

Retiming & Consolidation
Report

May 2016

TfL number: 15213

FT number: 1894b

V2.0

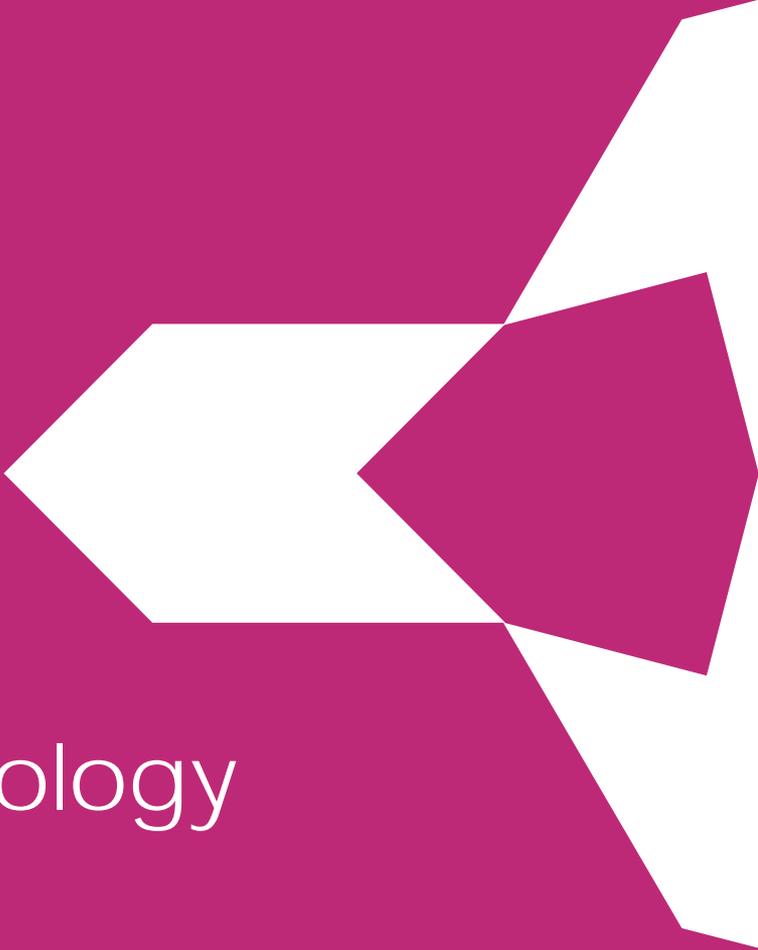




Contents

- Objectives & Methodology
 - Summary
- Awareness and engagement with issues impacting deliveries:
 - Businesses
 - Operators
- Attitudes to delivery changes
- Practical requirements and limitations
- Retiming
- Consolidation
- Moving Forward
- Appendices:
 - Case Studies
 - Emerging offers

Images subject to copyright and supplied by thinkstock



Objectives & methodology



Business objectives and background

Background

Congestion on London roads is increasing. A large proportion of road trips during the day are freight and white van deliveries.

TfL have identified two different strategies to help manage congestion:

Retiming
Consolidation

However, greater insight is needed to understand how much appetite there is for adopting these strategies.

Objectives



**Understand
current
consolidation
and retiming
practices and
solutions**

**Identify barriers
and benefits to
retiming and
consolidation**

**Understand
reception to
solutions and
how best to
communicate
with decision-
makers**

Overview of approach

A programme of research with delivery operators and London businesses

Qualitative : Telephone depth interviews

Quantitative : CATI (telephone) survey

Operators



20

Interviews with operators delivering to London
Cross-section of sectors and operator sizes

Businesses



32

Interviews with businesses across London, speaking to decision-makers and staff managing/ co-ordinating deliveries and services
Range of business sizes, mix of inside and outside congestion zone, as well as mix between office and non-office premises

Businesses



500

Telephone interviews with businesses across London (within M25), speaking with decision-makers and staff managing/ co-ordinating deliveries and services



58% Offices



42% Non-offices
(retail, restaurants, pubs)



46% Small
businesses
(1-9 staff)



38% Medium
businesses
(10-49 staff)



16% Large
businesses
(50+ staff)

5-7
minutes

CATI
survey

Qualitative sample

Qualitative depth interviews covered a range of sectors, sizes and locations



Size by # vehicles	Small (under 10 vehicles)	Medium (11- 50 vehicles)	Large (50+ vehicles)
	6	7	7

Courier, Residential Construction, Wholesale & Retail, Waste & Recycling, Hospitality & Food Services, Building & Accommodation Services



Size by # employees	Small (1-9 staff)	Medium (10-49 staff)	Large (50+ staff)
Inside Congestion	5	6	6
Outside Congestion	5	4	6
Total	10	10	12

19 office based, 13 non-office based businesses
Consumer Products, Hospitality, Finance, Fashion, PR, Services, IT, Education, Retail, Charity, Healthcare, Food Services, Events & Stadiums



Summary

Delivery practices and any potential changes in London are influenced by three key contextual aspects

Awareness & engagement with issues impacting deliveries

Do businesses and operators see a reason to change?
What is the most motivating reason to change?

Attitudes to delivery changes

What is the attitude towards change?

Practical requirements and limitations

What are the considerations for businesses and operators when looking at changes?

Congestion is not top of mind, however solutions represent opportunities for businesses

Congestion is not top of mind or a conversation in the London business community. Operators are more conscious than businesses of the issues and wider impacts of congestion, however they feel this is just the nature of working in London. Overall, businesses and operators do not see the wider impact of their activity, and therefore do not see congestion as their issue to solve

A few retiming and consolidation strategies have been applied in London, and are typically used where they help meet existing business objectives or deliver efficiency or cost savings. Operators are widely using geographic bundling to drive efficiency, but are reluctant to challenge businesses to adopt other changes as this is perceived as risky. Businesses are utilising bulk buying where appropriate, but are not always able to see benefits of other changes

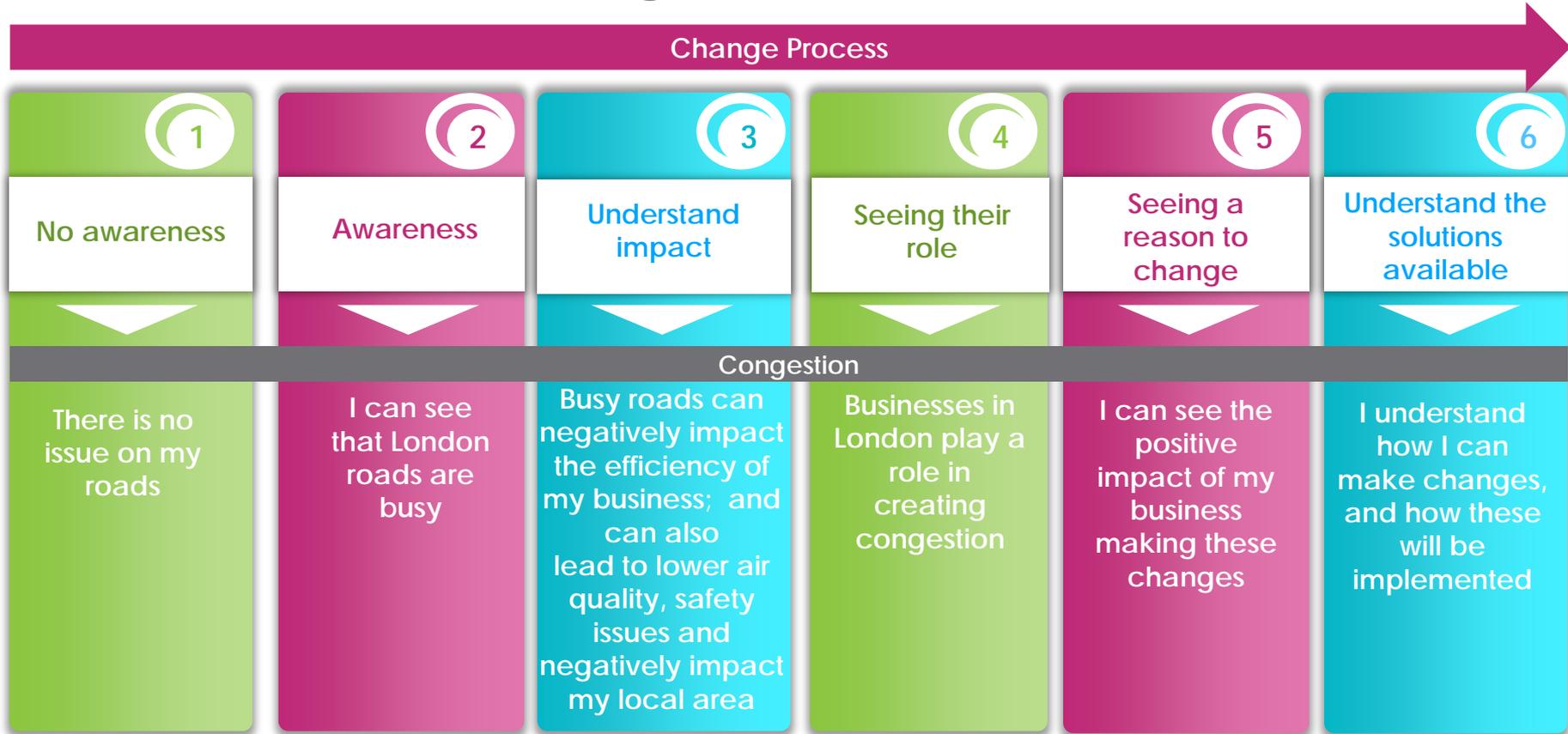
Corporate Social Responsibility (CSR) benefits are acknowledged as positive, but in themselves are less likely to motivate change. Solutions that enable businesses and operators to achieve efficiencies, cost savings and better customer service are motivating to change. Case studies demonstrating these business-focused positives are most likely to engage decision-makers

Although reception to consolidation strategies by both businesses and operators is more positive than retiming, there is no one size fits all solution. The combination of goods, business type and premises mean that unique solutions from across retiming and consolidation can help businesses to achieve smoother operations and achieve efficiencies and cost saving



Awareness and engagement with
issues impacting deliveries:
Businesses

Organisations need to engage with an issue in order to move towards a behaviour change





Not all businesses have a spontaneous awareness of congestion or its impact, and very few can see the role that business plays



Most businesses identified that London roads can be busy. Some could see the impact of this on their business with regard to timing and efficiencies and costs. There is very little spontaneous mention of broader issues like safety or the environment

 This is where most businesses understanding of London congestion meets a hurdle. Spontaneously, businesses do not see the role they play in congestion. Only through the course of discussion are some able to make the connection

Many see congestion as part and parcel of being in a big city, most have an attitude of 'just getting on with it'



2

Awareness



Businesses are aware of congestion at a removed level. There is some resignation that this is a natural part of living in a big city. Businesses do not see the part they have to play in congestion, citing commuting, HGV's and construction as the main contributors.



I don't see this big problem. Busy streets are the lifeblood of London, all part of a busy and thriving business city

Medium Business



Not all businesses feel the impact of congestion on their day-to-day, others just accommodate delays

There were some differences between businesses outside of the congestion zone vs those within it or on the fringes



Businesses outside of the congestion and congestion zone fringe see that at times roads can be busy, but see no impact of heavy traffic on their daily operations



I'm sure that it's an issue for people right in the middle of London, but out here in the South East, I wouldn't say that it's really a problem

Medium Business



Businesses inside the congestion and on the congestion fringe believe that congestion causes delays in receiving goods, however this causes very little disruption to day-to-day business



I will usually add 2hrs to any estimated delivery window, because with the amount of traffic, it's always late

Large Business



For those that identify problems caused by congestion, it is typically seen as a small inconvenience. There was very little spontaneous mention of any broader financial impacts, or safety and environmental impacts

Businesses do not see that their practices have an impact on London roads



4

Seeing their role

Road layouts, commuters, HGV's and school runs are cited as responsible for congestion

Road layouts and roadworks are the cause

Commuters and car drivers are the cause

HGV's, buses and 4x4s have the most impact

Only large businesses can impact change

"There are always roadworks, which causes traffic to back-up"
Medium Business

"People like driving I think. They are too lazy to take public transport"
Small Business

"It's 4x4s, 'Chelsea Tractors', and the school run. I really notice the difference during the school holidays"
Medium Business

"I don't see that my 5 deliveries a day really has an impact. It's bigger places that would need to change"
Small Business

Both business and operators believe congestion is likely to get worse in the coming years, but do not spontaneously see that they play a role in congestion. This is a big barrier to change. Without understanding their impact, the issue of congestion itself is not a motivator to change

Looking at the issue through a business lens shapes the way people think about congestion and their role



Having a personal connection to the issue can make participants more receptive to change, however it is difficult for most to switch mindset when in their work setting

Business setting focuses the mind-set on business objectives and day-to-day operations

It is difficult for people to think outside their immediate settings and immediate tasks. For most, deliveries play a minor role in the day-to-day, so related issues and solutions are not high on the agenda

When participants had their 'civilian hats' on they were more likely to see the wider impacts of congestion.

Business respondents who could (even if briefly) see the issue with another hat on (cyclist, parent, resident), were more able to identify and articulate the issue

Communication delivered in a business setting needs to speak to business concerns (costs, efficiencies, PR). However, congestion is a London-wide issue and there is an opportunity to speak with a broader audience in order to influence businesses

Unprompted, businesses do not see a reason to change, they are also less likely to think of wider benefits of addressing congestion

Seeing a reason to change



PILOT DATA

Spontaneous benefits of...

Whether anything would encourage...



Retiming

69%

said 'nothing in particular' or 'don't know'

90%

said 'nothing in particular'



Consolidation

42%

said 'nothing in particular' or 'don't know'

89%

said 'nothing in particular' or 'don't know'

R6 What do you think the benefits are, if any, of receiving visits between 7pm in the evening - 7am in the morning? R8 Do you think there is anything that would help or encourage your business to receive visits between 7pm in the evening - 7am in the morning? C3 What do you think the benefits are, if any, of receiving fewer deliveries, collections and service visits to your building? C5 Do you think there is anything that would help or encourage your business receive fewer visits?
Base: All pilot respondents (n=100)



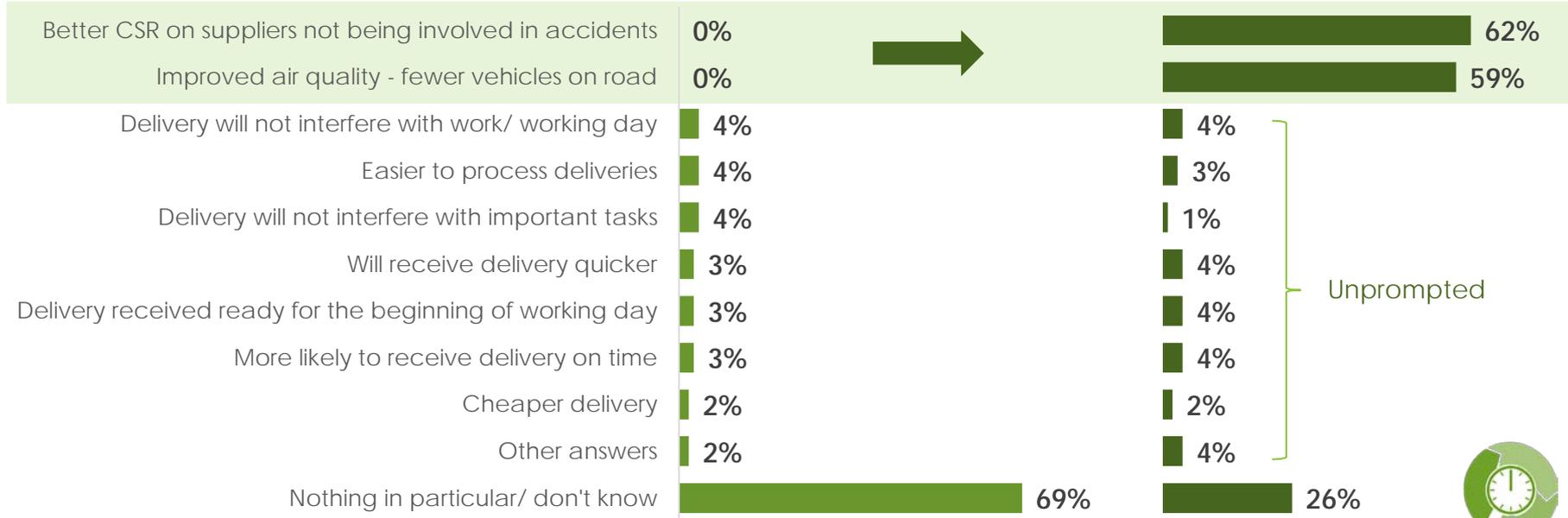
When prompted, impact on air quality and a better CSR are considered to be benefits of retiming



This highlights a need to educate businesses on potential benefits

Unprompted benefits (pilot data)

Prompted benefits (post pilot data)



Unprompted



Retiming

R6 What do you think the benefits are, if any, of receiving visits between 7pm in the evening - 7am in the morning?
 Base: All respondents - Pilot (n=100); Main (400)





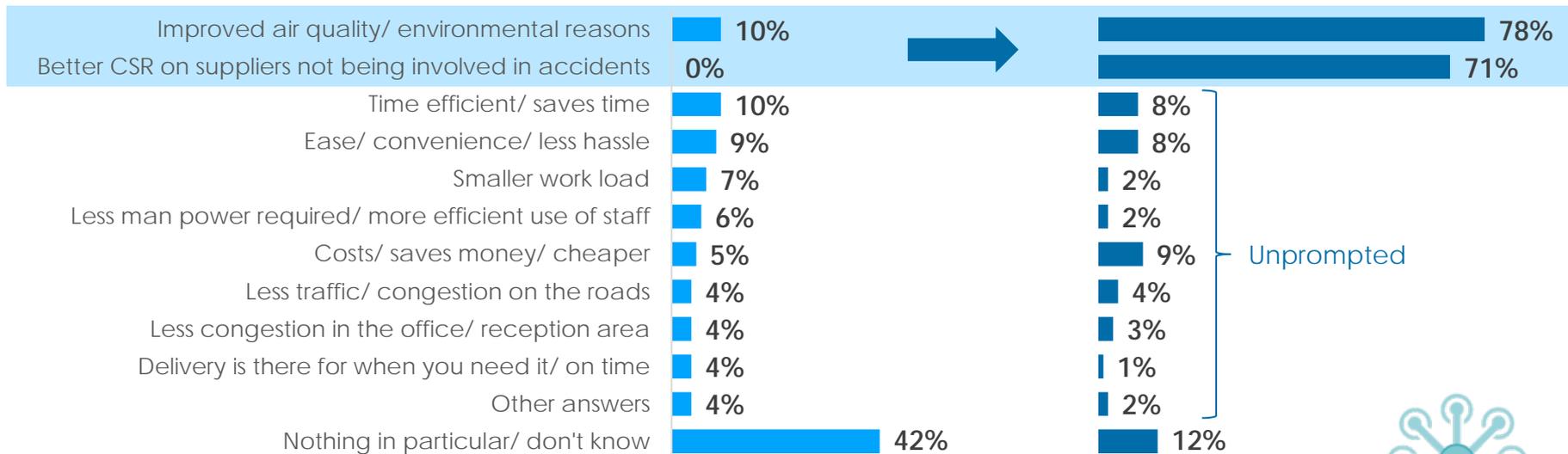
Reactions to consolidation benefits is similar, although there is some awareness of environmental impact unprompted



Since businesses are more open to consolidation (and are doing it already) there is marginally higher unprompted awareness of benefits compared to retiming

Unprompted benefits (pilot data)

Prompted benefits (post pilot data)



Unprompted



Consolidation

C3 What do you think the benefits are, if any, of receiving fewer deliveries, collections and service visits to your building?
 Base: All respondents - Pilot (n=100); Main (400)



Following consideration of solutions, the benefits of adopting retiming/consolidation solutions are more motivating than benefits of addressing congestion itself



5

Seeing a reason to change

Following a discussion about retiming and consolidation solutions, some participants thought that these solutions would help them to achieve benefits that align with their existing objectives

Benefits of reduced congestion?

For my business

Deliveries will be on time and less likely to get lost
(both sending and receiving)

For the environment

Air quality improved
Positive environmental impact

For others

Quieter streets
Better safety for road users

Less motivating to change

Benefits of feasible & appealing retiming and consolidation strategies?

Improved efficiency for my business

Improved cost
Better use of staff time
Greater flexibility



Improved profile for me and my company

Better relationships with local neighbourhood
Ability to 'talk' to customers about green credentials

More motivating to change

Although respondents agree that there are benefits to retiming and consolidation, these benefits must win v additional costs and perceived disruptions to be considered



Benefits of feasible & appealing retiming strategies?

Improved efficiency for my business

Improved cost
Better use of staff time
Greater flexibility



Improved profile for me and my company

Better relationships with local neighbourhood
Ability to 'talk' to customers about green credentials



Costs and risks of change

What are the potential negatives

Increase in costs of doing business
Increase in staffing costs and requirements
Cost to set-up changes
Disruption to service or to customers
Employee engagement
Risk of unknown
Risk of liability

Businesses are risk adverse, so solutions must be compelling in terms of benefits or must represent little risk or little to no investment in order to for them to change

When solutions address existing business problems, businesses are receptive to their implementation

6

Understand
the solutions
available



I am the decision maker, but I can see no reason for us to look at changing
Medium business

The benefits look OK for London, but I'd want to see some tangible benefits for small businesses like ours.
Reduced council tax?
Small Business

It just makes sense. We save money overall by not having deliveries stuck in traffic and being able to get on with the days schedule
Small business



Businesses are in the habit of looking for solutions that make their operations run more smoothly, save money and improve relationships and services. When proposed retiming/ consolidation solutions deliver these benefits, businesses are engaged. Although businesses may not see congestion as an issue that they can (or should) address, they are open to retiming and consolidation solutions if these solutions provide benefits directly to their business



Awareness and engagement with
issues impacting deliveries:
Operators

Operators are more engaged with the issue of congestion, but will only consider solutions that meets customer needs



Change Process



Most operators can see their role in congestion, but feel that they will risk losing business if changes are not aligned to customer demand. Operators weigh up risk vs benefits in the same way that businesses do, and given the competitive nature of the industry, they are wary of compromising customer service

Although most operators can see positives in tackling congestion, they do not feel they can change



Operators are more acutely aware of the level of congestion on London roads, working amongst it daily. **There is a real and tangible impact on their business operations (slower deliveries, longer times on the road, greater fuel expenses)**

However, there is a resignation that this is just a **part of doing business within London**, and that their current offers are **driven by customer needs**

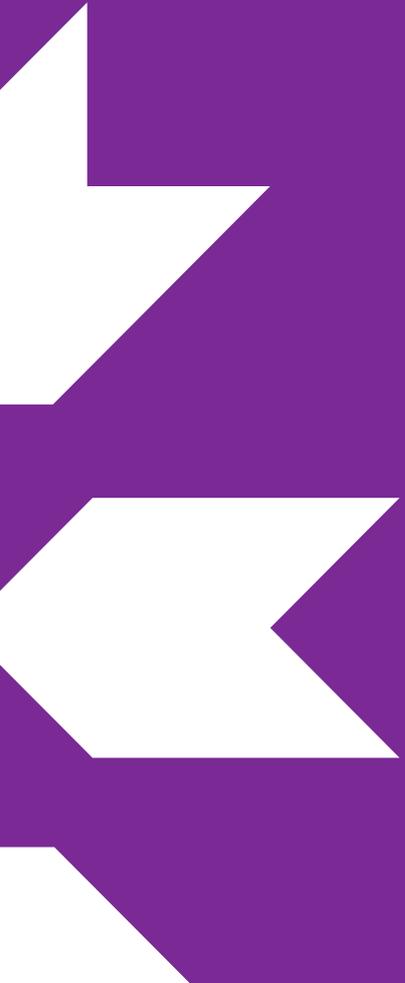
Operators are **employing methods of consolidation** to achieve greater efficiencies, but these are only used where they perceive it will **not compromise competitiveness or customer service**

“

I would say in the last 8 years traffic on the roads has increased by 15-20 %. I can only see it getting worse. Within our own industry I don't think that we make much of an impact - we are taking stuff to people, there's not much we can change

Operator Medium

”

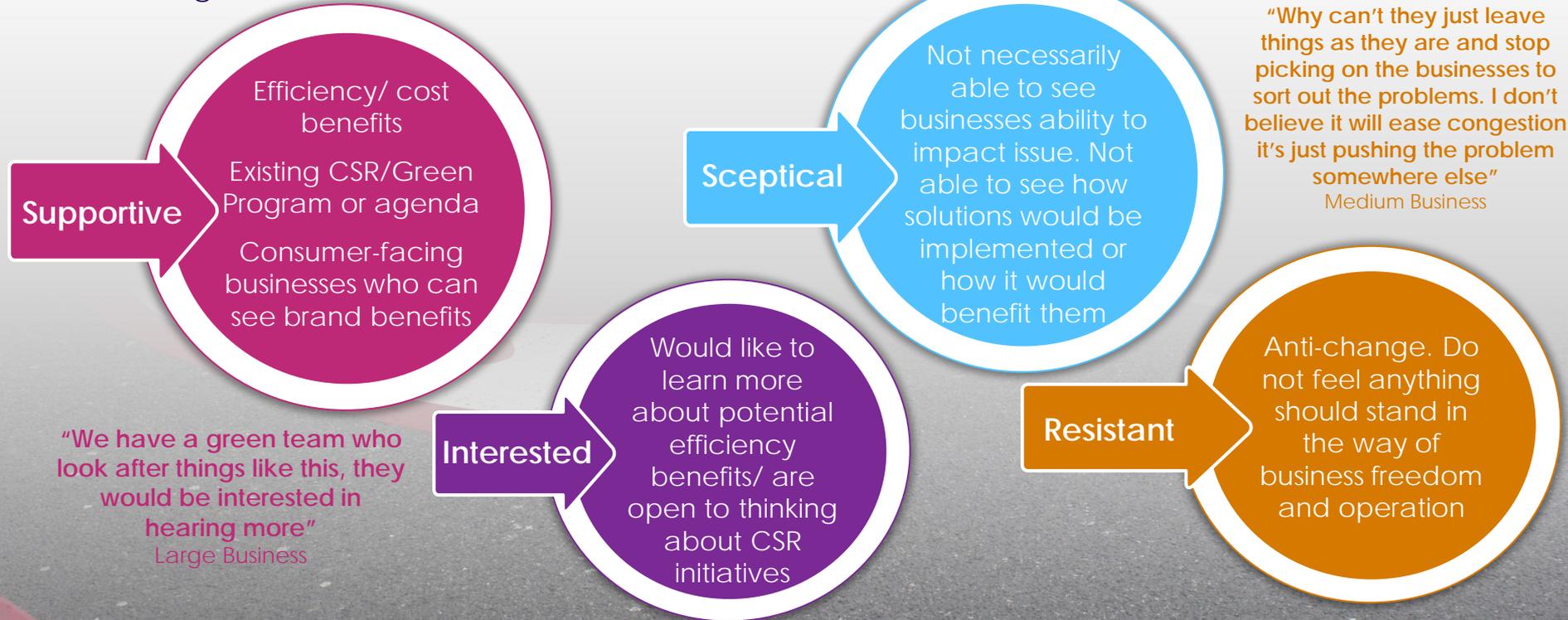


Attitudes to delivery changes

Business and operator attitudes to change can vary



Even after understanding congestion or following discussion on retiming and consolidation solutions, there are some operators and businesses that are resistant to change



Language and approach can influence reception to interventions



Congestion Charge: Negatively viewed

- Congestion charge is not perceived as having had the desired affect
- 'Congestion' is viewed as a negative word due to associations with congestion charge
- There are no customer-facing benefits of paying a charge or meeting time restrictions

- Implementation of a charge or time restriction on operators is treated with scepticism as a result of negative perceptions of congestion charging
- There are concerns that difficulties in policing and monitoring of an operator restriction system would create an unfair system where some would be impacted more than others

Co2 Emissions: Positively Viewed

- Both operators and some businesses are able to talk about Co2 emissions compliance. This is given as an example of businesses delivering against green objectives.
- Co2 compliance, although a hygiene-factor, is also see as a mark of quality

- A customer-recognisable compliance program allows businesses to embrace change more positively as they can see benefits for their brand

Operators believe change must be driven by customer demand, businesses believe operators have more ability to influence change

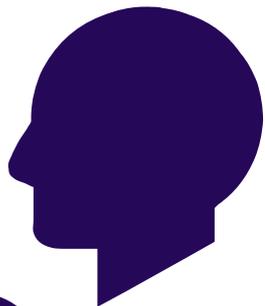


When it comes to talking about change in the context of congestion, there is a belief that it is someone else's responsibility/ opportunity to impact change



Our customers are business hours only, so our business is customer-driven. We need to be able to service our clients wherever they are

Medium Operator



Traffic is probably going to get worse and I don't know how they are going to tackle it. For me the onus is on the sender because they are controlling the delivery

Medium Business



Both the sending business and the operator are risk-adverse when it comes to 'challenging' the end receiver*

*(where the sender is more influential the reverse may be true)



Sending business

Sending businesses are reluctant to discuss timing changes with end customers, as there is an assumption that this may compromise customer service perceptions

Sending businesses opt for default sending options (eg one we always use, best cost). There is rarely thought given to alternative timings or consolidation of packs, unless there is a financial benefit, or unless specifically requested by the receiving business

Operator (internal or external)

Logistics operators are bound by the sending business or receiving business requests. Where possible operators are utilising destination geography to consolidate in an effort to make journeys more efficient, the motivations for which are usually financial

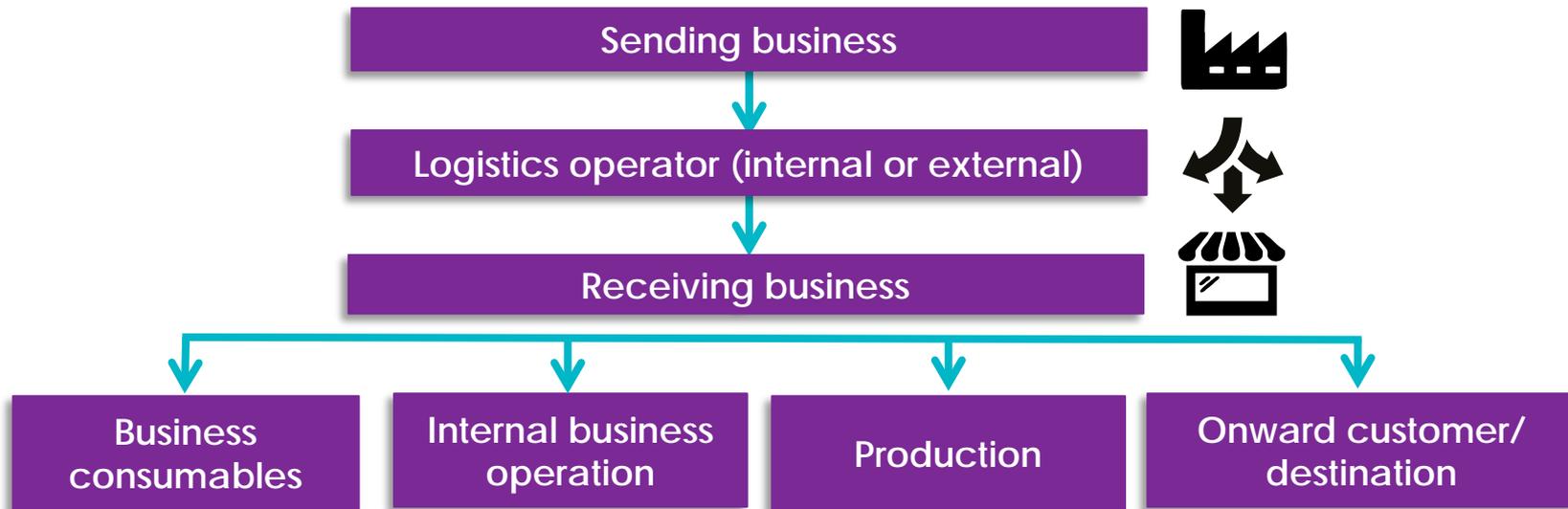
Operators are conscious of maintaining service, and again, given the competitive nature of the industry are unlikely to push solutions to customers

Receiving business will select fastest option offered



Parcel moves through various points to a final destination, and there is little conversation about flexibility along the chain

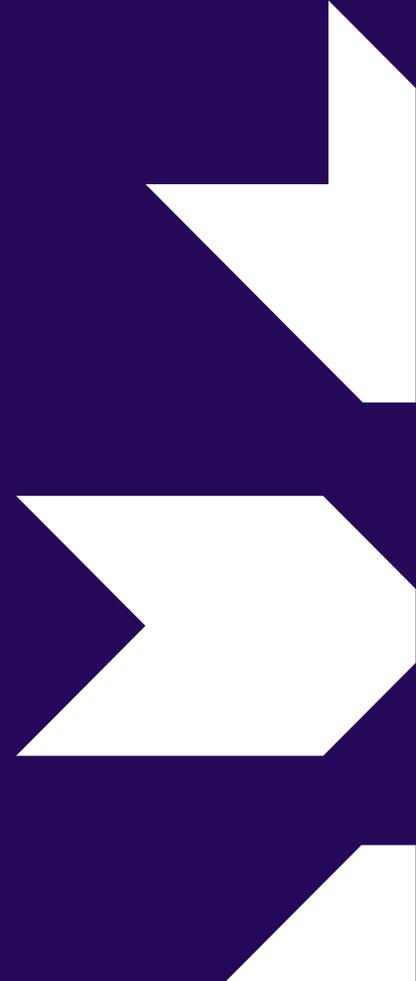
Parcel Movement



Thought given to, or any dialogue around change to timing or number of deliveries is rare, and most are simply selecting what they feel as the lowest risk, lowest cost, easiest, or 'default' option. There may be flexibility along the flow to accommodate retiming or consolidation solutions, but in most cases there is not a practice of identifying or communicating this



Practical requirements and limitations





The differing nature of businesses must be considered when finding potential solutions to retiming as this reflects the physical ability for companies to change

Type and purpose of goods

Type of premises



Business size and structure

Supply chain control and influence

And with any solution, businesses stress a need for flexibility to accommodate urgent, bulky, unique items. There are concerns that any implemented change may negatively impact those items that need special attention

Businesses are more receptive to delivery changes on less business-critical goods



Type and purpose of goods



Degree of flexibility

Generic business items: eg. Stationery, consumables

Goods for on-ward tasks and customers: eg. Stock, facilitate production, start a project, meet a deadline

Time sensitive goods: eg. Perishable foods, event materials, medical items, tender submissions, contracts

Non-urgent business specific materials: Books for publishers, drawing for architects, fabrics for designers etc

Bespoke or confidential goods and goods requiring special transport or handling: eg. High end consumer products, culturally sensitive materials, goods requiring forklifts

Different premises allow for varying degrees of flexibility



Set-up of premises



Degree of flexibility

**Large secured premises/
24 hour premises:**
Typically more staff, no
space constraints

Shared building shared reception:
Usually shared reception is manned by
security who are limited to directing
incoming deliveries. There is no
administration shared by building
occupants

**Shop front and single business
buildings:**
Generally more limited by business
hours of operation for delivery, and
less opportunity to look at
consolidation across generic items

Shared building with shared serviced reception:
Serviced receptions take on the role of receiving
and sending goods, across a single or multiple
businesses. Some are already consolidating
generic business items

**Shared buildings – no shared
reception:**
Less likely to have after hours
staffing and less ability to co-
ordinate any consolidation

Business specialism and size can influence ability to change



Business size and structure



Degree of flexibility

Businesses working with long lead times:
Any company supplying non-urgent products, or those that can be scheduled in the future

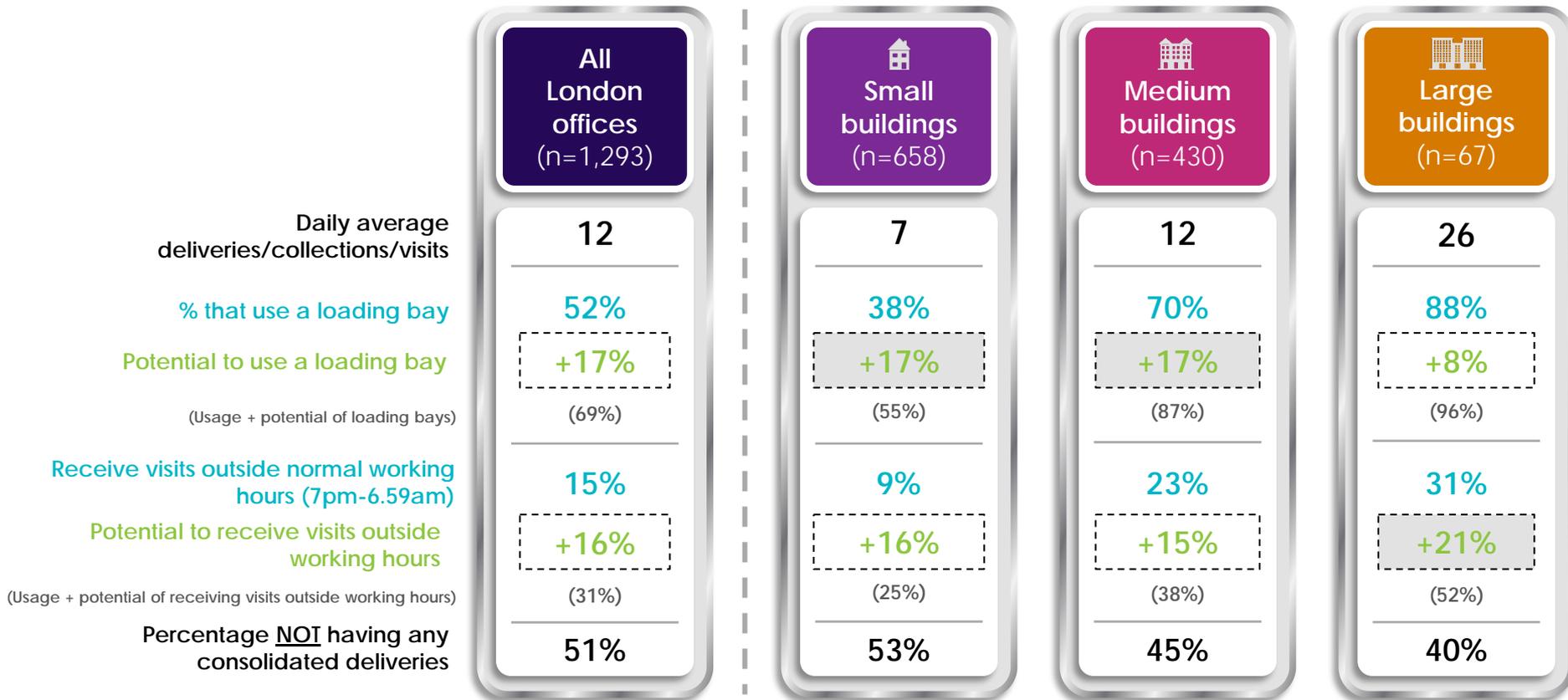
Larger businesses:
Are more likely to have shared receptionists or overnight concierges/security guards. They also have more scope for financial and staffing changes if they see positive change in cost or efficiency

Small Businesses:
Are less flexible with extra staffing and finances. Would need to see positive return and a justification of their impact otherwise are liable to feel change is unjustified

Highly responsive businesses, those with more influential customers
Those companies that do not feel they have control over their deliveries, whose products are usually needed immediately. Legal papers, certificates or high end products

Industries bound by legalities:
Construction sites tend to have hours that are fixed by law, while to unload certain products that need forklifts require staff with qualifications

OFFICE FREIGHT DATA: Data from the office freight segmentation research shows how business size impacts on ability to handle visits



Small building = up to 999 sq. metres (n=658); Medium building = 1000 – 19,999 sq. metres (n=430); Large building = 20,000+ sq. metres (n=67)

Where an organisation has greater control over the supply chain, there is greater ability to retime and consolidate



Supply chain control and influence

Third party logistics and delivery suppliers (eg couriers)



Business objectives are based completely around servicing customer needs

Transport is part of facilitating the delivery of the core business good or service to an external customer



Operators servicing an external customer feel dictated to by customer availability. Although operators may offer after-hours deliveries, given their customer service objectives, they will work to timing that meets customer requests

Transport is part of facilitating internal business requirements (eg construction)



For those businesses that have their own delivery fleet, there is greater flexibility to determine receipt of goods or arrange following tasks in order to suit better delivery times



Learnings



General awareness and perceived impact of congestion as an issue is low across London businesses. Operators see congestion as a hindrance to deliveries but are somewhat resigned to working around it, rather than addressing it, due to a perception that this may compromise customer service

Starting the conversation at the 'solutions' level is more engaging than introducing the topic of congestion, as businesses can see some efficiency advantages, which is higher on their agenda than other benefits. CSR benefits of reduced congestion are important, but act as a halo to more tangible business benefits like cost savings and efficiencies

'Congestion' is a word with negative associations, and feels to both businesses and operators like someone else problem. Conversely, emissions and air quality compliance programs have more customer-facing benefits which means that the topic is more readily embraced

Some goods, business set-ups and premises represent greater opportunity for re-timing and consolidation. However, given there is perceived to be no issue to address, or no unprompted advantages to change, there is little conversation happening across the supply chain to pursue any change



Retiming



Currently, timing is driven partly by business needs, but is also just being done the way it always has



Senders and receivers are weighing up fastest delivery option vs price, while taking into consideration any restrictions, surcharges and specific goods requirements. Congestion rarely features in decision process

"We get emergency prescriptions for glasses or contacts that need to arrive next day. If they took any longer our customers wouldn't use us"
Small Business

"We send legal documents to other law firms. They need to arrive as soon as possible. It could hold up the lawyers and they can't do their jobs if they don't have the documents they need"
Small Business

"We get food deliveries before the start of the day at 9am. We are not able to receive them before 8 because of the impact on the residential area"
Medium Business



"If we need to get a one-off dress across town for a photo-shoot at 3pm, that's just what we will have to do"
Large Operator

Operators tend towards early starts, but there is no major driver within businesses of morning or afternoon peaks



Daytime deliveries work to customer hours and any specified deadlines

- Operators tend towards early starts, anticipating traffic across the day
- 9am and midday deadlines on certain deliveries set the schedule for operators
- Evening-focused businesses tend to plan for afternoon deliveries

Evening and early morning deliveries facilitate onward tasks

- 7pm – 10pm: very few deliveries made, typically run-over from daytime
- 4am – 7am: Deliveries that facilitate onward tasks eg construction, perishables. Staff on-hand to receive or operators have keys

“We have 20-30 deliveries a day. Most of it comes between 9-12, although some of the couriers know that I tend to get in early, so they may deliver at 8am”

Large Business

Operators are morning-focused, however there are no real barriers for businesses to receive non-urgent deliveries between 10am – 4pm

Retiming is being adopted by some businesses but for those who don't retime, staff availability and opening hours are key barriers



31%
Currently receiving visits after hours

and...

24%

Of those who don't, **could be** receiving visits after hours

but...

48%

Less than half of these would actually consider it



22% outside congestion zone
40% inside congestion zone

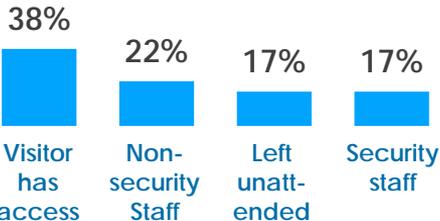
This proportion is similar across business types and sizes, suggesting a quarter of **all** businesses, who aren't currently, could be retiming



Businesses **inside** the congestion zone have higher numbers of **staff** to **receive visits**

Handling out of hours visits

(Top 4)



R4 When you receive visits from 7pm-7am, how are these visits normally handled? Base: Retiming (156)

Ability to select a specific time



R3a Thinking about the visits made at your business premises for...?

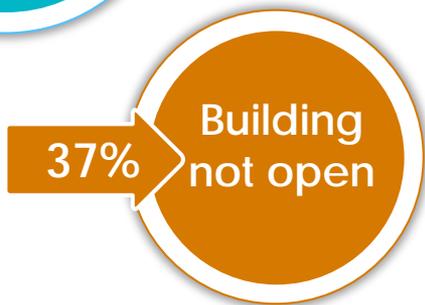
Barriers to retiming

(Top 4)

Inconvenient time for visits
Premises is closed
Employ staff overtime
Would need to stay late

R7 What do you think are the drawbacks of (re)timing?

Businesses feel that not having staff available and the building being closed are the biggest practical barriers to retiming



Security & liability

Administration

Space & appropriate equipment

Impact on others

Other Barriers

- Items getting lost
- Liability of loss or damage if signed for by third party
- Administration or set-up of any change
- Dealing with incorrect goods becomes difficult if addressee not able to check goods on receipt
- Having space to collect and store goods
- Not having appropriate tools to transport goods from central location to where needed (bulk items)
- Having to request favours from security, other staff or neighbours who do not officially receive deliveries as part of role
- Concerns (or in some cases restrictions) regarding vehicles impacting local residents

Some sectors and premises are more suited to adopting retiming, and in some instances retiming can be a benefit to overall running of business



Retiming works for

- ✓ Businesses with flexible hours, and overnight security or concierge services would easily be able to transition into late night deliveries
- ✓ Small businesses who also work flexible hours – this offers an advantage because it means that things will be easier and faster and work when they are working
- ✓ Businesses where the days activity rests on receiving items in time
- ✓ Small good non-confidential items security

Successful examples

- ✓ Food business delivering to stores using premises keys
- ✓ Business services sending bespoke parts to engineer lockers overnight ready for following days project
- ✓ Construction business planning consolidated small vehicle loads around residential peak times

“We have a case for it, We want fresh food in the stores, I can’t see how any concerns would outweigh the benefits”
Large Operator

Maximising the working day in terms of staff time are benefits that could come from retiming for business



Benefits

Maximise working hours

- Staff not distracted throughout the day having to deal with incoming deliveries, making the working environment more efficient
- Materials are available ready to be used at the start of a working day allowing for best use of staff time



I would prefer to receive my packages out of hours, when I arrive at work it is all there ready for me whereas if it arrives in the daytime I have to walk to reception, which involves a high vis, and takes me away from my desk

Small Business



Better customer-facing environment

- Customers/clients are not around to get in the way
- Unsightly packaging does not arrive when clients/customers are around



We run a high end store, we try not to have delivery guys around when our customers are here

Small Business





Operators can see the benefits of retiming, however this is dependent on the operator type and structure, with specialist logistics operators most able to see the advantages



Benefits

All operators could see that there were advantages to retiming:

- Efficiency
- Safety
- Less Stress
- Flexibility (although this is at odds with business interpretation of tighter delivery windows)



Barriers

However there are some cultural and set-up barriers:

- **Cannot foresee any changes in customer demand**
- **Driver reception to changes:**
 - Structure of pay can impact how receptive they would be to change (eg paid per parcel, premium rates for peak times)
 - Changes to hours can represent a hurdle for established businesses

"We would be able to get the job done more efficiently, we wouldn't waste time in rush hour and it would be safer for our drivers. Early to start and early to finish!"

Medium Operator

"Drivers are geared to a 5am to 3pm lifestyle. This would be impacted and I am not sure how they would receive this. Drivers are paid premium rates to drive in this time so their earnings would drop"

Medium Operator

"Some of my drivers have been with the company 20 years. I wouldn't want to lose them with changes like that "

Small Operator

Dialogue between sender, receiver and/or operator can reveal solutions



Solution



Benefits

Barriers

Communication between operator and customer	Businesses that send/receive non-urgent goods would be happy for operators to call and change their timings Businesses are open to changes as long as they know when it is coming and why it has changed	Dependent on business attitude and seen as risky by operators
Tighter delivery windows offered by operators	Businesses can see advantages to re-timing if it means a positive impact on delivery windows overall. They are open to more times across the day, evening and weekend if this means they can have specific times, enabling them to better plan staff and work	Difficult for operators to implement, particularly as congestion can be unpredictable
Operators able to access building (eg having keys)	Operators having keys can mean deliveries are made without business needing to arrange staff	Security risk Suitable area to receive
Lockers (off-site)	Lockers are seen as a good way to implement re-timing, as long as all deliveries are made overnight and are available in the morning allowing for a single collection	Location needs to be close and convenient
Leaving with neighbours or security	Not possible for some, given premises set-up. Others are concerned with maintaining relationships with security and neighbours and do not want to inconvenience others	
Secure area (on-site)	Safe box/ secure point to make unattended deliveries – possible but cost prohibitive, businesses concerned that this would be expensive to set-up	

Providing businesses with a range of ideas can prompt them to identify solutions that work for their unique requirements



Communication between operator and customer

Tighter delivery windows offered by operators

Operators able to access building (eg having keys)

Lockers

Leaving with neighbours or security

Secure boxes/ secure site

"If we have communication with the courier and they asked if they could deliver in the afternoon or the following day to make things more logistically efficient we would be fine with that. But the communication really needs to be there, if we are informed then it doesn't matter"
Large Business

"I work different hours, so I can be around. I would be interested in a solution that means we can have things come at a specified time rather than just across the day"
Medium Business

"I have a 24 hour concierge who can take things but its not strictly part of his job. It makes me worry about liability and what if something is damaged or incorrect I face a bigger battle with the supplier if time passes"
Large Business



Learnings



Current timing is being driven in part by business needs (perishables, onward tasks, deadlines). However most senders are simply selecting what they feel as the lowest risk, lowest cost, easiest, or 'default' option. There is little dialogue between the businesses and operators when it comes to retiming possibilities



Deliveries outside of 7am – 7pm occur in some instances, driven by business needs. The most common facilitator of retimed deliveries is operators having access to the businesses building (building is not necessarily staffed)

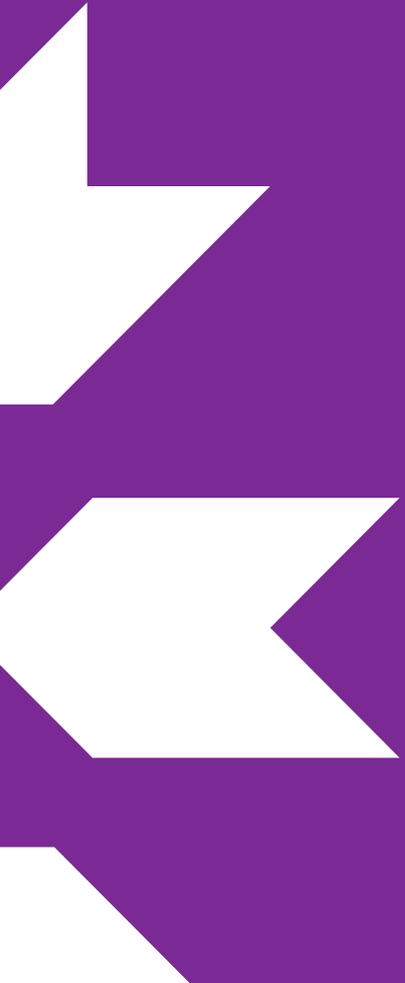


Even though businesses agree that there are positive aspects to having deliveries retimed (mostly associated with maximising staff time during the day), a high proportion feel that nothing in particular would motivate them to change. Administration and cost of staffing the premises are seen as a major hurdle to receiving deliveries outside of 7am – 7pm



Dialogue between the sender, operator and/or receiver can reveal options for retiming, however there is little discussion between the parties at present





Consolidation

Consolidation is more widely practiced than retiming, with bulk buying being the most common type of consolidation



46%
Currently consolidating visits

and...

31%
Of those who don't, would consider consolidating

44% outside congestion zone
49% inside congestion zone

28% outside congestion zone
35% inside congestion zone

Types of consolidation (Top 4)



C2a Which of the following processes...?
Base: Consolidators (232)

Types of good consolidate



C1b Which types of deliveries, collections or service visits?
Base: Consolidators (232)

Barriers to consolidation (Top 4)

We are a small firm
I like to remain flexible to meet my needs/ customers requirements
Delivery suppliers don't offer the option
Happy with my current arrangements
Do not have enough visits
Not enough storage
We receive different stock deliveries from different suppliers

C1d Why would you not consider (consolidating)?
Base: Non-consolidators (250)

C1a Does your business currently arrange for any deliveries, collections or service visits to be managed differently, resulting in fewer visits to your building? C1c Would you consider managing deliveries, collections or service visits differently? **Base: All respondents (500)**

Bundling goods by destination geography is felt to be standard practice across all operators



Other consolidation strategies vary in use and appeal across the different types of operator

Where is consolidation used

- Used more widely by operators with strong internal workflows and communications, eg. courier operators, construction logistics
- Consolidation usually stems from desire for greater efficiency (common sense). However, this consolidation is limited to internal and isolated from other competitors
 - Some medium -smaller logistics companies are co-ordinating using ePOD tracking software to share vehicle space where it is financially advantageous, but not this is not widely practiced
- Consolidation centres, and consolidation services provided by some operators where agreed with customer

“We wouldn’t just send off a delivery to London if we had one later in Watford. We make sure there is no wasted time and space on vehicles”

Medium Operator

“We already do this through off-site logistics and consolidation centres and delivery management systems”

Medium Operator

“We do try to do geographies, to bunch orders. But we cannot influence bulk ordering, and cannot influence co-ordination by local businesses”

Large Operator

The majority of consolidation is ad hoc in nature, where operators can identify quick wins around day-to-day efficiency. Construction logistics have their own industry-specific prompts for consolidation, whereas courier operators are less likely to team-up with competitors to address the issue

Motivations to consolidate are broadly shared by both operators and businesses



Benefits

Reduced costs

A key motivation, especially for businesses and operators less convinced by the case being made around softer benefits (ie local environment, air quality, congestion)

Greater efficiency

Efficiency appeals as a common sense virtue, especially for commercial businesses who feel greater efficiency should be an inherent component of any successful and competitive business

Additional incentives

Financial incentives are of interest (eg. reduced business rates), more so than enhanced company reputation for participation

Reduced emissions

A factor for those already concerned, or with young families in London

Reduced congestion

Appeals especially to operators who experience sharp-end of increased congestion in their daily journeys

The case for consolidation makes sense, with both operators and businesses conceding greater efficiency of deliveries is in everyone's interest. Reduced costs remains the most tangible benefit

Motivations to consolidate are broadly shared by both operators and businesses



Benefits

Reduced costs



We would be happy to wait for multiple deliveries to all be delivered together if it meant there would be a cost saving



Small Business

Greater efficiency



It is obviously in our best interest to keep things as efficient as they can be



Medium Operator

Additional incentives



What I'm wondering is, might there be some sort of reduced business rate from our council if we join this type of scheme?



Small Business

Reduced emissions



Obviously people do care about the environment, and so in terms of fuel it is definitely better to reduce that



Medium Operator

Reduced congestion



It would help our relationship with the residents, and it might make it safer for the kids on the school run



Large Business

Operators feel obliged to fulfil customer's needs and struggle to see how this arrangement can be altered



Barriers

Culture

Operators view consolidation as requiring a big shift in how they run their business and serve customers. In particular, consolidation between competing operators is seen as a major cultural change

Specialism

Some operators feel their sector is too specialist to be able to consolidate, either in terms of the items being delivered, or the arrangements in place that determine how they are delivered

Risk of challenging the status quo

Operators feel they are locked into a tight relationship with customers, whereby they are obliged to fulfil their delivery requests in the spirit of free-market capitalism and competition. They struggle, therefore, to envisage how (and why) this relationship can change

Lack of necessary tools

Some operators feel poorly equipped to take on the technical challenge required to set-up effective consolidation

Operators would require significant guidance and support to transition towards consolidation

Operators feel obliged to fulfil customer's needs and struggle to see how this arrangement can be altered



Barriers

Culture



There would need to be a shift across the entire industry.

Large Operator



Specialism



We also have to have specially trained people to deliver some of the things, so we can't just have anyone doing that

Large Operator



Risk of challenging the status quo



The problem with the industry is that contracts are awarded to companies that have the lowest costs

Large Operator



Lack of necessary tools



Actually, we are looking into procuring a system that can help us manage our deliveries in a more efficient way

Medium Business



Whilst supportive of the overall case for consolidation, businesses sense the administration required to set up and maintain systems could be too demanding and challenging



Barriers

Administration

Businesses struggle to see how they would collaborate with other neighbouring companies to consolidate deliveries. The administration of such a system feels onerous in terms of ongoing time and effort

Business case

Businesses do not always feel the urgent need for consolidation to be implemented, and hence do not envisage significant benefits to their business overall

Managing deliveries

There is some concern and uncertainty around how their items might be prioritised within a consolidation system. There is also a sense that deliveries may be less frequent but greater in volume putting a burden on space and staff

Responsibility

Some businesses feel the onus for consolidation should be shifted from them to operators, as this is their job. A minority feel this is further evidence of government meddling in the business community

Whilst supportive of the overall case for consolidation, businesses sense the administration required to set up and maintain systems could be too demanding and challenging



Barriers

Administration



I think it will be difficult to create and maintain this level of coordination between local businesses



Small Business

Business case



I don't think the cost savings would justify the logistical headache of having to do that with other companies



Large Business

Managing deliveries



But how would we all decide about who's deliveries are to be prioritised over others? What if others held ours up?



Medium Business

Responsibility



But I think that it would be down to the couriers to organise that and not us. This is what they specialise in



Large Business

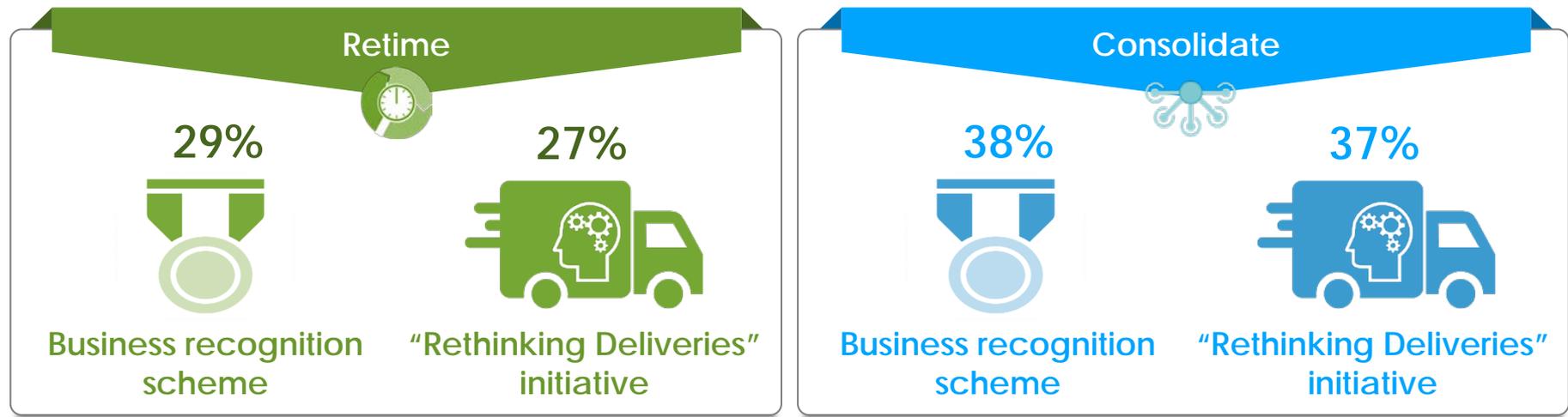


A business recognition scheme and/or a “Rethinking Deliveries” initiative appear to have some appeal, more so for consolidation



Consolidation is more widely practiced and is likely to be why appeal is higher for consolidation

What would help or encourage your business to...?



A **business recognition scheme** would be an award given to businesses that use good practices to rethink their deliveries and servicing activity to improve road safety, reduce congestion and improve air quality

A high profile area-based '**Rethinking Deliveries**' initiative would encourage all premises in an area, such as a whole town centre, to adopt business practices to reduce the number of deliveries in peak periods and make sure the remaining trips are as safe and clean as practical. The initiative would involve a publicity campaign, events and engagement to share best practices and show customers which premises have adopted these practices.



Reception to solutions is dependent on business set-up and needs, however overall communication may reveal options



Solution



Benefits

Barriers

Solution	Benefits	Barriers
Recognition schemes	<ul style="list-style-type: none">• Business schemes are viewed as valid for businesses to engage in consolidation• Broader scheme seen as more appealing than local, as perceived to be less administrative stress on the business• Schemes seen as providing structure and support for businesses• Some can see positive PR benefits, particularly those in consumer-facing businesses such as hospitality	<ul style="list-style-type: none">• Scheme needs to have some promotion to drive awareness in order to be beneficial for businesses• Seen as a 'nice to have' and is relatively limited / cosmetic in terms of value to the business
Buying in bulk	<ul style="list-style-type: none">• Very common for generic business items, particularly for large established businesses• Offers cost savings and convenience	<ul style="list-style-type: none">• Start-ups and small businesses may be limited by cash flow• Space constraints
Consolidation centre	<ul style="list-style-type: none">• Interesting idea with few barriers for businesses	<ul style="list-style-type: none">• Uncertain how it would be implemented or costed• Deemed to be operator-led

"A recognition scheme would need to be promoted to be meaningful to consumers, otherwise there are no benefits for the business"

Medium Business

"If this recognition scheme gave us a platform to shout about all the good we are doing and get some publicity I think the CEO would be very keen to get involved"

Medium Business

Reception to solutions is dependent on business set-up and needs, however overall communication may reveal options



Solution



Benefits



Barriers

Coordinating with other businesses	<ul style="list-style-type: none">• Potential cost savings• Interesting for shared building or an organisation with multiple departments in the vicinity of each other	<ul style="list-style-type: none">• Administration is difficult. It is seen as time-consuming and has to be centrally-driven. Difficult to understand who will take on resourcing the labour to this• Concern over who is ultimately responsible for contracts and implementations• Commitments – businesses unsure of how long they would need to be tied to another businesses
Agreed time for multiple deliveries	<ul style="list-style-type: none">• Can help with planning	<ul style="list-style-type: none">• Deliveries overwhelming staff
Bunching orders from close by suppliers	<ul style="list-style-type: none">• Difficult to see how this would be implemented, not seen as practical• Seen as operator-led strategy	

“How would it work with other businesses? Who actually makes the order? Who pays for the order? If we had to organise this ourselves it would add a lot of extra work”

Medium Business

“The suppliers would need to pro-actively tell us if a business nearby was using them, all the admin and organisation should come from them.

Otherwise it won't get done”

Small Business

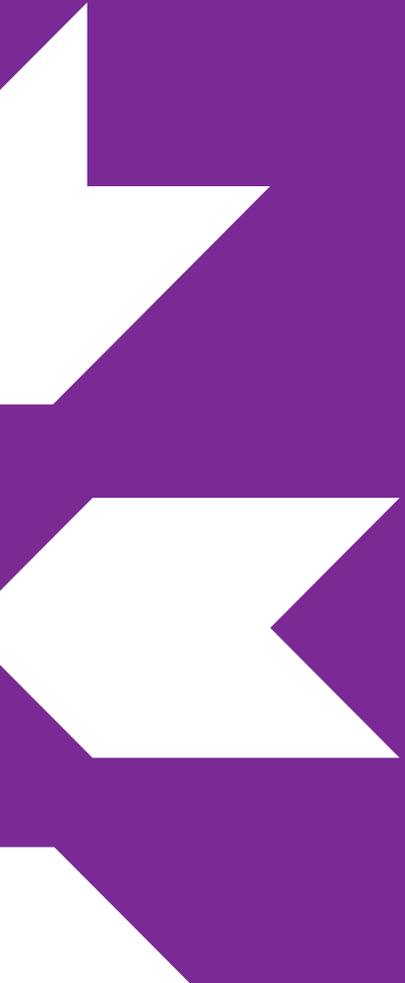


Consolidation is seen as a more appealing approach to managing deliveries, with businesses widely using bulks buying and operators bundling deliveries by geography

However, consolidation does require some contextual explanation in order to prompt genuinely considered response, and other solutions need to be suggested as both businesses and operators are not actively looking for new solutions

Barriers to consolidation are largely administrative for businesses and cultural for operators. Businesses feel that most solutions (outside of bulk buying), would require significant planning and resource to set up. Operators are concerned about challenging the status quo and losing business in the process

Overall the most appealing solutions involve a business recognition scheme, however this would need to be accompanied by promotion to give it PR weight, practical solution suggestions and case studies that demonstrate positive impact on business to help sell-in to business decision-makers



Moving forward

Moving Forward

Businesses and operators need to be engaged with retiming and consolidation through a focus on the business benefits alongside the CSR halos

Start the conversation

Topic of consolidation and retiming even more so, is not being discussed in the London business community, and is therefore also not high on operator agendas. The conversation needs to be started in order to move towards any change in delivery practices

Focus on the most receptive businesses

There are some goods, premises and businesses that have fewer barriers to adopting retiming and consolidation strategies (eg generic business items, shared serviced premises, late/early opening premises). Working with these businesses to 'prove' and produce case studies could help work towards wider adoption of strategies

Build awareness of solutions and benefits

A focus on presenting case-studies and success stories with suggested strategies is the best way to broaden the conversation. When businesses and operators can identify business-oriented benefits they are more motivated to consider making changes. Case studies and proposals also help influencers table topics with decision-makers

Identify partners with open attitude to change

Key stakeholders vary between businesses. In small businesses the owner is typically the decision-maker for all changes. In larger businesses with a strong office management or CSR team, these influencers are able to impact change if they are provided with materials to do so

Some considerations for addressing this audience

-  **Language** 'Congestion' is a trigger word for both businesses and operators. There is cynicism about congestion strategies and it feels like 'someone else's problem'. **Emissions/ air quality** on the other hand feels like a more collaborative problem and a more motivating issue
-  **Solutions** Operators and businesses especially, do not spontaneously see ways or benefits of addressing congestion. Ideas for how to implement changes need to be provided in order to **stimulate thinking**
-  **Benefits** Benefits presented need to be engaging in a **business context**. Efficiencies and savings are more motivating than CSR benefits. And CSR benefits are most motivating when coupled with tangible high profile PR opportunities (eg a scheme that is widely known)
-  **Stakeholders** Influencers of change within a business need to be able to **present strong cases for change** in order to implement any solutions that require commitments and investment. Decision-makers respond best to case studies, practical solutions and tangible results

Targeting businesses to participate

EASY

- Large businesses with high staff count and large premises
- Small/medium businesses in shared premises & service reception
- Long office / premises hours (24 hrs)
- Long lead times on deliveries
- Generic office supplies
- Repeatable business supplies (eg consumables)

MEDIUM

- Small-medium businesses in semi-shared setting (eg industrial estate)
- Businesses in shared premises without shared reception area
- Non-urgent business items (eg publishing, clothing)

HARD

- Small-medium shop-front businesses
- Limited office hours (daytime)
- Low staff count
- Bespoke / confidential goods requiring special handling
- Time-sensitive urgent goods (eg contracts, medical)
- Highly regulated sectors (eg construction)



future thinking

Main Contacts

Dane Kramberger, Associate Director

Dane.Kramberger@futurethinking.com

Kim Taylor, Associate Director

Kim.taylor@futurethinking.com

+44(0) 207 843 9777

