Sustainable same-day delivery: new business opportunities for local delivery operators

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Challenges for retailers, delivery operators, cities

- What is the role of local delivery operators to support local retailers?
- Are there profitable business models?
- Is there a need for green delivery?
Agenda

- Background: structural changes in retail markets
- New business chances for local delivery operators
- Case studies for local sustainable delivery in German cities
  - WüLivery
  - Boxbote
  - Wir sind Bochum
- Future outlook
- Local shops under pressure from e-commerce
- Surge of new online customers and exploding e-commerce sales
- New players, in particular food/grocery delivery

Source: Eurostat
Young people shop less in local stores

- Survey among city centre visitors in 2016 and 2020 (n > 57,000)

Many local shops expected to close

- Estimate: structural change accelerated by 7-8 years by COVID-19
- Additional ~80,000 local shops may close until 2023 (source: Institut für Handelsforschung)
- Fashion shops: sales areas (sqm) could decline by up to 50% in 2030 (source: KPMG, Fashion 2030)
New business opportunities for local delivery operators

~2.3 billion B2C parcel and express items in 2020

Local delivery operators - mostly active in (local) B2B

Local online marketplaces bring together local delivery operators and local retailers

Source: Freepick, / www.flaticon.com
Local online marketplaces

Logistics value chain for local online marketplaces

Customers order from local shops through platform or online tool

Local operator picks up goods from local stores

Sorting and, if needed, consolidating with goods from other stores

Local delivery to the receiver

Source: Freepick, kmg design / www.flaticon.com
Case studies for local sustainable delivery

Overview

WIK did research on 20 local online market places with local delivery

- Boxbote / Augsburg
- Bringoo / Hamburg
- Compravo / Bielefeld
- Flobee / Arnsberg
- Friesennetz / Nordfriesland
- Gronau inside
- Hofladenbox / Roßtal
- Kiezkaufhaus / Bad Honnef
- Knoblauchsland Gemüse / Nürnberg
- Landkorb / Rohrlack
- Lozuka / Siegen
- Mainlokalshop / Lohr a. Main
- Marktplatz Donau
- Mein Marktstand / Oldenburg
- Monheim
- Münster bringt’s
- Rottenburger Lokalhelden
- Vu-do Sonthofen
- Wir sind Bochum
- Wülivery / Würzburg

3 criteria
- Local retailers only
- Digital sales channel
- Local delivery
Case studies
Local online marketplaces in three German cities

<table>
<thead>
<tr>
<th>City</th>
<th>Inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bochum</td>
<td>370,328</td>
</tr>
<tr>
<td>Augsburg</td>
<td>299,021</td>
</tr>
<tr>
<td>Würzburg</td>
<td>129,405</td>
</tr>
</tbody>
</table>
Case study 'Boxbote'

- Started in 2015 as delivery platform for restaurants
- 2 cities: Augsburg, Nürnberg
- Augsburg: > 50 local retailers with customised product range
- Up to 200,000 users per month
- Delivers parcels for nationwide operators in off-peak times

### Boxbote

<table>
<thead>
<tr>
<th>Publicly supported</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery quality</td>
<td>Same day</td>
</tr>
<tr>
<td>Days/week</td>
<td>7</td>
</tr>
<tr>
<td>Vehicles</td>
<td>Bikes and cargo bikes</td>
</tr>
<tr>
<td># Delivery staff</td>
<td>80-90</td>
</tr>
<tr>
<td># Hubs</td>
<td>1 (another planned)</td>
</tr>
</tbody>
</table>

- Consumers pay between 0 € and 5.90 €, depending on location
- Retailers: monthly fee plus revenue share
Case study 'WüLivery'

- Started in November 2020
- Würzburg
- > 100 local retailers, no restaurant deliveries
- Logistics partner: bike courier operator (B2B)
- Plan to extend delivery area to rural region around Würzburg with electric vehicles

<table>
<thead>
<tr>
<th>Wüelivery</th>
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<tbody>
<tr>
<td>Publicly supported</td>
<td>Yes</td>
</tr>
<tr>
<td>Delivery quality</td>
<td>Same day</td>
</tr>
<tr>
<td>Days/week</td>
<td>6 (Mo-Sa)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>Bikes and cargo bikes</td>
</tr>
<tr>
<td># Delivery staff</td>
<td>13</td>
</tr>
<tr>
<td># Hubs</td>
<td>1</td>
</tr>
</tbody>
</table>

- No platform
- Originally: delivery of shopped items from stores to customers’ home/hotel
- Consumers order via social media, phone, or email
- Retailers pay 4.50 € per delivery / free of charge during first 2 months
- Consumers pay what retailer charges
Case study 'Wir sind Bochum' 

- Started in 2018
- Bochum
- > 30 local retailers, no restaurant deliveries
- Logistics by local operator specialised in e-vehicles

**Wir sind Bochum**

<table>
<thead>
<tr>
<th>Publicly supported</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery quality</td>
<td>Same day/Bochum, national delivery (D+2/4)</td>
</tr>
<tr>
<td>Days/week</td>
<td>6 (Mo-Sa)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>Cargo bikes for collection, electric vehicles for delivery</td>
</tr>
<tr>
<td># Delivery staff</td>
<td>2</td>
</tr>
<tr>
<td># Hubs</td>
<td>1</td>
</tr>
</tbody>
</table>

- Retailers‘ fee 4.50 € per delivery
- Montly retailer fee plus revenue share
- Consumers pay what retailer charges
Local online marketplaces experience growth on low level

- In Germany: number of local online marketplaces growing, but on low level
- Impact of COVID-19
  - Many initiatives to support local retailers
  - Local online marketplaces: number of local deliveries surged during pandemic

Source: Der Handel im Jahr 2021, ibi research (2021)
Retail is changing
- Retail is changing. Local delivery may help local retailers to
  - combine advantages of in-store personal advice and e-commerce
  - meet customer expectations on availability and convenience
  - become more sustainable

Structural change in city centres
- City administrations are looking for solutions to
  - promote local trade
  - reduce congestion / traffic problems
  - reduce emissions
  - become more attractive to visitors / tourists

Growth potential for local deliveries
- Same day delivery as unique selling point for local retailers
- Sustainable delivery will become more important
Future outlook
Challenges

- Huge growth potential for local deliveries
- Challenges
  - for local retailers
  - for local delivery operators
  - for city managers

Challenges

- Local retailers
- Digitisation
- Motivation
- Know-how

Business model

- Cities
- Innovative
- Flexible

Budget/staff

Management
Thank you for your attention!

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