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GREEN LAST MILE EUROPE REPORT 2023



April 2023

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TERMS & DEFINITIONS

Definitions and abbreviations used in the report

■ AGV	Automated Guided Vehicle
■ APM	Parcel locker
■ BOPIS	Buy Online, Pickup In Store
■ B2C	Business to Consumer
■ B2B	Business to Business
■ C2C	Consumer to Consumer
■ C2X	Consumer to anyone
■ CEE	Central Eastern Europe
■ CEP	Courier Express Parcel
■ CO ₂	Carbon dioxide
■ CO ₂ e	CO ₂ equivalent
■ COD	Cash on Delivery
■ CoE	Centre of Excellence
■ CWM	Come With Me function
■ CX	Customer Experience
■ DEFRA	Department for Environment Food & Rural Affairs
■ D2D	Door to Door delivery
■ ESG	Environmental, Social and Governance
■ EV	Electric Vehicles
■ GHG	Greenhouse Gas
■ IDM	Interactive Delivery Management

TERMS & DEFINITIONS

Definitions and abbreviations used in the report

■ KPI	Key Performance Indicator
■ LAST MILE	Leg of a journey comprising the movement of goods from a distribution centre to a final destination
■ LBG	Liquefied Bio Gas
■ LME	Last Mile Experts
■ OOH	Out Of Home
■ NGO	Non-Governmental Organisation
■ NOx	Nitrogen Oxides
■ NPS	Net Promoter Score
■ Paczkomaty®	Reserved name for InPost parcel locker
■ PMO	Project Management Office
■ PPP	Public Private Partnership
■ PUDO	Pick Up And Drop Off Location
■ SLA	Service Level Agreement
■ UAV	Unmanned Aerial Vehicle
■ UN DESA	United Nations Department of Economic and Social Affairs

BACKGROUND TO THE REPORT

Based on data from Effigy Consulting, the European market for Courier, Express, and Parcel (CEP) is projected to experience a 9.1% decline in volume in 2022 when compared to 2021. This decline is expected to result in around 16.5 billion parcels, down from 18.148 billion in 2021. The CEP industry's previous rapid growth, fuelled by COVID 19 enhanced e-commerce, has come to a sudden halt due to inflation and general uncertainty resulting from the war in Ukraine, though it still surpasses pre-COVID levels. Additionally, there is a possibility of a general business slowdown and potential economic crises in 2023 that could impact the growth of the European parcel market, although the extent of the effect remains increasingly uncertain and dependent on various factors. As a result of this new market reality, some CEP players may be hesitant to introduce new sustainable initiatives unless they align with cost-saving measures.

Our report focuses on the impact of the last mile on the environment and aims to identify key trends and initiatives targeted at addressing this growing environmental issue. We seek to understand the underlying causes of the carbon footprint and assess the future impact on the environment, assuming no action is taken or the use of best-in-class Green Last Mile projects.

The CEP market is served by a mix of carriers, including national postal operators and commercial carriers

or parcel locker operators. In recent years, faster delivery times and the need for localised stock have become increasingly relevant. Consumers are becoming more aware of the sustainability related consequences of the last mile and expect the stakeholders of the process to adapt their activities to alleviate the impact.

LME has extensive knowledge of this market and has already shared various studies and reports in the public domain. Along with our partners, we aim to provide an initial status report on an area that is widely discussed, but where few significant initiatives are currently visible. We have directly contacted all key operators and used industry media and business social media (especially our sister business, the Last Mile Prophets) to gather project submissions. This has resulted in 22 varied projects across several markets that cover various aspects of the last mile including two cases covering future potential development.

One of the most significant and disappointing findings is the prevalence of "greenwashing", across the board. Few players have a coherent and effective green last mile strategy and can truly "walk their green talk." However, some businesses are taking this issue seriously, and other stakeholders, particularly local authorities and governments, are becoming actively involved in monitoring and controlling the environmental impact of the last mile.

What can you find in this report?

- The report covers green last mile initiatives from all Logistics & CEP organisations who have shared information about their green initiatives on the European arena as well as selected other projects that we have been able to identify with desk research or in expert interviews.
- We also seek to identify the most promising initiatives and to extrapolate what their impact could be if they were to be implemented on a wider scale.

What are the sources and methodology?

The main sources for the report are:

- Extensive desk research on the CEP market covering company press releases, websites and other sources.
- Use of UPIDO's advance internet search algorithm outcomes to estimate CO2 emissions in 27 EU countries plus Norway, Switzerland and the UK.
- Published information on the environmental impact of the CEP last mile.
- Interviews with senior-level expert contacts in the market.
- LME's own, in depth, expert knowledge.
- Verification by subject matter experts including the Last Mile Experts team and Jose Anson (UPIDO), Muhammad Fiaz Gul, Graham Staplehurst (Kantar), Jonathan Hall (Kantar), William Simpson (Kantar) and Johan Peeters (Fishermen) have been made to confirm our data and conclusions.
- Where the actual or published data is not available, we have made estimations based upon our market knowledge.

Who will benefit from our report?

The report is intended for:

- Owners and operators of CEP networks.
- Online retailers.
- Governmental departments and local authorities.
- Investors in these businesses.
- Market regulators and policymakers.
- Journalists and editors of newspapers and magazines.
- Analysts, consultants and other stakeholders.

Projects & Case Studies

All business cases have been described by the solution owners and have not been subject to any modifications by Last Mile Experts.

Last Mile Experts do not bear civil and legal liability for possible inaccuracies and errors in project descriptions.

Both the content and the vocabulary used in the descriptions come from the authors and owners of the projects.

IMPACT OF E-COMMERCE ON THE LAST MILE

Introduction

The following sections bring together a collection of articles written by Green experts in and around the field of sustainable last mile delivery. The aim of these articles is to share a range of views on the challenges and opportunities facing the last-mile delivery sector, with a focus on promoting sustainable solutions for the environment and local communities.

The first article, "The Impact of E-commerce on Local Communities: Challenges and Opportunities for Sustainable Delivery Solutions" discusses the impact of e-commerce on local communities and the challenges faced in the "last mile" delivery process, particularly in urban areas. It highlights the negative impacts of delivery traffic on urban areas and how e-commerce companies can invest in sustainable delivery solutions.

The second article, "The Benefits of Sustainability: Helping Consumers Do the Right Thing", The article discusses the importance of sustainability for the logistics and postal industry, and how companies that incorporate sustainable practices into their business model are more likely to perform better financially and recover quicker from crises.

The third article, "Designing a Greener Roadmap for Last-Mile Deliveries in London and Other Large Urban Centres in Europe", focuses on the development of a greener roadmap for last mile deliveries in large urban centres such as London. The article discusses the challenges faced by delivery companies in implementing sustainable solutions and provides insights into the development of a roadmap for greener last mile deliveries.

The fourth article discusses the growing use of micro -hubs and cargo bikes for last-mile logistics in urban areas due to their sustainability and cost-effectiveness, and introduce the proposal of modular and urban-friendly nano-hubs.

Overall, these articles help build a comprehensive view of the challenges and opportunities facing the sustainable last mile delivery sector and offer practical solutions for promoting sustainability in the last-mile.

CONTACT



Last Mile Experts Sp. z o.o.
Ul. Kiedacza 8a
Warszawa, Polska



www.lastmileexperts.com



info@lmexpert.com



Marek Różycki



Mirek Gral





<https://lastmileexperts.com/>



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