

Pallet network sector report shows strong response to COVID



The Association of
Pallet Networks

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The Association of Pallet Network (APN) has released sector statistics for the first six months of 2020, including key insights into freight movements during lockdown. Key figures include:

- Home delivery more than doubled
- As pallet volumes dropped, the proportion of economy services rose
- June saw record volumes with 2.46m pallets moved across the sector
- Next day deliveries down 10% between Brexit and Covid
- Sector cautiously optimistic about Q3 and Q4

APN chair Paul Sanders says: “Within hours of the lockdown coming into effect across the UK, our members demonstrated their ability to provide high quality logistics solutions to sectors as diverse as food, medical supplies and technology. We were united in our desire to provide sector leadership, protecting our employees, and doing our utmost to provide essential services to the UK economy.”

The first two quarters of 2020 saw pressure on pallet volumes, with a 10% drop in next day deliveries compared to the same period the previous year. This reduction began early in the year, possibly caused by the uncertainty of the Brexit situation, but was then exacerbated by lockdown.

Overall Sanders notes: “Volumes for the first half of 2020 were **6.5% lower** than the same period in 2019, and the pallet shipped through Economy services rose by **1.9%**.”

As businesses across Europe and the UK started to reopen, business rallied with June being the 4th ranked month ever in terms of total pallets. The UK pallet network sector moved 2.46m pallets in June.

This suggests that the UK pallet network sector was far less affected in terms of volume than the early experience of European counterparts indicated.

APN believes this resilience is due to the maturity of the UK pallet network sector, and that as order volumes drop many customers switched from dedicated full loads to pallet network services, as a more efficient and economic model.

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Home delivery was a big winner during lockdown, as customers looked to e-commerce options to bring goods to their homes, not least for DIY and landscaping projects during lockdown.

“28% of all deliveries made in April 2020 were to residential addresses, compared to an average of 13.1% in 2019,” says Sanders. “This is a massive increase and B2C deliveries can be very challenging for networks.”

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“However, the networks have refined their home delivery services in recent years and responded well, offering **contactless deliveries** to protect customers and staff alike.”

It is likely that the large movements of turf and aggregates to residential addresses contributed to the slight upward shift in average pallet weights, which stands at 384kg for the first six months of 2020.

“Our network members are cautiously optimistic for the remainder of the year, although, of course, there is great economic uncertainty. However, using a pallet network remains the most cost-effective and efficient way to deliver small quantities of pallets so many businesses who have previously used dedicated services may well respond to potential drops in their order book by using networks instead.”

Sanders says: “We have worked very closely with other industry bodies, including the Road Haulage Association, to ensure **Government** has been briefed on the financial and operational support the sector needs to carry out its essential work. We continue to actively liaise across the sector to ensure a potential second wave can be handled with the same level of efficiency and professionalism.”

ENDS

Notes to Editors

The **Association of Pallet Networks** has a membership of eight pallet networks in the UK: Palletways, Fortec, Palletline, United Pallet Network, Pallet Track, Pallex, 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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Little dot is a business support consultancy specialising in providing professional services to industry, including benchmarking, business process improvement, training and mentoring.

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