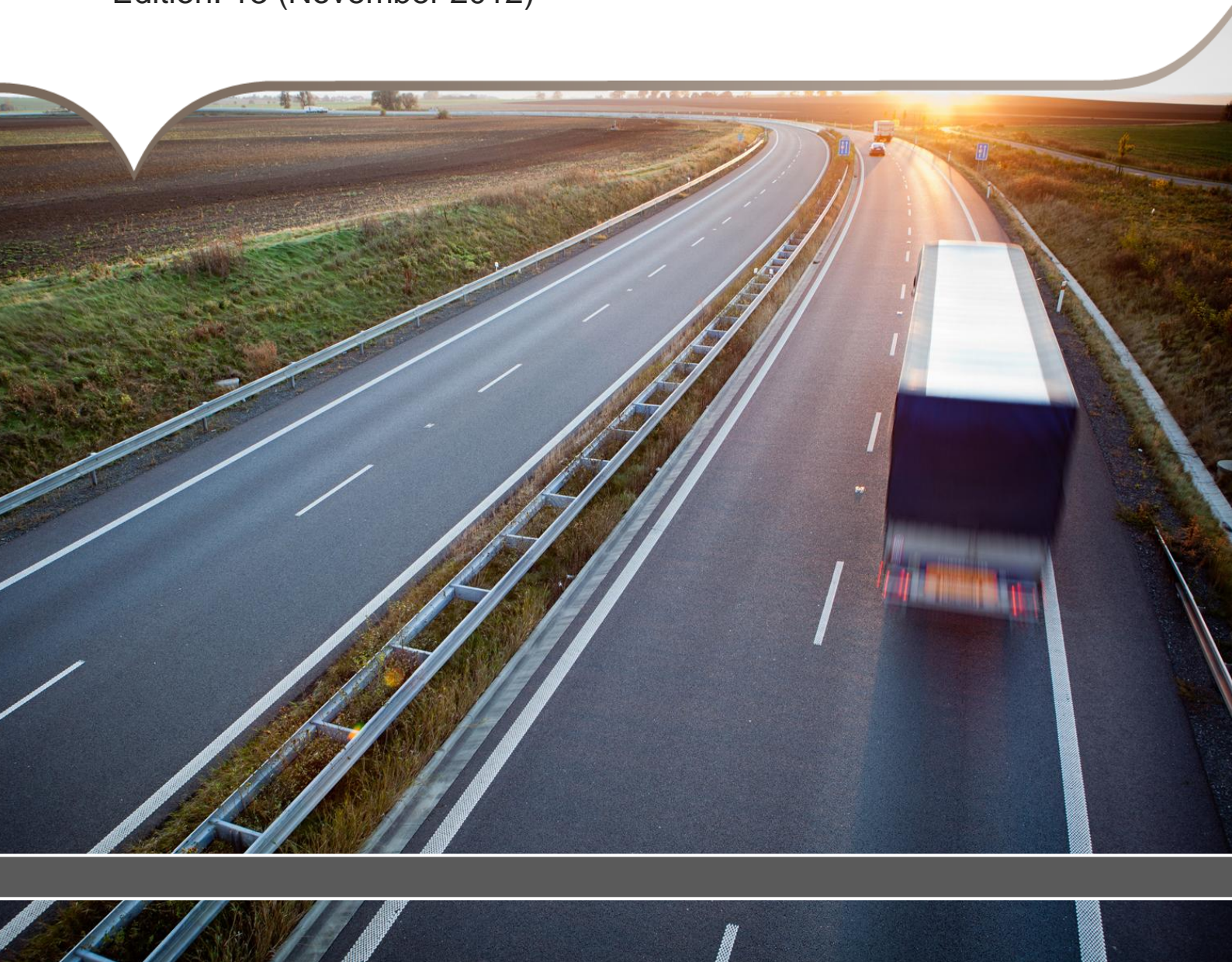


# Transport Market Monitor

Transport prices increase only slightly, even though diesel price peaks

Edition: 13 (November 2012)



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## Summary

This is the thirteenth edition of the Transport Market Monitor. It outlines developments in European road transport rates and includes the figures of the third quarter of 2012.

- The price index (see figure 1) increased by 0.6% in Q3 2012 (index 100.0), compared to the price index in Q2 2012 (index 99.4).
- When comparing the index level of the previous year, Q3 2011 (index 101.2), the price index is 1.2% lower in Q3 2012.
- In Q3 2012 the diesel index increased to index 110.3 (+2.6%), this is the highest level in the history of the TMM.
- Another factor with a high impact on transport prices is the capacity index, which increased by 11.5% in Q3 2012 (index 87.2), compared to Q2 2012 (index 78.2).
- This quarter, the price index increased for the second time period in a row, despite an increase in capacity that normally shows a reverse pattern. This development is unusual and explained by the all time high diesel price.
- Growth predictions for the Euro-zone have been corrected downward recently, this will impact transport prices in the near future.
- Both market dynamics and current economic uncertainties emphasize the need to monitor transport price developments very closely, to mitigate the risk of any unexpected negative impact on company results.

These are the conclusions of the Transport Market Monitor by TRANSPOREON and Capgemini Consulting, a quarterly publication, which aims to track transport market dynamics.

*This report is the thirteenth edition of the Transport Market Monitor. Each quarter, a new edition will outline the developments during the past three months and reviews additional themes in transportation.*

*All indices in this report are based on the logistics platform TRANSPOREON, which handles a yearly transport volume (different truck types, mainly FTL and LTL) of more than €2 billion, covering all European countries. Information is anonymously exported from the platform and aggregated analyzed by Capgemini Consulting.*

*The figures in the Transport Market Monitor date back to January 2008: the earliest point of measurement of the index figures. For all indices, the average figures of the 6 months period January 2008 till June 2008 have been set as the basis for comparison (Index 100).*

## A 0.6% price increase in Q3 2012

This section of the Transport Market Monitor outlines the quarterly developments of the price and capacity index, based on a time span from 2008 until the third quarter of 2012.

The price index (see figure 1) increased by 0.6% in Q3 2012 (index 100.0), compared to the price index in Q2 2012 (index 99.4). When comparing the index level of the previous year, Q3 2011 (index 101.2), the price index decreased by 1.2%. The trend of lower prices year-on-year has started in the summer of 2011, since then all quarters have been lower than the same period a year earlier despite the effect of inflation.

In previous years there was a small growth between Q2 and Q3. However, in 2011 there was a price decrease over this time period of 2.6%. After the recovery in Q2, this is the second quarter in a row that shows growth of transport prices, despite an increase in capacity that normally shows a reverse pattern.

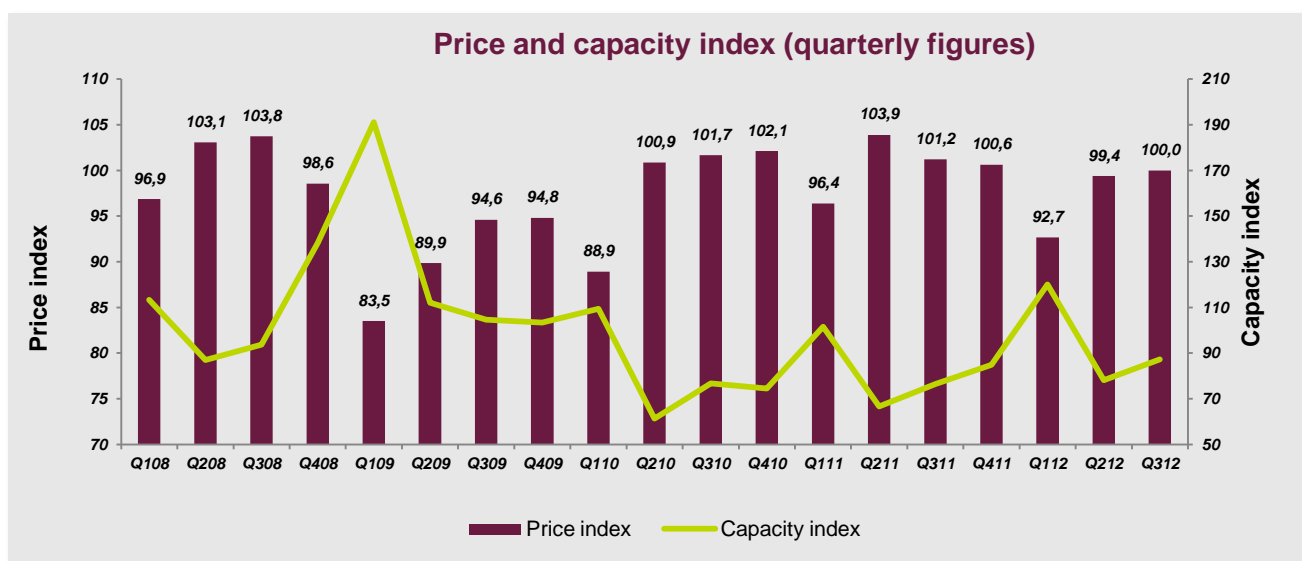
*The price index is calculated by comparing the average price per kilometer over time.*

*The Capacity Index is an indicator for "available capacity", the ratio between absolute demand and capacity. The capacity index is calculated by comparing the average number of bids in response to a transport request over time.*

Despite the continuing slow down of the economy, prices for transport increased slightly. This can be a sign of an improving market, however the increasing diesel prices also play a large part in this. The diesel index reached an all-time high in the history of the Transport Market Monitor.

The capacity index increased with 11.5% in Q3 2012 (index 87.2), compared to Q2 2012 (index 78.2). In nearly every year there was this increasing trend in capacity during the summer. Currently the index is 14% higher than in the same period last year (index 76.5).

Figure 1: Price and capacity index, quarterly (Q1 2008 – Q3 2012)





## Transport prices recover after the summer

This section of the Transport Market Monitor depicts the monthly developments in the price and capacity index over the last 12 months. Analysing Q3 2012 (see figure 2), prices were stable in July and had a dip during August. In September there was a recovery, when the capacity decreased.

In July prices were stable at index 100.6, in August they fell with 2.4% (index 98.2). After this dip there was a recovery of 3.7% (index 101.8) in September.

The capacity index followed a reversed path, increasing in July (+7.6%, index 90.6) and August (+8.9%, index 98.7). Then it fell with 25.5% to index 73.5 in September, this is a large decrease but in the same period last year there was a 27% decrease.

A dip in transport prices in August has been witnessed often in recent years, due to slow economic activity in the summer period.

Figure 2: Price and capacity index, monthly (Oct 2011 – Sep 2012)

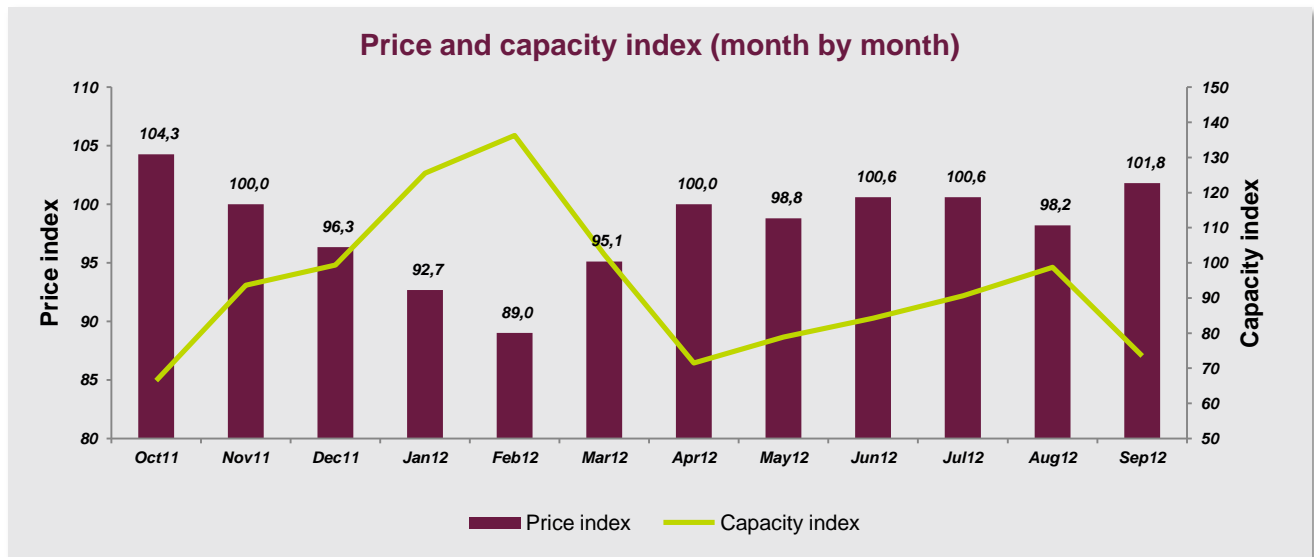


Figure 3 compares the monthly developments of the price index over the last 12 months, with the same period one year before. As of July 2011, prices have been lower than the levels of the preceding year. Especially in the period December until February and in June transport prices were significantly lower than in 2010-2011. In the last months this gap has been closed however, resulting in a higher September price level compared to the year before. The development comes from the mild summer dip this year.

Figure 3: Price index comparison, monthly (Oct 2011 – Sep 2012)

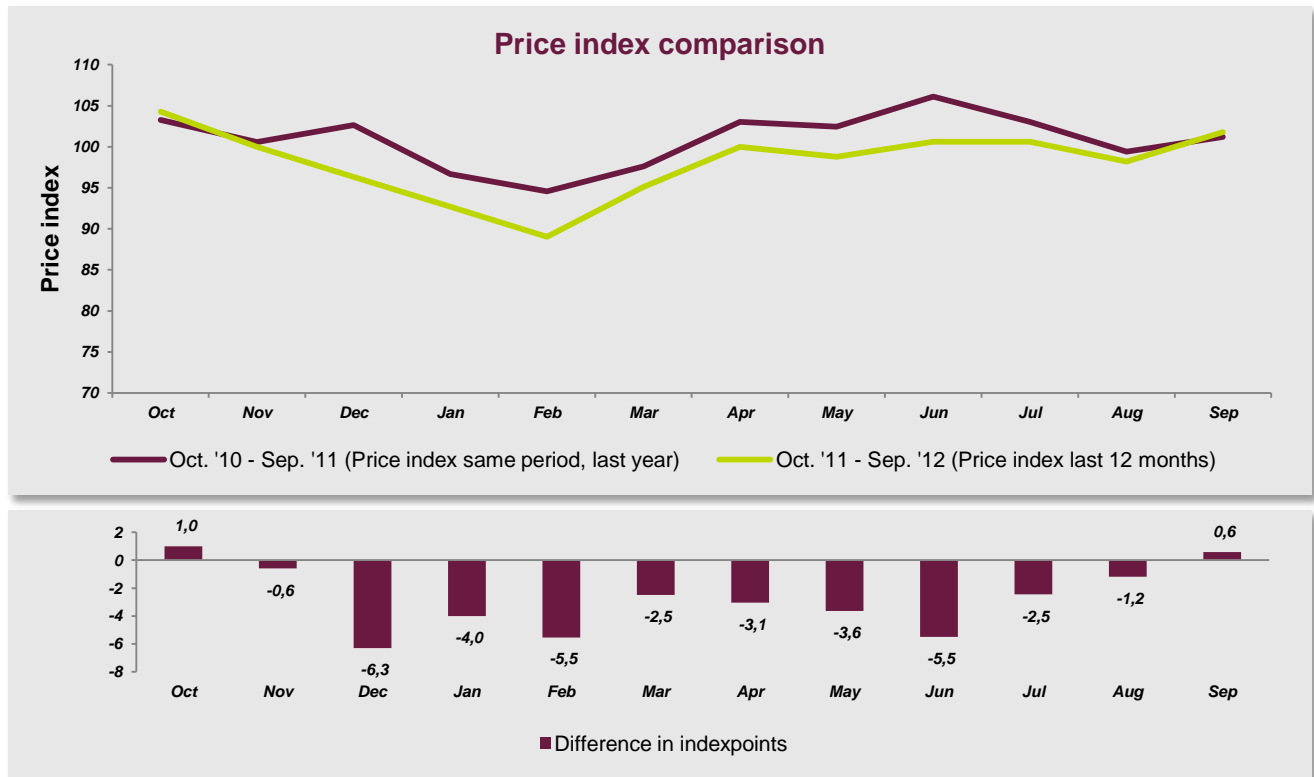
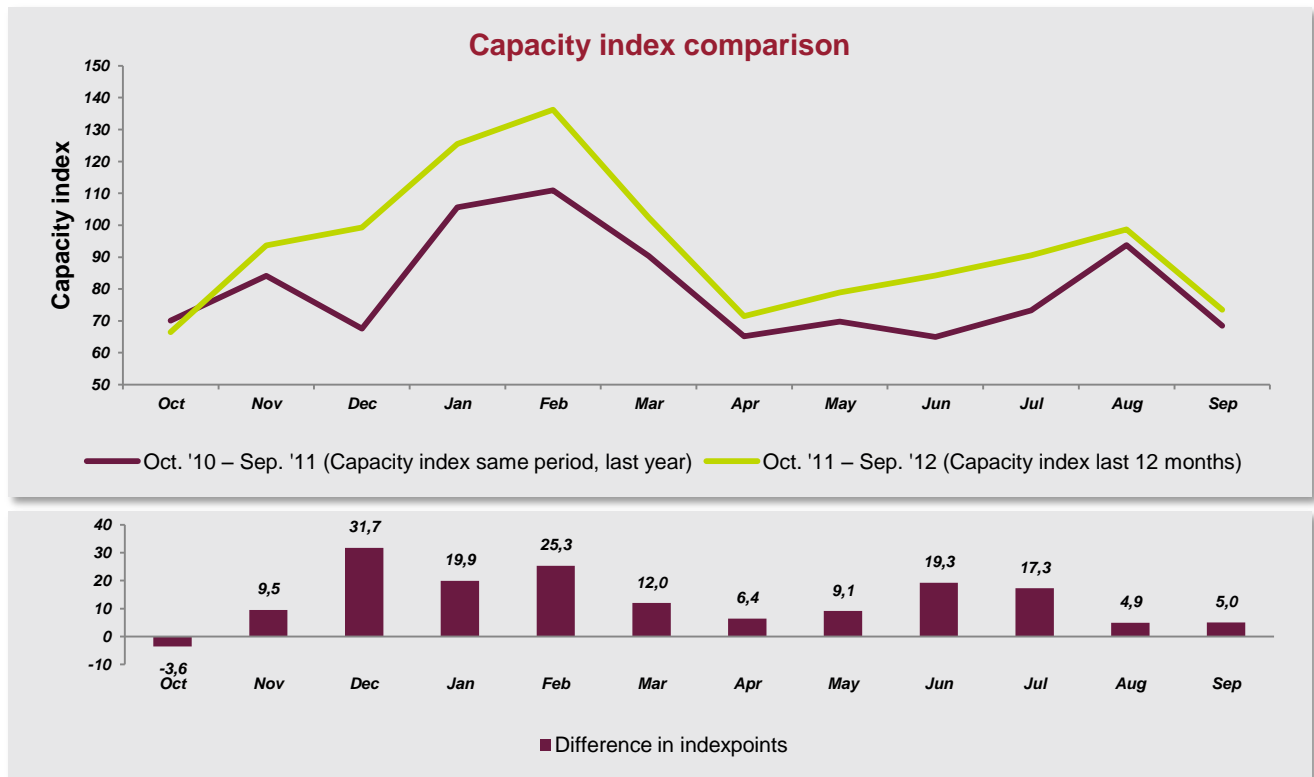


Figure 4 compares the monthly developments of the capacity index during the previous 12 months, compared with the same period one year before. For eleven consecutive months, the capacity has been significantly higher than a year ago. This gap is however diminishing slowly.

After a peak in June and July, compared to 2010-2011, the capacity is now close to the levels we saw last year. Also the pattern of high capacity during the summer and a sharp decrease in September is witnessed this year.

Figure 4: Capacity index comparison, monthly (Oct 2010 – Sep 2012)



## Industry focus

General economic conditions apply to most industries, but trends may be stronger or weaker in individual industries. Analysis of the price index by the type of industry identifies these differences, shown graphically in figure 5.

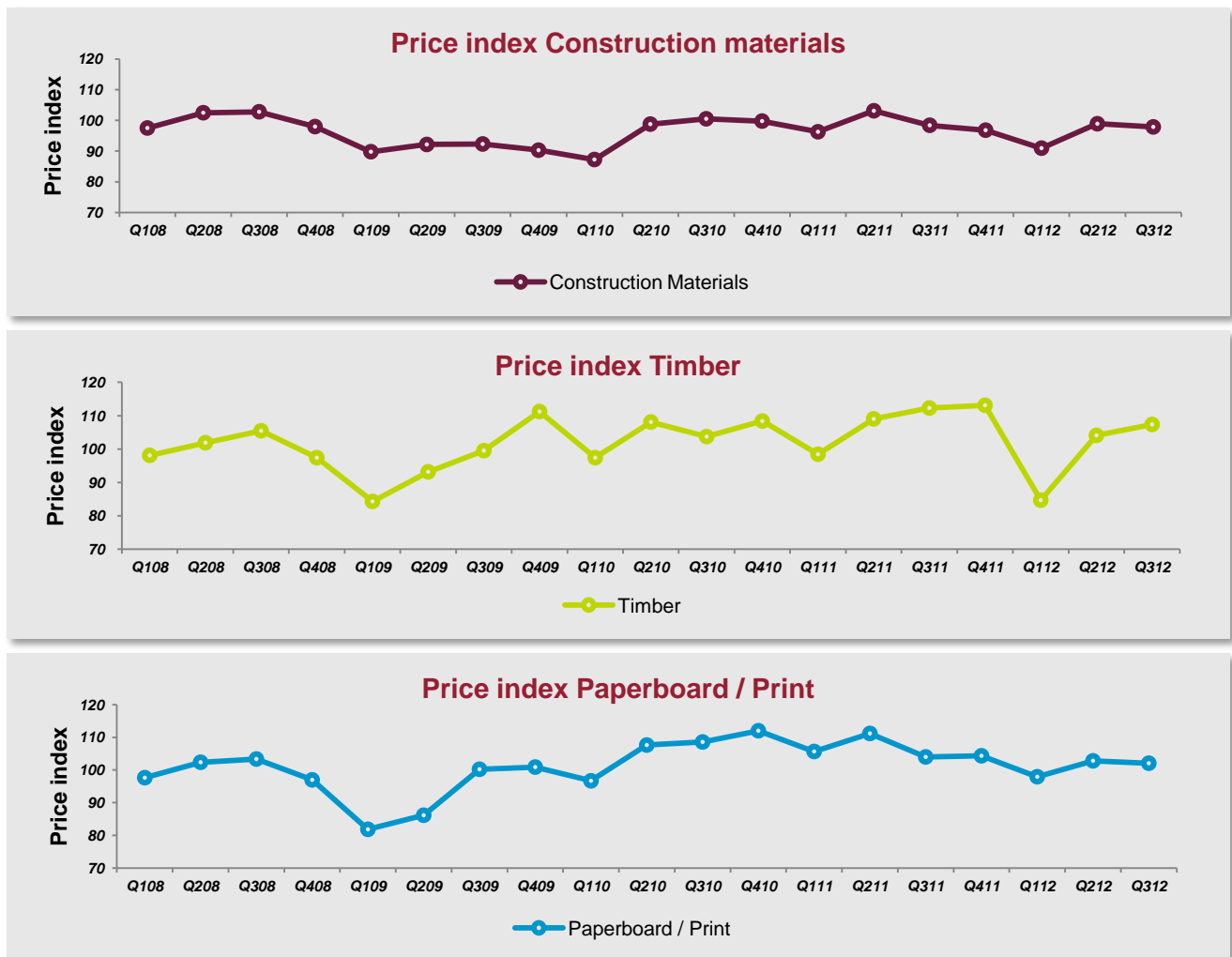
Different industries show different development of the price index in Q3. This is an unusual development in the history of the Transport Market Monitor, where they usually follow the same pattern of in- or decrease.

None of the industries however showed extreme changes of the price index. The exception here is the timber industry, which is some points above the previous quarter (+3.1% at index 107.4). In the market for construction materials the index decreased to 97.9 (-1.0%). In the paperboard and print industry prices decreased slightly as well with 0.7% to index 102.1.

*The TRANSPOREON platform handles transport for almost all industries. For this edition of the Transport Market Monitor, different industry types have been analyzed individually.*

*Each chart in figure 5 depicts the price development for that particular industry, indexed against the industry baseline (H1 2008)*

Figure 5: Price index for different industries (Q1 2008 – Q3 2012)

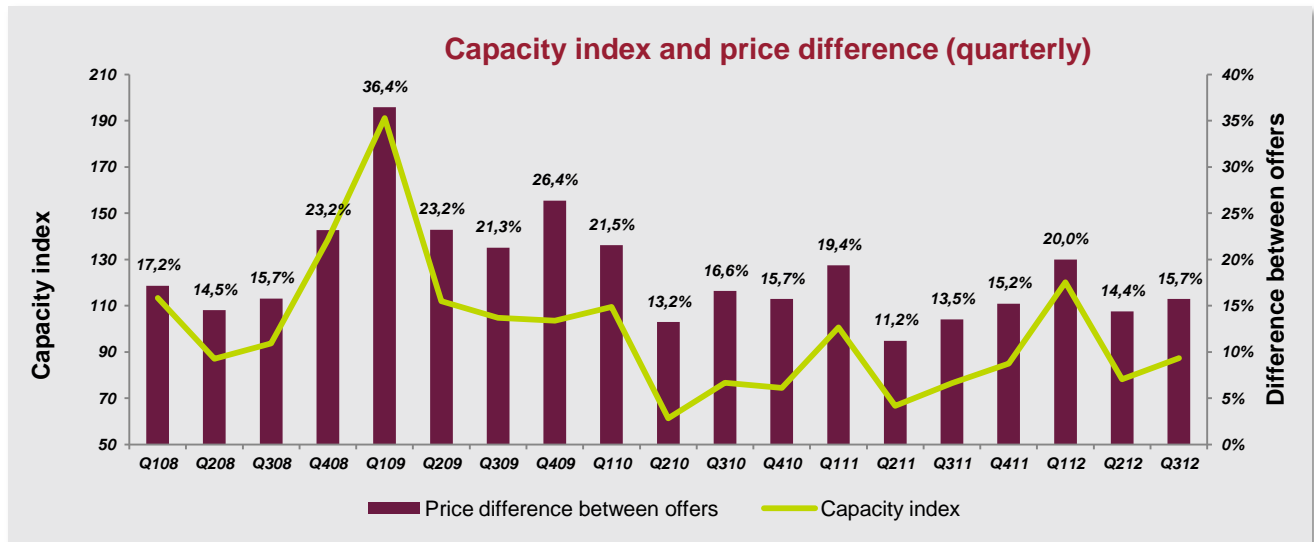




## Price differences between offers increased

This section outlines transport dynamics, by analysing the price difference between the highest and the lowest price offered per transport order. Figure 6 illustrates the price difference between offers, and the development of the capacity index. Q3 figures fit the correlating trend between capacity and the difference between offers. The increasing capacity and difference between offers underpin the effect that more capacity results in more price competition between hauliers.

Figure 6: Capacity index and price difference (Q1 2008 – Q3 2012)



The price differences between lowest and highest offer increased from 14.4% to 15.7% in Q3 2012. This is in line with the seasonal pattern witnessed in earlier years. The price difference is an average figure. In general, price differences increase with the distance to be travelled (see TMM, edition 1).

## Diesel index increases to all time high

This section compares the price index with the diesel index (see figure 7). In general there is a positive correlation between the diesel index and the price index, clearly indicating the impact of diesel prices on transportation costs and consequently prices. There are however situations when the other factors influencing the transport price have a stronger impact than the diesel factor.

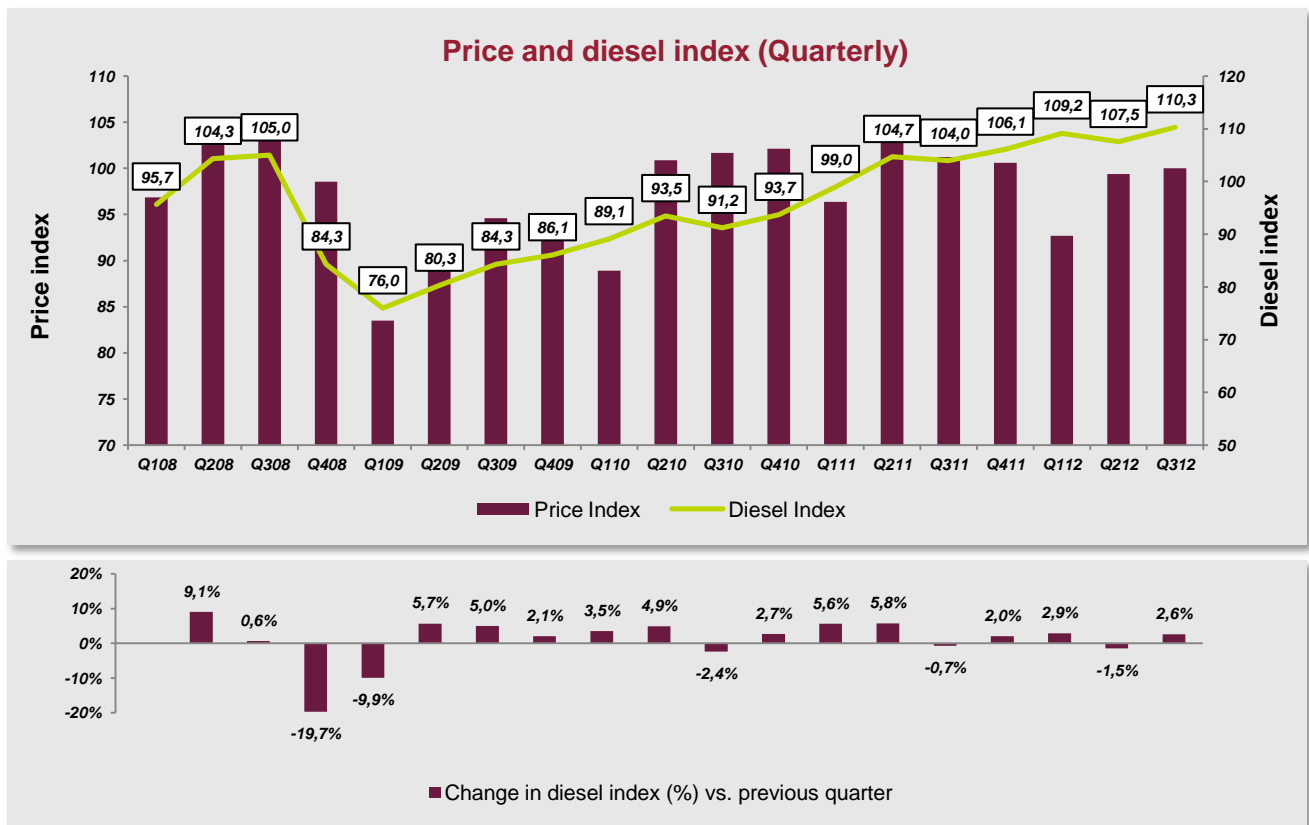
In Q3 2012 the diesel index increased to index 110.3 (+ 2.6%). This development explains the increase of transport rates despite the relative high levels of capacity in the market.

The strong increase in diesel prices is remarkable as the oil price is relatively stable at the moment as a result of stagnating demand and increasing reserves.

*For the diesel index, the average figures of the 6 month period January 2008 till June 2008 have been set as the basis for comparison (index 100), similar to the other indices used in this report.*

*The calculation of the diesel index is based on diesel price figures in Germany, obtained from [www.aral.de](http://www.aral.de). We assume that the index pattern, based on the above figures, is representative for Europe for the purpose of this report.*

Figure 7: Price index and diesel index (Q1 2008 – Q3 2012)



## Transport Market Monitor on LinkedIn

Not only updates on the transport market are given via the quarterly publication of the Transport Market Monitor. Lively discussions on the Transport Market Monitor group take place on LinkedIn. Therefore join the group and participate in the discussion about the next statement:

**“The extension of payment terms is a serious problem for carriers”**

Discuss this statement at LinkedIn by clicking on the button below:



## Next edition

This edition looked at the price and capacity developments since the beginning of the Transport Market Monitor in 2008. It outlined the price increase in Q3 2012 compared to Q2 2012 and the same period one year before.

The next edition, number 14, will include the figures for Q4 2012 and will closely monitor the possible impact of the uncertain situation in the European and US economies on the transport business. It will be published in February 2013.

## About the Transport Market Monitor

The aim of the Transport Market Monitor is to provide insights into the development of transport prices, and other transport market dynamics to logistics executives and other interest groups. It is a joint initiative of TRANSPOREON and Capgemini Consulting.

The indices in the Monitor are based on the logistics platform TRANSPOREON, on which shippers tender and process their transport needs to their preferred transport partners on a daily basis. The platform handles a yearly transport volume of over €2 billion in all European countries. Anonymously, information is unlocked from the platform and analyzed by Capgemini Consulting. This results in monthly indices which are published on a quarterly basis. In addition to each publication of the Monitor, one or more market themes are discussed, supported by detailed analysis.

TRANSPOREON and Capgemini Consulting can help you to find the right strategy between static and dynamic prices. Additional information about both companies and their service offerings is available upon request.

This report is available at <http://www.transportmarketmonitor.com>. More information about the products and services of both TRANSPOREON and Capgemini Consulting can be obtained via the contact information provided at the back of this report.

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### About TRANSPOREON

The logistics platform TRANSPOREON connects shippers from industry & trading companies with carriers, drivers & consignees – and optimizes and accelerates logistics processes. Users of the platform receive web-based SaaS (Software-as-a-Service) solutions as electronic transport assignment, time slot management and transport visibility. TRANSPOREON allows to reduce dispatch and freight costs, while minimizing waiting times during loading and unloading.

Currently more than 600 industry and trading companies, more than 28,000 carriers and more than 60,000 users from 70 countries are connected via the TRANSPOREON platform. The platforms as well as the customer service are available in 19 languages.

Operating company of the logistics platform TRANSPOREON is the international TRANSPOREON Group. Other solutions the group is offering are the tender platform TICONTRACT and the retail logistics platform MERCAREON. Presently freight orders with a volume of 8.5 billion EUR are organized via the solutions of the TRANSPOREON Group. The company is on site in 24 locations throughout Europe, the U.S.A. and Asia.

Learn more about us at: [www.transporeon.com](http://www.transporeon.com)

## Capgemini Consulting

For more information, contact:

**Benelux:**

**Dennis Wereldsma**

Tel: +31 30 689 24 78

E-mail: [dennis.wereldsma@capgemini.com](mailto:dennis.wereldsma@capgemini.com)

**Germany/Switzerland:**

**Hendrik Mueller**

Tel: +49 151 4025 1707

E-mail: [hendrik.mueller@capgemini.com](mailto:hendrik.mueller@capgemini.com)

**UK:**

**Steve Wilson**

Tel: +44 870 366 0236

E-mail: [steve.wilson@capgemini.com](mailto:steve.wilson@capgemini.com)

**Italy:**

**Dennis Wereldsma**

Tel: +31 30 689 24 78

E-mail: [dennis.wereldsma@capgemini.com](mailto:dennis.wereldsma@capgemini.com)

**Austria:**

**Hendrik Mueller**

Tel: +49 151 4025 1707

E-mail: [hendrik.mueller@capgemini.com](mailto:hendrik.mueller@capgemini.com)

**France:**

**Stéphane Ghioldi**

Tel: +33 060 7714687

E-mail: [stephane.ghioldi@capgemini.com](mailto:stephane.ghioldi@capgemini.com)

**Nordic Countries:**

**Kristoffer Arvidsson**

Tel: +46 70 5305849

E-mail: [kristoffer.arvidsson@capgemini.com](mailto:kristoffer.arvidsson@capgemini.com)

**Poland:**

**Via: Dennis Wereldsma**

Tel: +31 30 689 24 78

E-mail: [dennis.wereldsma@capgemini.com](mailto:dennis.wereldsma@capgemini.com)

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

## TRANSPOREON

For more information, contact:

**Balkans:**

**Armin Musija**

Tel: + 43 (0) 664 1966 542

E-mail: [musija@transporeon.com](mailto:musija@transporeon.com)

**Benelux:**

**Michel Haenen**

Tel: +31 6 123 95 308

E-mail: [haenen@transporeon.com](mailto:haenen@transporeon.com)

**Germany/Switzerland and Nordic countries:**

**Volkert Gasche**

Tel: +49 4101 8316761

E-mail: [gasche@transporeon.com](mailto:gasche@transporeon.com)

**UK:**

**Charlie Pesti**

Tel: +44 (0) 785 094 11 70

E-mail: [pesti@transporeon.com](mailto:pesti@transporeon.com)

**Italy:**

**Roberto Ostili**

Tel: +39 050 552168

E-mail: [ostili@transporeon.com](mailto:ostili@transporeon.com)

**Austria:**

**Armin Musija**

Tel: + 43 (0) 664 1966 542

E-mail: [musija@transporeon.com](mailto:musija@transporeon.com)

**France:**

**Jean Arnaud**

Tel: +33(0) 6 27 47 71 46

E-mail: [arnaud@transporeon.com](mailto:arnaud@transporeon.com)

**Spain:**

**Miriam Ribas**

Tel: + 34 977 6200 39

E-mail: [ribas@transporeon.com](mailto:ribas@transporeon.com)

**Poland:**

**Michał Krzysik**

Tel: + 48 (0) 12 / 631 20 85

E-mail: [krzysik@transporeon.com](mailto:krzysik@transporeon.com)

**Hungary/Slovakia/Romania:**

**Tamás Domonkos**

Tel: +421 (0) 9 04 / 29 06 03

E-mail: [domonkos@transporeon.com](mailto:domonkos@transporeon.com)

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

## TMM-team:

Capgemini Consulting: Bart Hellings (NL), Kris Dieteren (NL), Janine Roes (NL), Martijn Gommers (NL), Dennis Wereldsma (NL), Richard Conway (GB), Hendrik Mueller (DE).

TRANSPOREON: Peter Förster (DE), Sandy Buch (DE), Christine Götz (DE), Anja Haeussler (DE).



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