Out of home delivery in Europe 2022
PUDO and automated parcel machines
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INTRODUCTION

ABOUT THIS REPORT

Background to the report

In 2021, the European CEP market exceeded 10.6 billion B2C parcels and over 80 billion Euros. The expectations for 2022 are even higher.

The CEP industry is driven by dynamic growth in e-commerce, which is now further strengthened by restrictions in retail caused by Covid-19.

Over the last few years, there have been significant changes in market shares, parcel types B2C (Business to Consumer) vs. B2B (Business to Business) and first or last mile channels P2P (Point to Point) vs D2D (Door to Door).

Out of home (OOH) delivery, including pick-up and drop-off points (PUDO) and automatic parcel machines (APM), is playing an increasingly important role.

Our updated and improved report covers the market structure, countries, players, growth and key trends.

In this report we seek to understand what is behind the Out of home delivery trend and to assess what future impact this will have on the various stakeholders. The market is served by a combination of carriers ranging from the national postal operators to parcel lockers operators and indeed CEP players. The report covers new types of OOH delivery providers, too.

There are a number of new OOH factors and players which have become more relevant in recent years such as convenience store networks or newspaper distribution networks aka klosks.

LME has in depth knowledge of this market and has made various studies on OOH delivery in Europe and elsewhere. Our team has a strong entrepreneurial background including the creation of DPD Polska (formerly Masterlink Express) a leading player on the Polish CEP market and the integration of companies as was the case with UPS Poland. Our consulting work includes advising many companies, both e-commerce and carriers, regarding the set up or improvement of nationwide PUDO/locker models and supporting IDM (Interactive Delivery Management) tools.

What are the sources and methodology?
The main sources for the report are:

- Extensive desk research on the OOH market and its operators covering company press releases, websites and other sources.
- UPIDO AG internet search algorithm outcomes to estimate B2C parcel volumes growth in 27 EU countries and Great Britain.
- Published information on key market drivers such as economic data and estimates of home shopping levels and practices.
- Interviews with senior-level contacts in the market.
- LME’s own, in depth, expert knowledge and analysis.
- The key input to our market size estimates is a bottom-up analysis of the OOH points of the firms operating in Europe in 28 countries (EU + GB).
- Verification with experts from local markets to confirm the players, the number of OOH points, trends, etc.
- Dataplace.ai analysis of data related to consumer traffic and in “location intelligence” services.
- Where actual or published date is not available, estimations were made based upon our market knowledge.
- The analysis of PUDO points and automated parcel machines contained in the report refers to the status as of the end of December 2021.

What can you find in this report?
- The report covers all key players in the European market for OOH delivery.
- We define the OOH market to include PUDO and APM parcels. They mainly include B2C and C2X parcels and P2D, D2P, P2P channels. OOH can be used for the first and last mile.
- We analyse the evolution of B2C parcel volumes before, during and after the pandemic so as to bring the right market insights on 27 EU countries and Great Britain.

Who will benefit from our report?
The report is intended for:
- Owners and operators of OOH networks.
- CEP companies.
- Online retailers.
- Investors in these businesses.
- Market regulators and policymakers.
- Journalists and editors of newspapers and magazines.
- Analysts, consultants and other stakeholders.
OOH (out of home) is relatively new and is developing fast. To ensure the collected information is up to date, we have conducted:

Extensive desk research on PUDO (pick up drop off) and APM (automated parcel machines, called as “lockers”) networks in Europe covering company accounts, websites, press reports and other sources.

**Several interviews** (CEO, senior-level of CEP, PUDO, APM operators, experts, retailers).

Analysis of **28 countries** (EU countries + GB).

Analysis of **288 networks** (network by network for each country in scope).

Moreover, we have partnered with UPIDO A.G. and dataplace.ai; the former has created several proprietary algorithms enabling to exploit Internet search data in order to monitor and predict the evolution of e-commerce and B2C parcel volumes and the latter has provided detailed information on the Polish OOH market.
ADVANTAGES OF OOH

- OOH offers ever more **consumer centric** and flexible last mile services.
- Almost **100% first time delivery**
- **Proximate** to customers (best in class urban networks are <350m away) - who can pick up the package “on the way”, e.g. when shopping or coming back from work.
- **Convenient - 24/7** (outside APMs) or extended opening times PUDOs
- **Contactless** (APMs).
- Cheap and **easy returns**
- More flexibility, **long period of storage** (some 5 days in most PUDOs).
- **Operationally and financially efficient.**
- Ecologically superior where the PUDO or locker is proximate to home.
- Fast and relatively cheap **means of increasing capacity**.

*Where operating at reasonable capacity*
OVERVIEW OF ALL COUNTRIES

Numbers presented in this section reflect unique points and will be followed by the number of available delivery points across all operators. In many cases, a single PUDO point, or parcel locker can serve multiple carriers and operators. Therefore, tables present networks with duplicated numbers, as clients may receive different packages served by various carriers to the same location, this is also important from a sustainability point of view. Germany is a clear leader of PUDOs with over 63 000 locations. With almost 20 000 parcel locker locations, almost double of Germany or the UK, Poland can be described as “Lockerland”.

- Key unique PUDO markets:
  - Germany 63 330
  - France 56 620
  - The Great Britain 56 130
  - Italy 52 980
  - Poland 45 280

- Key unique APM markets:
  - Poland 19 580
  - Germany 10 720
  - The Great Britain 10 070
  - Spain 6 920
  - Sweden 5 510

79 710 APMs which is + 82% to 2020
Total number of unique OOH points grew by 36% YoY.

- OOH locations offered by key multinational carriers in countries analysed:
  - Deutsche Post/DHL 84 700 PUDO 17 310 APM 102 010 OOH points in total
  - DPDgroup 62 530 PUDO 3 750 APM 68 750 OOH points in total
  - GLS 56 100 PUDO 6 200 APM 62 300 OOH points in total
  - InPost 19 290 PUDO 20 110 APM 39 400 OOH points in total
  - UPS 31 080 PUDO 2 370 APM 33 450 OOH points in total

* Including partners and shared points.
CONCLUSIONS

- In 2021, the European CEP market reached over 17 billion parcels delivered, including slightly higher than 10 billion B2C parcels.
- The 20 billion total annual B2C parcel volumes milestone is forecasted to be reached at some point between 2025 and 2026 and the 30 billion level between 2028 and 2029.
- OOH delivery efficiency is above 99%.
- Last mile delivery is responsible for 40-50% of total distribution cost for carriers.
- OOH is increasingly important in many EU markets – the Nordics, France, Germany, Romania, Czech Republic, Hungary and Poland have close to 50% OOH share of delivery.
- Poland has the largest locker network in Europe which is about 70% bigger than that of the second European player, DHL, in neighboring Germany. In Spain, there are over 37 thousands lockers but most of them are small RPLs (Residential Parcel Lockers).
- Based on Last Mile Experts MVP (minimum viable product) rule, dense network should have 1 point per 10,000 inhabitants at least.
- Denmark has overtaken Finland to become the European leader in terms of OOH density with more than 25 points per 10,000 inhabitants. Other countries with more developed OOH solutions have between 7 and 20 points.
- PUDO still have the greatest impact on the number of OOH delivery points and density.
- There is significant opportunity for bigger APM networks in 20 out 28 countries.
- Without investments in OOH delivery networks, the EU & GB will increasingly suffer from serious delivery infrastructure gaps leading to last mile capacity issues and increasing costs.
- Recently, more agnostic networks are being developed, which support cost optimisation and environmentally friendly delivery. They also allow for greater OOH network expansion in markets where availability of additional locations and partner shops is becoming a challenge.
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