

Q3 results show ‘new normal’ emerging for pallet sector



The Association of
Pallet Networks

15 December 2023 – For immediate release

‘New normal’ in 2023 as pallet volumes enjoy an expanded market but more predictable patterns

Key points include:

- *Volumes in Sept 2023 almost 6% up on 2019, but without the volume surges of post-Pandemic years*
- *Hub safety and sustainability metrics show significant and sustained progress*
- *Economy services resilient and next-day services showing marginal shrinkage*
- *Significant proportion of ‘next day’ customers pay extra for timed deliveries*

In the third quarter of 2023, volumes across the UK’s eight pallet networks have settled into a “new normal” following the disruption of the last few years, according to sector results from the Association of Pallet Networks (APN).

Total pallet volumes in Q3 2023 were 1.5% lower than 2022. To the end of September 2023, volumes are 5.9% higher than 2019 pre-pandemic levels, but 3.7% lower than the same period in 2022.

Customer demand for economy pallets held up well, with a slight reduction of 1.4% against Q3 2022, and were slightly higher than in Q1 2023.

Next day volumes were maintained against Q2 2023, but were 4.3% lower than Q3 2022. APN chairman Paul Sanders says: “This shows a steadying in the marketplace, as Q3 figures tend to be higher than in the early summer months, and also because next-day deliveries represent a little under two-thirds of overall pallet volumes.”

Next Day deliveries now account for 61.3% of the total palletised freight volume, and economy deliveries for 38.7%.

Year to date figures

To end of September 2023, all pallet sizes declined from 2022 volumes, although the market is still considerably greater than in 2019.

Full pallets achieved growth of +5.4% and half pallets +3.4% against 2019 figures. Quarter pallets saw a 10.5% increase in volume with Q3 volume higher than Q3 2022.

Full pallets account for 49.1% of the volume, 29.1% are half-pallets, and quarter pallets making up the remaining 21.9%. (Figures are rounded so combine to fractionally more than 100%.)

To end of September in 2023 consignments have declined by 2.8% since 2022. However, the average of 1.42 pallets per consignment has remained steady.

9.3 million consignments were booked for next day delivery, and customers chose to pay a premium to ensure timed delivery for 1.5 million (or 16.4%) of these.

Sustainability

Trunk capacity utilisation to date in 2023 is strong at an average of 77.6%. Trunk utilisation represents the percentage of trunk vehicle trailers which are loaded with pallets on incoming and outgoing trips to pallet network Hubs. This is an important sustainability measure. Pallet network trunk vehicles are consistently used much more efficiently than articulated vehicles in wider industry. According to the Department for Transport figures (RFS0125) articulated vehicles in the UK run empty 30% of the time; and the average lading factor is 67%. So far in 2023 therefore, pallet networks score extremely highly on both efficiency metrics, with minimal empty running and a lading factor 10+ percentage points higher than the national average.

Safety matters

Across all networks there was a 23.3% reduction in safety incidents in 2023 against 2022, with an average of 0.37 injuries per 100,000 pallets delivered. In 2020 this figure was 0.53 per 100,000 pallets.

“We are extremely proud to have driven down safety incidents at Hubs through the relentless work of our health and safety forum for the sixth year running,” says Sanders. “Formulating and sharing best practice advice, benchmarking network figures and dedicating an entire week each year to educating all Hub teams and visitors about network safety pays off continuously with lower and lower incident rates.”

The APN’s focus on safety has consistently been extended to managing tail-lift deliveries as well, with its involvement is creating guidance document and championing of the dynamic risk assessments made by drivers at delivery locations.

Tail-lift safety is a priority for networks, as tail-lifts are predominantly (although not exclusively) required for residential deliveries. The B2C demand remains strong with 16% of all pallets delivered to residential addresses, compared to 13.1% of pallets in 2019. Almost 20% of quarter pallets were B2C so far this year.

Just over half of B2C pallets are sent on economy services and 57.2% of all quarter pallets. This represents a slight increase in next-day services for residential customers. The average weight per pallet has remained steady in 2023 at 367kg per pallet, with little variation between networks.

ENDS

Notes to Editors

The **Association of Pallet Networks** has a membership of eight pallet networks in the UK: Fortec, Pall-Ex, Pallet-Track, Palletforce, Palletline, Palletways, THE Pallet Network and United Pallet Network. These in turn represent 800 hauliers, more than 24,000 vehicles and over 13 million sq ft of warehouse space collectively.

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