



## The Association of European Vehicle Logistics

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### PRESS RELEASE

## “Collaboration between Customers and Suppliers – a significant contribution to the standardization of processes”

### Joint OEM-LSP standard to improve efficiency and capacity in forecasting



*From left; Geert Rossaert, Mazda & Jörg Lenz, Mosolf presenting at the ECG Spring Congress 2019*

More than two years of productive collaboration between Car manufacturers (OEMs) and Logistics Service Providers (LSPs) has resulted in the creation of a **recommended standard which could improve the quality of forecasting in the finished vehicle logistics (FVL) industry** and consequently enhance overall efficiency and maximise capacity.

The standard was formally launched by Jörg Lenz, MOSOLF SE & Co. KG and Geert Rossaert, Mazda Motor Logistics Europe on 24<sup>th</sup> May at the ECG Spring Congress 2019, to an audience of almost 200 delegates in Sorrento, Italy.

**Inadequate forecasting is commonly identified as one of the greatest causes of inefficiency in finished vehicle logistics.** Accurate demand forecasting is essential in any sector to ensure that throughout the supply chain, sufficient equipment, personnel and infrastructure have been made available to meet customer requirements. However it is even more critical in the finished vehicle logistics sector where the transportation of new vehicles requires expensive and specialized assets such as road transporters or dedicated rail wagons which normally cannot be re-purposed for other forms of cargo. If demand is underestimated, car manufacturers struggle to have their cars delivered on time. If it is overestimated redundant capacity means inefficient fleet utilisation and additional costs for the industry.

Members of the Association of European Vehicle Logistics (ECG) have long been aware of the consequences of inadequate forecasting and in October 2016 the ECG Industry Meeting launched the Capacity Working Group, chaired by Christian Lang, DB Cargo & Manuel Medina, SEAT. This Working Group created ECG’s “Project Caesar” with the specific goal **“to create a European industry standard for forecasting and volume planning as a part of our toolbox for members and OEMs”** *Wolfgang Göbel, ECG President.*

In a first step OEMs and LSPs were surveyed to systematically analyze their forecasting mechanisms and practices - the results have led to a functional and pragmatic toolbox of observed good practices. The support of ICDP, an international research & strategy organization specializing in automotive, was fundamental in this crucial stage. In a second phase pilots were initiated on a one-to-one basis between OEMs and LSPs covering the whole delivery chain from short and deep-sea movements to rail and road. This included

one between Mazda and Mosolf. As expected these pilots validated the developed toolbox of good practices and has resulted in the creation of the [ECG Standard for vehicle logistics forecasting](#).

The recommended standard is a four-step monthly communication process which can be implemented by OEM and LSP regardless of the mode of transport. It provides a clear standardized format for the exchange of information and forecast data which in turn leads to more predictable and reliable forecasting.

**“Project Caesar is not the end... it is just the beginning”.**

ECG stresses that the published standard is a starting point - it will be further improved as best practices are shared. A software may also be developed to support information sharing and the forecasting process.

**ECG urges the industry as a whole to adopt this standard - better use of capacity and resources must be a priority for all actors involved in the sector in order to tackle this long-standing issue. Better forecasting will benefit everyone!**

#### **Note to editors:**

ECG's Spring Congress & General Assembly was held on 23/24<sup>th</sup> May at the Hilton Sorrento Palace in Sorrento. The ECG Conference 2019 entitled “Fly me to the Moon – Tomorrow's industry today” will be held on 17/18 October 2019 in Berlin.

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#### **Background for Editors**

ECG, the Association of European Vehicle Logistics, has been the voice of the Finished Vehicle Logistics industry in Europe since 1997. ECG represents the interests of over 100 member companies, from family owned SMEs to multi-nationals, and is the major champion of the European vehicle logistics sector. ECG represents all transport modes at EU level – road, rail, maritime and fluvial. ECG Members provide transport, distribution, storage, preparation and post-production services to manufacturers, importers, car rental companies and vehicle leasing operators in the 28 Member States of the European Union as well as Norway, Switzerland, Turkey, Russia, Ukraine and beyond. They own or operate more than 460 car-carrying ships, 13,600 purpose-built railway wagons, 19 river barges and more than 26,000 road transporters.

As a major employer, the finished vehicle logistics sector plays an important role in contributing to the economic success of the European Union. ECG members have an aggregate turnover of around €23bn and their economic impact on companies associated with the sector is estimated at €60bn. More than 145,000 Europeans are employed directly by the vehicle logistics industry and an additional 300,000 are indirectly employed in this sector.