Status and needs of logistics users and providers in the Baltic Sea Region

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Agenda

• Empirical Findings of the Logistics Survey
  – Introduction
  – Results for Manufacturing and Trading Companies
  – Findings for Logistics Service Providers
• Empirical Findings from the Expert Interviews
• Conclusion
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Logistics Survey – Introduction

25 questions - pre-tested in Southwest Finland - about:

- Logistics costs
- Outsourcing of logistics operations
- Costs and performance measurement
- Use of information and communication technologies

A total of about 1,050 answers in the whole BSR
Big differences can be found not only in the absolute number of participants but particularly in the response rate.
As a result, about 90% of the respondents can be classified as SMEs.
Companies from the manufacturing, trade and logistics industry approx. have the same share and hence represent a realistic extract of the logistics sector.
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Logistics costs – status quo (Manufacturing)

Transportation costs represent the largest share of logistics costs.
The Baltic States as small countries have the highest share of international purchasing.

Meckl.-Vorp. has the highest potential for going abroad.
The majority expects an increase in logistics costs, especially in transportation costs.
The degree of international purchasing strongly depends on the company size.
Logistically advanced regions have the highest share of outsourcing of domestic transportation.
Logistics IT systems are clearly less outsourced than transportation services.

Regions that are leading in outsourcing IT systems are different from those leading in outsourcing transportation systems.
Logistics as a source of competitive advantage (Manufacturing)

In Western European countries logistics plays a major role as a key source of competitive advantage for the companies.
Relationship between order fulfillment and logistics costs (Manufacturing)

There is no clear positive or negative correlation between perfect order fulfillment rate and costs.
The objective of all regions and companies is to reduce costs and improve perfect order fulfillment rates.
## Most important development needs of companies in the future (Manufacturing)

<table>
<thead>
<tr>
<th>Priority</th>
<th>Hamburg</th>
<th>St. Petersburg</th>
<th>Estonia</th>
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</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>improvement of customer services</td>
<td>development of information systems</td>
<td>decrease of logistics costs</td>
</tr>
<tr>
<td>Priority 2</td>
<td>decrease of logistics costs</td>
<td>improvement of customer services</td>
<td>selection of logistics service providers</td>
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<tr>
<td>Priority 3</td>
<td>selection of logistics service providers/ increase of supply chain transparency</td>
<td>decrease of logistics costs</td>
<td>development of information systems</td>
</tr>
</tbody>
</table>

One important target of all regions is to reduce logistics costs.
Development needs for personnel competence (Manufacturing)

Strategic planning and operational activities are the most important development needs for manufacturing companies, especially for those that are located in regions with well-developed logistics.
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The demand for more individual products is expected to increase in the future.
Traditional communication media like telephone and e-mail are still used the most, while new technologies such as EDI are applied infrequently.
Evaluation of the operating environment compared to competitors

A relatively large share of companies considers the business environment of their own region neither better nor worse than that of their competitors.

The results show that there are always things that can be improved.
Logistics service providers regard different threats as most important in the three regions.
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Expert interviews

- 10 to 15 experts in each region
- Partly open questions and partly scaled response options
- Topics:
  - Trends in logistics and ICT
  - Business contacts in the BSR
  - Regional development with regard to logistics and ICT
  - Further education
  - Companies’ expectations for policy

More than 90 interviews have been conducted within the Baltic Sea Region
<table>
<thead>
<tr>
<th></th>
<th>Very unsatisfied</th>
<th>Unsatisfied</th>
<th>Neither unsatisfied nor satisfied</th>
<th>Satisfied</th>
<th>Very satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estonia</strong></td>
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<td>“The support of local authorities depends on the subject a company needs help for”</td>
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<td><strong>Finland</strong></td>
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<td>“Authorities should be more active in furthering regional interests, not only interests of larger cities”</td>
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<tr>
<td><strong>Hamburg</strong></td>
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<td>“Logistics is not included in governmental development programs”, “Lack of information about authorities' actions”</td>
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</table>
## Expert Interviews

### Competence level in the field of logistics

<table>
<thead>
<tr>
<th>Very low</th>
<th>Low</th>
<th>Neither low nor high</th>
<th>High</th>
<th>Very high</th>
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<tbody>
<tr>
<td></td>
<td>“Further education is essential concerning specialised knowledge and soft skills”</td>
<td>Hamburg: Management</td>
<td>Hamburg: White collar</td>
<td>Hamburg: Blue collar</td>
</tr>
<tr>
<td></td>
<td>Estonia: Management</td>
<td>Estonia: White collar</td>
<td>Estonia: Blue collar</td>
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<tr>
<td></td>
<td>“Further education is essential, esp. in the areas of intercultural competence, project management, new technologies”</td>
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Conclusion

- The results of the LogOn Baltic project enable first-time comparative analyses on logistics data.
- In Western European countries, logistics plays a major role as a key source of competitive advantage in manufacturing companies.
- Logistics costs has proven to be one of the most important topics for companies from all industry groups and are expected to increase.
- There is, however, also a tendency towards more individualized logistics services and higher quality.
- Future development needs differ from operative to strategic depending on the level of the logistics competence.
- The expert interviews show that regional competences and political support are evaluated differently.
Thank you for your attention!

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