

**International Seminar on City Logistics:
Challenges and Strategies for Sustainable Urban Freight**
July 6 2016, Hongik Univ., Seoul, Korea

e-Logis town in Korea

Hyeokku Kwon and Jee-Sun Lee

Associate Research Fellow

Department of Logistics Research

The Korea Transport Institute



Contents

I. Introduction

II. e-Logis town

III. e-Logis town Strategies

I. Introduction

1. Background

2. Objectives

1. Background

Global Corporations

state-of-the-art logistics infrastructure + inter-industry convergence

amazon

IT+Logis

Total Market Price
\$ 260 billions +

IKEA

Mfng+Logis

Rapid growth with
logistics efficiency

Alibaba

IT+Logis

Accounts for 50% of
China e-Market

Korean Corporations

lack of logistics Infrastructure, poor inter-industry convergence

... Players' Needs ...



e-commerce co.

expansion of logistics
facilities in CBD



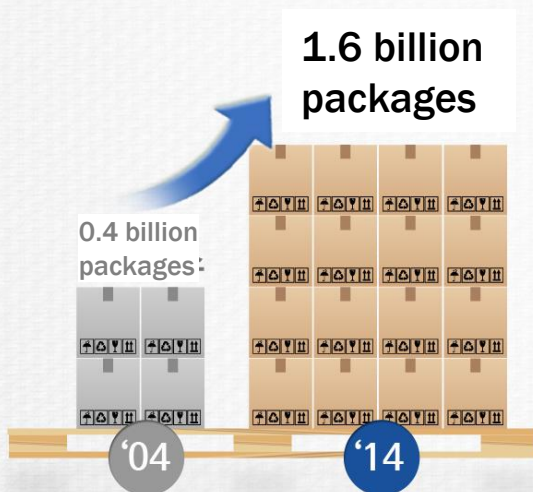
Logistics co.

more gov. supports for
growth as a global co.



citizens

on-time delivery, common
pick-up and drop-off points



Source : materials of Minister conference for regulation reform (May 6, 2015)

1. Background

Changes in the scope and viewpoint of Logistics

Functions

Clients

Logistics service suppliers
to consumers(citizens)

transportation

storage
loading/
unloading

packaging
information

B2B

vs.

B2C

classification	related companies(examples)
parcel delivery	CJ Korea Express, Hanjin, Hyundai Logistics, Korea Postal Office, <i>etc.</i>
home shopping	Hyundai homeshopping, Lotte homeshopping, CJ O shopping, GS retail, <i>etc.</i>
social-commerce	Coupang, G-Market, 11st, <i>etc.</i>
marts	Emart, Lotte mart, Homeplus, <i>etc.</i>
department store	Lotte, Hyundai, Shinsegae, <i>etc.</i>

2. Objectives

Conditions

- **Logistics paradigm shift** due to ICT development, globalization, inter-industry convergence, high value addition
 - Despite of gradual development of logistics industry in Korea, the convergence between logistics, retail, and any other state-of-the-art industries is still poor
- **Needs increase in logistics infrastructure to support everyday lives in a city** due to the sales trend shift accompanied with the growth of e-commerce
 - Limited service supply, lack of appropriate institution, NIMBY
- **Increased strain in city logistics facilities**
 - Existing logistics facilities located in the suburbs → limited access to the inner city

Objectives

- **More effective logistics facilities in the city**
- **High-value added logistics industry** by promoting the convergence with other various industries

II. e-Logis town

- 1. General logistics park**
- 2. Concept of e-Logis town**
- 3. Logistics park vs. e-Logis town**

1. General Logistics Park

Logistics Facilities

- Logistics facilities (terminals, container handling facilities, warehouses, collection and distribution centers, *etc.*)
- Commercial facilities (stores, commercial complexes, outlets, food wholesale markets, *etc.*)
- Other complexes

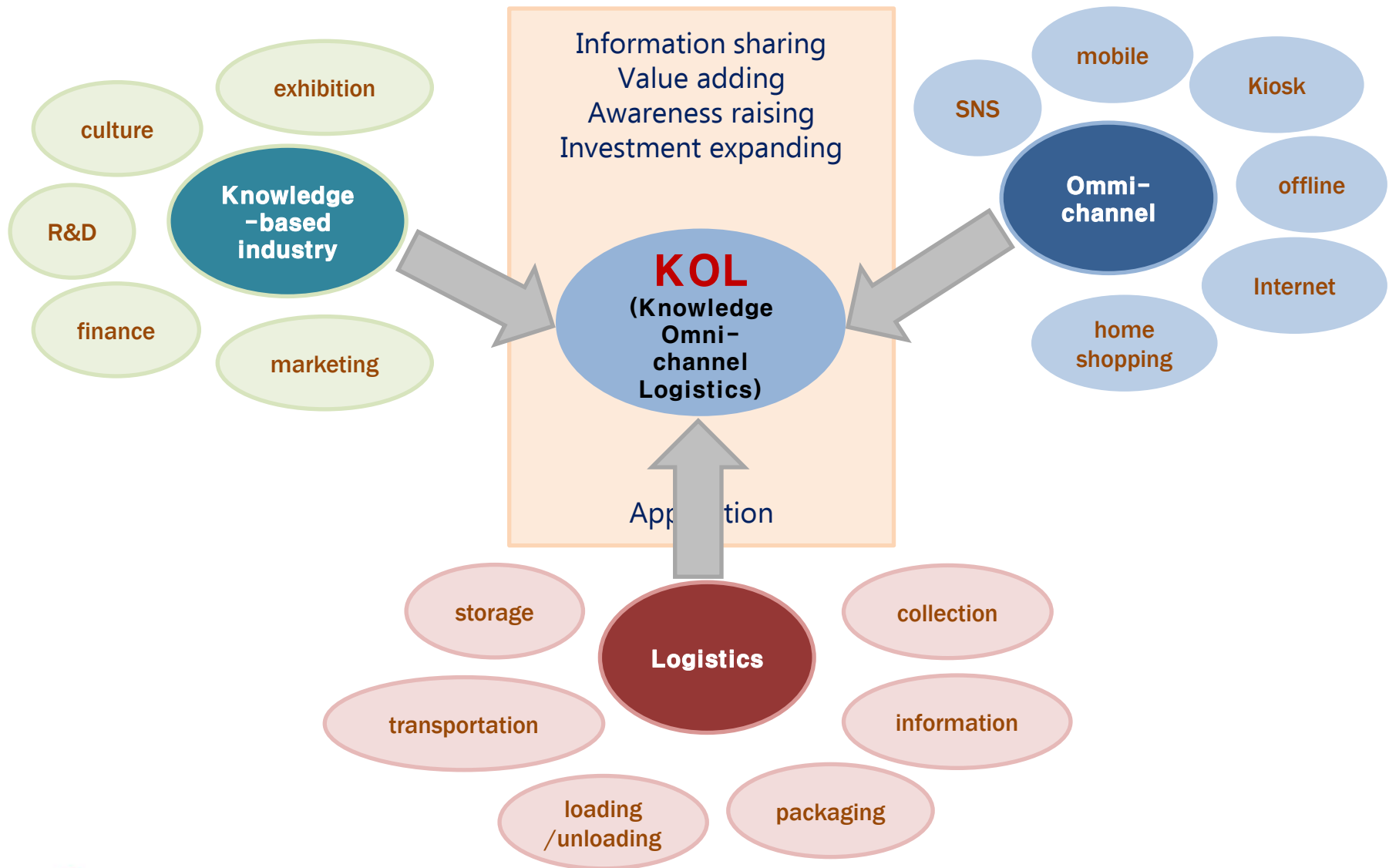
Support Facilities

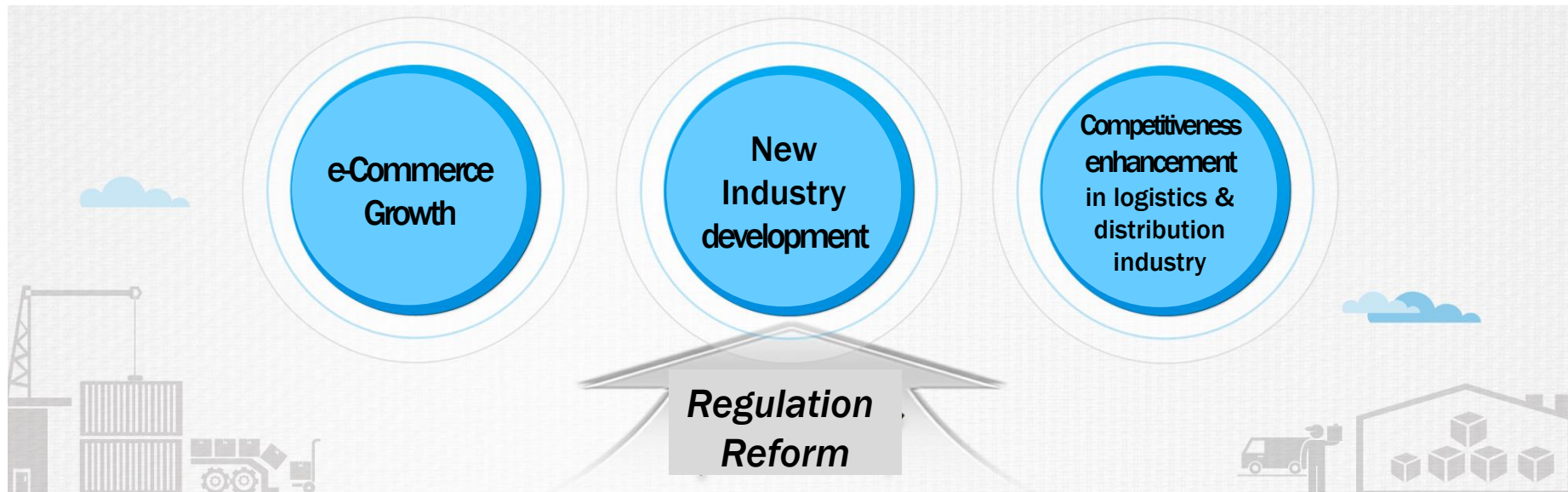
- Manufacturing facilities, Information processing facilities
- Finance, insurance, health, education, research facilities
- Amenities for facility users (inc. employees of the logistics park)
- Culture and assembly facilities
- Waste management facilities
- Housing, lodging
- Sports facilities, other entertainment facilities
- Other complexes

Public Facilities

- Roads, railroads
- Parks, green spaces
- Parking spaces (established by national and local governments only)

2. Concept of e-Logis town





Implementation of e-Logis Town

Development	within City	facility renovation		
Convergence	facilities	functions	related industries	
Investment	Start-up biz	ICT infra	R&D center	amenities for all users

Source : materials of Minister conference for regulation reform (May 6, 2015)

3. General logistics park vs. e-Logis town

	General logistics park	e-Logis town
aims	B2B corporation logistics	B2C everyday life logistics, high-value added B2B
use	logistics ONLY	complex functions including logistics, commerce, tech industry and housing
scale/ locations	large-scale, suburban areas	mid-sized, within the city (near CBD)
Interaction with residents	avoid facilities due to (heavy) trucks' trip generation	amicable to state-of-the art facilities and eco-friendly facilities
traffic plan	large-sized and heavy vehicles, irregular running	mid-sized and small vans, planned and scheduled running
service chain	manufacturer → logistics center → stores → final users (consumers)	manufacturer → logistics center → final users (consumers)

III. e-Logis town Strategies

- 1. Development**
- 2. Action plans**
- 3. Expected effects**

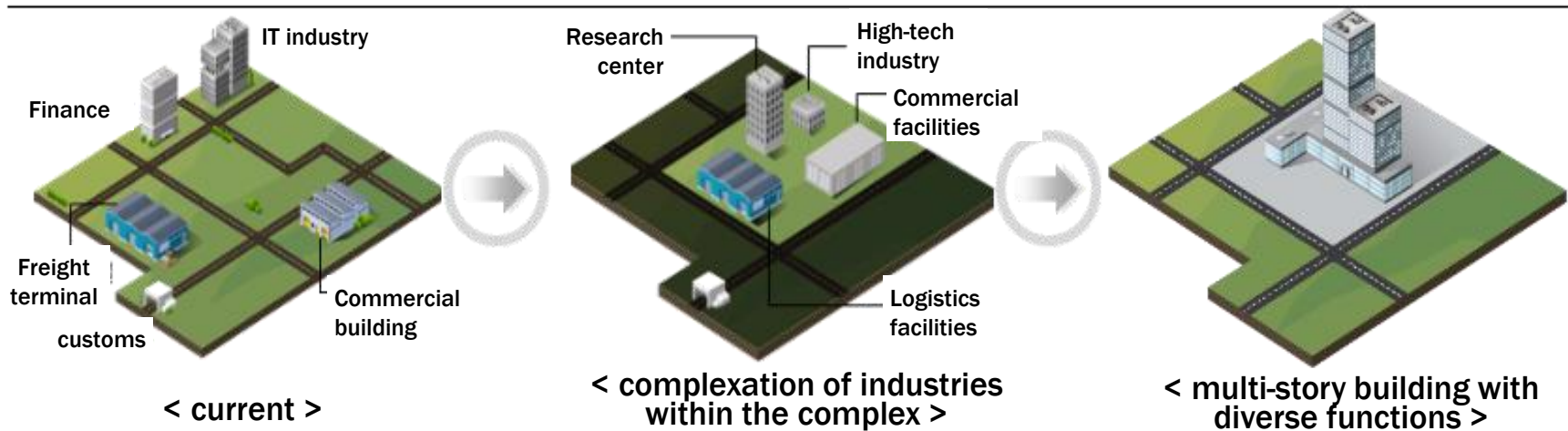
1. Development

● Current development directions

- Distinguish land use district for logistics, commerce, support facilities
- Apply the classification exclusively

● e-Logis development directions

- Need various strategies to overcome the limited space → maximize the shape and scale of land
- **Composite facilities** or **multi-story buildings**



2. Action plans

■ Diversification of Functions

- **Encourage convergence between corporations** to maximize the synergy
 - Guarantee individual professionalism & biz activities → attract diverse industries and business; **enhance interaction among logistics, commerce and support functions**
- Action plan : combine traditional logistics functions with new functions in other industries
 - **(logistics)** introduction of high-tech logistics equipment, logistics informatization, and improvement of regional level logistics system
 - **(commerce/support)** planning to attract related industries including online as well as offline businesses

[convergence between business(example)]

- **Commerce + Logistics**
 - company save the cost using logistics company' logistics system
- **E-commerce company + IT corporation**
 - support online manangement
- **E-commerce company + law firm + customs**
 - quicker paperwork process
 - promote more efficient and effective communication

2. Action plans

■ Promote New Industries and Job Creation

- New industry of **knowledge-based logistics & distribution industries**
 - through conversion, more business starts and job positions produced
 - establish **R&D center as national logistics R&D testbed**
- Action plan: promote the function of **“incubator”**
 - virtuous circulation system : business starts by the support of incubator → growth → extend to global market
 - combine logistics & distribution(commerce) & knowledge-based industries
 - provide with customized spaces and regional biz points
 - nurture each start-up companies through education, supports, exhibition, application, *etc.*

2. Action plans

■ Introduce Welfare Business

- break from the image of unwanted facilities
 - New axis of regional economic development
 - promote regional economy, create new jobs
- Action plan: develop new welfare business
 - build welfare, culture, sport facilities for residents
 - provide rental housings for employees
 - Improve the development planning procedures to include job creation and welfare business promotion

■ Improve Restitution System of Development Gain

- (current) facility dedication and public contribution
- (new) redeem necessary support facilities to promote new logistics-N-related industries and to build up a virtuous circulation system
 - new industry-based biz startups, IT infrastructure establishment, logistics R&D support, welfare project promotion, *etc.*

3. Expected Effects

Innovate logistics service system to serve consumers(citizens) by locating logistics facilities within cities

Establish new growth energy and base for logistics industry through new job creation, R&D promotion, etc.

Expand housing supply for working classes through complex development to attract diverse functions

KOTI enriches the future by securing harmony
among **humans, the environment and transport.**

감사합니다
Thank you

Hyeokku Kwon : bivratio@koti.re.kr

Jee-Sun Lee : jeeslee@koti.re.kr

KOTI : <http://www.koti.re.kr>