



Publication of a revised methodology for the improvement of vehicle logistics forecasts

ECG and ICDP co-operated for the update of the Finished Vehicle Logistics forecasting methodology.

Brussels, 15 June 2023

ECG – The Association of European Vehicle Logistics is pleased to announce the publication of the [ECG Guide to Finished Vehicle Logistics forecasting](#) document which has been developed in conjunction with ICDP. The document is a revised version of the first edition published in 2019 and which was the outcome of an analysis of the issues based on research interviews conducted with both Logistics Service Providers (LSPs) and Original Equipment Manufacturers (OEMs).

After years of material shortages and plant closures at very short notice the visibility in the supply chain was reduced and the resulting reliability of the provided forecasts was heavily impacted. This is why it was decided to revise the forecasting methodology, as a strategic objective for ECG in 2023, so that both OEMs and LSPs have an updated tool and guideline suited to the more unpredictable world we are now working in.

The 13 expert interviews conducted in the first half of 2023 revealed the poor reliability of long-term forecasts. The medium-term ones tend to be more reliable but the weekly forecasts are still volatile. One observation was the state of poor information flows towards the LSPs operating in the Finished Vehicle Logistics (FVL) segment, as opposed to inbound LSPs who are comparatively better informed. If the outbound LSPs are not kept informed regarding foreseeable changes or volumes in production, they can't prepare and allocate the necessary capacity to honour the contracts. Poor information flows and instability of vehicle movements over the last few years have thus had a direct impact on FVL capacity.

The interviews revealed that OEMs are often still using very manual forecasting processes with Excel files in various formats! However, there is a greater will on their side to adopt digital processes and LSPs have underlined their need to be informed and involved in this process. Both LSP and OEMs highlighted on many occasions that "communication is key"!

The discussions with the OEMs also made clear the difference in approach and resources: some carmakers have dedicated resources for FVL planning, direct co-ordination with other departments of the company and regular contacts with the LSPs, while other companies think in 'silos' whereby sales, production and logistics work in separate streams which, due to its less efficient nature, yields incomplete and delayed information to the LSPs. As one OEM put it: "Make FVL a key part of the programming meeting between sales and production, not an afterthought."

The document, besides the more theoretical and descriptive parts, provides a specific example of a forecast data file, as well as a template for the monthly forecasting cycle, which give a tangible tool to everyone working in FVL.

Following the many interviews he conducted, Ben Waller, Associate Director of ICDP concluded by saying: "It was clear after talking to service providers and carmakers, that better finished vehicle flow forecasting from OEMs, and a formalised stable process for ongoing dialogue between carmakers and LSPs can, when combined, play a key role in addressing the instability and capacity shortage that the sector faces. OEMs that are doing a better job of forecasting and following a stable process for talking with their LSP base do so in part because they are properly supported and funded as a specialist centre of excellence within the European organisation."

Mike Sturgeon, Executive Director of ECG added: "We welcome this timely update by ICDP to reinforce the need for detailed forecasting processes involving all parties concerned in the finished vehicle supply chain at a time when we all need to maximise our use of available capacities."

Note to editors:

ECG is the established European platform for the outbound automotive logistics sector bringing together logistics service providers, manufacturer logistics managers and suppliers to the sector. ECG aims to facilitate non-commercial collaboration between member companies and assist them in sharing best practices in many operational areas, especially the harmonisation of operational standards.

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About ECG

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 more than 140 member companies and partners, 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 27 Member States of the European Union as well as Norway, Switzerland, Turkey, the United Kingdom and beyond. They own or operate more than 360 car-carrying ships, 15,100 purpose-built railway wagons, 22 river barges and around 23,000 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. Today, ECG members have an aggregate turnover of €21.3bn and their economic impact on companies associated with the sector is estimated at €56bn. **More than 93,000 Europeans are employed directly by our members and an additional 224,000 are indirectly employed in the sector.**

About ICDP

ICDP is an international research and consulting organisation specialising in automotive retailing and after-sales. With a dedicated team of researchers and partners throughout Europe, and strong relationships around the world, ICDP is recognised as the leading authority in its field, with a proven track record of expertise in the provision of data, insight and implementation support to vehicle manufacturers, importers, dealers, suppliers, service providers and trade associations.

