

Pallet sector shows huge resilience amid uncertainty and unprecedented growth



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APN's Q3 Volumes and Service report shows high volume growth

The APN has processed its Q3 volumes and service benchmarking statistics, revealing the following:

- **Volumes to end of September 2020 just 0.3% down year on year despite the impact of lockdown**
- **Q3 Economy volumes 18% up year on year**
- **Total volumes show 16% growth in September year on year**
- **Substantial growth in next-day volumes**
- **Increase in quarter pallet delivery driven by residential demand**
- **Service levels remained high throughout 2020, due to the agility and foresight of networks**

The APN's latest benchmarking statistics of the UK's leading pallet network operators show the sector has responded well to the challenges of the pandemic, despite tough operating conditions and have also managed the subsequent growth surge with a strong commitment to service standards.

Paul Sanders, chairman of the Association of Pallet Networks (APN), says: "Overall volumes held up well despite a tough Q2, and recent growth has boosted confidence in the sector for the rest of 2020."

This year has been doubly challenging for the networks which had to contend with the public health risk, associated staff shortages, and a change in delivery profile towards home deliveries, and then subsequent very high growth in pallet volumes which is operationally challenging in its own right.

Operations are now further complicated by different levels of restriction set regionally.

Despite the obvious challenges, Sanders noted: "Service levels have remained high throughout the membership. Over 96.1% of pallets are delivered within their service criteria across all networks. Furthermore, member trunk trailer utilisation consistently exceeded an average 73% in 2020."

Volume growth

Economy volumes increased year-on-year by almost 18% in Q3, although Next Day volumes are a little behind that curve. Quarter pallets increased by 9.6% from Q3 2019. Sanders says this is perhaps symptomatic of the increase in home deliveries experienced during lockdown and which has then continued through the following quarter.

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Total volumes to end of September 2020 were only 0.3% down year-on-year despite the impact of lockdown, which suppressed volumes in late March and April.

“This has been an unprecedented year for the nation and our members,” commented Sanders. “In January 2020 everyone was forecasting a difficult trading period, but nobody foresaw the situation we’ve had!”

Network resilience

Sanders says: “In the first few weeks of lockdown we saw an impact on volumes, coupled with the inevitable impact of the coronavirus on staff and operating procedures, but all members responded quickly and maintained business as usual, operating safe, contactless deliveries and social distancing.”

He adds: “Many of our members operate in mainland Europe and internationally so through collaboration we saw the potential impact early and could translate that experience and best practice rapidly. It clearly paid off.”

Successive waves of investment in technology stood the sector in good stead. “The investment in technology which networks and their members have made in recent years enabled hauliers in moving quickly to contactless deliveries. This gave confidence to both customers and the public at delivery points. Members are highly focussed on Health & Safety and worked together to achieve a best practice approach that was well received in the marketplace.”

Future challenges

As the measures to tackle Covid-19 continue, and different tiers of regional response are implemented, what does the rest of 2020 hold for members? And as Brexit looms in 2021, is the sector ready to respond?

“Clearly we aren’t out of the woods yet,” observed Sanders. “We do not yet know what a second Covid-19 wave will mean for our economy or working conditions. Nor is it clear what protocols or trading arrangements will come out of Brexit negotiations at the end of the transition period.

“However, our network members have done extensive planning for operational flexibility and to be able to support UK plc with whatever comes next. Only time will tell whether we have done enough but we have demonstrated a very high level of resilience and responsiveness so far in 2020.

“The pallet network model has proved to be robust during tough economic trading conditions. Our members have invested heavily in technology, skills and infrastructure, and will undoubtedly rise to any challenge faced.”

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The Association of
Pallet Networks

Notes for editors

The **Association of Pallet Networks** has a membership of eight pallet networks in the UK: Palletways, Fortec, Palletline, United Pallet Network, Pallet-Track, Pall-Ex, Palletforce and THE Pallet Network. This in turn represents a total of 650+ hauliers, almost 30,000 vehicles and over 13 million sq ft of warehouse space.

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