

Awakening on the Last Mile

New Opportunities for City Logistics

***Presentation of
survey results***

*Transport and
Logistics*

October 2017



Multiple unsolved problems and challenges

The current city logistics system is inefficient



German end consumers – discerning and dissatisfied

▶ The PwC survey about buying behaviour, preferences for parcel delivery options, and acceptance of innovative distribution concepts on the last mile shows:



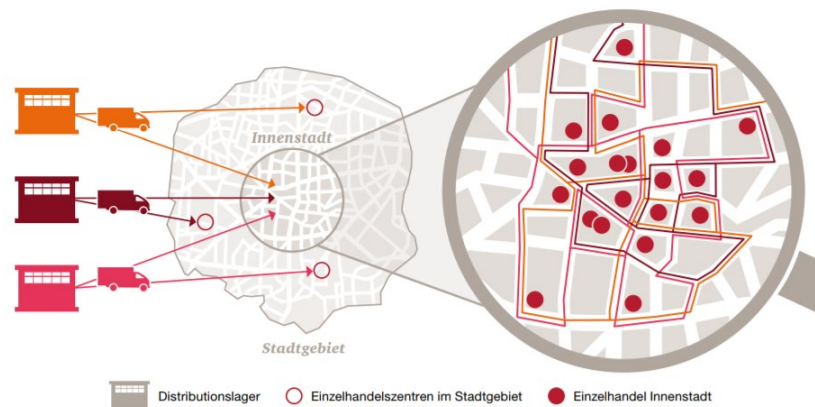
City logistics is inefficient

E-commerce fuels the struggle for inner-city space

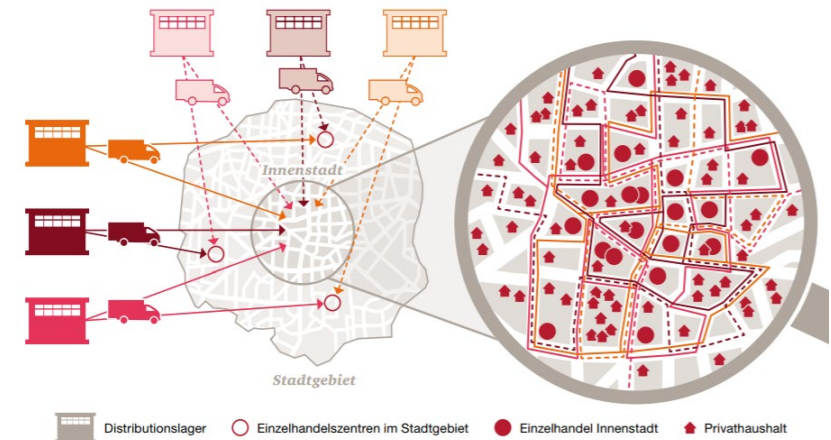
- Every single household is a potential recipient, therefore warehouses gradually move into the city-centre.
- Many small online orders result in more frequent deliveries with lower individual utilisation.
- New players establish additional delivery networks, which results in a redundancy of delivery networks.
- Strict access regulations and narrow time frames for delivery in pedestrian areas increase the space and time problem for logistics providers.

▶ The lack of warehouse space and loading and unloading possibilities increases congestion

City logistics before e-commerce

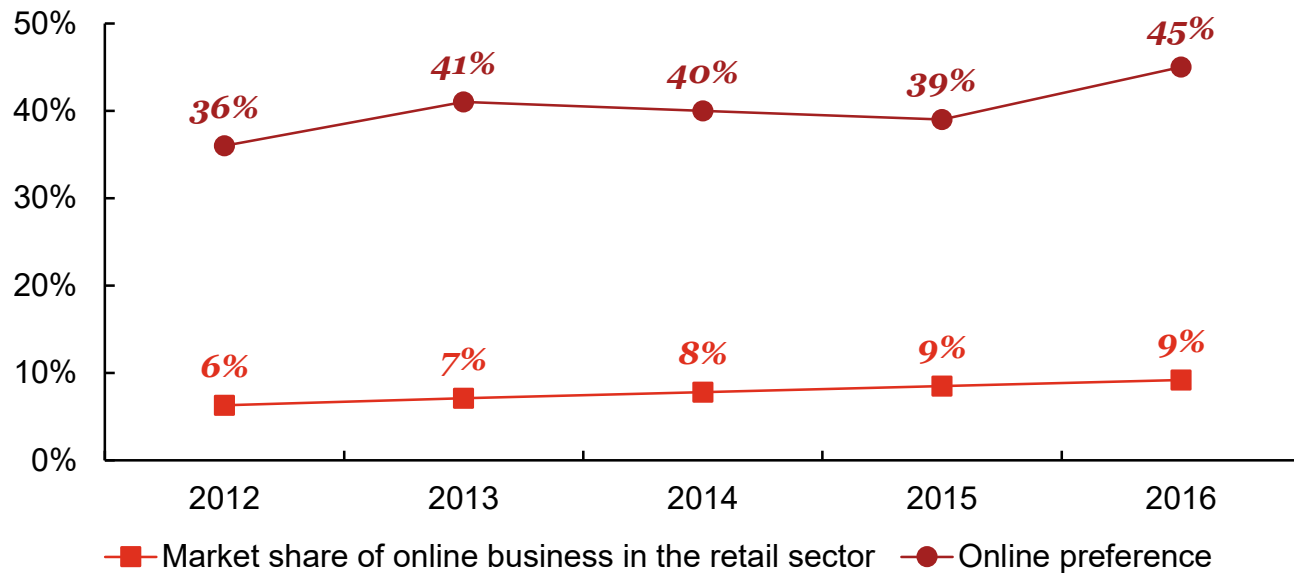


City logistics today: redundant distribution structures



Rising parcel volumes and stricter environmental regulations require action

The growth potential of e-commerce is immense



Source: HDE, PwC

Environmental protection – only small improvements

- The limit values for particulate matter have been exceeded for many years in German cities; residents and institutions go to court.
- The diesel scandal opens up discussions about prohibitions and incentives.
- The Paris climate protection agreement dictates the reduction of emissions in road traffic by 2020 by 40% in comparison to 1990; but by 2016 just 27.6% had been reached.

Rising pressure for cities and logistics providers to act in a more environmentally friendly manner

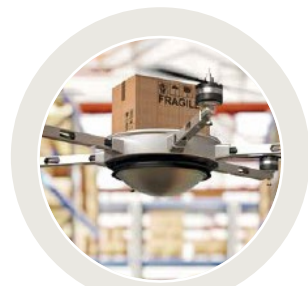
Technical innovations of logistics providers for the “last mile” do not go down too well with consumers

- Consumers expect constantly improved delivery services, but at no cost.
- Automation is an approach of logistics companies to reduce costs while improving delivery service.
- Consumers prefer personal parcel delivery; they are critical of automated delivery solutions.

Ranking of the most-used delivery options

1. Delivery to a neighbour: 51%
2. Home delivery in a preferred time frame: 40%
3. Delivery to a parcel counter point: 20%

▶ PwC-survey shows that just a few consumer would use automated parcel delivery options:



33%

Parcel drones



32%

Parcel robots



16%

Car boot delivery

There is a lack of integrated, sustainable concepts

Taking action and supporting cooperation become absolutely necessary

Problems in the past

- The majority of city logistics projects of the 1990s failed due to a lack of profitability and trust.
- Many of those concepts do not offer a solution for the numerous new problems resulting from e-commerce.
- Often too few initiatives are in place or too few cooperation partners are included to develop scalable solutions.

Challenges of the present

- The legal sphere of influence is limited for cities, but should be made the most of, especially when putting incentives in place.
- There is no one-size-fits-all solution, because the financial and organisational capacities of cities are very diverse.
- The attractiveness of cities has to be maintained for residents and the retail sector.
- Cost pressure for logistics providers has to decrease while delivery services have to be optimised.
- Consumer desires have to be integrated in city logistics projects.

More courage for new concepts

Residents call for electro mobility on the “last mile”

- ▶ The consumers interviewed could imagine the following measures to be useful for improving city logistics:

77%
Incentives for
electric cars in
freight transport

75%
Night delivery
for retailers
with electric cars

68%
Temporary opening
of parking spaces
as loading and
unloading spaces

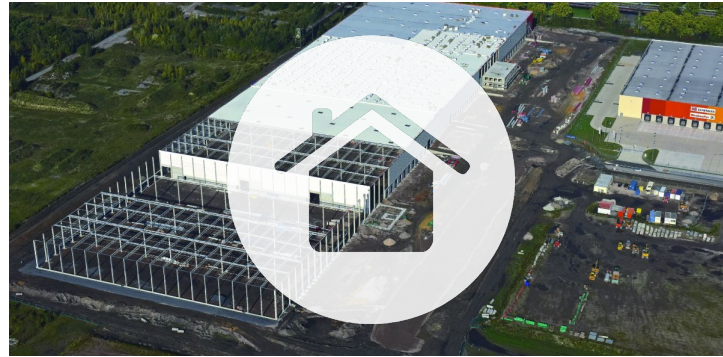
66%
Collaborative
usage of spaces as
warehouses
close to city-centres

Cities can get active in various fields to promote city logistics



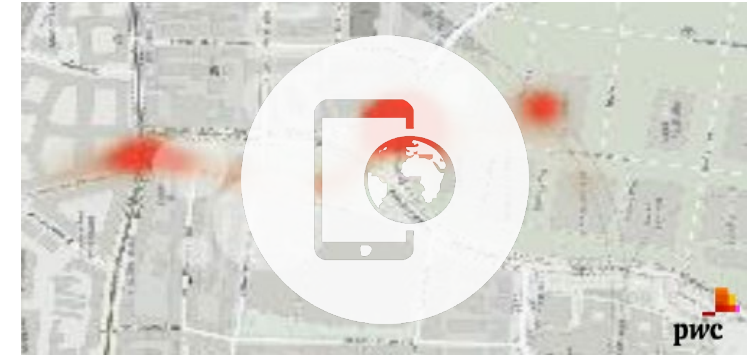
Promote electro mobility

- Expand delivery time frames for electric cars
- Set up micro-hubs with charging stations in city-centres
- Enforce night delivery for retailers with electric cars



Optimise the usage of space

- Initiate usage of brownfield as urban hubs for city logistics
- Initiate multipurpose usage of buildings and parking spaces
- Enable temporary usage of public parking spaces as loading and unloading zones



Establish digital solutions

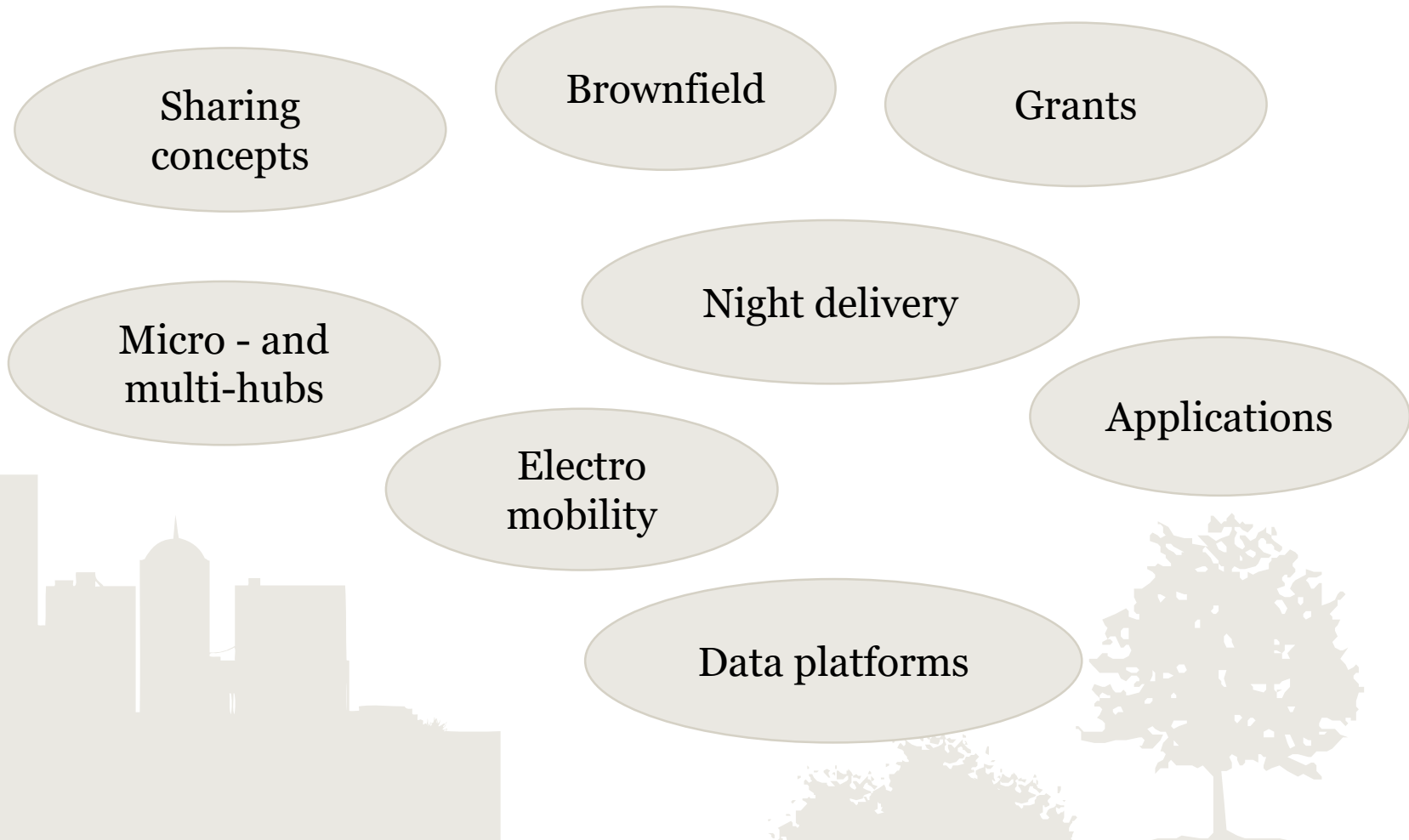
- Establish traffic planning via traffic dates
- Set up a joint database for logistics providers
- Develop applications for real-time information exchange

Take actions for new opportunities – together

Collaboration between cities and logistics providers becomes key

All involved parties have to interact jointly

- Trading companies
- Logistics providers
- Start-ups
- Property developers
- Associations
- Other cities
- Resident representatives



Your contacts

Ingo Bauer

Tel: +49 201 438-1107
ingo.bauer@pwc.com

Dietmar Prümm

Tel: +49 211 981-2146
dietmar.pruemm@pwc.com

Dr. Peter Kauschke

Tel: +49 211 981-2167
peter.kauschke@pwc.com

Hanna Peiseler

Tel: +49 211 981-5291
hanna.peiseler@pwc.com

Alfred Höhn

Tel: +49 30 2636-1270
alfred.hoehn@pwc.com

Dr Georg A. Teichmann

Tel: +49 69 9585-5517
georg.teichmann@pwc.com

Mark Braun

Tel: +496995856486
mark.braun@pwc.com

Thank you!