
THREE QUESTIONS FOR... Janine Dietze, Head of Logistics at Drees & Sommer

URBAN HUBS – NEW WAYS FOR LOGISTICS IN TOWNS AND CITIES

Janine Dietze,
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‘By using urban hubs – small, decentralized logistics units – we can significantly speed up the last mile.’

1. Delivery traffic faces strong criticism. Air pollution and congestion are even leading to traffic bans in some cities. Is the logistics sector to blame for the gridlock?

Nowadays there are many more trucks on the roads than in the past – that is true. But to put the blame on the transport and logistics sector would be wrong. People often forget that the sector is an important link in the value chain of retailers and industrial enterprises, and as such it is responding to the change in the flow of goods. For instance, online trading has experienced astronomical growth for many years. According to a study by the German federal parcel and express logistics association (*Bundesverband für Paket und Expresslogistik*), courier, express and parcel service providers in Germany handled more than three billion parcels last year. That represents growth of 7.2 percent. It is this flood of parcels that gives logistics such a bad reputation – it has resulted in traffic congestion, noise, and dirt. Of course, the current situation cannot continue indefinitely, but driving bans imposed by cities such as Stuttgart only deal with the effects. They do not solve the problem.

2. What solution do you suggest instead?

We must not respond to new problems with old solutions. For decades, there has hardly been any change in the construction of logistics centers. Most companies are still looking for large spaces outside cities with good links to long-distance transport and close to manufacturing locations and clients. However, land is scarce, especially in the regions favored for logistics operations. We therefore have to develop new concepts. This applies especially to the last mile – the last section of the journey for goods being transported through the city to the client’s door, which continues to be very time-consuming and therefore expensive. But why not use the free spaces available in the city? These could be developed into urban hubs – small, decentralized logistics units. These can be modern new builds, but they could also be less attractive or counter cyclically used spaces, such as the upper floors of shopping centers, free spaces in office buildings, unused parking lots or areas of sports stadiums. To ensure that urban hubs work, however, the needs of a whole range of different players must be taken into account – from online retailers and their clients to parcel service providers, project developers and the public sector. This continues to be neglected in too many cases, leading to wasted potential.

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3. How can you ensure that an urban hub will not be developed in a way that fails to reflect the needs of users?

We see hubs as a component in an integrated city logistics concept that takes into account users' requirements and their long-term strategy. For instance, we are currently developing a state-of-the-art, multistory logistics building for city center locations. This is by no means only about specific warehouse spaces for retailers or food suppliers, hotel chains or craft businesses. What is required is to offer services that create actual value added. An urban hub can guarantee short delivery times by enabling goods to be received and dispatched continuously, 24 hours per day, seven days per week. It can combine deliveries and ease congestion on transport routes.

To help us understand what clients really need, we are currently conducting a large-scale survey of users.

To identify all the problems and challenges in detail, we are liaising with parcel service providers and users such as hotel chains, retailers, and online traders and their clients. We are also in contact with a range of startups that can offer new technological solutions to contribute to the optimization of supply chains. Our aim is to design urban hubs that allow deliveries to be made more efficiently, quickly and cost-effectively. And, of course, any other experience from the sector that is picked up by our survey will also be very useful.



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Digital tools make urban hubs even more efficient, for instance by combining information on individual parcels.