



Supply Chain Pulse Check Survey

2025



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Introduction

The annual Prological Supply Chain Pulse Check Survey connected with senior professionals from throughout Australia and New Zealand to gauge their views about trends and challenges impacting supply chains.

From C-Suite to entry level - respondents were asked for perspectives on the economic outlook for 2025, sustainability initiatives, rising costs, expansion plans, and technology adoption.

Fielded in December 2024, the survey was completed by more than 200 respondents in a variety of sectors, including supply chain, logistics, manufacturing, retail, and operations.

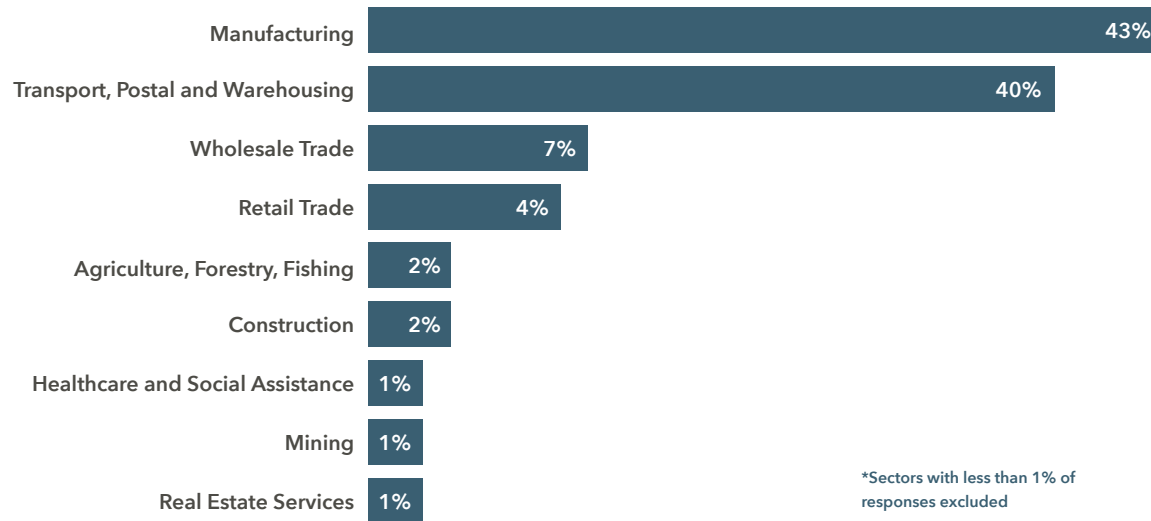
The majority of respondents came from larger national and global organisations, with manufacturing (43%), transport, postal, and warehousing (40%) representing the largest sectoral participation. Almost half of the respondents hold management positions or above, with C-suite executives comprising 13% of participants.

The survey captured comprehensive insights from professionals working in operations, logistics, and supply chain roles across warehousing, transport, postal, manufacturing, freight, and distribution companies. Their perspectives provide valuable insight into the evolving challenges and opportunities facing the supply chain sector in 2025.

The annual Prological Supply Chain Pulse Check Survey connected with senior professionals from throughout Australia and New Zealand



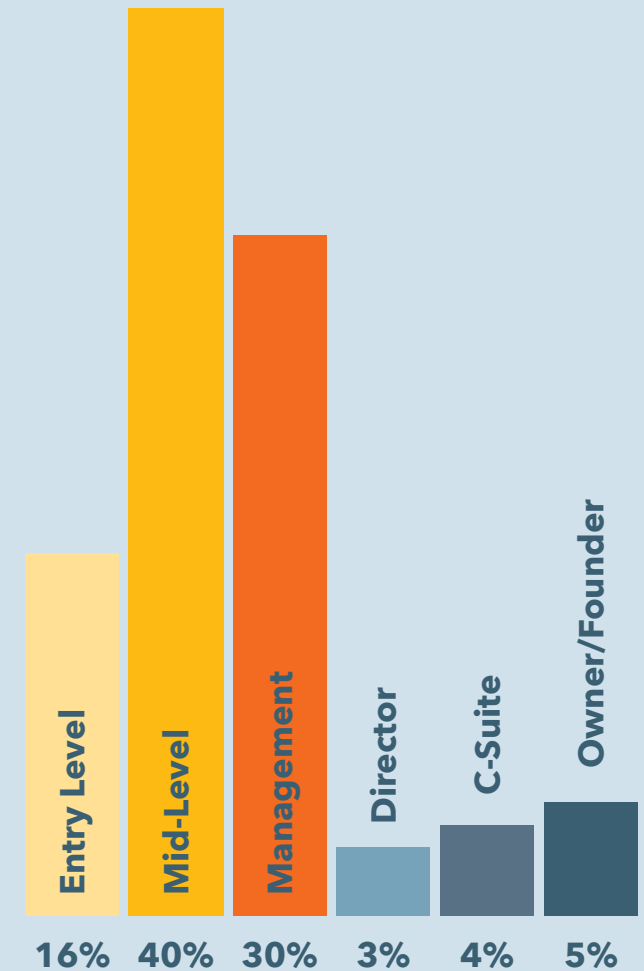
Which below best describes the sector in which you operate?



Is your business a:



Which level of seniority best describes your current role?



Executive Summary

There's no single challenge, nor solution, that rules the supply chain industry. Strategies are designed and executed for the specific demands of a particular business, whether that's a major retailer sending parcels around the country, a 3PL implementing new warehousing procedures or a manufacturer handling supplier relationships.

In saying that, having your finger on the pulse as to what is happening around the country can only help. It helps because technology is constantly changing, so are market conditions, and the ability to react quickly is more important than ever.

The 2025 Prological Supply Chain Pulse Check Survey shows a shift in Australian supply chain priorities. This year's findings are indicative of conversations we have had on warehouse floors about pivoting toward cost management and operational efficiency to overcome difficult economic realities.

Rising costs and inflation have overtaken labour shortages as the dominant concern for the first time in our survey's history. The impact of economic pressures is evident across all sectors, affecting investment decisions in automation, sustainability and digitisation.

Against this backdrop, businesses are fighting the growing gap between strategic ambitions and practical implementation. The survey indicates a significant recalibration of supply chain visibility expectations, with organisations gaining a more nuanced understanding of their capabilities and limitations. Data integration challenges continue to hold businesses back, as reports of "full supply chain visibility" have decreased amongst leaders from last year.

Staff shortages remain a critical issue across industries, along with inventory management which has climbed in importance. Managing inventory has always been important, but improved systems combined with up and down stream integrations have upped the ante. Emerging automation technology means that 'perfect' data is no longer a nice ambition, but essential to operations.

Sustainability initiatives show a similar pattern of reduced implementation despite maintained ambition, with the percentage of businesses actively reducing carbon emissions falling from 72% in 2023 to 54% in 2024. We see this gap broadening further before it turns and heads toward alignment - Australia's transport and warehousing sectors haven't reached the maturity to allow for immediate widespread sustainability implementations.

Perhaps most telling in industrial property realities is the continued prioritisation of operational excellence over short-term cost savings. When faced with facility decisions, 49% of organisations prioritised efficiency over cost considerations (26%) - a clear indication that the sector has an emerging understanding of the false economy of chasing lower lease costs at the expense of operational capability and the resultant efficiencies. This strategic wisdom suggests a sector that has learned valuable lessons from past cycles and is preferencing longer-term strategic success over short-term tactical gains.

“
THE ABILITY TO REACT QUICKLY IS MORE
IMPORTANT THAN EVER.
”

In this report, we dissect the data from different sectors and business sizes to shine a light on the more pragmatic approach Australia's supply chain leaders have taken in 2024, and their thoughts on what lies ahead for 2025.



1 in 4 respondents
declared rising costs as the current top
concern for the supply chain industry



38% of respondents
increased automation in 2024, down from
49% in 2023



54% of respondents are
implementing carbon reduction, down from
72% in 2023



49% of respondents
prioritise efficiency over cost in warehouse
selection

Challenges

Thanks to lingering inflation and higher interest rates, economic pressures have overtaken operational concerns as the biggest challenge for today's supply chain leaders. In last year's Pulse Check Survey, staff shortages were by far the biggest pain point, but this has been profoundly surpassed in the course of the past 12 months.

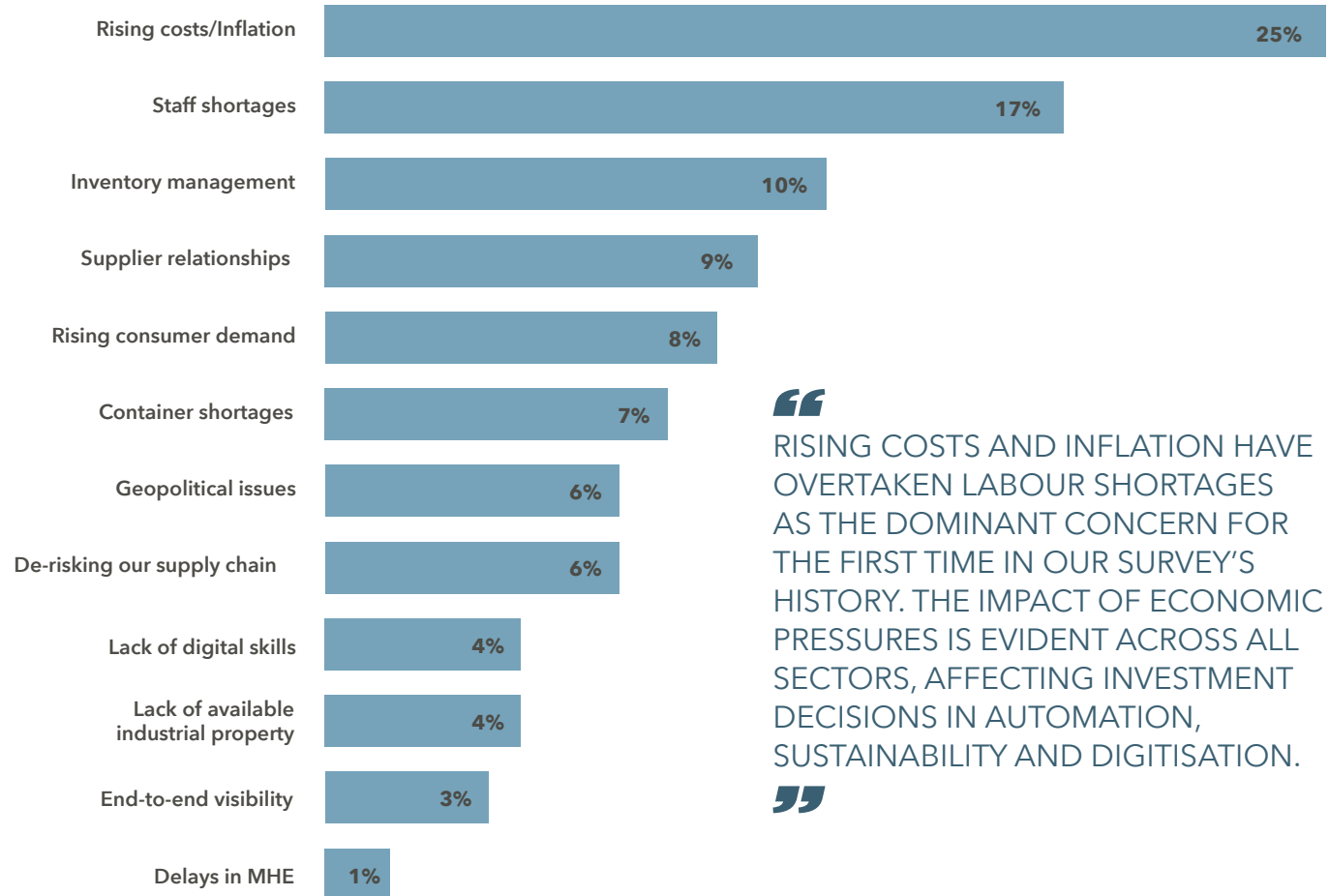
A total of 178 respondents identified rising costs and inflation as their primary concern, followed by staff shortages (120 respondents) and inventory management (76 respondents).

The impact of these challenges varies significantly by industry sector. The manufacturing sector shows particular sensitivity to inventory management, while construction and retail trade report the highest concern regarding rising costs.

Building construction output prices rose by 1.6% in the first quarter of 2024 and 5.9% over the past 12 months, driven by ongoing labour shortages and material cost increases. Meanwhile, retail is dealing with declining consumer spending as households tighten their budgets to deal with inflation.

Business size is a critical factor in how organisations experience and respond to these challenges. Smaller organisations (up to 30 employees) report the highest impact from rising costs, while mid-sized organisations (31-50 employees) show greater concern about staff shortages (22%). Larger organisations typically demonstrate more diversified challenge profiles, suggesting better absorption capacity for individual pressures.

What in your opinion is the biggest challenge facing your organisation this year?



RISING COSTS AND INFLATION HAVE OVERTAKEN LABOUR SHORTAGES AS THE DOMINANT CONCERN FOR THE FIRST TIME IN OUR SURVEY'S HISTORY. THE IMPACT OF ECONOMIC PRESSURES IS EVIDENT ACROSS ALL SECTORS, AFFECTING INVESTMENT DECISIONS IN AUTOMATION, SUSTAINABILITY AND DIGITISATION.



2024

Top Three Challenges 2024

- 1 Staff shortages
- 2 Rising consumer demand
- 3 Supplier relationships

Bottom Three Challenges 2024

- 1 Delays in MHE equipment
- 2 Lack of industrial property space
- 3 De-risking supply chain

2025

Top Three Challenges 2025

- 1 Rising costs/Inflation
- 2 Staff shortages
- 3 Inventory management

Bottom Three Challenges 2025

- 1 Lack of available industrial property
- 2 End-to-end visibility
- 3 Delays in MHE

Automation Adoption

While investment in automation continues, smaller businesses are struggling to keep pace with larger players.

Organisations have taken a more measured approach to automation investments in 2024, which appears closely tied to broader economic pressures identified in the biggest challenges to supply chains. It appears that businesses are still pursuing automation, however, the economic realities have extended timelines and delayed previously approved programmes.

Investment Trends

The year-over-year comparison reveals a decline in automation investment over the past two years. While 49% of organisations increased their automation investment in 2023, only 38% did in 2024. Simultaneously, uncertainty around automation plans has increased, with “unsure” responses increasing from 13% to 20%, and negative responses rising from 39% to 43%.

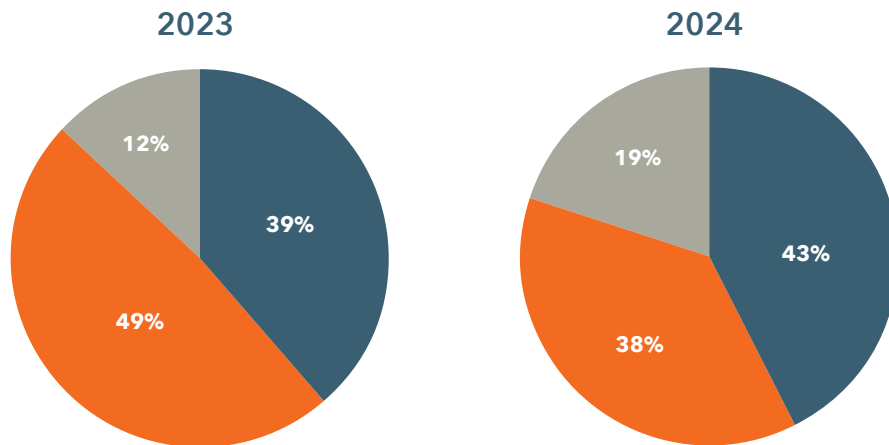
This suggests organisations are taking a “progress over perfection” approach, growing automation incrementally, even if it takes longer to reach previously set goals.

Future Planning

Despite the current slowdown, forward-looking indicators suggest continued commitment to automation, particularly among larger organisations. Our data shows that 66% of businesses with 101-300 employees plan to increase automation investments in 2025-2026, compared to 58% of mid-sized organisations and 29% of smaller businesses.

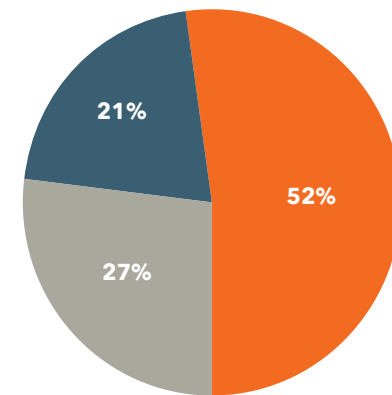
Did your business increase its investment into automation?

- Yes
- No
- Unsure



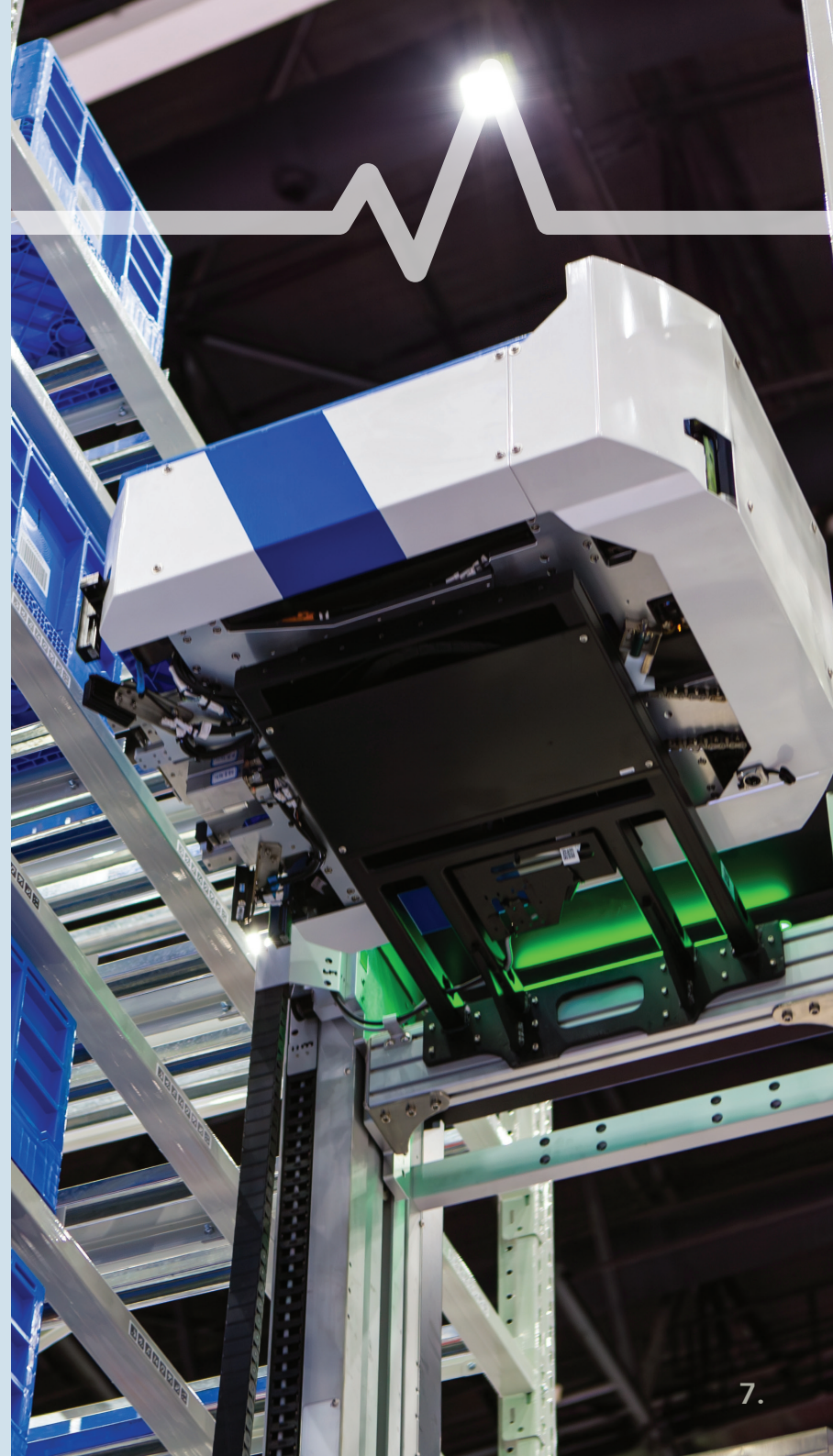
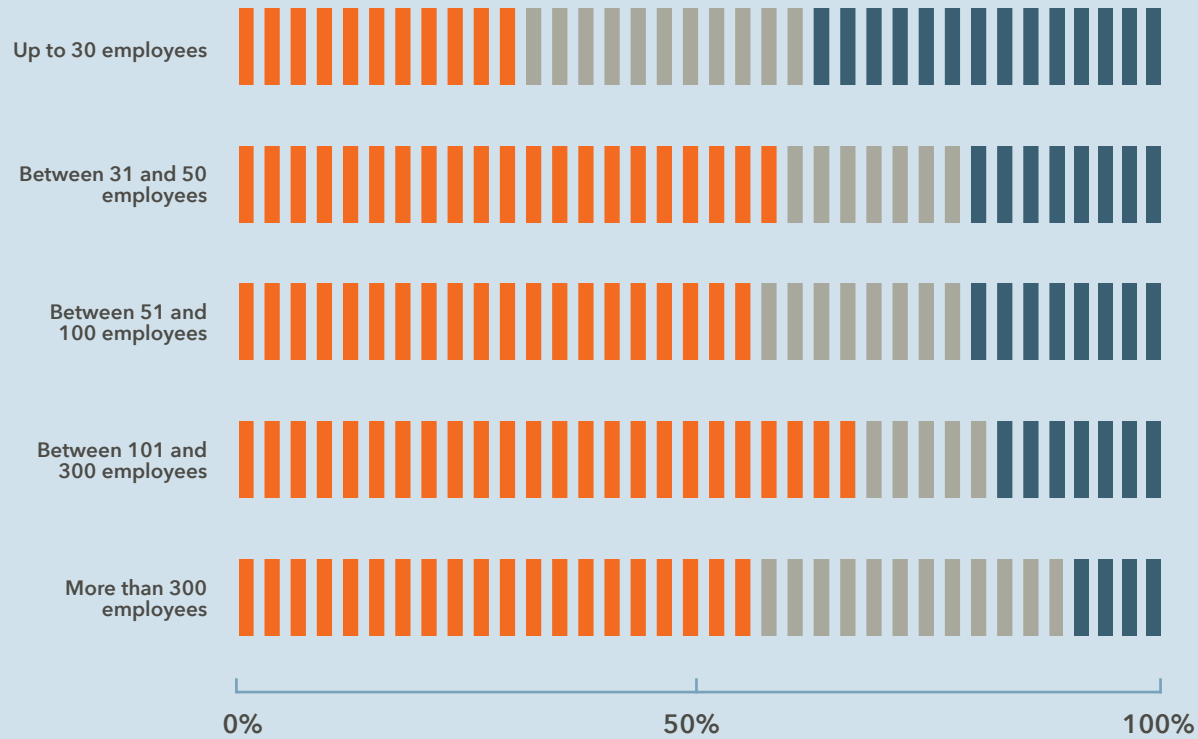
Is your business considering increasing its investment into automation in 2025/2026?

- Yes
- No
- Unsure



How businesses of different size responded to 'Is your business considering increasing its investment into automation in 2025/2026?'

- Yes
- No
- Unsure



Supply Chain Visibility

There's a growing awareness of the potential benefits of supply chain visibility. Achieving this remains elusive for most organisations, however, with data integration and general capability gaps standing in the way of progress.

Customer-Facing Visibility

The survey shows that only 20% of organisations claim full end-to-end visibility for their customers, while 28% maintain most visibility. The largest segment (34%) reports having some visibility, with 13% acknowledging minimal visibility and 6% reporting no visibility. This distribution suggests a maturing understanding of visibility capabilities and limitations which is being shaped by consumer expectations.

All of these figures are lower than 2023 and 2022's survey results. This is unlikely to be because people have less visibility, but down to the emerging understanding about what is possible for organisations who have unlocked supply chain visibility.

The real-time tracking capabilities demonstrated by food delivery platforms like Deliveroo and Uber Eats have set new standards for customer visibility and communication. Similarly, major grocery retailers have raised the bar with end-to-end visibility from warehouse to doorstep, making minute-by-minute tracking the new normal. Further, businesses like Amazon, The ICONIC and Catch have been providing granular order fulfillment visibility for years and are still improving. These benchmarks from adjacent industries are driving supply chain professionals in the B2B environment to reassess and enhance their visibility capabilities to meet more demanding customer expectations.

Internal Visibility

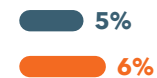
While slightly more than half of organisations report having comprehensive or near-complete internal visibility, the data reveals a significant operational blind spot for the remaining businesses.

The marginally better internal visibility metrics compared to customer-facing capabilities suggests that operational awareness is an easier feat than external transparency. Those with limited internal visibility often struggle to identify inefficiencies, respond to disruptions, or implement meaningful process improvements. This capability gap becomes particularly problematic when attempting to integrate with modern warehouse management systems or implement advanced analytics initiatives.

What measure of visibility does your organisation have across its supply chain from a:

- business perspective
- customer perspective

No Visibility



Minimal Visibility



Some Visibility



Most Visibility



Full End-to-End Visibility



Sustainability

Within Australia, regardless of a review of Scope 1, 2 or 3, carbon production in the supply chain is primarily in two areas: Transport and Warehousing.

Exciting green transport initiatives announced have launched across the last two years, but remain effectively pilot programmes and are not yet industry changing. So, despite indications of progress, for users of the transport industry, there are not any industry-based options available that will enable material shifting of the dial.

In today's warehousing landscape, brand-new warehouses are being celebrated at their openings; industrial assets with a life of 40-50 years to come. However, these buildings cannot even support enough solar panels to operate the building during day light hours, let alone house a battery in 5-years' time when they become economically viable for warehouse operations.

These are the two main reasons why the gap between ambition and implementation on carbon reduction is broadening, which is reflected in this year's survey results.

Reductions in carbon emissions are falling short of ambitions, particularly for smaller businesses. When capital is stretched, it's difficult for smaller businesses to prioritise sustainability initiatives.

Implementation Trends

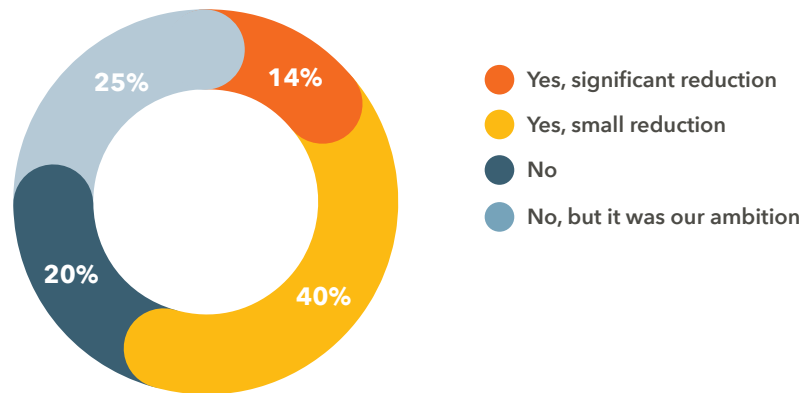
The survey shows a marked decline in carbon reduction projects, with total implementation falling from 72% in 2023 to 54% in 2024. This includes a decrease in both significant reductions (from 16% to 14%) and small reductions (from 56% to 40%). Notably, the proportion of organisations reporting ambition without action has increased from 13% to 20%.

Only 16% of organisations have no intention of decreasing their carbon footprint at all in 2025, suggesting that sustainability remains front of mind despite implementation challenges and cost pressures.

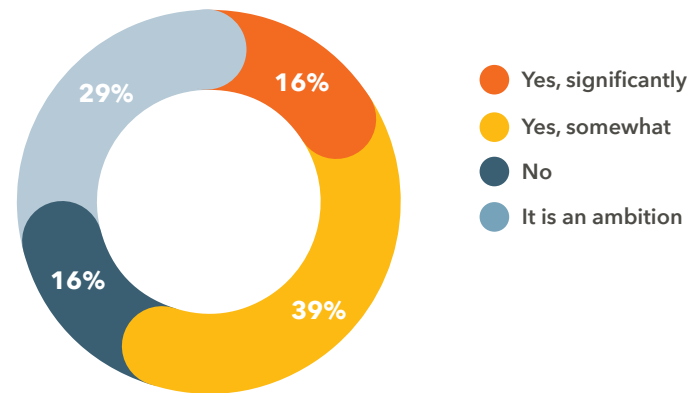
Stakeholder Pressure

External pressure for sustainability initiatives has moderated, with respondents now evenly split between those experiencing increased pressure (50%) and those who do not (50%). This has changed from 2023, when 65% reported experiencing increased pressure.

Did your business carry out projects to reduce their carbon emissions this year?

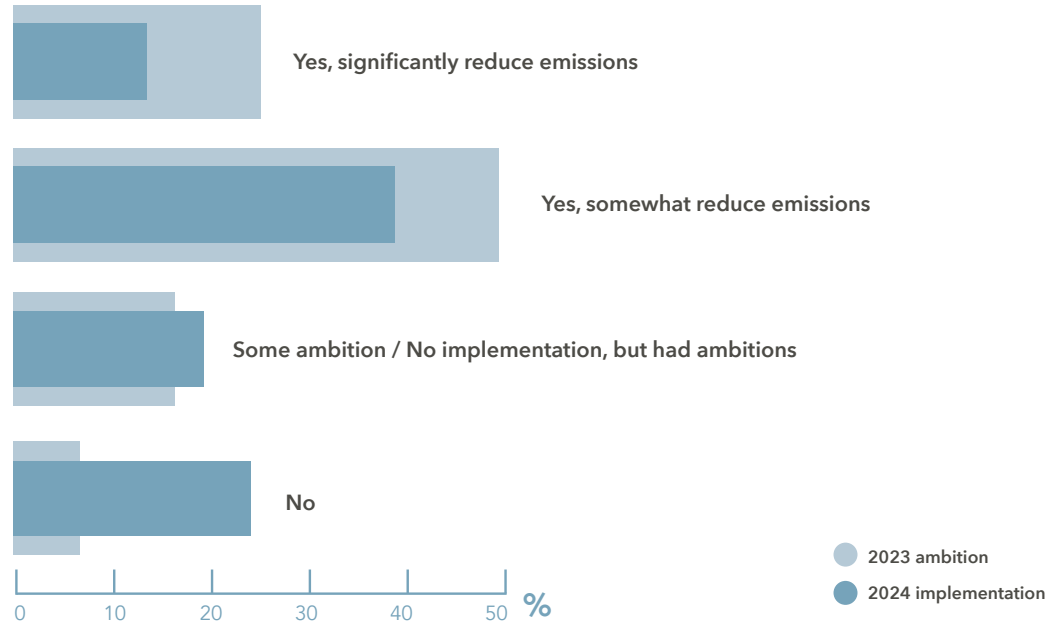


Do you intend to reduce your carbon emissions in transport next year?

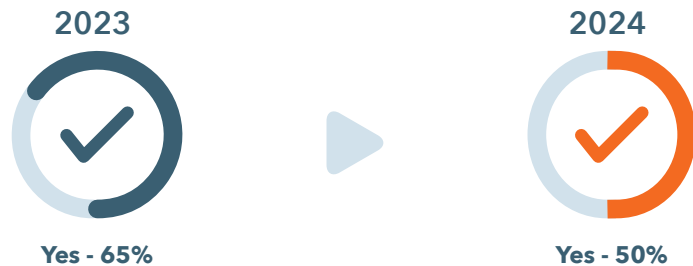


Comparison of 2023 intent to reduce transport carbon emissions with 2024 actual implementation

*Questions asked were 2023: *Does your business intend to reduce its transport emissions next year* and 2024: *Did your business carry out projects to reduce their carbon emissions this year?*



Have investors, suppliers and/or customers increased pressure for your business to accelerate its sustainability agenda this year?





When considering sustainable power generation, which outcome is your business aiming for?

When asked about sustainable warehouse design, 34% of respondents aim to offset the majority of daytime energy consumption, but costs - such as batteries - limit adoption of more intensive green initiatives.



Solar designed to offset the majority of daytime consumption

34%



Solar designed to offset some daytime consumption

18%



Solar with battery support to offset some non-daytime consumption

18%



We are not considering sustainable power generation / sustainable power generation is not an option at the site

18%



Self produce power for all operating hours

12%



Industrial Property

Australia's industrial property landscape has shifted over the past year, with vacancy rates increasing from under 1% in Sydney and Melbourne to 5% in some areas. Now a tenant's market, a surplus of sublease availability has resulted in a slowing in Greenfield development due to so many quality Brownfield options available in all of Australia's major cities.

Interestingly, there has been a shift in tenant understanding of the balance point between paying a little more rent for a facility that will deliver more favourable ongoing operational costs. This is a sign of a maturing tenant market and a potential sign of more collaboration between a company's supply chain and property teams.

Network Configuration

Current network data shows relative stability, with 66% of organisations maintaining their existing number of nodes. However, there is evidence of strategic growth, with 24% of respondents adding nodes or sites, while 10% have reduced their network footprint. This suggests targeted expansion rather than broad-scale growth.

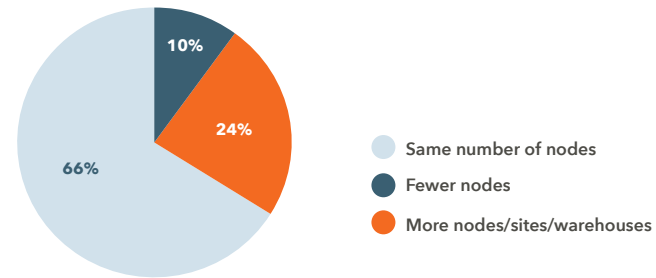
Relocation and Expansion

Our survey indicates that 35% of organisations are planning to expand or relocate their warehousing operations within the next five years. This represents a measured approach to growth and is down from post-COVID optimism, with decisions being driven by operational requirements rather than speculative expansion.

Development Preferences

The market shows a shift from previous years, with Brownfield development gaining substantial traction compared to historical preferences.

Has your business' logistics footprint (network) changed in the last two years?
Which of the following describes the change?



Is your business planning to expand or move to a new warehouse in the next 5 years?



Yes - 35%



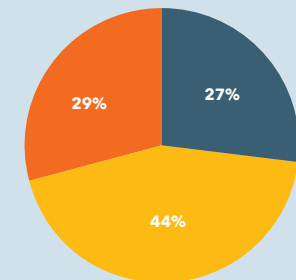
Maybe - 28%



No - 37%

Is the new warehouse going to be Greenfield or Brownfield?

- Greenfield, Bespoke Design
- Greenfield, Off-the-plan
- Brownfield



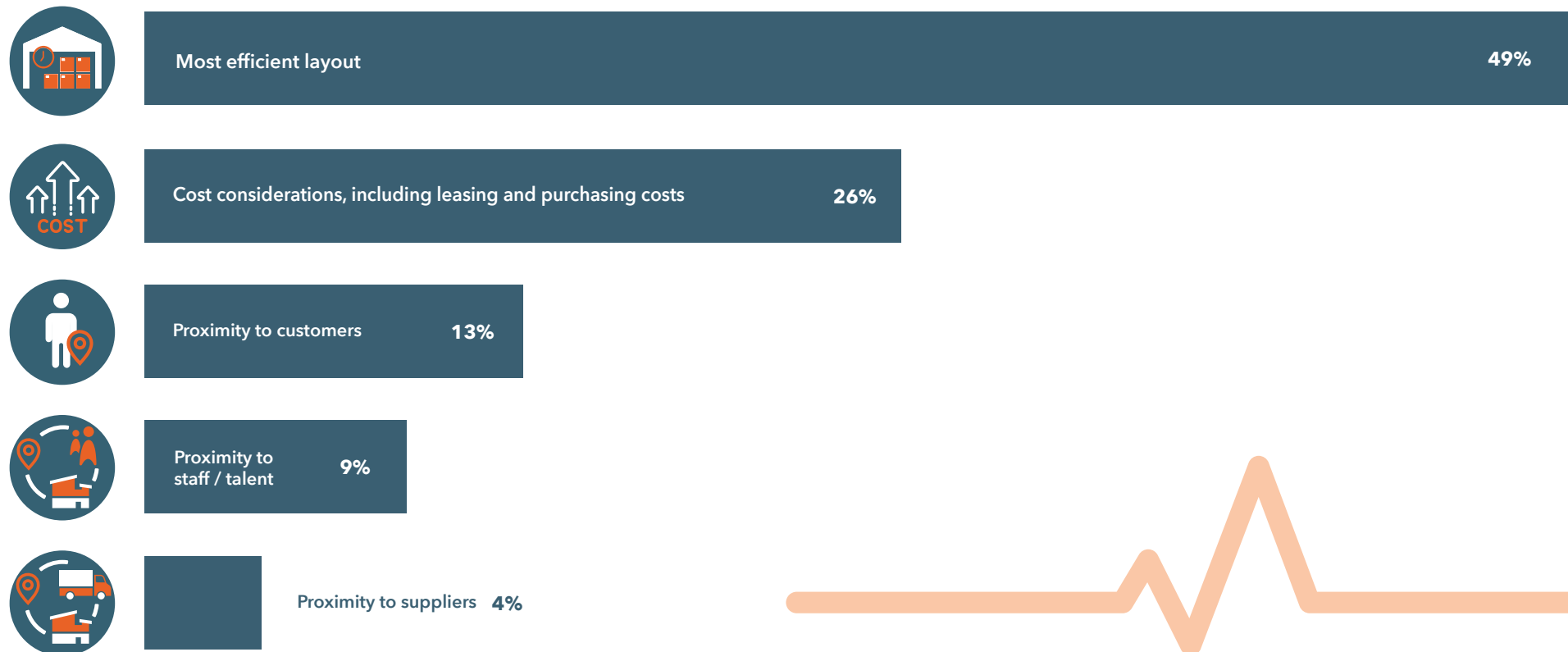
Selection Priorities

The evaluation criteria for industrial properties have evolved substantially beyond traditional metrics. Our Pulse Check Data reveals a strong focus on operational excellence and long-term gains over pure cost savings or location advantages.

Contemporary facility selection demands a multifaceted analysis framework that encompasses technological infrastructure, environmental performance metrics, and expansion potential. Modern facility assessment must consider multiple layers of infrastructure and capability, each contributing to the overall value proposition of a property.

Facility height and product density optimisation, automation integration possibilities, energy production and storage capabilities have now become standard considerations for many operations and are no longer just for premium infrastructure projects.

Most important selection criteria for new facilities





Conclusion



Australian supply chains have demonstrated remarkable resilience and adaptability through difficult times, making sophisticated trade-offs between immediate pressures and long-term strategic imperatives.

The story of 2024 has been one of recalibration rather than retreat. While we've seen a notable pullback in automation investment (dropping from 49% to 38%) and sustainability initiatives (decreasing from 72% to 54%), these shifts represent a maturing approach to transformation rather than an abandonment of progress.

Organisations are learning to navigate the delicate balance between innovation and pragmatism, adopting more measured, sustainable approaches to change.

Looking ahead, we see a sector that is not just surviving but evolving.

As we move through 2025, we expect to see organisations continue to refine their approach to transformation, likely adopting more modular, scalable approaches to change that can flex with economic conditions while maintaining forward momentum. The supply chain sector is demonstrating that it has not just learned from past challenges but is actively evolving to meet future ones.

Peter Jones
Managing Director
Prological



About Prological

Established in 2010, Prological Consulting has a strong focus on supply chain strategy, international and domestic freight and warehouse design and sourcing. Prological designs and implements supply chain innovation with the intent of supporting and enhancing already existing business strategy. With expertise across all key industry sectors, Prological Consulting delivers individualised, innovative, commercially viable and operationally sustainable outcomes for its clients. Prological and its extended team have a broad range of backgrounds, training and experiences and have completed assignments in Europe, Asia and North America as well as here at home in Australia and New Zealand.



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