Parcel deliveries in Seoul Metropolitan Area

2018. 10. 16

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eCommerce sales, any sales for services excluded, keep growing

- total sales: $30 billion → $42 billion
- sales per transaction: $22 → $27

Data source: KOSIS (2014.12~2017.3) and KOILA’s parcel delivery service DB for the same period
Korean Commerce Trends Changing

- mobile shopping sales growing fast
- sales of nondurable goods relatively increasing

Data source: KOSIS (2014.12~2017.3)
Recent trends in parcel delivery market

- parcel delivery service market rapidly growing
  - introductory stage in early 2000s, another growth stage thanks to rapid growth of mobile shopping and open market since 2015
  - 0.8 billion+ packages in 2007, 2 billion+ in 2016, 2.3 billion+ in 2017

Data source: KOILA (2016) and Seo and Lee (2017)
Seoul is a Hotspot of parcel deliveries

- Seoul Metropolitan Area (SMA)

- Seoul Metro Area is HOTSPOT
- variations within the city of Seoul

< interregional flows of parcel freight in Korea >
Growing new logistics demands

- consumption behavior changed, faster delivery demand growing
  - Visit market less frequently
  - Buy in big quantity at once
  - More frequent visit to smaller stores
  - Buy in small quantity

- new logistics business model developed
  - On-demand logistics services platform / omnichannels
- fulfillment services, last-mile delivery services getting significant

Sources: Brochures of Mesh Korea and Baemin Fresh, etc.

- retail/logistics/finance integrated platform (eg. Shinsegae) + ‘Motorcycle Quick delivery’ services (eg. Mesh Korea)
Issues
Relocating warehouses, distribution centers

Gimpo Logistics Park

Fulfillment Center for E-commerce

Seoul Ease-South Logistics Park

Cold storage using underground
One-way In & Out System
Relocating warehouses, distribution centers

Implementation of e-Logis Town

Source: materials of Minister conference for regulation reform (May 6, 2015)
Diversifying last-mile delivery strategies

- **Traditional parcel delivery process**

- **Rockers**

- **Convenience Stores**

  - 107 rockers managed by Seoul City Gov.

  - 11,025 posts (5,738 in SMA, 52%)

  - 12,160 posts (5,950 in SMA, 49%)

Sources: CJ Korea Express
Diversifying last-mile delivery strategies

- **Biz model 1: Doorman Parcel Delivery**
  - **DOORMAN LOGIS**
  - pick up and drop off packages on behalf of customers
  - deliver the stored packages on time and to the designated place customers want
  - Buy and deliver grocery

Sources: doorman.co.kr, Korea Logistics News
Biz model 2: HOMEPICK

- Customer orders
- Pick up within 1 hour
- Consolidated at a gas station
- Delivered by parcel service
- Customer receives

Source: Zoomma, "HOMEPICK" Brochure
Delivering faster and faster

- **next day delivery**
  - coupang “Rocket Delivery”

- **instant delivery**
  - “Quick Service” by motorcycles
  - Delivery via subway

Source: chosun.com, July 18, 2017
Delivering faster and instantly

- automatic wheel sorters introduced
  - faster delivery by shortening sorting time (1~2 hours)
  - 2-time round trips for delivery possible
  - more packages delivered within a day
Growing market

- More diverse items delivered
  - durable and nondurable goods including all kinds of grocery and food (inc. ingredients)
  - Instant delivery systems

- Linked with other services
  - laundry cleaning and delivery
  - warehousing and delivery
KOTI enriches the future by securing harmony among humans, the environment and transport.

감사합니다
Thank you

Any Questions, email Jee-Sun LEE at jeeslee@koti.re.kr
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