

NEW STRATEGIES FOR SUSTAINABLE GROWTH 1-2 APRIL 2014 MELBOURNE, AUSTRALIA



Global Truck & Trailer **LEADERS SUMMIT**

Hosted by **ARTSA**
Australian Road Transport Suppliers Association Inc.

Global Trailer Forum

The long and short of it



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The articulated trailer: an overlooked asset

Perception

- low-cost commodity item
- low technical standard
- low potential for innovation

Reality

- highly evolved asset > diversified market
- key role in modern supply chain
- high influence on fuel consumption and active safety



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Differentiation

Production **less globalised** > new supply challenges ahead

Design **more localised** > global networking needed

low **R&D** investment > now changing

high **average age** > pent up demand?

less affected by regulatory change > **less pressure** to modernise



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Challenges vs. opportunities

"Vehicle purchase decisions appear to be driven more by hard-headed financial factors than a desire to be green."

KPMG



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Status Quo

US trailer market sees double-digit growth in January

US trailer market expected to grow by 2.2 per cent

Positive short and medium-term outlook for the West European trailer market

Canadian Freight Index finishes 2013 on record high

US trucking industry "slightly more bullish" in 2014

European trailer market: Double-digit growth in 2014



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Looking forward

- | | |
|---------------------------------------|------------------|
| 1. Maximum efficiency | Sessions 1, 2 |
| 2. Global compliance | Session 4 |
| 3. Changing logistics business models | Session 7 |
| 4. Total fleet transparency | Sessions 2, 6 |
| 5. Growing urbanisation | Sessions 2, 4, 5 |
| 6. Growing competition | Session 2 |



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Example I Maximum efficiency

"Low or zero emission regulations ... will require appropriate vehicle concepts."

Roland Berger



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Example I Maximum efficiency

Walmart Advanced Vehicle Experience (WAVE)

carbon fibre body > 1.8 t weight advantage

convex nose



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Example I Maximum efficiency

Koegel CNG trailer

Additional gas tank below trailer chassis or inside pallet box to feed prime mover.



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Example II

Total transparency

"Transparency is essential for logistics providers with regard to both customer service and controlling fleet efficiency. OEMs will have to adapt to increasing demands for transparency within the next 5 years."

Roland Berger



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Example II Total transparency

Real-time vehicle/load **tracking**

Recording of road and vehicle conditions

Interfaces of vehicle data with infrastructure and business systems

Evaluation/prediction mechanism, **controllability** across all vehicle parameters



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Example II

Total transparency

BPW expands in German telematics market

Krone wins Telematics Award at IAA

ERTOC unveils intelligent route planning and load sharing tool

BPW and idem stress importance of modern telematics

Schmitz Cargobull wins Euro Sustainability award in telematics category



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Example III Growing urbanisation

"The A-double is a very basic multiple combination with two semi-trailers linked by a dolly between the two trailers. It is the simplest of the multiple combinations, using two trailers that can be used individually with the addition of one single extra component, the dolly."

Peter Armstrong



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Example III

Growing urbanisation

Using the **Performance-Based Standards Scheme** to connect Australia's hinterland (grain, coal) with coastal city centres/ ports

Added **manoeuvrability**

Flexibility (two semi-trailers)

2x 40-foot containers per run > 79 tonne GCM



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Where?

Strong focus on **developing world**

By 2030, 85% of the world's population, or **7 billion** people, will live in developing countries

Annual consumption in emerging economies will rise to **\$30 trillion** by 2025

Perceived as high-risk investments



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Where?

- China:** re-balancing towards domestic sector will increase growth opportunities
- Colombia:** spirit of optimism after political pacification
- UK:** economy recovering strongly
- South Korea:** solid economic foundations + deregulation policy
- Ghana:** bridge to West Africa and Indonesia



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How?

Focus on **product and technology development** to meet tougher efficiency and safety requirements

Build **partnerships** in emerging countries to expand emerging markets footprint and integrate with local manufacturers

Integrate truck and trailer production

Insource global know-how

Outsource non-key competencies



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Summary

Review and adjust strategic priorities to allow for **innovation-based differentiation**

Change industry perception of trailer as a disposable asset

Promote excellence in **customer service**

Form **strategic alliances** between OEMs and suppliers to reduce investment outlays (suppliers add more value)



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