Barometer of urban logistics in lockdown #4

April 17 – 24, 2020

Photo credit L. Dablanc

https://www.lvmt.fr/en/chaires/logistics-city/

- The **Logistics City** chair (https://www.lvmt.fr/en/chaires/logistics-city/) of the University Gustave Eiffel has launched, with the support of the City of Paris, an initiative to increase knowledge and awareness of the situation of the urban logistics sector in times of lockdown
- A panel of companies and platforms operating in Paris and the Ile-de-France region was selected to be interviewed daily through a short and anonymous survey
- A second survey, conducted on a weekly basis, polls professional transport organisations
- Following the gradual lockdown phase-out announced in France for May 11th, a seventh question was added to both polls
- This note summarises the results of the fourth week of surveys (daily survey among companies and platforms April 17 – 23, 2020, weekly poll among organisations April 24, 2020)

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Chaire LOGISTICS CITY

VILLE DE PARIS

Survey synthesis and background information
A number of lessons can be drawn from these seven days of polling, from April 17 to 24, 2020

- On activity levels: even if the levels remain much lower than before the lockdown, most of the companies in the panel are making **more deliveries than at the beginning of the crisis**; there has been a change in consumer purchasing behaviour (B2C) with a **diversification of products bought online**, as well as a slight recovery in the delivery of meals
- Awaiting **massive needs for sanitary equipment for the period after lockdown phase-out** – companies starting to organise for that
- With car traffic in Paris and the Ile-de-France region on the rise, some logistics companies are asking the question of **public transport** for their staff after lockdown phase-out on May 11th
- There are **major uncertainties about the post-11 May period**, as the precise terms of lockdown phase-out are still to be determined and the fate of places to be delivered will vary depending on the sector (reopening of shops and local businesses, what about restaurants, uncertainties about B2B volumes in office and school restaurants, office supplies, etc.) but also for sectors that have benefited from strong demand linked to lockdown: "fewer deliveries, even if the volume will remain high"; constant monitoring of changes in work legislation
- The entire panel is expecting **major changes in activities and internal organisation** in the coming weeks, recovery plans are beginning to be launched
- One respondent focuses specifically on **sustainable development-oriented** investments

Some elements about the regional and national context:

- The French National Low Carbon Strategy was published on April 24th, 2020, see for the transport sector from page 79 (in French): https://www.ecologique-solidaire.gouv.fr/sites/default/files/2020-03-25_MTES_SNBC2.pdf

- (Fox Intelligence) **Food e-commerce** in France is at +32% compared with the beginning of March (but down compared to the previous week). On the home delivery side (i.e. excluding click-and-collect), Amazon Prime Now remains the leader. **Non-food e-commerce** remains at +10-20% of its level at the beginning of March, despite the closure of French Amazon warehouses, with strong increases for DIY and gardening, fashion and accessories. For the first time, average delivery times are no longer increasing. Home delivery of meals continues to pick up (+7 points compared to the previous week) and reached 65% of the pre-lockdown level (in the UK, the level for the same week was 87%)
- **Lockdown phase-out conference set up by the Prefect of Ile-de-France**, including a group on the logistics of sanitary equipment
- Afilog's survey on the **impact of the crisis on logistics real estate**, see results (in French): https://www.voxlog.fr/actualite/4286/un-sondage-afilog-revele-les-consequences-du-covid-19-sur-limmobilier-logistique
- **France Logistique** proposes seven actions for the resumption of the sector's activities: to preserve the cash flow in the short term; strengthen the adaptability of the logistics chain; facilitate transit activities in ports and secure their operation; air supplies; enable rail and river transport to play their role; promote the optimisation of urban distribution and reduce its carbon footprint; encourage the construction of warehouses in the country
- Citing explicitly the company's difficulties linked to the health crisis, the UK Competition and Markets Authority has authorised closer relationships between **Deliveroo and Amazon**, but will take a final decision in June.
- **Sales of electric light commercial vehicles in Europe** in 2019: 26.107 vehicles, i.e. 1.2% of total sales (new vehicles), with France number one (8000 vehicles), followed by Germany with 6700 units and the UK with 3400 units (Clean cars, ACEA figures)
- In London, the Euro 6 standard for the **low-emission zone** for trucks and vans, scheduled for October, has been postponed by four months, as has the **Vision Zero project**, which will only allow the use of direct vision trucks (Bus&Cars)
- Since April 12th, **heavy truck traffic** in New York State is on the rise again for the first time since lockdown (ATRI, GPS data)

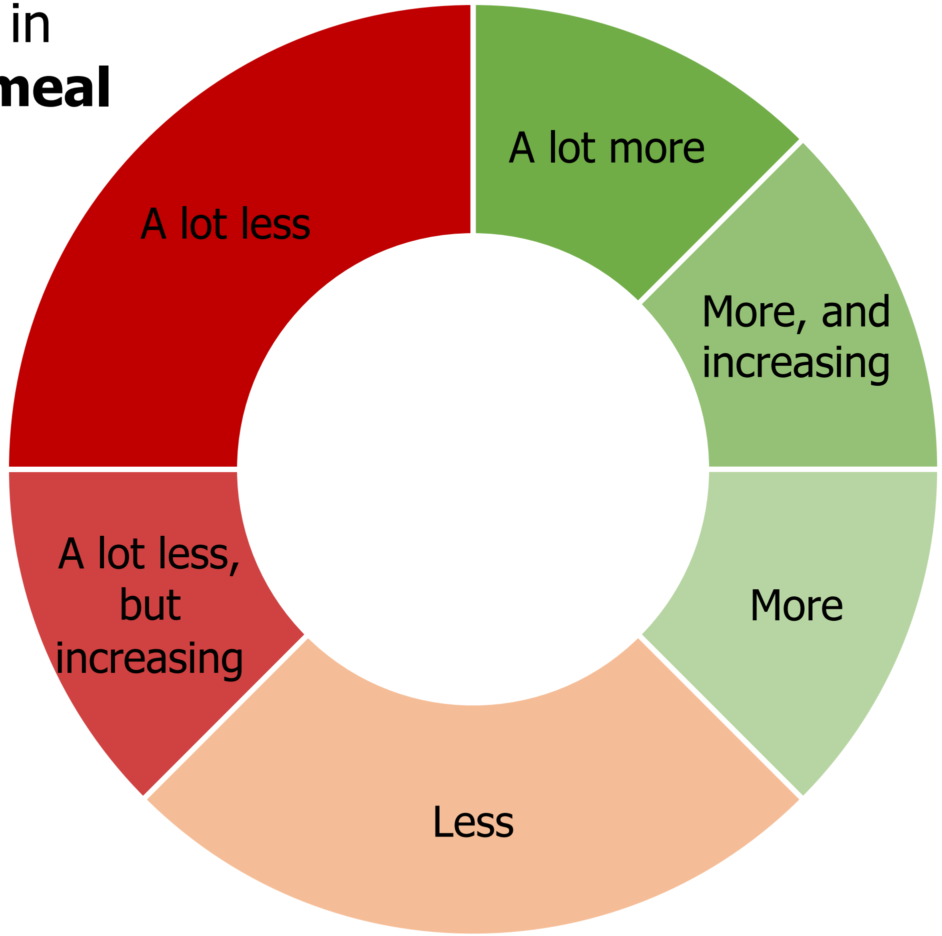
- **Exchanges with Sanggyun Kang, Korea Transport Institute**, on April 23rd, who also sent us a note on the freight and logistics situation in Korea
- In Seoul: life is back to "cautiously normal" since mid-April, traffic and traffic jams have resumed. In total, during the lockdown (January to March), **massive recourse to online deliveries for food**: a typical family received 3 to 4 bins every two days, from operators such as Coupang ($3 per month subscription for unlimited deliveries) or Costco Korea. Very fast turnaround times (early next day delivery), no difficulties
- In Korea: a total of 17% growth in express (B2B and B2C parcels) and meal delivery in mid-April 2020, compared to February 2020. **For the longer term, an analysis of the expected effect of the covid**: "The pandemic will accelerate the adoption of the virtual economy even further, and the virtual economy will become a new norm. However, it will take much longer to prepare the physical infrastructure, labour pool, labour training, equipment, and legal/business environment to cope with the expanding demand properly"

Type	Changes in volume (approximate)
Containerized goods	-30%
Home/business delivery (B2B, B2C, C2C)	**+18-20%**
Automobile	-38%
Coal	-41%
Steel	-42%
Grain	-11%
Petroleum products	-14%
W&D based 3PL	+/-

Freight volumes in Korea before and during lockdown
KOTI, April 2020

Change in delivery volumes in the Ile-de-France region

- Most of the companies in the panel are in better shape than at the beginning of the crisis, there has been a change in **purchasing behaviour**, as well as a slight upturn in **meal delivery**
- However, the overall volume to be delivered remains "much less" or "less" significant than in normal times: "37% fewer deliveries than on a comparable day in 2019"

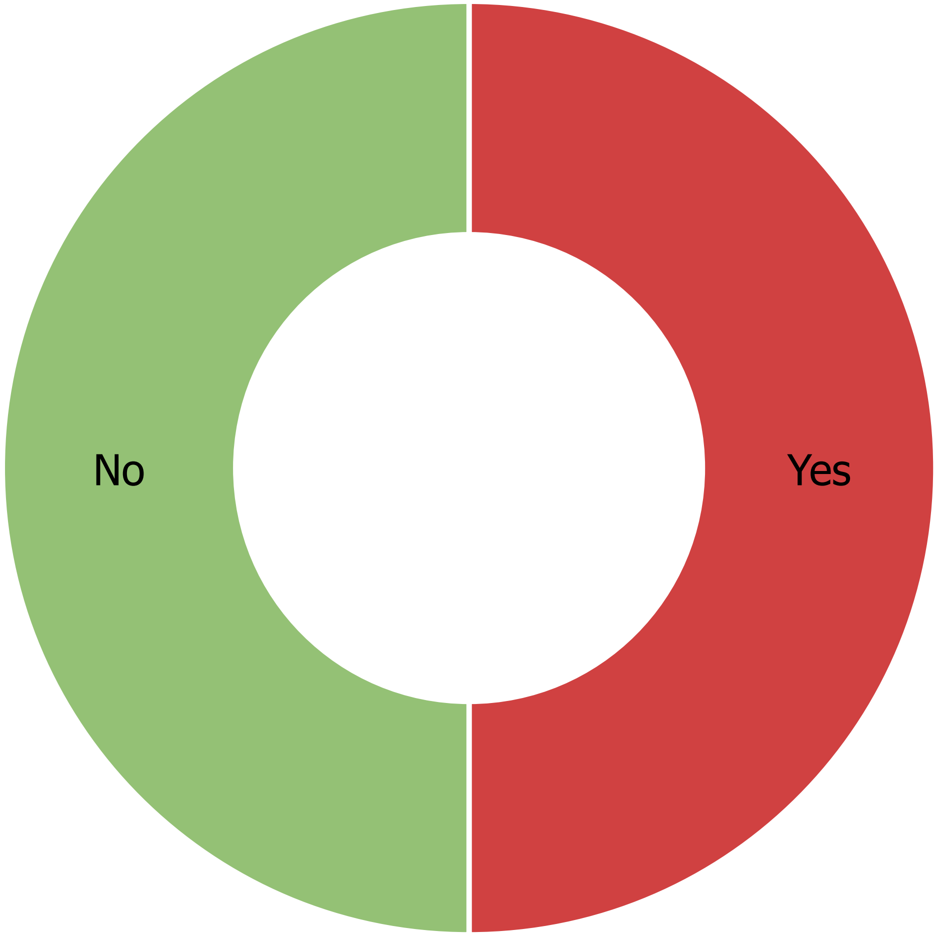


"Pushes of B2C parcel flows"
Food

B2C sectors: medical, retail, cafeteria, out-of-home catering
Closing of B2B customer recipients: local shops, services and maintenance, administration

Difficulties in obtaining/providing sanitary equipment

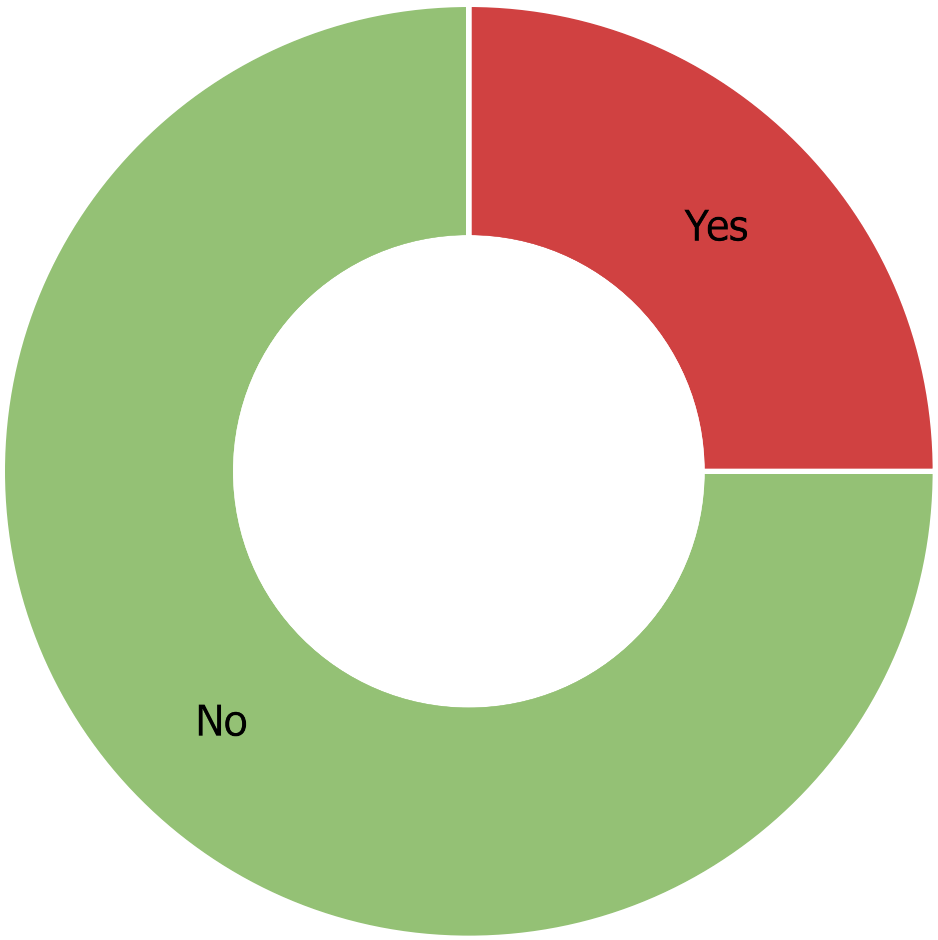
- **Still a contrasted situation**: some companies have found a solution to the shortage of sanitary articles, others are still experiencing problems
- Strong impact expected after May 11^{th}: the lockdown phase-out and the resumption of activity will **generalise, multiply the needs** in sanitary equipment: will the masks and the rest be there?



Regarding “yes”: missing masks!

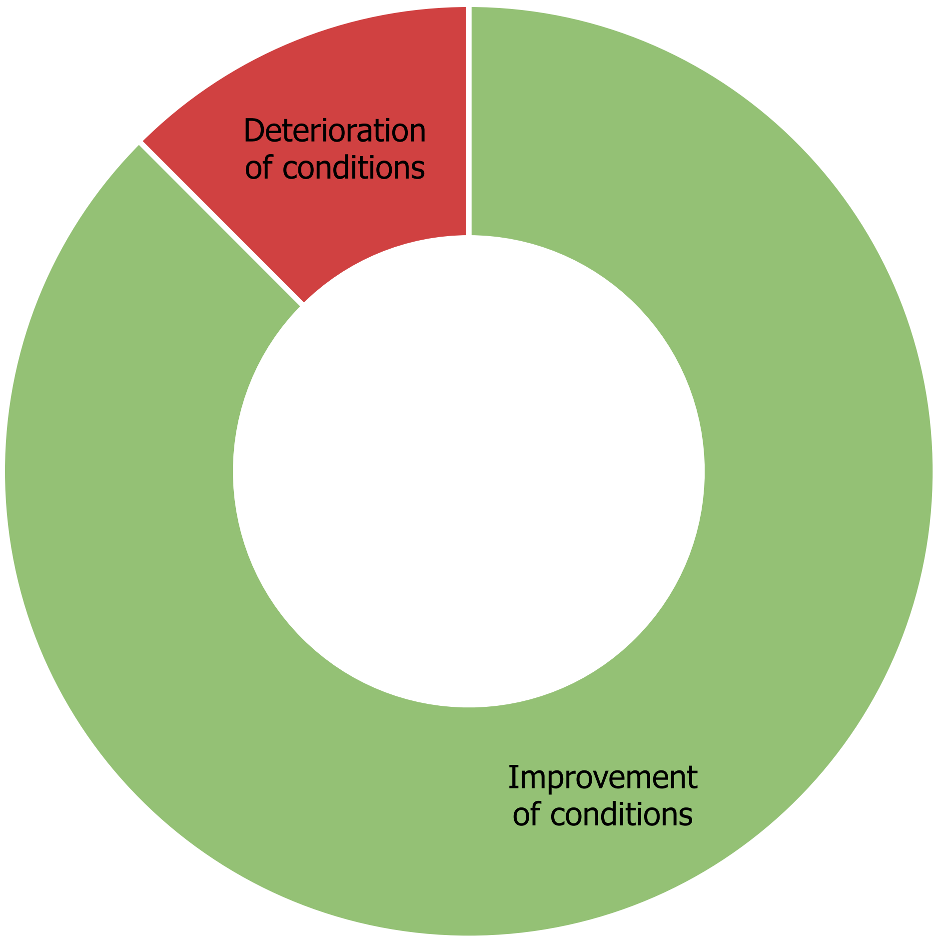
Difficulties in managing/recruiting enough staff

- Only a small proportion of companies experience recruitment problems: micro-entrepreneurs on the one hand, employees and temporary workers on the other
- **Absenteeism problems** are still reported



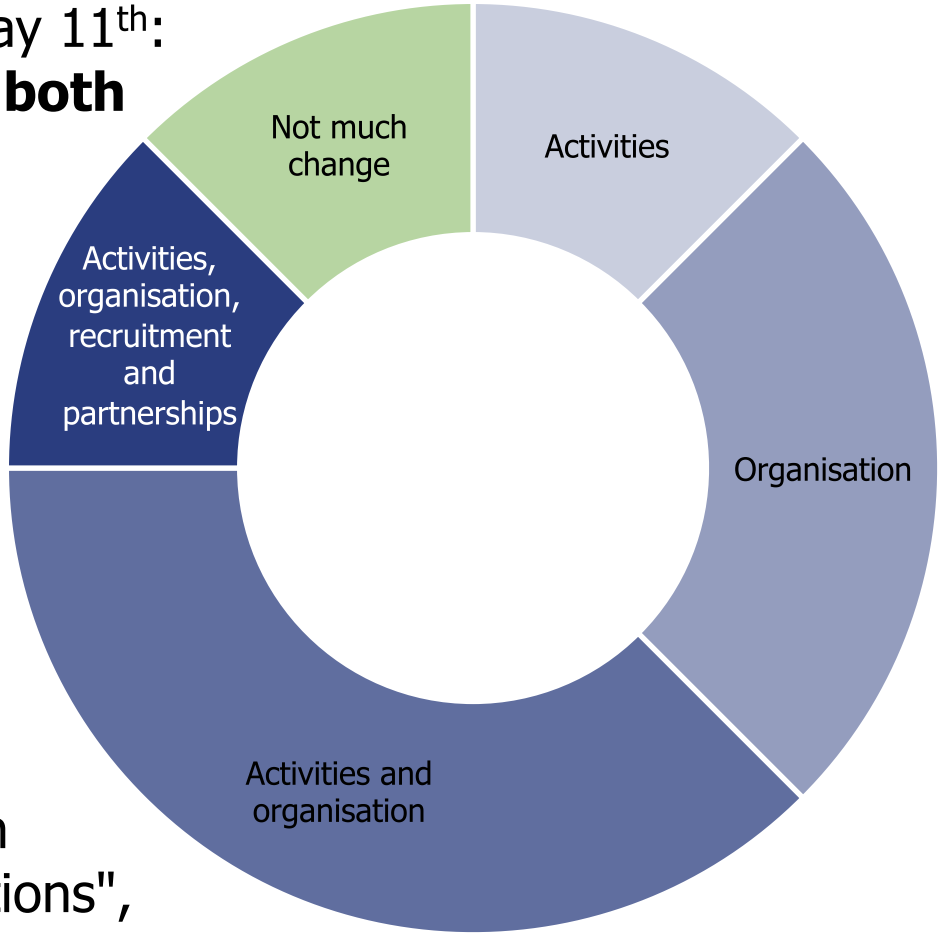
Difficulties with traffic, parking, access or traffic regulations

- Evolution over the seven days: **slight increase in traffic**, still fluid but less than before
- Problems and issues concerning **public transport**: "the issue of public transport for getting to work will be key"



Anticipation of post-11 May (progressive lockdown phase-out)

- The companies in the panel anticipate changes after May 11th: the majority **in terms of activities, organisation or both**
- Variable volume increases are expected:
  - "Anticipation of a gradual return of restaurants and customers and requests for partnerships with new restaurants" for meal deliveries, reopening of shops and local businesses, uncertainty about B2B volumes (corporate or school restaurants, offices, etc.)
  - But also "fewer deliveries, even if the volume will remain sustained" for those who have benefited from strong demand linked to the lockdown
- Some companies indicate that it is **too early** to give an opinion because "little visibility on the terms and conditions", uncertainties on the end of "partial activity" status



Challenges, solutions, innovations (open question)

New activities or ways of working, new challenges

- Problems identified with a complex and highly changing regulatory framework, particularly in terms of human resources and health recommendations
- Begin to prepare for the post-May 11th situation: **launch recovery plans**
- "The investments for tomorrow must be oriented towards sustainable development"
- **Solidarity initiatives** with the hospital environment continue: "involvement with the Collectif Solidaire" (delivery of meals made by chefs to caregivers)
- And always: to promote the importance and strategic nature of the sector in the eyes of the public, public officials and the media

Feedback from the transport and logistics trade groups

- On activity levels: the decline in volumes is less pronounced than at the beginning of the lockdown period
- Changes are expected after May 11th among their members in their level of activity and organisation, with the gradual resumption of activity, the reorganisation of schedules, the implementation of sanitary measures, massive purchases of protective equipment, etc.

Find this barometer and consult the barometers
of the previous three weeks on :

https://www.lvmt.fr/en/chaires/logistics-city/

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