

Japan's Open Locker Network: The Blueprint for Success



Challenge

Tokyo, the capital of Japan, has over 13.5 million inhabitants, with 5.01 billion door-to-door deliveries made in 2022.¹ The exponential increase in delivery volumes, in part due to their fast-growing e-commerce market, has created the need for a modern, smart parcel delivery and return solution.

Solution

Packcity, Quadient's parcel locker division in Japan, partnered with Yamato Transport Co. and Japanese officials to establish a dense, open network of carrier-agnostic parcel lockers across Japan to deliver a simplified, easy-to-use distribution channel for logistics providers and end-users.

Results

The project began in 2016 with a plan to install 5,000 parcel lockers over seven years. However, the installation was completed faster than projected with a total of 6,800 lockers installed. The installation of the parcel lockers contributed to:

- The free flow of parcels through the open locker network
- Decreased delivery costs for logistics providers and customers
- A significant reduction in misdeliveries and associated costs
- Improved parcel delivery and collection efficiency

The growing popularity of parcel lockers in Japan has prompted interest from Japanese convenience stores, supermarkets, pharmacies, and C2C who wish to reimagine their Pick-Up, Drop- Off (PUDO) offerings by integrating automated and contactless parcel locker solutions into their locations.



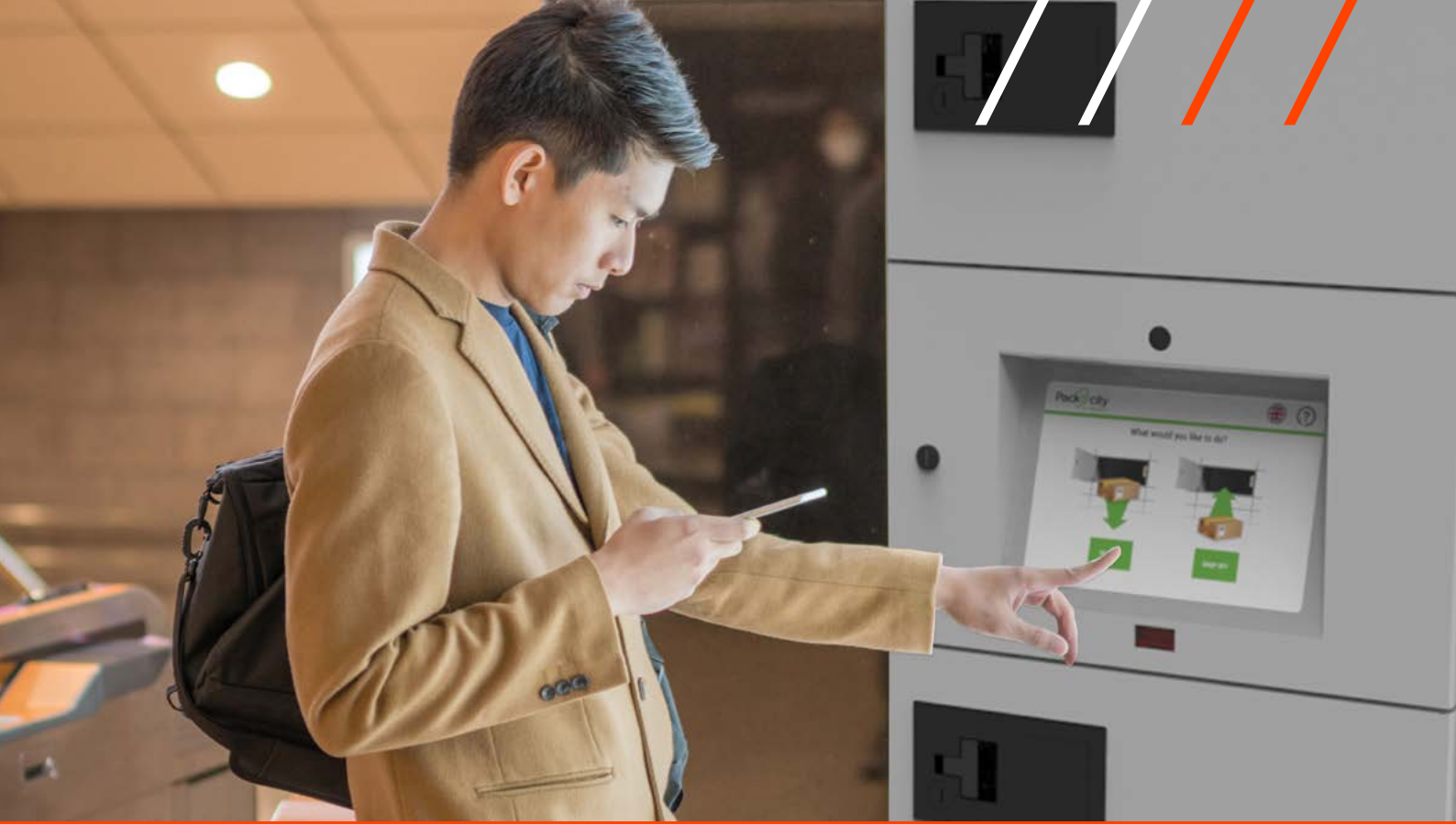
About Japan

Japan has the fastest growing e-commerce market in the world, with a forecasted estimate 111.9 million users by 2027 and a project market volume of \$225 billion USD by 2027.²

As Japan's e-commerce market continues to grow, with increasing shipping volumes to match, the partnership between Yamato Transport Co., Japanese officials and Quadient to create a carrier-agnostic parcel locker network has been a critical component of the modern 'smart' city Japan is today.

Japan's Open Locker Network: The Beginning

In 2016, Packcity, Quadient's parcel locker division in Japan, partnered with Japan's top courier, Yamato Transport Co., to establish a network of carrier-agnostic parcel lockers. This project was born out of a desire by both Yamato and Japanese officials to provide their customers with an innovative delivery solution. The project began the same year with a plan to install 5,000 parcel lockers over seven years, with 1,600 planned in Tokyo alone. However, the installation was completed faster than projected, and in those seven years, a total of 6,800 lockers were installed.



The Challenge Around Growing Parcel Volumes

Misdeliveries and redeliveries are an expensive part of the last-mile, and Japan is no exception. In 2022, close to 12% of parcels shipped by major door-to-door delivery services in Japan had to be redelivered,³ a problem exacerbated by driver shortages and an aging workforce. However, having a dense parcel locker network has resulted in the significant reduction of misdeliveries and associated costs, with misdeliveries decreasing by 350,000 per month thanks to convenient PUDO points within the open locker network.

With Quadient's parcel lockers, carrier agents in Japan are able to drop off multiple parcels to a single location, improving efficiency and reducing delivery costs. In addition, as the parcel lockers are located in convenient places, such as at subway stations, train stations, and in busy central areas, customers can retrieve their package easily and at a time that is best for them. For logistics providers in Japan, this equates to added savings every time a locker is used.



A SUSTAINABLE SOLUTION

Open locker networks help facilitate deliveries and returns for their community but also assist in reducing road congestion, improving road safety, and decreasing CO₂ emissions and air pollution for a positive environmental impact.



A Snapshot into Packcity Japan Today

Japan has a strong konbini or convenience store culture, with more than 50,000 24-hour convenience stores across the country. Konbinis are a popular PUDO point for packages and other deliveries, which they have invested in automating these interactions through self-service PUDO points within their stores. This includes 7/11 Japan, which began installing Packcity lockers in 2019 and is expected to have 1,000 lockers installed across their stores.

In addition to konbinis, Packcity Japan has also expanded lockers into supermarkets, shopping malls, and pharmacies, with 1,750 installations in supermarkets and shopping malls, including AEON, one of the largest supermarket chains in Japan, and 1,000 lockers installed across pharmacy and drugstore locations.

By investing in a contactless parcel locker solution, businesses are able to capitalize on delivery and collection services, which will continue to drive additional in-store foot traffic. This leads to a higher potential for revenue growth as customers stop in to retrieve their package and stay to make an impulse purchase before leaving.



What's to Come?

The Customer-to-Customer (C2C) market in Japan is rapidly expanding and boasts a substantial worth of approximately 2.4 trillion Japanese Yen.⁴ In the midst of this growth, Packcity Japan has embarked on a mission to integrate C2C e-commerce businesses into their extensive open locker network. To realize this vision, they've forged strategic partnerships with Mercari, Yahoo, and Fril.

Moreover, the dedicated team at Packcity Japan is diligently working to enhance the customer experience by incorporating drop-off capabilities for e-commerce companies. This initiative aims to seamlessly cater to both orders and returns, solidifying their commitment to providing a comprehensive offering to all customers.

⁴ [Statista](#)

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by Quadient

ABOUT PARCEL PENDING BY QUADIENT

Quadient is the leading parcel management provider for retailers worldwide and the exclusive locker provider for Lowe's Home Improvement. With over 15,000 placements globally, Parcel Pending by Quadient offers a wide range of solutions that ensure simple, secure, and seamless online order pick-ups and returns.

For more information about Parcel Pending by Quadient, visit: [parcelpending.com](https://www.parcelpending.com)