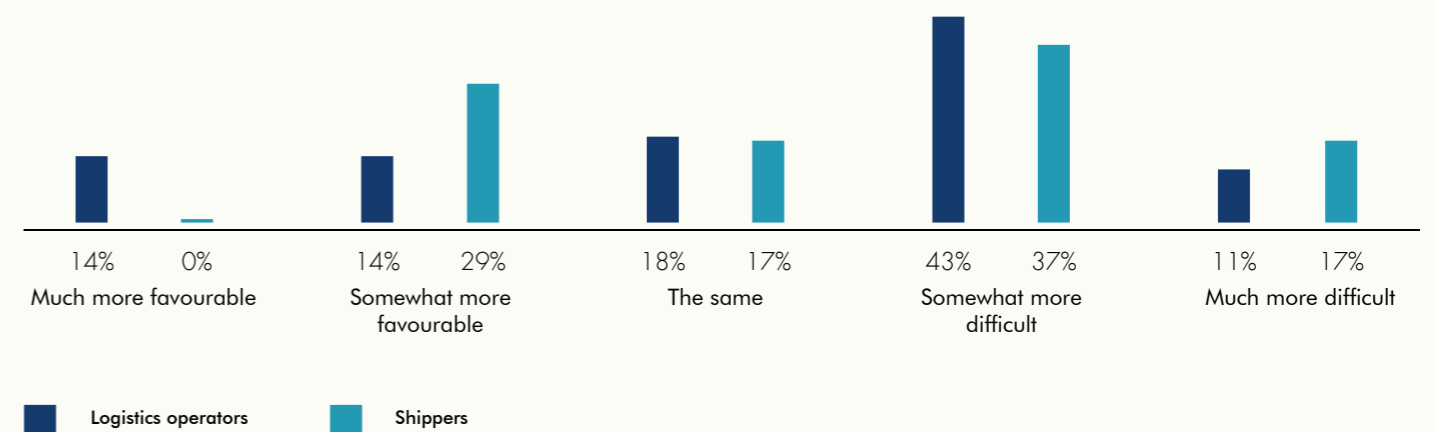
in running their business effectively. Approximately 17% anticipated business conditions to stay on the same level. The logistics sector seemed to be more optimistic about the future than shippers. Over 14% of logistics

companies believe in "much more favourable" conditions, whilst shippers chose the category of "somewhat more favourable" only.

## Business conditions over the next 12 months



## Business conditions over the next 12 months





**Ingo Goldhammer**  
 Managing Director  
 Kuehne + Nagel

**Whilst there is a lot of positive feedback, many companies are expecting the next 12 months to be challenging in Poland. Why do you think this is? Is it legislation, economic threats, other issues? How do you explain the prospects for the short term future in Poland?**

*The challenges for the logistics companies in Poland can be captured in three main areas:*

*1) human resources – how to cope with the growth (recruitment), how to further prepare our talents (development) and how to keep them (retention). Key actions such as employee branding, new forms of recruitment and, very importantly, the offer of a career and a development path, as well as a demanding and pleasant working environment are of utmost importance to master this challenge,*

*2) adding value through innovative products, services and digital solutions to cope with the highly price-sensitive market and “value for money” approach on the procurement side. This point denotes again an increasing level of maturity of the market requirements from the logistics industry, and it is no longer the simple transportation or storage – automation, digitalisation, robotics and predictive analytics will play a key role in the future development,*

*3) the highly competitive market, where the key logistics players are dedicating resources and investments to capture its development. This creates a very particular market environment: a developing economy (similar to an emerging market) but with characteristics of a mature market.*

*This constellation is rarely seen in the global economy and it offers an equal measure of opportunities and challenges. One important factor in achieving success is to tailor our logistics services to the respective industries. This is an opportunity to create specialised solutions, as well as centres of excellence, R&D and idea-labs for the logistics industry.*

**What are the forecasts for the logistics sector in Poland? Will it be growing? How do you assess Poland’s potential? What is the competitive advantage of Poland when compared to other countries?**



**Beata Oleszek**  
 Sourcing and Procurement Director  
 Arvato Polska sp. z o.o.

*The forecasts on growth within the logistics sector in Poland are extremely positive. Poland’s advantage over other countries stems from: cheaper workforce, including workers from the Ukraine, particular flexibility of Polish businesses that are able to adjust to their clients’ needs, as well as the cheapest warehouse space in Europe being developed at the fastest pace. The time required for a new scheme to be completed is only 6 months. Additionally, Poland still has a large quantity of land available for new developments.*





# GROWTH OPPORTUNITIES

The analysis below aims to identify the key factors influencing the confidence index on a company level. Respondents have been asked to outline their one-year plans. Four main categories have been taken into account: changes in turnover, profitability, forecasted capital expenditures and workforce projections.

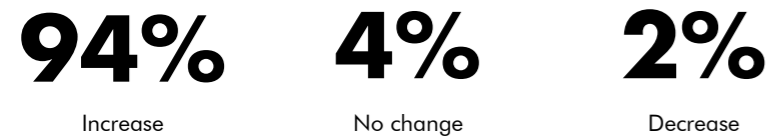
## Anticipated changes in turnover

When asked about the anticipated changes in turnover within the next year, it was assuring to see that nearly all respondents forecast an increase in turnover. 35% anticipate a strong increase of more than 8%, another 37% of interviewees expect a relatively moderate yearly growth rate between

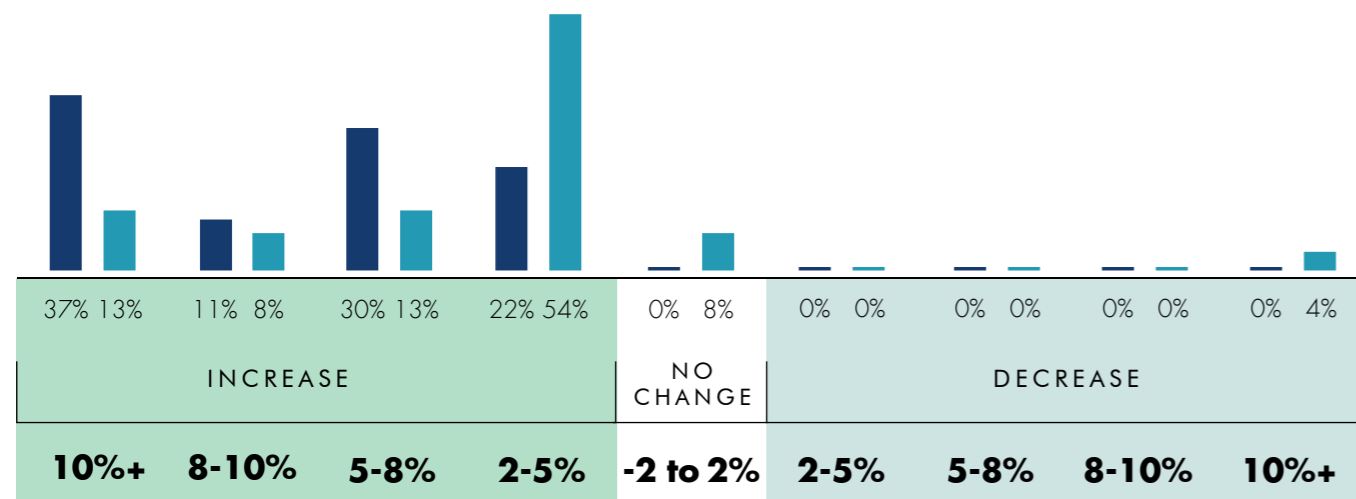
2 and 5%, whilst 22% of respondents anticipate an increase in turnover over the next 12 months at a level of 5-8%. Logistics operators are extremely optimistic about the growing scale of their business over the coming year. All of them expect an increase in their turnover, with

37% of logistics respondents believing their yearly turnover will grow by more than 10%. Optimism within the logistics sector, being one of the most sensitive economic barometers, is a promising sign of a good performance of the Polish economy in the short-term future.

### Change in turnover over the next 12 months



### Change in turnover over the next 12 months



Logistics operators Shippers

## Anticipated changes in profitability

Optimism regarding turnover growth is in most cases followed by positive forecasts about business profitability, however, 18% of respondents said they

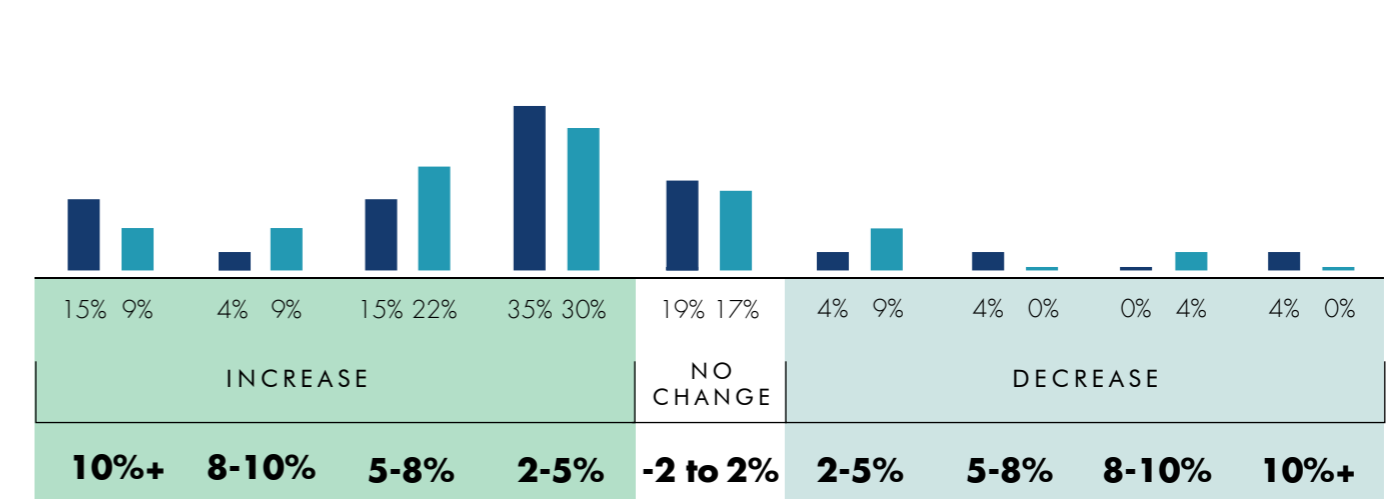
do not expect any change. Only 12% claimed their profits may fall, whilst 70% expect an increase in profit, with the biggest share of answers

estimating the growth rate between 2 and 5%.

### Change in profitability over the next 12 months



### Change in profitability over the next 12 months



Logistics operators Shippers

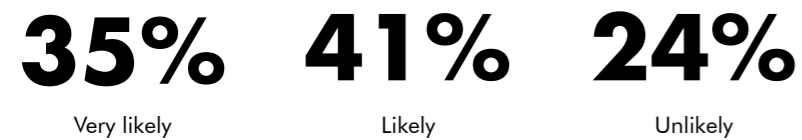
# Forecasts on capital expenditures

When asked about the likelihood of making significant logistics and supply chain related capital expenditures in their companies over the next year,

the responses were very positive. 76% of interviewees are keen on making capital expenditures in these areas. Both logistics operators and

shippers are interested in incurring new expenses, which is encouraging.

## Likelihood of significant capital expenditure over the next 12 months



# Forecasted changes to employment

When asked if they plan to increase or decrease headcount over the next 12 months (excluding seasonality impacts), the vast majority of respondents (62%) anticipate growth in employment. Only 8% predict to see a reduction in headcount over the next year. The answer "no change" was chosen by 30% of those surveyed. The survey results on this topic vary between the

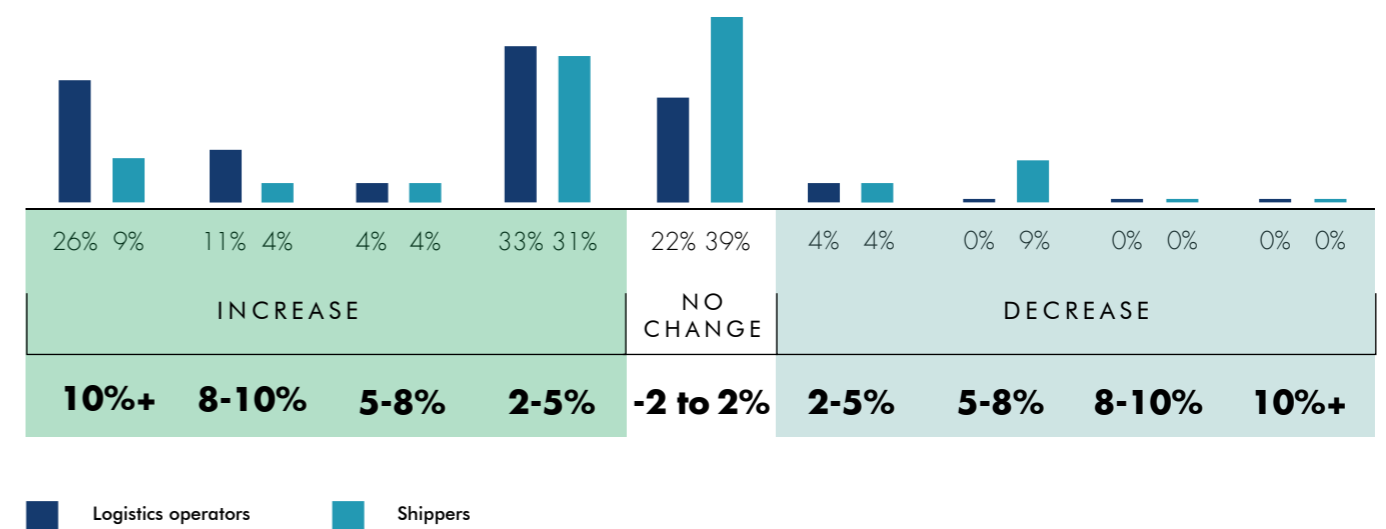
logistics and shippers. Logistics operators are more enthusiastic of hiring new people than shippers (74% and 48% of logistics and shippers are interested in increasing their workforce respectively). Taking into account record-low unemployment rates noted across the country, especially in Western Poland where the labour market has been

drained by tremendous warehouse developments, the need to increase the scale of employment will probably be a big challenge. Companies are lacking qualified human resources and compete strongly for employees. The labour market is characterised by employees whose expectations regarding salaries and working conditions are growing continuously.

## Expectations for headcount over the next 12 months



## Expectations for headcount over the next 12 months





**Piotr Zaitz**

Business Development Director  
Eastern & Central Europe  
CEVA Logistics

**Whilst there is a lot of positive feedback, many companies are expecting the next 12 months to be challenging in Poland. Why do you think this is? Is it legislation, economic threats, other issues? How do you explain the prospects for the short term future in Poland?**

*We can expect that the next 12 months, and possibly even the following several years, will bring immense changes to Poland's labour market and the approach taken towards employees. And since the logistics industry, specifically the warehouse and distribution sectors, to a significant degree bases its operations directly on manual work and additionally "suffers" from certain seasonality, we can be certain that over the coming months the availability of workforce on all levels will become the main challenge in logistics.*

*Undoubtedly, the changes in legislation as discussed recently within the government circles will not necessarily be favourable for the industry. Instead, they will tend to be of more support from the social welfare point of view, which in turn may lead to intensification of problems in respect of profitability of services, where subsequently the industry will be forced to considerably change its approach to clients' needs and requirements and perhaps review some of the existing long-term contracts. As far as the positive aspects are concerned, we can be certain that we will continue to be seen as an attractive market for expansion and relocation of distribution centres from Western Europe.*



# KEYS TO SUCCESS








# Comparing Poland internationally

Respondents were asked to compare Poland with other European Union countries in terms of its logistics performance and ease of managing supply chain operations in order to identify the main advantages of the Polish market. They evaluated a few key issues such as speed of supply chain operations, cost of supply chain operations, legislation, red-tape and bureaucratic decision-making, investment attractiveness and labour force skills. Interviewees were very optimistic specifically about the cost of running supply chain operations in Poland (75% of respondents assessed Polish conditions as “better than average”). Investment attractiveness was

also evaluated very positively. 64% of the surveyed group believe Poland has competitive advantage as an investment destination when compared to other European Union countries. Labour force skills represent another strong point of the Polish economy. Almost 48% of those surveyed consider human resources in Poland to be “better than average”. Respondents identified two areas to improve. A half of them stated that in terms of legislation, red-tape, bureaucratic decision-making, Polish conditions are “worse than average”, with a further 48% ranking Poland “average” in this respect, whilst the vast majority (64%) assessed speed of supply chain operations to be only

“average”. Both logistics operators and shippers agreed in their opinions and consider cost of operations, investment attractiveness and skills of workforce to be the main Polish advantages in comparison to other European Union countries, whilst bureaucracy represents a major challenge to raise Poland’s competitiveness.

## How does Poland compare to other EU countries in terms of its logistics performance and/ or ease of managing supply chain operations?

	 Speed of supply chain operations	 Cost of supply chain operations	 Legislation/ red-tape/ bureaucratic decision-making	 Investment attractiveness	 Labour force skills
<b>OVERALL</b>					
Average	64%	16%	48%	29%	45%
Better than average	36%	75%	2%	64%	48%
Worse than average	0%	9%	50%	7%	7%
<b>LOGISTICS</b>					
Average	76%	16%	40%	36%	60%
Better than average	24%	72%	4%	56%	36%
Worse than average	0%	12%	56%	8%	4%
<b>SHIPPERS</b>					
Average	47%	16%	58%	21%	26%
Better than average	53%	79%	0%	74%	63%
Worse than average	0%	5%	42%	5%	11%



**Janusz Aniol**  
General Director  
Raben Logistics Polska

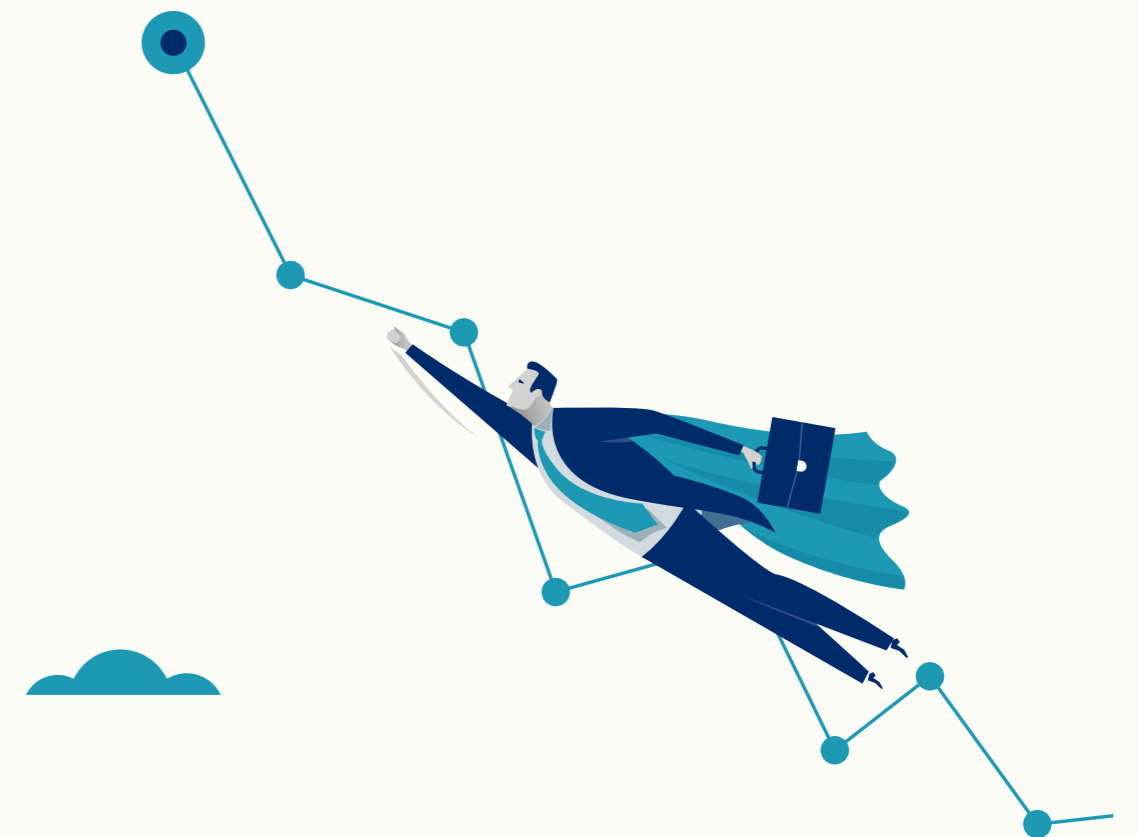
**What are the forecasts for the logistics sector in Poland? Will it be growing? How do you assess Poland's potential? What is the competitive advantage of Poland when compared to other countries?**

*Nowadays Polish international transport is already dominant in Europe. The next stage of development is creating European logistics centres in Poland, as well as relocating logistics operations from other countries.*

*Such actions involve provision of full logistics service, co-packing and e-commerce. It is possible due to competitive operational costs including labour force, warehouses and current expansion and development of road infrastructure.*

*The importance of modern technological solutions and proper business cooperation with scientific facilities and universities must also be emphasised.*

*Therefore, it has be stated that the importance and input of Polish logistics in Europe will continue to grow and expand, regardless of the changes in the local labour market and the implementation of regulations such as MiLOG.*



**Bogdan Augustyniak**  
Managing Director  
Allport Cargo Services

**What are the forecasts for the logistics sector in Poland? Will it be growing? How do you assess Poland's potential in the next 12 months? What is the competitive advantage of Poland when compared to other countries?**

*The growth prospects for the logistics industry in Poland are positive. Poland continues to show considerable potential in this respect and its competitive advantages as compared to other countries are above all its auspicious geographical location, relatively low labour costs, as well as its educated and young workforce. Poland has one of the largest HGV fleet in Europe. Furthermore, a dynamic increase in the volume of sea port cargo handling operations has been observed and investments are made in intermodal transport and railway infrastructure (New Silk Road/ One Road One Belt). On top of that, the logistics and warehouse facility base is also expanding gradually.*

# Logistics property

Two thirds of respondents anticipate an increase in demand for logistics space in 2017, with logistics operators being particularly optimistic about it. 84% of logistics companies expect growing needs for logistics accommodation,

whilst 45% amongst shippers predict to be interested in leasing new space by the end of 2017. The expectations of the surveyed group are reflected by market data collected so far. In H1 2017, total leasing activity

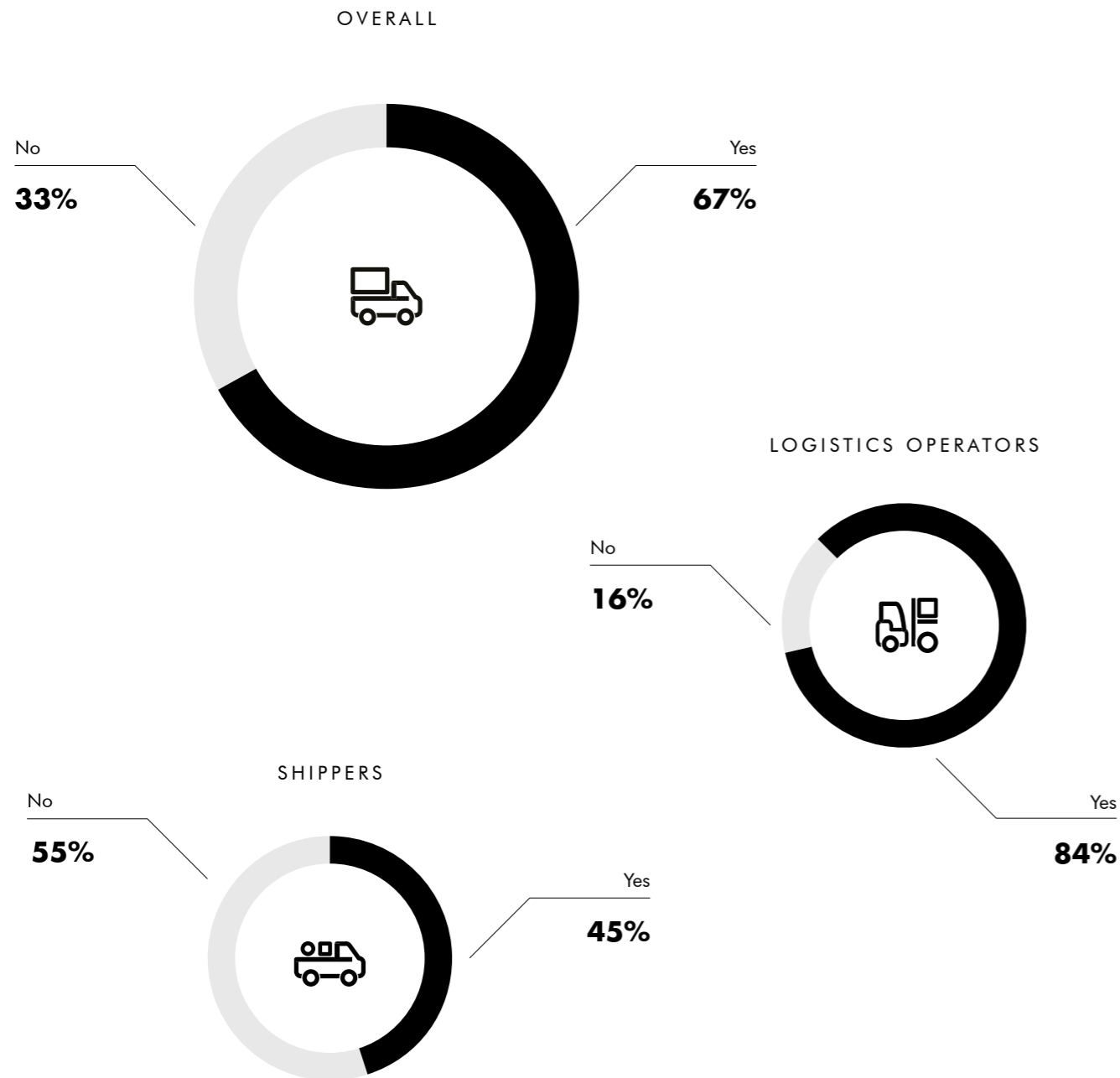
amounted to 1.9 million sq m indicating a 38% increase when compared to the corresponding period last year, therefore promising record-high volumes to be possibly reached at the end of 2017.

When asked what issues they foresee in relation to supply or securing additional warehouse space, the factor most frequently identified by respondents was the location of facilities (31%). A further 23% of interviewees overall said facility contract terms are a concern, with 19% worried about both the size of facilities and the cost of facilities.

Only 8% of respondents overall were concerned about the standard of warehouse space, which confirms that the Polish warehouse market offers high quality properties and developers are open-minded to adjust warehouse space to client requirements by delivering above standard tenant improvements. The

biggest issue for logistics companies was facility location. This is not surprising as a favourable location of warehouse properties guarantees the success of a logistics business. Shippers pay attention mainly to the size and the cost of facilities.

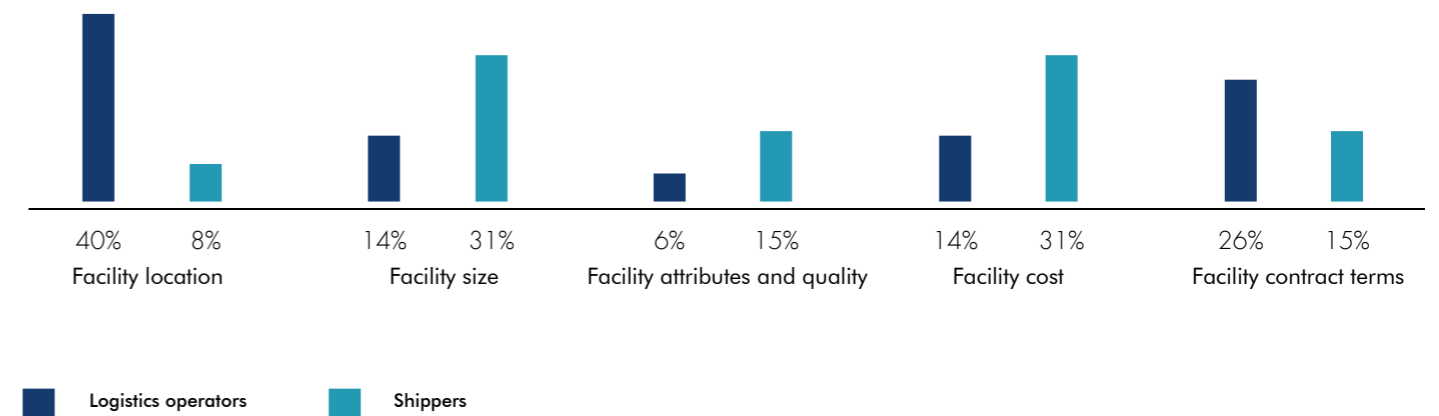
## Expectations for increase in demand for logistics property in 2017



## Issues in securing new warehouse space



## Issues in securing new warehouse space







**Piotr Ruszecki**

Finance Director

Hellmann Worldwide Logistics

**What type of warehouse space do the logistics operators look for? What are the most important elements of a warehouse building standard from their point of view? What are the benefits of using automation systems in warehouse schemes?**

*There are several factors which determine a good choice of warehouse space. The most important is a good location suitable for the planned activity. The logistics provider needs to consider the type of services to be rendered, in particular transportation including primary and secondary distribution. These expectations are stipulated by flows of goods and the customers to be serviced.*

*That said, the precise choice of a location in the given area is set by the developer. Important elements include easy access to a road network and good transport links to the urban area which is to provide sufficient workforce. A safe option is to consult with a professional real estate agency when beginning the process.*

*In the past few years, the expectations as to the standard of buildings have been increasing. The technical aspects affect the cost of the warehouse maintenance, the quality of service and the working conditions.*

*Tenants expect BREEAM certification in respect of energy consumption, natural lighting, as well as the quality of materials used during construction, e.g. floors or docks. The quality of the office space is continually gaining in importance, as is the number of parking spaces, the amount of manoeuvring space and the minimisation of the add-on factor. The ratio of loading bays per square meter of warehouse space and their location are crucial, in particular as far as the option of creating quasi cross dock areas by placing gates in the corner walls of the warehouse is concerned.*

*It seems that manufacturers are the party that is the most interested in the use of automation systems in warehouse schemes. This stems from the need for a suitable design of the warehouse, specifically for the needs of the production and distribution lines. Naturally, the specialist design is correlated with a relatively longer time for the return on investment and can drastically lower the flexibility of the space usage for other needs.*

*However, the big advantage of automation schemes is a significantly lowered demand for warehouse workers. Considering the current labour market situation as well as the population projections, the low demand for workers becomes much more significant.*

*For the logistics operators, winning a client in an automated system usually means keeping that client for years to come.*



**Panattoni Europe BTS for UPS, Strykow, Poland**



**dr inż. Grzegorz Lichocik**

Managing Director European Logistics  
DACHSER

**What criteria should be met by warehouse space to ensure that logistics operations run efficiently?**

*Recently we have been able to observe a change in developer attitude on the market. For companies such as DACHSER, in addition to the standard warehouse space, the very important element for conducting business is adaptation of warehouse space for the technology of a given business. Our needs concerning cross-docking activities are perceived as a strategy element for the developers. Our willingness to conclude long-term contracts depends on the ability to carry out our operations and on the expansion potential of a given property.*

*It is necessary for us to have an appropriate number of gates, suitable width of terminals and parking places and temporary parking yards for transport vehicles. Expansion potential of a given property allows to plan a business more than a decade in advance. Each relocation entails a big risk of operational hold-ups, which may lead to a catastrophe in a network company (even if a local one).*

*Therefore, many companies plan their growth on the basis of their own assets. Offering solutions for a logistics operator tailored to their expansion plans is a step in the right direction to make them consider long-term rental instead of own investment.*

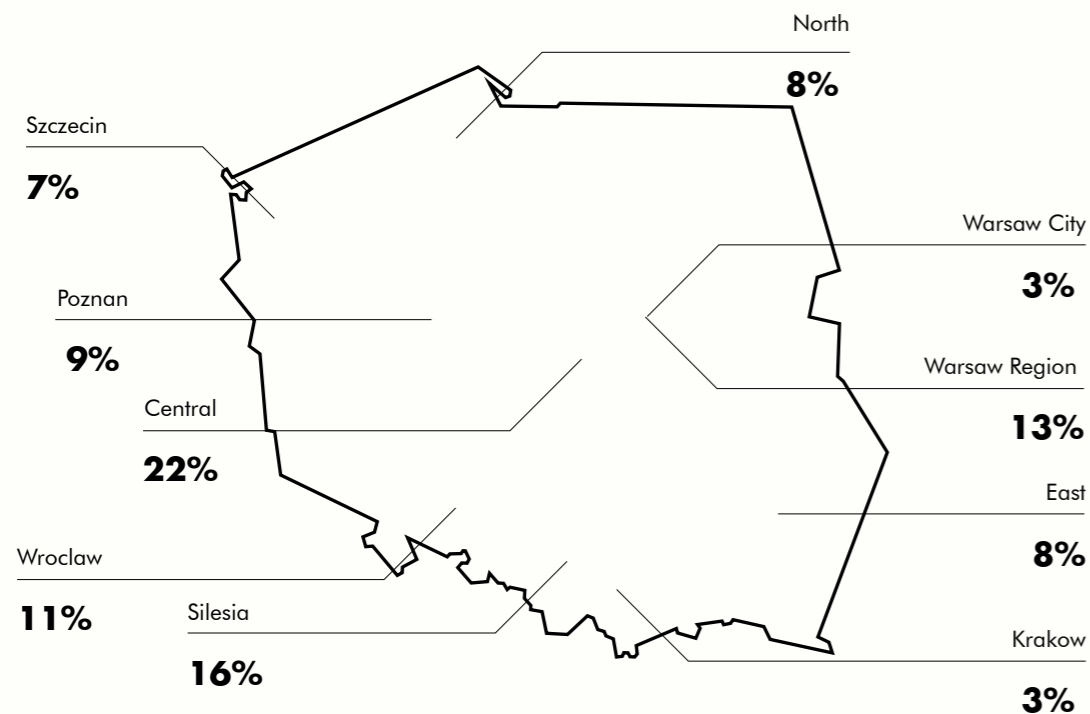
# Regional growth expectations

Taking into account all the logistics locations in Poland, respondents identified the top three destinations that are expected to experience the strongest growth in demand for supply chain activity in 2017 and 2018. Central Poland collected the largest amount of points (mentioned by 22% of respondents), Silesia and the Warsaw region ranked second and third with

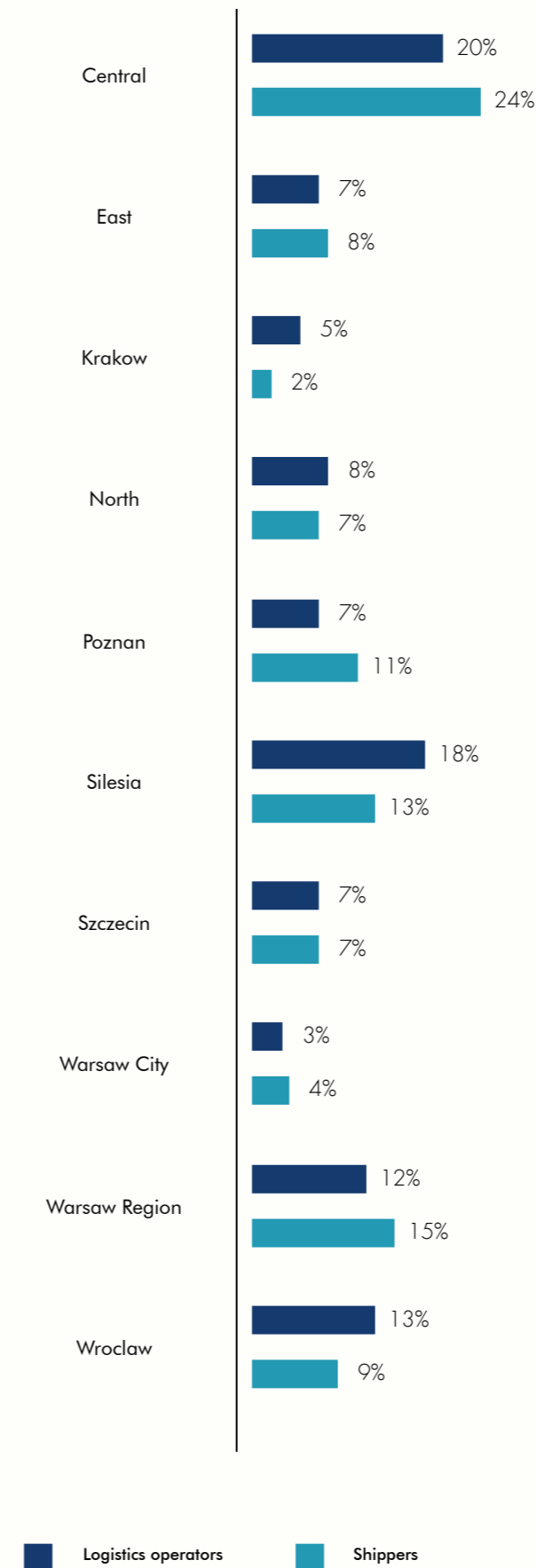
16% and 13% of positive answers respectively. They were followed by Wrocław (11%) and Poznań (9%). The five listed regions dominated the ranking by aggregating more than 70% of positive answers. The forecasts for demand growth correspond with the supply volumes offered by those locations. In terms of logistics stock, the share of the

top five locations in market size totals 80%. However, the strong development ratio in major Polish regions has led to limitations in workforce availability there, consequently shifting tenant interest and developments to emerging markets such as Szczecin, Bydgoszcz, Toruń, Zielona Góra, Kielce, Lublin and Rzeszów which will also be attracting more and more demand.

## Locations expected to experience the strongest growth in demand for supply chain activity in 2017/2018



## Locations expected to experience the strongest growth in demand for supply chain activity in 2017/2018



**Maciej Walenda**  
Head of CEE and Russia  
CEO Poland – DSV Solutions

### What are the Polish regions with the largest growth potential within the logistics sector in the coming years?

*In general, Poland is retaining its momentum for development within the logistics sector and we can be very optimistic about future growth. Region-wise, the situation also remains stable as there are three main areas driving the upward trend: Western (Poznań and Wrocław) with coverage of the German market and the flow of goods, Southern (Silesia) with growing demand for CEE distribution setups, and finally the strongest Warsaw region combining central location with proximity to customers' HQs.*

*In my opinion, the above three will be driving demand for warehouse space. Naturally, in terms of growth potential, markets such as Lublin and Szczecin will be growing, however, even if the percentage increase might seem impressive, the overall number of square meters added will focus on the three regions indicated.*



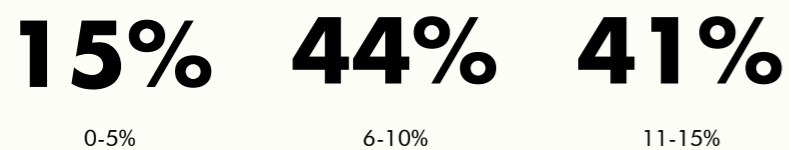
# E-commerce

E-commerce business in Poland continues to grow at a rapid rate, thus making us a leader among CEE countries. Polish customers appreciate

the convenience, attractive prices and option to do shopping anytime when retailing online. Poland has strong potential for future growth of the

e-commerce sector. The majority of respondents (44%) estimated the growth rate for e-commerce in 2017 between 6% and 10%.

## Expectations for the growth rate of e-commerce business in 2017 (y-o-y)



When asked how they plan to deal with e-commerce growth in 2017, companies predominantly plan to improve technology (mentioned by 39% of respondents). A further 27% would like to extend service

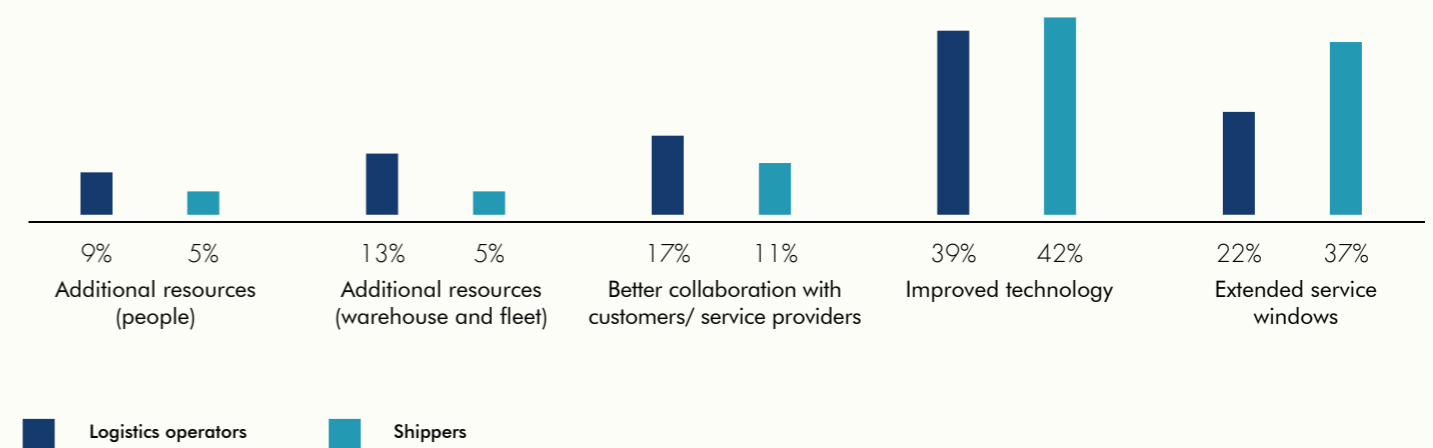
windows, while 18% will pay more attention to better collaboration with customers and service providers. The others plan to invest in additional resources: warehouse and fleet (9% of positive answers) and people (7%).

Both logistics operators and shippers agreed on the value of technology improvements and considered it a main tool to keep their businesses efficient in the light of strong e-commerce growth rate in the nearest future.

## Possible approaches to handling growth in e-commerce business in 2017



## Possible approaches to handling growth in e-commerce business in 2017





**Tomasz Buraś**

Managing Director Express International  
DHL Express (Poland) sp. z o.o.

**What are the most important factors for customers who purchase online in Poland? What delivery options do they prefer? How important is delivery time?**

*Polish customers make purchases in foreign online stores for two reasons: a wider range of goods unavailable locally and the search for lower prices of goods.*

*In our opinion, there are two key groups of shoppers:*

*1) premium group customers (where the share of the group is estimated at approx. 20% of all transactions) prefer to do their shopping in stores that offer high quality, friendly customer service and short shipment delivery times (e.g. one working day from any European country); they expect a wide range of delivery options (home delivery, different address, at different times, option to have the package delivered to a collection point/automated pick up stations); notably, the value of a single shopping basket of these customers can be even 60% higher than that of the economy group customers; the international network and services provided by DHL Express and the On Demand Delivery solution offering variety of package delivery options match the needs of the premium group customers perfectly,*

*2) economy group customers are interested in a lower price of the goods and a cost-effective delivery options; they are willing to accept slightly longer delivery times, however, they still look for a wide range of delivery options.*



**Yann Belgy**

Managing Director  
ID Logistics

**How does growth in e-commerce business affect the supply chain?**

*Dynamic growth of e-commerce business does indeed drastically affect the supply chain in many ways, including:*

- 1) set-up of dedicated new large distribution centres, often covering several countries, as offer and range of goods is not limited to a single country,*
- 2) re-organisation of traditional players' supply chains to adapt to multi-channel, including re-engineering of distribution centres and network,*
- 3) increase in the volume of units picking in place of cases picking within distribution centres, requiring drastic changes in the processes – often with automatization – layouts, timing and requirements,*
- 4) increase in the volume of parcel deliveries, and consequently increase of distribution costs.*

*These elements put supply back to the centre of producers and retailers' strategy, and is also changing their expectations towards their logistics suppliers which must adapt and anticipate them.*



Panattoni Europe BTS for TNT, Masovian district, Poland

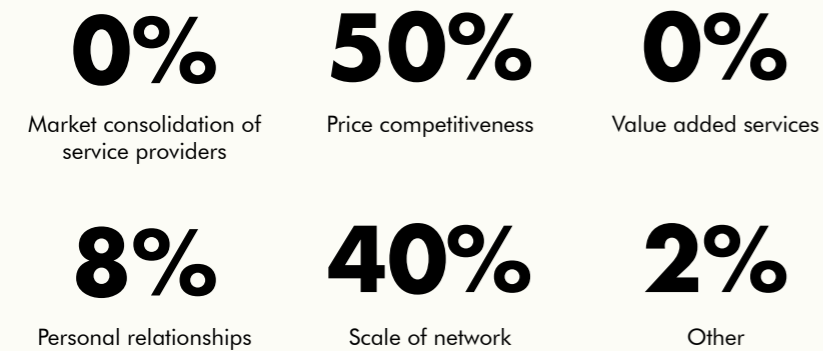
# New business

When asked to identify key drivers behind contract wins from customers or contract awards to service providers in the last 12 months, price

competitiveness and scale of network were deemed to be the most important factors to achieve success for both logistics operators and shippers. They

accounted for 50% and 40% of positive answers respectively.

## Key drivers behind contract wins from customers/ awards to service providers in the last 12 months



## Factors assisting logistics companies in achieving sustained higher profit margins (top 2 ranking)



### LOGISTICS OPERATORS

Offering higher value services	25%
Establishing price increases with customers	20%
Improved use of technology	20%
Lower fuel prices	15%
Maintaining low interest rates	8%
Consolidating the number of service providers in the industry	8%
Public-sector investment in transport infrastructure	4%



### SHIPPERS

Offering higher value services	22%
Improved use of technology	19%
Maintaining low interest rates	16%
Establishing price increases with customers	16%
Lower fuel prices	14%
Public-sector investment in transport infrastructure	8%
Consolidating the number of service providers in the industry	5%

# Business priorities

Respondents were asked to list, in order of importance from 1 to 8, the business areas which they plan to focus on over the next 12 months in order to achieve their growth plans. Logistics operators will be definitely concentrating on winning new contracts. 42% of logistics respondents

named this as one of their top two priorities. Nevertheless, maintaining their existing customer base will play a very important role in parallel with contract margin improvement. For shippers, the main focus for the year ahead is to optimise operational efficiency and speed. One-third of

shippers identified this as one of their top two business priorities. Similarly to logistics providers, the next most important focus for shippers is cost control, though this is closely followed by technology.

## Business priorities over the next 12 months in order to achieve company's growth (top 2 ranking)



### LOGISTICS OPERATORS

Winning new contracts	42%
Cost control	13%
Contract margin improvement	11%
Maintaining existing customer base	11%
Offering more services	9%
Enhancing supply chain footprint	7%
Expanding into new geographical markets	5%
Entering new vertical sectors	2%



### SHIPPERS

Optimising operational efficiency and speed	34%
Cost control	27%
Technology	20%
Securing inbound materials supply	10%
Asset investment (fleet, materials handling, etc.)	3%
Enhancing supply chain footprint	3%
Enhancing inbound supply chain operations	3%
Enhancing outbound supply chain operations	0%

# Driving profitability for 3PLs

Both logistics operators and shippers were asked to identify, in order of importance from 1 to 7, the factors that can help logistics and transport companies to achieve sustained higher profit margins. Offering higher value services was a priority factor

for logistics companies. 25% of respondents within the logistics group named this as one of their top two suggestions. This was closely followed by agreeing price increases with customers and improving the use of technology, both reaching 20% in the

top 2 ranking. Shippers had similar views, but stressed greater importance on maintaining low interest rates (16% of respondents defined this factor as one of two major issues), also appreciating higher value services and improved use of technology.

# Improving efficiency

Efficiency is a key factor influencing business profitability, therefore companies were asked how they achieve efficiency gains in their daily operations. Overall, 24% of respondents to the survey said they focus on collaboration with customers,

while a further 22% mentioned both the use of technology and improvements to employee productivity (non-IT derived) as being of prominent importance. 14% said that investment in assets (warehouses, fleet, material

handling) is key to becoming more efficient in running their business. There are some discrepancies between logistics and shippers as the former pays much more attention to technology issues.

## Ways used to make efficiency gains in business operations

**24%**

Collaboration with customers (manufacturers and retailers)

**13%**

Collaboration with logistics providers

**22%**

Use of technology

**22%**

Improvements to employee productivity (non-IT derived)

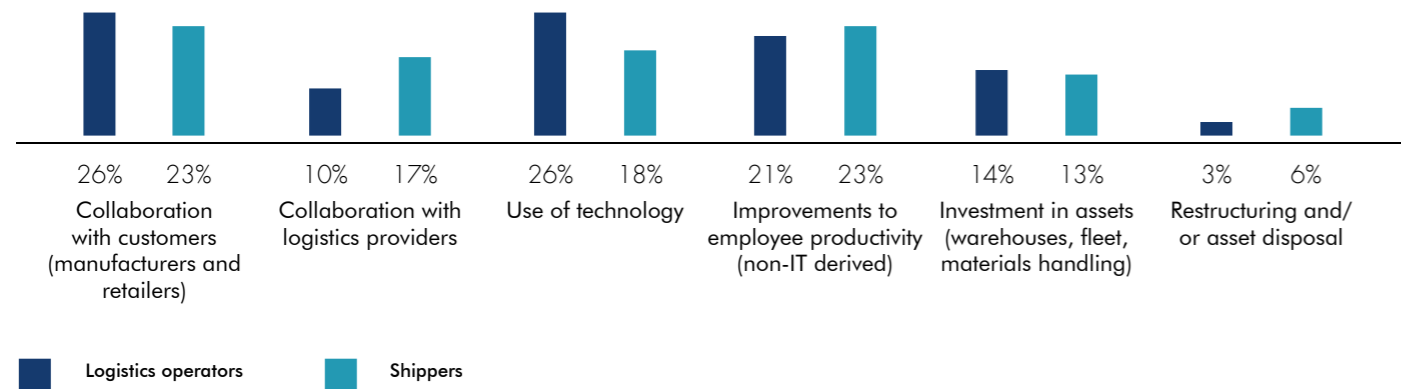
**14%**

Investment in assets (warehouses, fleet, materials handling)

**5%**

Restructuring and/or asset disposal

## Ways used to make efficiency gains in business operations



# Importance of technology

There was no doubt that technology issues are extremely important to run a successful business. 82% respondents

said that the use of technology is very important to help a business gain a competitive advantage, whilst the

remaining 18% evaluated this factor to be "reasonably important".

## Importance of technology in helping a business gain a competitive advantage

**82%**

Very important

**18%**

Reasonably important

Respondents identified the three main areas where technology is most benefitting the business: more efficient warehouse operations (42%), more efficient distribution operations (24%) and improved collaboration with customers and competitors (18%). Shippers were particularly enthusiastic about the impact of technology on

warehouse operations. Over a half of the shippers considered warehouse operations to be the major field where technology brings profits for a company. This area ranked first among logistics operators as well, however, they appreciated distribution operations and improved collaboration with

external companies more. 35% of logistics respondents chose warehouse operations to be the most important area in respect of technology use, with 30% and 20% in favour of more efficient distribution operations and improved collaboration with other parties.

## Areas where technology is most benefitting a company's business

**42%**

More efficient warehouse operations

**24%**

More efficient distribution operations

**7%**

Greater operational visibility and reporting

**18%**

Improved collaboration (with customers/competitors)

**3%**

Enhanced service offering

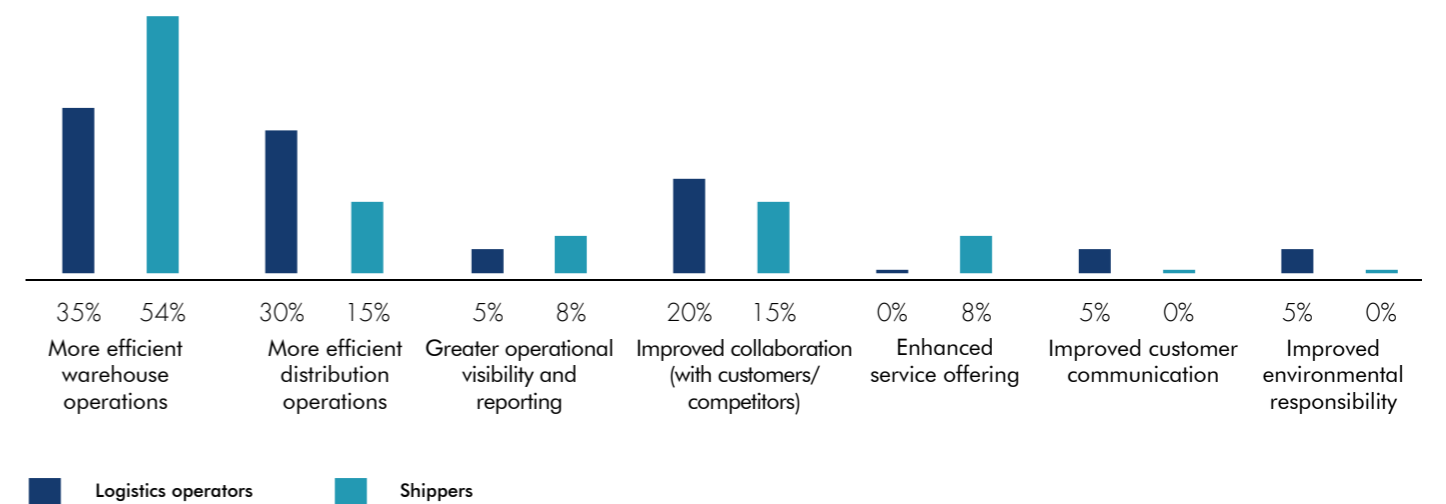
**3%**

Improved customer communication

**3%**

Improved environmental responsibility

## Areas where technology is most benefitting a company's business



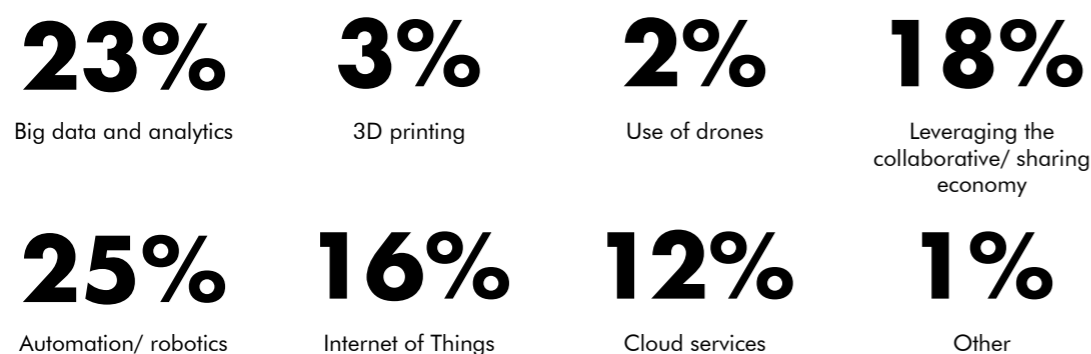
# Innovation

Almost all the interviewed representatives of logistics and shippers (93%) plan to implement certain new innovative supply chain solutions over the next 12 months. The majority of those who think about innovations in their

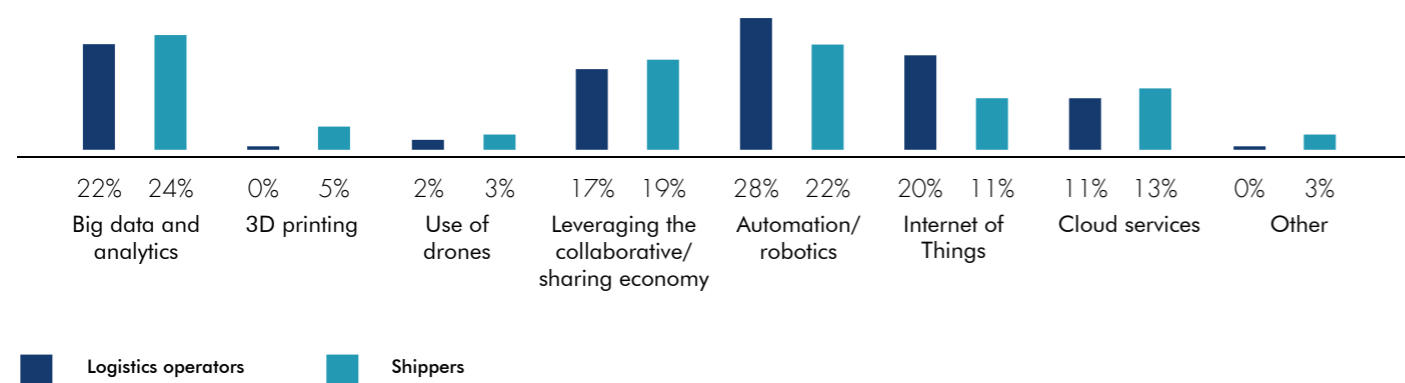
businesses plan to invest funds in automation and robotics (25% of respondents overall) and big data and analytics tools (23%). Other proposed solutions such as leveraging the collaborative/sharing

economy, the Internet of Things and cloud services were also popular options and collected 18%, 16% and 12% of positive answers respectively.

## Planned innovative supply chain solutions over the next 12 months



## Planned innovative supply chain solutions over the next 12 months



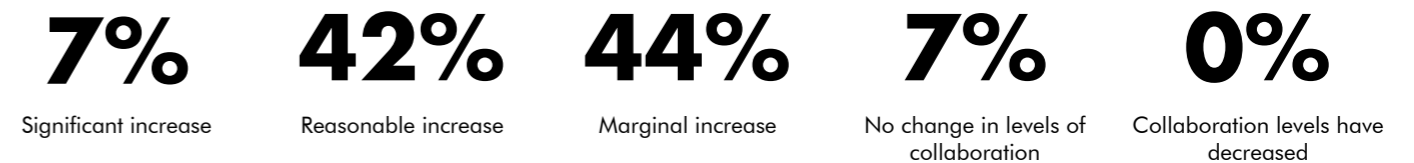
# Supply chain collaboration

Respondents were asked how they evaluate their collaboration with external parties including customers, other service providers and other

shippers in the last 12 months. Nearly all of interviewees (93%) observed an increase in the levels of collaboration, with the remaining 7%

stating that there was no change in the last year.

## Change in levels of collaboration with customers/ service providers/ shippers in the last 12 months



Respondents defined many areas of their supply chain operations in which they witness great demand for collaboration: e-commerce logistics (19% of positive answers), value added

services within warehouse operations (14%), domestic distribution, both inbound and outbound (each 14%), international trade and freight movements (12%), storage process

within warehouse operations (12%). The least popular areas in terms of the need of collaboration were product sourcing and procurement (10%) and reverse logistics (5%).

## Areas of the supply chain with the greatest demand for collaboration

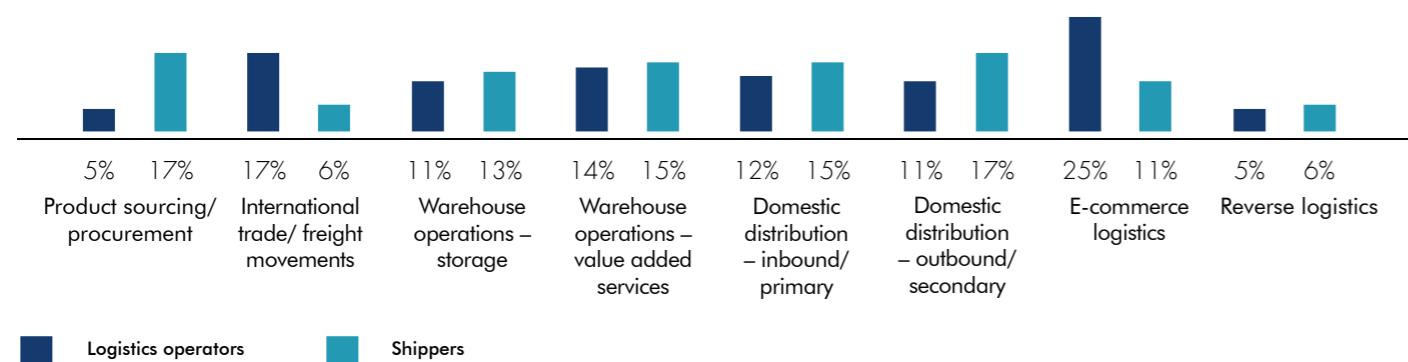


There were some discrepancies between logistics operators and shippers. The first group witnesses greatest demand for collaboration mostly in e-commerce logistics

(25%) and international trade and freight movements (17%). For shippers, product sourcing and procurement activities as well as outbound operations within domestic

distribution play the most important role, both gaining a 17% share of shippers' answers.

### Areas of the supply chain with the greatest demand for collaboration



# About us

## CBRE

CBRE is the world's largest commercial real estate services firm. The Company has approximately 70,000 employees in over 60 countries and serves real estate owners, investors and occupiers. CBRE offers strategic advice and execution for property sales and leasing, corporate services, property, facilities and project management, appraisal and valuation, development services, investment management, research and consulting.

CBRE Poland employs around 1,000 people in Warsaw, Gdansk, Krakow, Wroclaw and Poznan, offering a full scope of real estate services and building value on each stage of commercial properties' life cycle.

For logistics and industrial investors we have created Integrated Industrial Platform, where tenants can find solutions to all their requests, from location and technical advisory, through transaction process support, up to full project and facilities management. We are an experienced team of the best advisors, negotiators, engineers, project managers, licenced architects, building and quantity surveyors, valuers as well as Breeam and Leeds assessors and auditors to build real advantage for your project.

Please visit our website [www.industrialgo.pl](http://www.industrialgo.pl) or [www.cbre.pl](http://www.cbre.pl).

## PANATTONI EUROPE

Panattoni Europe is part of the Panattoni Development Company, one of the largest industrial developers in the world, with 26 offices in North America and Europe. Panattoni has been present in Central Europe since 2005. To date, the developer has delivered more than 5 million sqm of modern industrial space altogether in Poland, the Czech Republic and Germany. A dedicated department responding to individual tenants' needs – build-to-suit projects – is also located within the Panattoni Europe structure. Among key tenants are companies such as Amazon, Arvato Services Polska, Coty Cosmetics, DSV, H&M, Intermarché, Leroy Merlin, ND Logistics, Still, Schenker, Selgros and Tesco. Apart from Poland, Panattoni Europe has offices in the United Kingdom, the Czech Republic, Luxembourg, Germany and now also Romania.

[www.panattonieurope.com](http://www.panattonieurope.com)



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