Nordic Logistics Barometer 2014

postnord LOGISTICS

Foreword

The market for logistics solutions is changing rapidly, a trend which our customers - the shippers - believe is set to continue for the next five years at least. Mergers, bankruptcies and the relocation of manufacturing demand more rational logistics solutions. We see similar change for the rapidly expanding e-commerce sector and the development of ever-improving IT solutions. Taking the lead is a vital step in ensuring you don't get left behind.

The 2014 Logistics Barometer confirms our: Customers want capable suppliers who can help them identify better solutions and enable them to grow. We are convinced that both parties can gain substantial benefits and cost-savings through the establishment and development of close partnerships. The Logistics Barometer therefore focus not only on the interaction between shippers and logistics suppliers, but also on the rest of the supply chain of which our customers are part.

The 2014 Nordic Logistics Barometer reveals the trends that have taken place during the past year within four separate fields: the relationship between shippers and logistics suppliers; the focus that shippers have on the entire supply chain; the extent to which the logistics competence is good enough and the importance of the environment for shippers. This year, of the four parameters, greatest progress has been made within what we call 'supply chain efficiency', i.e. the ability to see the entire chain as a single entity and work with other actors in order to identify the best logistics solution. PostNord believes in sharing information at an early stage in order to put together the most efficient value chain together with our customers. Openness requires trust. Trust is built up through good work over time.

Anyone who fails to consider the environment in their business strategy will not survive. We can see that willingness to pay for environmentally friendly solutions is slowly but surely increasing and that the parameter for environmentally friendly logistics has risen from 37 to 47 points since 2012. Another notable finding, road is the preferred means of transport by some margin. This means we must make road transport more environmentally friendly while rail and sea are failing to provide an adequate level of service. Those of us who have a clear ambition to take the lead in offering customers profitable and environmentally friendly solutions must pay heed to this information.

We have also asked our customers to look into the future. What they see are major changes in the structure of the industry and new product portfolios, driven by foreign owners and technological advances. Here at PostNord, we aim to help our customers meet the demands of the future.

We hope you enjoy reading this year's report.

Peter Kjaer Jensen
Head of PostNord Logistics
PostNord AB

About the survey

The 2014 Nordic Logistics Barometer was developed by PostNord and is based on a questionnaire survey conducted by Respons Analyse on behalf of PostNord. In June 2014, logistics and purchasing coordinators and managers within Nordic companies were asked to respond to the survey.

All respondents have sales in excess of EUR 6 million and six out of ten have sales of over EUR 25 million, while seven out of ten have transportation costs in excess of EUR 12,000. The respondents primarily come from the industrial and manufacturing sectors (51 percent) and the retail sector, including agents and wholesalers (36 percent). This report is based on responses from 857 logistics buyers in the Nordic region.

The barometer is built up around four parameters: relationships, efficiency in the supply chain, expertise and environmental logistics. The value that each of these areas achieves is based on a number of questions and gives an indication of how Nordic shippers are performing within each of the four areas.

You can download and read the 2014 Nordic Logistics Barometer from www.postnordlogistics.com.

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The logistics barometer in two minutes

Overall, Nordic shippers are performing better within logistics in 2014 than during the previous year. Norwegian shippers have made the most progress, while Finnish shippers exhibited a slight downward trend. Swedish and Danish companies are most like each other and are following each other more closely in terms of trends than the other Nordic countries.

Better overall understanding of logistics
The logistics parameters of relationship, efficiency in the supply chain, logistics expertise and environmental logistics are measured annually in the Logistics Barometer.

- Supply chain efficiency is the parameter where the most progress has been made, as the parameter jumped from 62 to 73 points (out of a possible 100). Sweden is the only country where the parameter fell compared with last year.
- The relationship parameter also rose sharply by 10 points to 71 points out of a possible 100. Norwegian numbers showed a marked upward jump.
- Logistics expertise and Environmental logistics remain virtually unchanged compared with last year, with the associated parameters being 66 and 47 points respectively.

Points (max score is)	2013	2014
Relationship between the actors	61	71
Efficiency in the supply chain	62	73
Expertise amongst goods owners	61	66
Environmental logistics	45	47
Average	57	64

Partnerships an important factor in competiveness
Close relationships are important in order to develop efficient logistics solutions. Seventy-nine percent of goods owners believe that the development of partnerships is vital in order to become more competitive. Forty-two percent consider their main logistics supplier to be a partner, an increase of 7 percent over last year. Only Finland has a of shippers who consider their relationship with their most important logistics supplier to be a partnership (60 percent).

In order to consider a logistics supplier as a partner, shippers must consider the logistics supplier to be competent. Just 53 percent states that their most important logistics supplier is sufficiently competent to provide good guidance within logistics. Thirty-two percent use their logistics supplier as a resource to identify areas within which their business can be streamlined, while 41 percent utilize to some extent.

The value chain is becoming more tightly linked together/Greater transparency in the value chain
Many Nordic shippers have recognised the value of linking the value chain closer together. Seventy-six percent say that closer collaboration in the value chain is vital in order to become more competitive in the future, while 72 percent state that greater transparency and the sharing of information facilitate a competitive advantage. The survey shows that Nordic shippers share information to a greater extent than previously, and even achieve higher scores for efficiency in the supply chain. The parameter has risen by 11 points in a year and now lies at 73 points out of 100. Sixty-four percent have been put in contact with their logistics supplier's customers in order to share experiences and benefit from each other's expertise.

Measurement has become more important in order to maintain good control
To measure and follow up delivery quality has risen from 56 percent to 71 percent. Ninety-three percent respond that delivery quality is the key parameter when choosing a supplier. This is reflected in the fact that more goods owners have recognised the value of measuring and following up this indicator.

More Nordic shippers are measuring and controling their logistics costs than previously. Compared with the 2013 barometer, when 67 percent were following up this indicator, the parameter has increased to 78 percent.

Higher education leads to more control
Seventy-two percent believe that developing expertise through education and training is important in order to become more competitive. Just 36 per of logistics coordinators have a Master's degree. Eighty-six percent of Nordic goods owners with a logistics coordinator who has a Master's level education have control over their logistics costs, compared with the average of 78 percent. The same applies to the measurement of delivery quality. Eighty-six percent of those with a Master's degree measure delivery quality, compared with the average of 71 percent.

Swedish logistics suppliers are the most attractive
Swedish logistics suppliers are considered by Nordic goods owners to be the most attractive. Swedish logistics suppliers come out best as regards future-proof logistics solutions, efficiency, the environment and logistics expertise. Danish logistics suppliers finished second in the Nordic region in all areas, and beat Norway as regards having future-proof logistics suppliers and the environment, compared with last year's results.

Stable focus on the environment
The environmental requirements that are imposed on logistics suppliers remain virtually unchanged from last year. ISO certification remains the requirement that is imposed most often (40 percent), ahead of the requirement for a high EURO vehicle classification (29 percent), environmentally efficient fuel (28 percent), offering an environmental calculator (28 percent) and the requirement to use sea (28 percent) and rail (24 percent).

Danish shippers stand out positively because of their willingness to pay for environmentally friendly solutions. In Denmark, 19 percent would be willing to switch to more environmentally friendly transportation solutions if the price were to increase by 10 percent, compared with the Nordic average of 12 percent. In many cases, the use of environmentally friendly solutions will not increase the price. Forty-one percent of Nordic goods owners are willing to change their dispatch structure or timing of goods collections in order to make transportation more environmentally friendly.

Logistics solutions must respond faster to new trends and more stringent requirements concerning efficiency
Nordic shippers expect customers to impose new and more demanding requirements in the future. Seventy-seven percent expect demand for more customised product variants to rise. At the same time, 44 percent have developed more product variants in the past five years, while 16 percent are planning tp expand in the next five years.

Nordic shippers see an ever-changing market, and continual improvement is essential in order to optimise logistics and respond to new trends. Forty-eight percent either have outsourced part of their production during the past five years or will outsource in the next five years, while 52 percent either have reduced or will reduce the number of warehouses or production sites they use. Some of the anticipated changes are as follows:

- Foreign owners will play a more important role in national activity (62 percent)
- The market will be restructured (68 percent)
- New technology will impact on the company's products and logistics (67 percent)
- E-commerce will lead to more competition (62 percent)
- More demanding requirements for better customisation (77 percent).

The relationship between shippers and logistics suppliers

Relationship: Relationships between Norwegian shippers and logistics suppliers strengthened from 2013 to 2014.

Relationship parameter
The parameter for relationships measures the closeness between shippers and logistics suppliers. It shows the ability of parties to work together and share information, and whether the relationship has developed from being a client-supplier relationship into a partnership. Since last year's barometer, the relationship parameter has risen considerably, from 61 to 71 points. Norway dragged the average up with its 76 points, representing an increase of 18 points over last year, while Finland finished on 71 points, exactly the same as last year, and Sweden and Denmark increased by 9 and 12 points respectively.

How good are Nordic logistics purchasers as regards collaboration, relationship-building and exchanging information with their logistics supplier?

Relationship parameter 71 out of 100

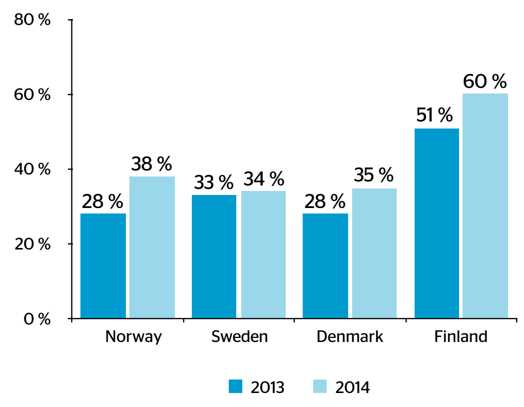
"Norway stands out due to its close positive relationship between suppliers and shippers"

Choosing a supplier
In the Nordic region, 53% use four or more logistics suppliers, while 34% use three or fewer. Various criteria are decisive as regards the choice of logistics supplier. No less than 93% believe delivery quality to be the key criterion. Price and expertise are the next most important criteria, with 89% and 83% respectively. The extent to which the supplier is national, good as regards the environment, offers a board product portfolio and has good IT solutions are less important factors for shippers. The results here are almost identical to last year's.

Supplier criteria: According to Nordic shippers, delivery quality, price and expertise remain the most important factors when choosing a supplier.

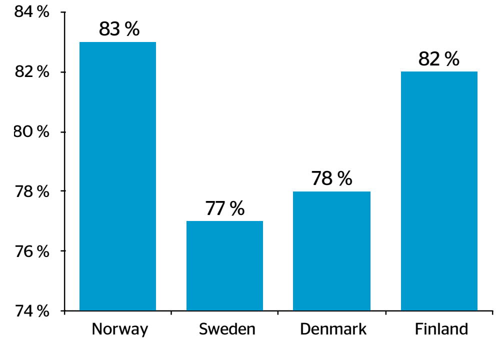
	Delivery quality	Price	Expertise	IT solution	National	Product portfolio	Environment
Nordic region	93%	89%	83%	69%	68%	65%	64%
Norway	96%	91%	85%	75%	71%	63%	71%
Sweden	92%	87%	82%	65%	66%	61%	69%
Denmark	94%	89%	78%	70%	71%	64%	63%
Finland	93%	88%	86%	67%	65%	72%	55%

Partnerships: Finnish shippers stand out in that no less than 60 percent consider their logistics supplier to be a partner.



Supplier or partner?
Many companies believe they only need one supplier which is able to meet their logistics needs. Forty-nine percent consider their main logistics provider to be a supplier. Forty-two percent of Nordic shippers consider their principal logistics provider to be a partner, which represents an increase from 35% in 2013. In Finland, 60% consider their logistics provider to be a partner and stand out from the other countries in this regard. However, the proportion who consider their logistics supplier as a partner has risen in all countries since the 2013 barometer.

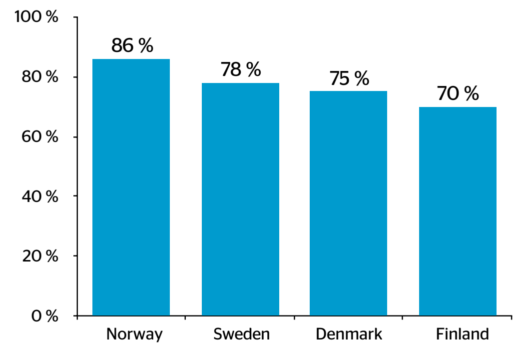
Competitive: Shippers in all Nordic countries consider a partnership with their logistics supplier to be important. On average, 79 percent believe that developing a partnership is important for competitiveness.



No less than 79% believe that it is essential to build up a partnership with their logistics supplier in order to become more competitive in the future, while just 42 percent actually consider their logistics supplier to be a partner. In order words, there is a gap of 37 percentage points between the proportion who currently consider their principal logistics supplier to be a partner and the proportion who believe that developing a partnership is important. There is therefore considerable scope to develop existing partnerships further.

"Seventy-nine percent consider the development of a partnership to be important in order to become more competitive"

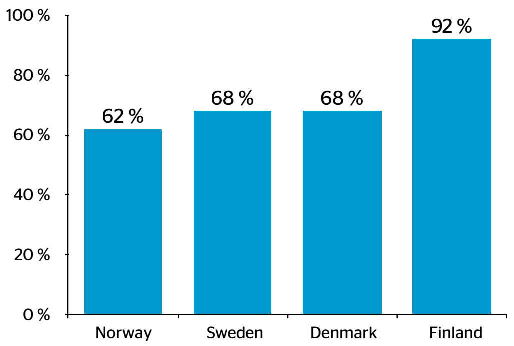
More frequent contact: Seventy seven percent of shippers in the Nordic region believe that more frequent contact with their logistics supplier is important.



Collaboration and contact

Amongst Nordic shippers, 46% hold follow-up meetings with their logistics supplier at least once a quarter, while 22% hold follow-up meetings at least once a month. Through these follow-up meetings, everyday challenges are dealt with, expectations are clarified and solutions are developed further. Such meetings also help to bring about closer relationships. Seventy-seven percent of Nordic shippers believe that more frequent contact with their logistics supplier is important in order for their business to become more competitive in the future.

Utilising expertise: Ninety-two percent of Finnish shippers utilise the logistics expertise of their supplier to streamline their operations, compared with the Nordic average of 73 percent.



The right expertise is vital in order to develop efficient logistics solutions. Fifty-three percent of Nordic shippers feel that their logistics supplier possesses sufficient expertise in order to be a good mentor within the fields of logistics and transportation. An even higher proportion (73%) uses their logistics supplier as a resource for identifying areas where their business can be streamlined. This represents an increase of eight percentage points over last year's Logistics Barometer. Many respondents (92 percent), particularly amongst those in Finland, say they use their logistics supplier to improve their logistics.

”Many use their logistics supplier to streamline their operations”

Meetings with the supplier's customers: Over half of Nordic companies meet their supplier's customers in order to identify improvements and learn from each other.

	Norway	Sweden	Denmark	Finland
Sharing of expertise	51%	64%	70%	71%
Improvement of existing solutions	55%	72%	78%	72%
Identifying new services/ solutions	55%	73%	76%	74%

Meeting the customers of logistics suppliers

Collaboration between shippers and logistics suppliers can be profitable for both parties. Even greater benefits can be reaped if meetings are also held with the customers of the logistics supplier. Sixty-four percent of shippers in the Nordic region say that their logistics supplier has put them in touch with their own clients in order to share expertise, while no fewer than 69% have benefited from existing solutions and identified new services or solutions through meetings with other shippers/customers. This contact can take place through networks organised by the logistics supplier, conferences or company meetings. It gives an opportunity for customers to share experiences, and for both the logistics supplier and the shippers to identify new solutions. Within this area, there have been increases of eight and six percentage points respectively over last year.

Efficiency in the supply chain

Greater efficiency: Nordic shippers are transporting goods ever more efficiently. On average, chain efficiency rose from 62 points in 2013 to 73 points this year.

How good are Nordic shippers at developing efficient logistics solutions and safeguarding chain efficiency?

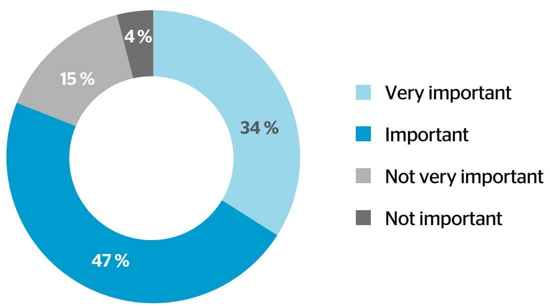
Parameter achieved: 73 out of 100

The chain efficiency parameter

The products of shippers must be transported from manufacturer to end customer as efficiently as possible, depending on the applicable time requirements and volumes concerned. It is therefore vital to consider the entire value chain, rather than simply optimising inwardly within each area. The parameter for chain efficiency is measured on the basis of the information that is shared between the participants in the value chain, the role and influence that the logistics coordinator has within the business and the extent to which the expertise of the various parties involved is utilised in order to make the supply chain more efficient.

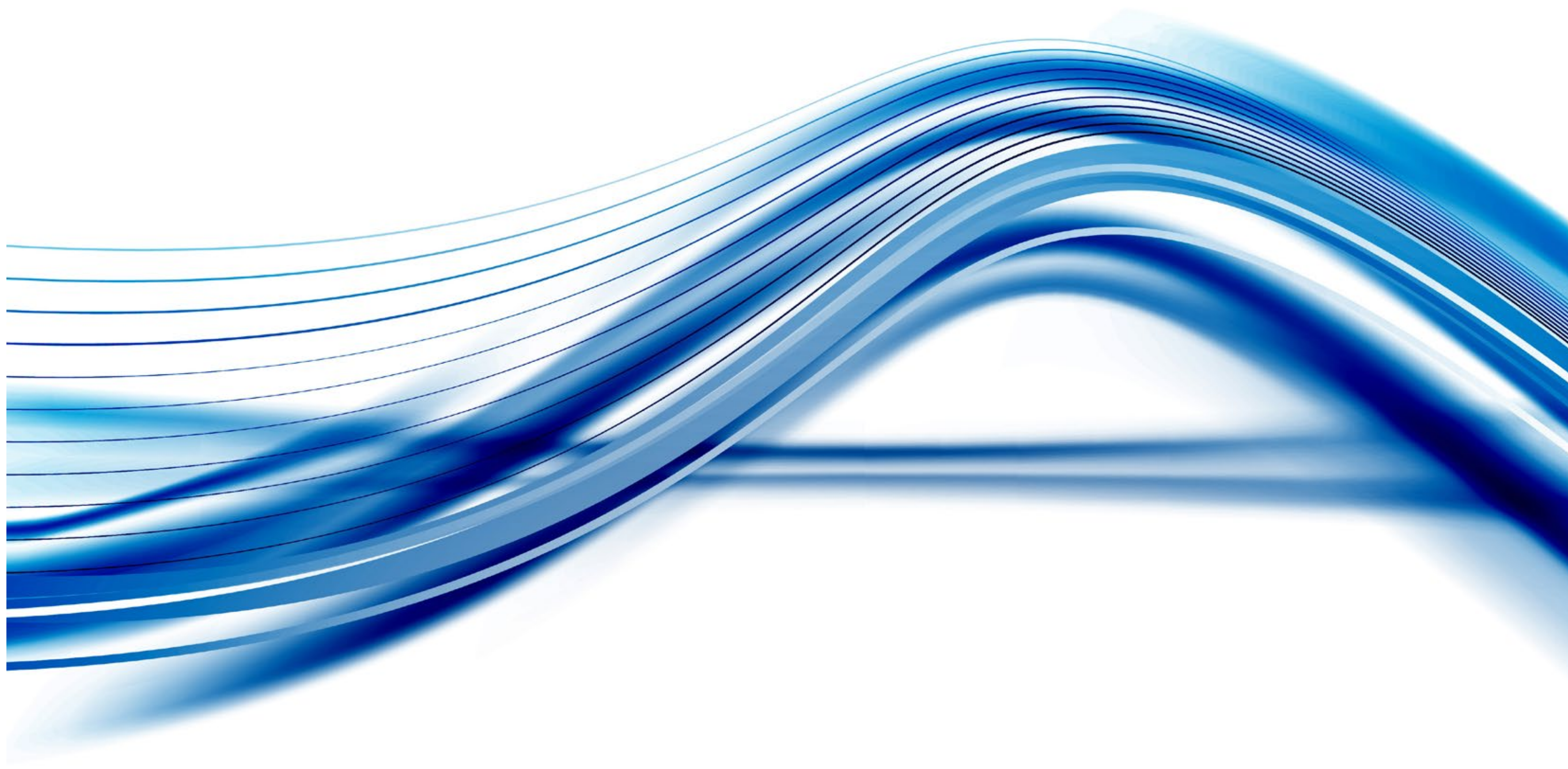
The Nordic average for the chain efficiency parameter is 73 out of 100 points. This represents a considerable increase over last year's Logistics Barometer, when the parameter was 62 points. Denmark has the highest parameter of 75 points and increased by 15 points, while Norway and Sweden saw an increase of 14 and 17 points respectively. Finland's chain efficiency fell by four points.

Closer collaboration: Three out of four Nordic shippers believe that closer collaboration within the supplier chain will make them more competitive.

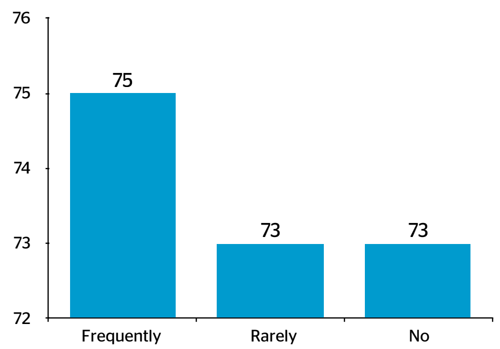


Collaboration in the supply chain

Eighty-one percent believe that closer collaboration within the supplier chain can help to make them more competitive in the future, with 47% believing it to be important and 34% believing it to be very important.

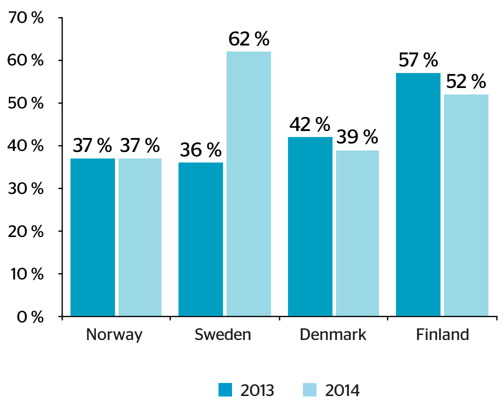


Collaboration leads to chain efficiency: Those who use their logistics supplier as a resource are performing better within chain efficiency.



Those who use their logistics supplier as a resource to identify areas within their business which can be streamlined perform somewhat better as regards the chain efficiency parameter than those who do not. Those who frequently use their logistics supplier as a resource lie two parameter points above those who either rarely use or do not use their logistics supplier for this purpose. The results here have evened out dramatically since last year, as those who did not use their logistics supplier as a resource only achieved 54 points. It can therefore be assumed that the level of understanding amongst businesses of the value chain that they are part of improved over the course of a year.

Greater transparency in Sweden: The proportion of shippers receiving demand data from end customers has risen sharply in Sweden.

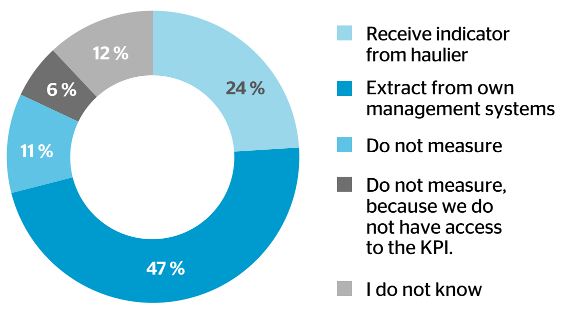


Sharing information

No fewer than 72% of shippers believe that sharing information is either important (42%) or very important (30%) in order to become more competitive in the future. This means that they want their customers to share information with them to a greater extent, so that they can better optimise their logistics needs based on the volume of goods and where and when they must be transported. Transparency enables each of the links in the chain to manage the associated logistics on the basis of known values. Forty-eight percent of shippers in the survey receive demand data from end customers, representing an increase of 5 percentage points over last year. It is primarily Swedish companies which are sharing information more this year than last year, with the proportion of those sharing information rising from 36% to 62.

Thirty-nine percent of Nordic shippers supply demand data to their logistics supplier, while 34% of Nordic shippers also give access to their data to other links in the value chain.

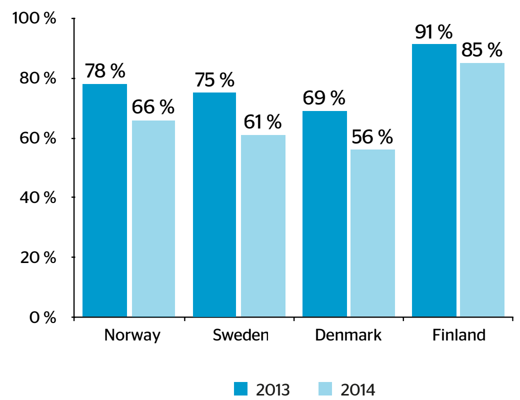
Measuring delivery quality: Seventy one percent of all shippers measure delivery quality. This represents an increase of 15 percentage points since 2013.



Measurement equals control

Measuring service and cost targets makes it possible to monitor trends within a company's logistics. Delivery quality is the key criterion for Nordic shippers when choosing a supplier, and overall 71% of shippers measure this indicator. This represents a sharp rise of 15 percentage points over the 2013 barometer. Seventeen percent currently do not measure this factor at all, either because they are unable to extract this indicator (6%) or because they simply do not do it (11%). The proportion not measuring fell by no less than 15 percentage points from last year, representing a halving of the figure in a year. The survey therefore shows that many companies recognise the value of measuring and following up on delivery quality.

Better cost control: The proportion of shippers who have an exact overview of their logistics costs has risen in all Nordic countries.



Seventy-eight percent of Nordic shippers have an exact overview of their logistics costs. This represents an increase of 11 percentage points over last year. In Finland, 91% responded that they monitor their logistics costs, while just 69% do so in Denmark. Only 12% report that they do not monitor their logistics costs. This represents a halving of the figure compared with the 2013 Logistics Barometer.

"Seventy eight percent monitor their logistics costs, an increase of 11 percentage points over last year"

Logistics expertise

Expertise requirements:
One in three shippers do not possess sufficient expertise to achieve optimal logistics solutions.

The expertise parameter

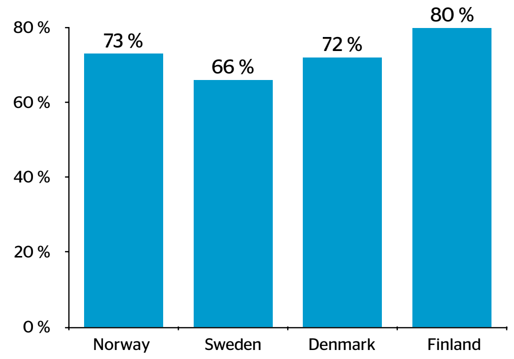
Expertise relating to logistics is a vital factor in managing a supply chain efficiently. An insight into how logistics works both internally and external is decisive as regards the choice of dispatch structure and logistics solutions.

The expertise parameter is based on the opportunities open to shippers as regards overcoming complex logistics challenges based on the level of expertise, the importance of logistics within the business, the way in which expertise is developed internally, how external expertise within the supply chain is utilised and what measurements are taken within logistics. At a Nordic level, the parameter for expertise lies at 66 out of 100 points and shows a slight increase of five points over last year. The focus on logistics expertise increased in all countries, with the exception of Finland where the parameter fell by 7 points.

To what extent do Nordic shippers possess sufficient logistics expertise to manage their relationships and supply chains efficiently?

Parameter achieved: 66 out of 100

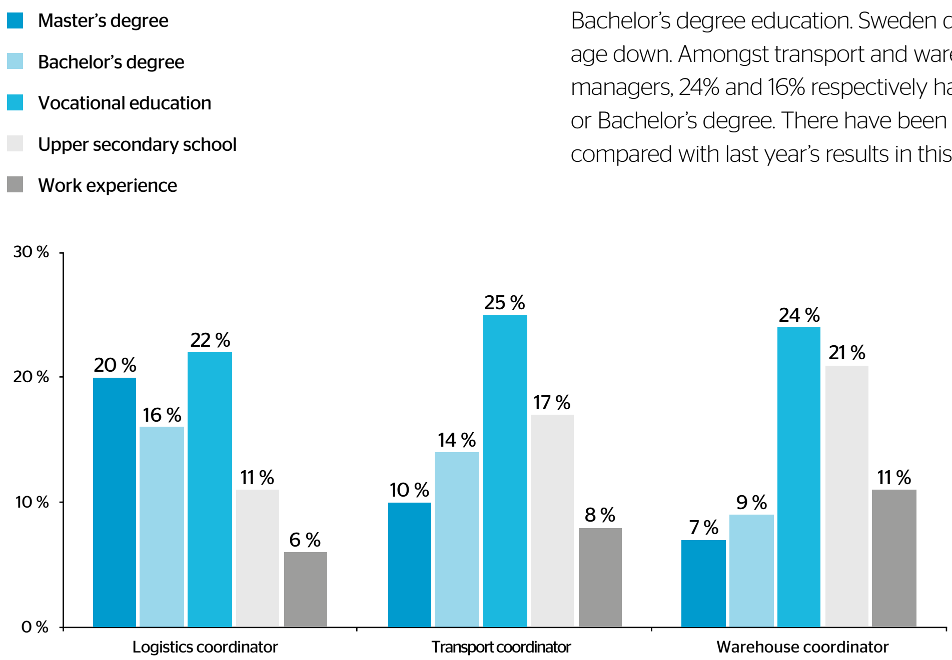
Internal expertise:
There is agreement amongst shippers in the Nordic region that it is necessary to possess logistics expertise within the company in order to become more competitive in the future.



Internal expertise is important

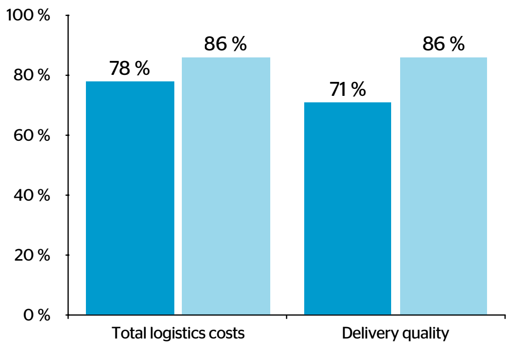
On average, 72% of Nordic shippers believe that the development of expertise through training is very important in becoming more competitive in the future. This parameter is unchanged from last year's barometer.

Low level of formal expertise:
Amongst Nordic logistics coordinators, just one in five has a Master's degree level education.



The fact that over half of Nordic shippers believe that more internal logistics expertise is important is not being reflected in companies today. The level of expertise amongst Nordic shippers is relatively low. Just 36% of logistics coordinators have a Master's or Bachelor's degree education. Sweden drags the average down. Amongst transport and warehousing managers, 24% and 16% respectively have a Master's or Bachelor's degree. There have been few changes compared with last year's results in this regard.

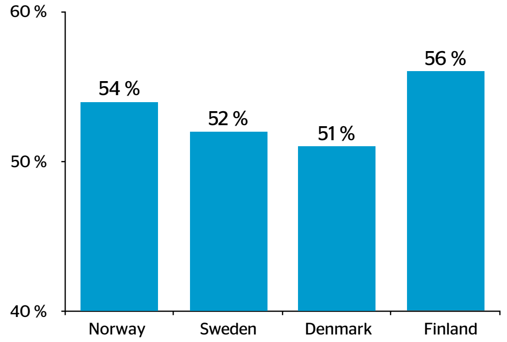
Training gives greater control:
Shippers which have a logistic coordinator with a Master's degree have more control over their finances and delivery quality.



Expertise pays

Businesses which have a logistics coordinator with a Master's degree recognise the value of monitoring and conducting measurements to a greater extent than the average of Nordic shippers. Eighty-six percent of Nordic shippers in which the logistics coordinator has a Master's degree education monitor their logistics costs, compared with the average of 78%. The picture is much the same as regards the measurement of delivery quality: Eighty-six percent of those with a Master's degree monitor delivery quality, compared with the average of 71%. This shows that expertise gives a greater insight into and understanding of the supply chain and makes it easier to see the need for measures to bring about improvements.

Considerable room for improvement:
Just 53 percent of all shippers in the Nordic region believe their logistics supplier possesses sufficient expertise to be a good mentor.



Important for logistics suppliers to have expertise

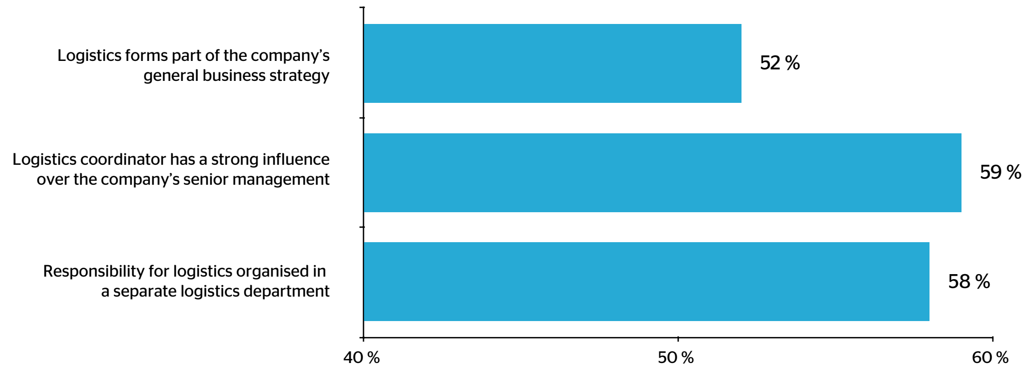
When choosing a logistics supplier, 83% of Nordic shippers believe that the expertise of the logistics supplier is important. The proportion who actually believe that their logistics supplier possesses sufficient expertise to act as a good mentor is 53%.

Expertise equals influence

Fifty eight percent of Nordic shippers have a separate logistics department. A strong focus on logistics within a business can promote streamlining and development. At 59% of Nordic shippers, the logistics coordinator has a strong influence over the company's senior management. Seventy-six percent of Finnish shippers have a strong influence over the senior management, compared with just 50% in Sweden.

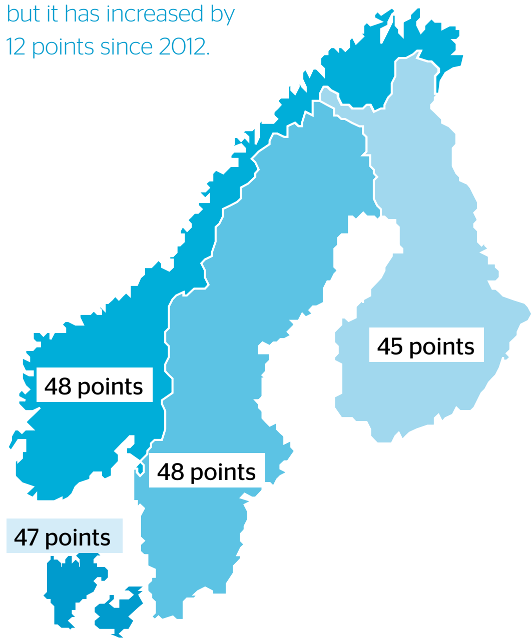
In 52% of Nordic companies, logistics forms part of the company's general business strategy.

Logistics organisation: A focus on logistics is very important for around half of Nordic shippers.



Environmental logistics

Environment: Environment is the parameter where Nordic shippers score lowest, with just 47 out of 100 points, but it has increased by 12 points since 2012.



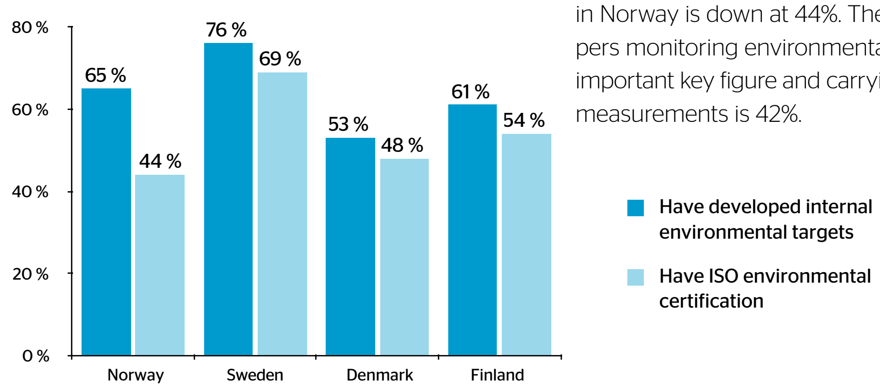
How much do Nordic shippers invest in environmental logistics?

Parameter achieved: 47 out of 100

The environment parameter
The choice of logistics solution is very important for the environment. Requirements concerning faster and more frequent deliveries with tighter time windows can result in inferior utilisation of transport means and have a negative impact on the environment. The same applies to the use of faster solutions, such as road instead of rail or sea. In many cases, environmentally friendly solutions can both reduce costs and improve logistics. The use of rail instead of road, less frequent dispatches and greater utilisation helps to reduce costs and environmental impact.

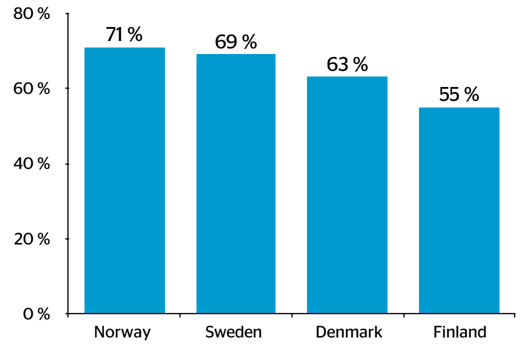
The parameter for the environment is based on the extent to which environmental requirements are imposed on logistics suppliers, willingness to pay and desire to adapt dispatch structures and alter collection times to facilitate more environmentally friendly solutions. The parameter for environmental logistics has risen consistently, from 35 points in 2012, 45 points last year to 47 points this year. In Norway, the parameter rose by 10 points, while the other countries remained unchanged compared with last year.

Green Sweden:
Swedish shippers place greater emphasis on work relating to the environment than their Nordic colleagues. Norway is bottom of the league as regards the proportion of shippers with ISO certification within environment.



Environmental focus amongst shippers
Sixty-four percent of Nordic shippers are working towards defined environmental targets. Swedish companies stand out positively with a proportion of no less than 76%, while Denmark drags the average down with its 53%. Fifty-three percent of countries in the Nordic region are ISO-certified within environment, and have therefore developed specific targets and an environmental focus throughout their organisation to an even more marked degree. In Sweden, the proportion is 69%, while the proportion in Norway is down at 44%. The proportion of shippers monitoring environmental discharges as an important key figure and carrying out environmental measurements is 42%.

Environment promoted:
When choosing a logistics supplier, two out of three shippers in the Nordic region believe that a focus on the environment is important Finns place less emphasis on this aspect.



The importance of the environment
The environmental requirements that are imposed on logistics suppliers vary according to the situation that the companies find themselves in. If the delivery quality is sufficiently high, using rail or sea may be an option. Sixty four percent of Nordic shippers believe that environmental considerations are important when choosing a supplier. Seventy one percent of Nordic shippers believe that a focus on the environment is important, while Finnish shippers believe it to be of lesser importance (55%).

Environmental requirements relatively unchanged
Nordic shippers are imposing many environmental requirements on logistics suppliers. The ISO certification of logistics suppliers is the requirement that is imposed most often (40%), although the requirement fell by five percentage points from 2013. Less frequently imposed requirements are a high EURO vehicle classification, environmentally efficient fuels and the offering of an environmental calculator and documentation.

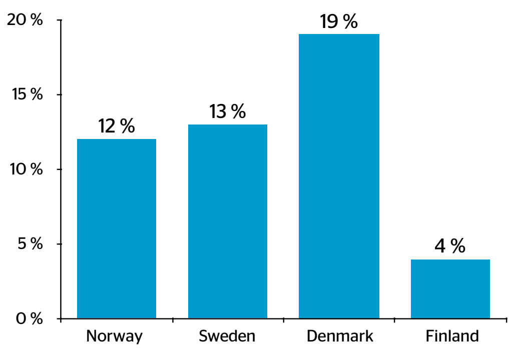
The proportion requiring rail to be used wherever possible remains the same as last year (24%). In Norway, there have been major challenges within rail in recent year and the requirement has fallen from 32% in 2012, to 20% in 2013, and is down at 8% in 2014 due to poor reliability.

The desire to use sea wherever possible has risen from 25% to 28% during the past year. Thirty three percent of Finnish shippers require sea to be used.

Environmental requirements: The most commonly imposed environmental requirement imposed by shippers is ISO certification. The requirement to use rail has fallen from 32 percent to 18 percent in Norway in two years.

	Nordic region	Norway	Sweden	Denmark	Finland
ISO certification	40%	30%	54%	39%	34%
EURO classification	29%	22%	37%	37%	19%
Environmentally friendly fuels	28%	18%	41%	30%	23%
Environmental documentation	28%	22%	39%	32%	20%
Rail	24%	18%	33%	25%	19%
Sea	28%	21%	30%	29%	33%

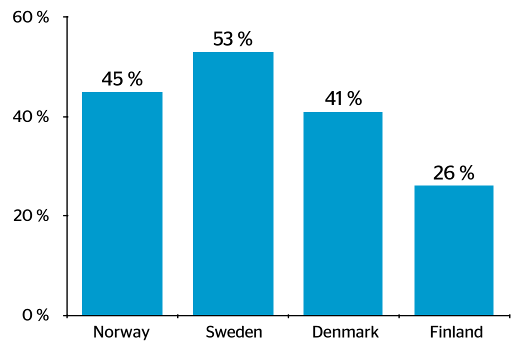
Willingness to pay for the environment: The willingness amongst Nordic shippers to pay 10% more for environmentally friendly solutions shows a slight but steady rise from eight percent in 2012, 10 percent in 2013 and 12 percent this year.



Greater willingness to pay for environmentally friendly solutions
Twelve percent of shippers are willing to switch to more environmentally friendly transport solutions such as more environmentally friendly fuels, even if doing so would result in a 10% increase in price. In Denmark, the willingness to pay for environmental friendly solutions is relatively high, with as many as 19% being willing to pay more.

”In Denmark, the willingness to pay for environmentally friendly solutions is up at 19%”

Environmental adaptation:
Forty-one percent of Nordic shippers are willing to change their schedules for goods collection or dispatch structure in order to make transportation more environmentally friendly.



Consideration for the environment when changing transport modes
Making transportation more environmentally friendly need not cost more. It is usually a question of increasing load factors, reducing frequencies or accepting different collection and delivery times. Forty-one percent of Nordic shippers are willing to change the time of goods collection or their dispatch structure in order to make transportation more environmentally friendly. In Sweden, over half of shippers are willing to alter their transport arrangements in order to become more environmentally friendly.

Expectations for the future

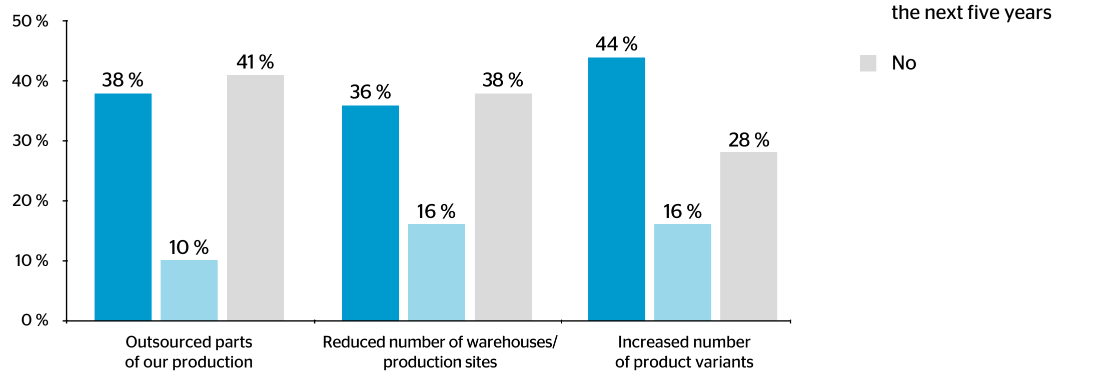
Being a competitive company is all about continual efficiency improvements and changes to logistics and supply chain in order to deliver the right product to the end customer at the right time. This may involve changing how the value chain is linked together or adapting to new trends. It is also vital to have competent logistics suppliers and business partners who deliver on time, and to have a defined market to target.

Changes in the value chain

During the past five years, 38% of Nordic companies have outsourced parts of their production. 10% are planning on doing so during the next five years, while for 41% outsourcing is not an applicable or appropriate option. Norway stands out in that 54% of companies have not outsourced, nor intend to outsource, their production.

Similarly, 36% have reduced the number of warehouses or manufacturing sites they use during the past five years, while 16% are planning to do so. In order to meet the wishes of end customers, 44% have increased the number of product variants during the past five years, while 16% are planning to do so. Increasing the number of product variants is therefore the most common change that Nordic companies have implemented and are continuing to work on.

Continual change: Nordic businesses are continually making changes to their production structure and product portfolio, which also has consequences for their logistics needs.

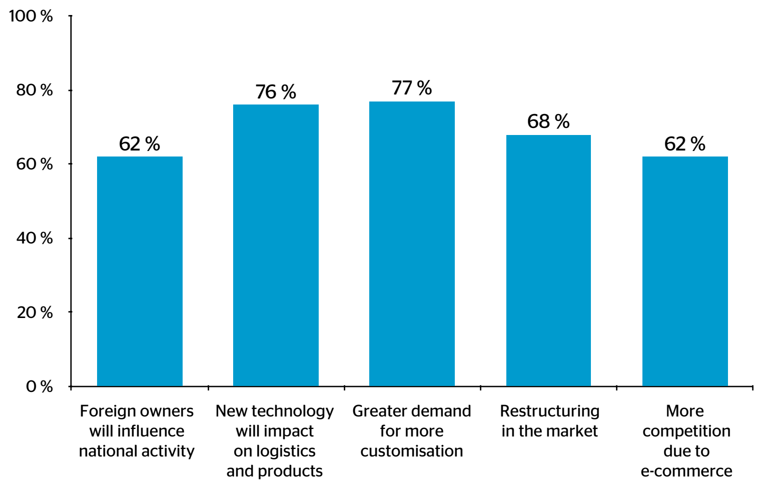


Major changes anticipated

Nordic shippers expect to see external influences over the next few years which will change how they handle their logistics and customers. Sixty-two percent of Nordic companies expect their foreign owners to have a greater impact on national activity in the future. Finnish companies stand out in that no less than 85% expect their owners to exert a greater influence.

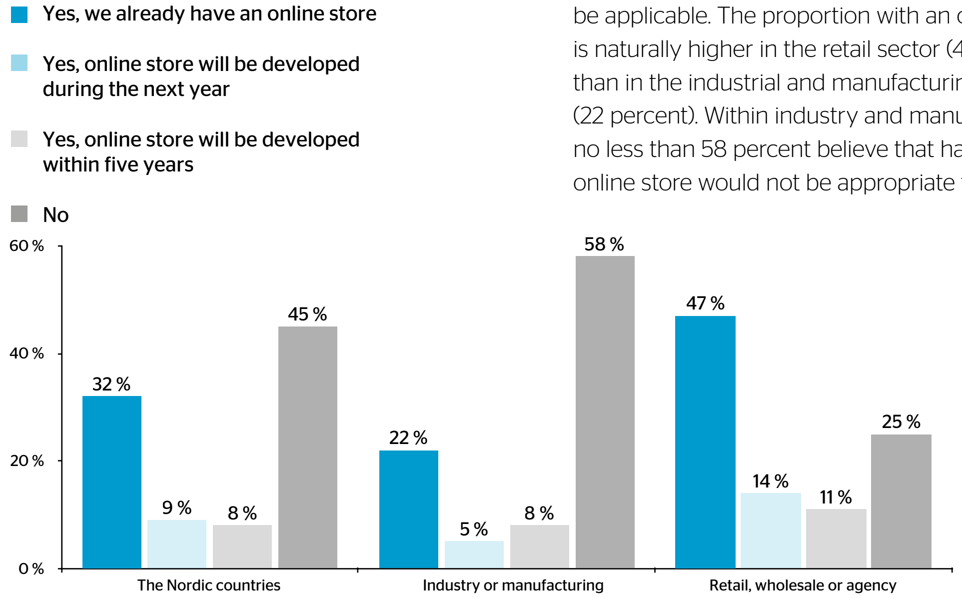
New technology such as IT solutions and 3D printers are also expected to influence the logistics and products of companies. Seventy-six percent expect the company to see changes as a result of this. Finland also stands out in this regard with a proportion of 83%. Customers will also require more customised product variants; 77% of Nordic companies are prepared for this change. At the same time, 62% expect e-commerce to lead to greater competition.

In a demanding market, it is inevitable that not all companies will survive new demands being imposed by end customers for shorter delivery times and more customised products, at the same time as e-commerce exerts downward pressure on prices. Sixty-eight percent of Nordic shippers expect restructuring to take place in the market they operate in as a result of bankruptcies, mergers and buyouts.



Structural changes: Sixty-eight percent of expect bankruptcies, mergers and closures in their market as a result of customers imposing more demanding requirements and downward pressure on prices.

E-commerce set to increase: One in two retail companies already have an online store and one in four will start one during the next five years.

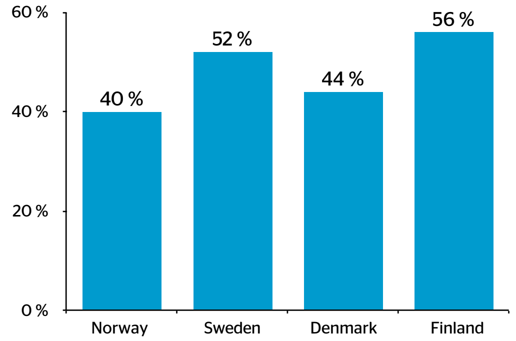


The importance of e-commerce

Sixty-two percent of Nordic companies expect e-commerce to lead to greater competition. Thirty-two percent already have an online store, while 45% say that developing an online store would not be applicable. The proportion with an online store is naturally higher in the retail sector (47 percent) than in the industrial and manufacturing sectors (22 percent). Within industry and manufacturing, no less than 58 percent believe that having an online store would not be appropriate for them.

"Forty eight percent expect the Nordic region to become an increasingly important market in the future"

Nordic region important: Shippers in the Nordic region believe that the Nordic region will become an increasingly important market for their business in the future.



The Nordic region as a target market

The Nordic region is an important potential market for many international companies. Amongst Nordic shippers, 48 percent expect the Nordic region to become an increasingly important market for their business in the future.

The best logistics suppliers in the Nordic region

Many Nordic shippers have experience of logistics companies in a number of the Nordic countries. Swedish logistics suppliers are ranked as being the most attractive in the Nordic region as regards future-proof logistics solutions, efficiency, environment and logistics expertise, while Danish shippers are in a clear second place.

Sweden in front: Shippers in the Nordic region have once again voted Swedish logistics suppliers the leading providers in the Nordic region for all parameters.

	Future-proof logistics solutions	Efficiency	Environment	Logistics expertise
Norway	14%	9%	10%	9%
Sweden	25%	26%	28%	25%
Denmark	14%	18%	14%	16%
Finland	5%	8%	5%	9%

Assessment of different means of transport

Rail is considered to be the most environmentally friendly means of transport, while road is considered to be the most efficient, reliable and economic.

It is worth noting that there is a good spread in views as regards what is the most economic/cheapest alternative. Both sea and rail can compete with road, depending on the type of goods and route, provided no technical problems arise during the transportation. Air will only be the cheapest mode of transport for special types of goods.

Road preferred: Road scores highest for all parameters except the environment.

	Efficient	Cheap/economic	Reliable	Environmentally friendly
Road	60%	38%	60%	16%
Rail	10%	26%	11%	53%
Sea	7%	28%	10%	18%
Air	19%	2%	14%	4%

About PostNord

PostNord delivers first-class communications and logistics solutions to businesses and individuals across the Nordic region. When mail and parcels are to be sent to, from or within the Nordic region, PostNord aims to be the preferred - and most eco-friendly - company of choice.

PostNord AB was established in 2009 through the merger of Post Danmark A/S and Posten AB. The Group has sales of around EUR 4.8 billion and approximately 39,000 employees. The business is divided into four business areas: Letters and Communication, Logistics, Strålfors and E-commerce.

- PostNord has a unique infrastructure for communications and logistics services to, from and within the Nordic region.
- In 2013, PostNord delivered 5.9 billion letters and consignments, 110 parcels and 2.5 million kilograms of cargo to 25 million inhabitants and two million businesses across the Nordic region.
- PostNord has around 5,300 parcel distribution centres with long opening hours in Sweden, Denmark, Finland and Norway.
- PostNord is aiming to reduce its CO_2 emissions by 40 percent by 2020 (compared with 2009).

Contact persons

Norway:
Bjørn Thorvaldsen
E-mail:Bjorn.Thorvaldsen@postnord.com
Tel.: +47 918 23 439

Sweden:
Markus Trautmann
E-mail: Markus.Trautmann@postnord.com
Tel.: +46 (0)73 079 01 27

Finland:
Kaisa Keränen
E-mail: Kaisa.Keranen@postnord.com
Tel.: +358 (0)50 442 0633

Denmark:
Birgitte Hansson
E-mail: Birgitte.Hansson@postnord.com
Tel.: +45 236 37 108

PostNord Logistics
Terminalvägen 24
171 73 Solna, Sweden

www.postnordlogistics.com