

CASE STUDY

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A Blueprint for Smart City Success: Japan Benefits from Open Parcel Locker Network



Challenge

Tokyo, the capital of Japan, has over 37 million inhabitants, with more than 4.26 billion deliveries made between 2018 and 2019.¹

The exponential increase in shipping volumes, in part due to their fast-growing e-commerce market, created the need for a modern, smart parcel delivery and retrieval solution.

Solution

Packcity, Quadi^{ent}'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 Tokyo 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 6,000 parcel lockers across Japan over seven years, with 3,000 in Tokyo alone. However, the installation was completed in only three years. The installation of the Quadi^{ent} parcel lockers has 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 and pharmacies, who wish to reimagine their Pick-Up, Drop-Off (PUDO) offerings by integrating automated and contactless parcel locker solutions into their locations.



ABOUT JAPAN

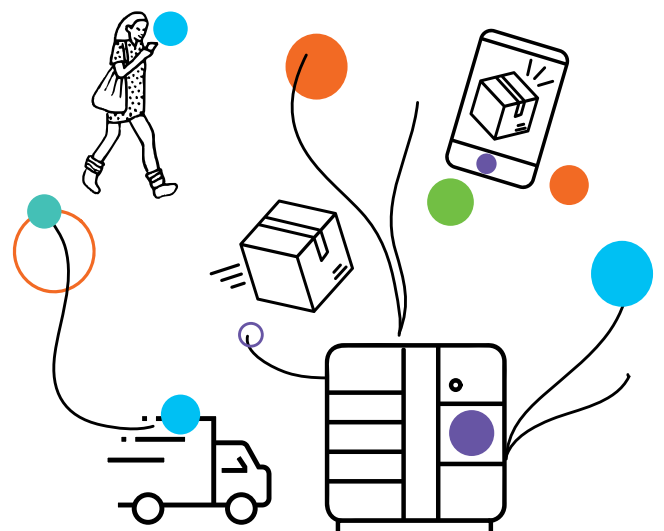
Japan has the fastest growing e-commerce market in the world. Last year, Japan had an estimated 82.59 million e-commerce users, and it is forecasted to increase by 6.33 million users in 2021.²

Tokyo, the capital of Japan, has just over 37 million inhabitants. Between 2018 and 2019, Tokyo had a total of 4.26 billion deliveries made by truck and another 46.4 million via other distribution methods.¹ As Tokyo'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.



Tokyo's open parcel 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 across Japan. This project was born out of a desire by both Yamato and Japanese officials to provide Japanese citizens with an innovative delivery solution. The project began the same year with a plan to install 6,000 parcel lockers across Japan over seven years, with 3,000 planned in Tokyo alone. However, the installation was completed faster than projected, and in just three years, a total of 71,000 locker boxes were installed.





An adapted business model

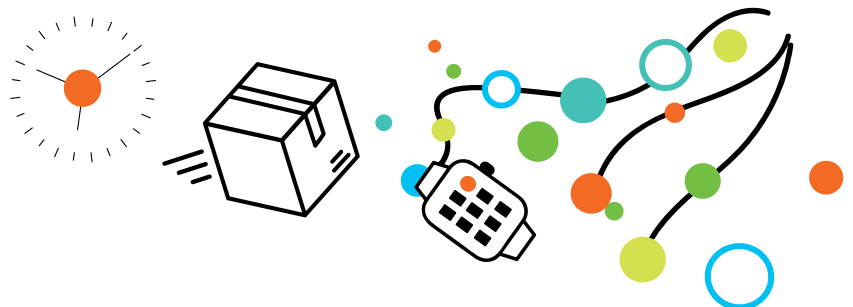
Following the deployment of the parcel lockers, Quadiant created monthly box rental agreements with Sagawa, Japan Post and DHL, which created a free-flow of parcels in and out of the lockers, regardless of delivery volumes.

In addition to monthly rental plans, Packcity Japan offers 'free spaces,' which are open to anyone who needs to send a parcel. These free spaces require a small one-time fee to be paid, but enable deliveries to the locker as needed, without having a formal agreement in place. This shared cost model cuts down on delivery and locker utilization costs and has resulted in a cost-effective solution for logistics providers, which in turn creates economical delivery options for customers.

Growing parcel volumes lead to increased misdeliveries

Misdelivery is an expensive part of the last-mile, and Japan is no exception. For door-to-door transport costs, misdeliveries make-up close to 25%.

For Japan, having a dense parcel locker network has resulted in the significant reduction of misdeliveries and associated costs. With Quadiant's parcel lockers, carrier agents 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 and in busy central areas, the customer 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

Parcel lockers are a sustainable solution that reduce CO2 emissions and traffic congestion by enabling quick and efficient bulk deliveries to a single location. This creates a last-mile delivery service that is beneficial to both logistics providers and city inhabitants.



The convenience of automation

Japan has a strong konbini or convenience store culture, with more than 50,000 24-hour convenience stores across the country. Japanese convenience stores are a popular PUDO point. However, following the COVID-19 pandemic, contactless options have become more preferred over face-to-face parcel retrieval and collection. As a result, convenience stores across Japan are now investing in automation for their PUDO offerings.

By investing in a contactless parcel locker solution, they 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 make an impulse purchase before leaving.

¹ <https://www.japantimes.co.jp/news/2019/10/02/business/deliveries-japan-hit-record-2018/#.Xt472TozZPa>

² <https://www.infocubic.co.jp/en/blog/e-commerce/e-commerce-japan/>

The expanding network

Currently, Packcity Japan is piloting parcel lockers within pharmacies. Japanese Pharmacies are looking to invest in parcel lockers to create an automated and contactless process, whereby the pharmacist delivers the medicine into a parcel locker, which then notifies the patient of their medicine's availability. The pharmacist will conduct a follow-up phone call to instruct the patient on how to take the medicine, and the patient can retrieve their items at their convenience. With full automation, this provides customers with a 24/7 self-service option, decreases human-to-human contact, and improves the customer experience.

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About Quadient®

Quadient, formerly Neopost, is the driving force behind the world's most meaningful customer experiences. By focusing on four key solution areas including Customer Experience Management, Business Process Automation, Mail-Related Solutions, and Parcel Locker Solutions, Quadient helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadient is listed in compartment B of Euronext Paris (QDT) and is part of the CAC® Mid & Small index.

For more information about Quadient, visit www.quadient.com.