

Questions and Answers UCC: The Dutch Experience

Q1: I am not familiar with the Dutch government structure - who provided the subsidy? Local (city) government; provincial, or national?

R/ Binnenstadservice got start up subsidy in 2008 and 2009 in the first 4 cities from the local government

Q2: Is Binnenstadservice a privately run operation? If so how was it incorporated and who decided who runs it?

R/ Binnenstadservice is a national private franchise organization

Q3: Could you provide more details on how the service works?

R/ Small and independent retailers pay a monthly fee for Binnenstadservice (BSS)'s basic service, i.e. the collecting receiving point for receiving goods and delivering these goods to the store at the time the store-owner likes. The small retail store owner has to take action; if a store wants make use of BSS' services it has to join BSS. The most important activity for the store-owner is then to (allow BSS to) send a change of address to its suppliers (i.e. BSS' address). Then, carriers deliver the goods to BSS. By bundling the deliveries from multiple suppliers for the store-owner and delivering the goods at the time the retailer wishes, BSS offers a service that saves the small store-owners time. Next to this basic service, the retailers can purchase extra services at BSS for money:

- Storage (so that retailers no longer have to use their shop to store goods or rent storage space elsewhere),
- Home-deliveries (for example for large goods, such as fridges and computers),
- Value-added logistics including retour logistics (of for example clean waste), and
- Possibilities for e-tailing in the city of Nijmegen.

Q4: What is the price per parcel that needs to be paid to the UCC manager in order to be viable?

R/ The question on viability is related to more than 'just' the price per parcel. For example, receivers pay a fixed fee per month to join a Binnenstadservice. Next, costs determine viability as well; operating costs can be lower in case a UCC shares facilities / vehicles with a local carrier, and in that case the price per parcel can be lower, than for the case where a UCC owns a building, has assets etc.

Q5: What mechanism was used for the subsidy: tax break of some sort? Once-off financial benefit? How flexible/creative can Dutch local government be in "changing" incentives, i.e. not apply transparent across-the-board rates and taxes?

R/ For Binnenstadservice a startup subsidy was given (once-off financial benefit). We learned that subsidies might not be the best way to support an initiative like this, but for example being a launching customer might be more useful (see also answer to Q15, this helps the UCC to start business and gives confidence to other potential customers). Other options (using old warehouses / facilities for low prices, etc) are also possible, so this provides a higher flexibility than only subsidies.

Q6: Who provides the warehouse? The local authority? Is there a preferential rental cost?

R/ The BSS local franchise organization provides the warehouse; often these are the facilities already owned by the local franchise organization (e.g. a local carrier). Sometimes local authorities provide a (old, often no longer used) warehouse for low rental price.

Q7: How "extrapolated" is this example? Developing cities are 2-4-12 million people. It seems that the example is more relevant to smaller distances and non-congested destinations

R/ For larger and developing cities, as in the example a similar concept could be used, but then more of these UCCs will be necessary to cover a city (one service for a neighborhood for example).

Q8: For local factories that ship their goods to a city, could they be UCC's customers?

R/ Yes, this would be possible.

Q9: What would be needed from Binnenstadservice to expand to other countries? Knowledge, subsidies, industry support?

R/ Knowledge and support, yes. Very important are the local entrepreneurs who should be able to contact the local receivers and connect with them, next a (inter)national organization that can provide the local entrepreneur with the concept and national clients (shippers, carriers) would definitely help.

Q10: I find it useful, yet somewhat surprising, that waste collection features so high (larger than parcels/pallets). Is waste collection mainly municipal waste? That is, private and business refuse removal?

R/ It includes all waste: household, business, café's/restaurants/hotels, including building waste from demolitions, renovations etc.

Q11: How much you need at Cargohopper per parcel to be economically profitable?

R/ There is no clear cut answer to that since Cargohopper carries parcels, pallets etc. The TransMission network settlement rates apply to Cargohopper. On top of that direct customers pay commercial freight rates.

Q12: Taniguchi spoke about a price as low as 34 cents/parcel, with income generated on other businesses in order to sustain the UCC business

R/ That would be too low to sustain the business

Q13: Are Binnenstadt and Transmission competitors?

R/ TransMission focuses on shippers, BSS focuses on small inner city retailers that can influence their supplier to deliver at BSS. In that sense they are not.

Q14: What kind of goods of small retailers should be target of an UCC?

R/ At this moment, simple goods – like parcels or pallets. So no special cool / frozen vehicles are required.

Q15: what is the necessary duration of an activity like that to be sufficient? for which duration do companies need to commit to a service like this to put it on a solid fundament?

R/ No direct answer in duration, one of the things is that we can phrase it the other way around, very often companies do want to commit to such a service if they have the idea that the service lasts (so that means no demonstration project, but the intention to build a business and a short history; so that companies know that this services lasts already for a longer period). These two elements help to win trust of companies.

Q16: Very interesting that 'Food services' are so big a part according to in Cargohopper example - what exactly is this 'food services'?

R/ Food services are supplies to pubs, restaurants, hotels, business canteens, hospitals etc.