

'INFLUENCERS' IN URBAN FREIGHT –A BUSINESS MODEL PERSPECTIVE

Alena Brettmo
Jon Williamsson



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW



VREF'S CENTER OF EXCELLENCE FOR
**SUSTAINABLE URBAN
FREIGHT SYSTEMS**

Everyone wants different things

Figure 9: Everyone wants different things



- 1 We want regular and reliable services with well-located stops.
Four million bus trips each day across London
- 2 We want smooth, safe roads and good parking.
200,000 trips by powered two-wheelers each day
- 3 We want reliable journeys and convenient stands and ranks.
300,000 trips per day by taxi and PHVs
- 4 We want reliable, quick journeys as well as places to load/unload.
Deliveries and servicing keep London functioning

- 5 We want to feel safe and have permeable cycle-friendly streets and secure parking.
Thirty-five per cent of London households own a bike
- 6 We want safe and pleasant streets with good convenient crossings.
Six million walking trips are made every day in London
- 7 We want good quality places to sit, relax and watch the world go by.
Streets make up 80 per cent of London's public spaces⁵⁹
- 8 We want to be able to access services, and have streets that feel safe and secure with places to sit.
The number of people aged 65 and over will increase 33 per cent by 2031
- 9 We want great places to visit and spend time, and attractive streets that we can walk around safely.
In 2012 visitors to London spent £10.1bn⁶⁰

- 10 We want reliable, quick journeys with minimal disruption, and to be informed about what's going on
Cars are important for access in many areas
- 11 We want reliable journeys and easy access to businesses and to avoid conflicts with other users.
30,000 transport and logistics operations in London⁶¹
- 12 We want access to central London and places to park.
Coaches bring many visitors to London
- 13 We need to be able to get to incidents quickly and access all streets.
More than one million are incidents attended by ambulances each year⁶²
- 14 We need to access underground infrastructure to carry out repairs and upgrades to serve our customers.
We all need utilities like water and electricity

- 15 We want our staff, customers and deliveries to be able to get to us easily.
Outer London has around 40 per cent of London's employment
- 16 We want accessible services, streets with level pavements and enough space to move around comfortably.
Streets need to be accessible for all Londoners
- 17 We want accessible, vibrant and safe high streets where it's a pleasure to spend time and money.
Streets are a key focus for local economies
- 18 We want quiet streets where we feel safe and can play.
Good streets support community interaction

⁵⁹ Commission for Architecture and the Built Environment (CABE)
⁶⁰ Visit England Tourism Factsheet, May 2013
⁶¹ CILT, Maintaining Momentum: Summer 2012 Logistics Legacy Report, 2013
⁶² London Ambulance Service Annual Report 2011/12

Usual busy street in the city centre with shops, offices, cafés, restaurants



Shops

Restaurants, cafés

Offices

Backside of the street with the delivery truck



Introduction

- Research on stakeholders and stakeholder interaction in the urban freight sector.
- Urban freight research has identified a group of indirect stakeholders that may influence how goods receivers organise their logistics flows as well as their procurement practices.
- A business model perspective may be utilized to understand the business side of affected service providers.
- The purpose is therefore to explore the role that these stakeholders play in relation to the promotion of sustainable urban freight activities as well as the potential impact that their actions have on the business models of service providers

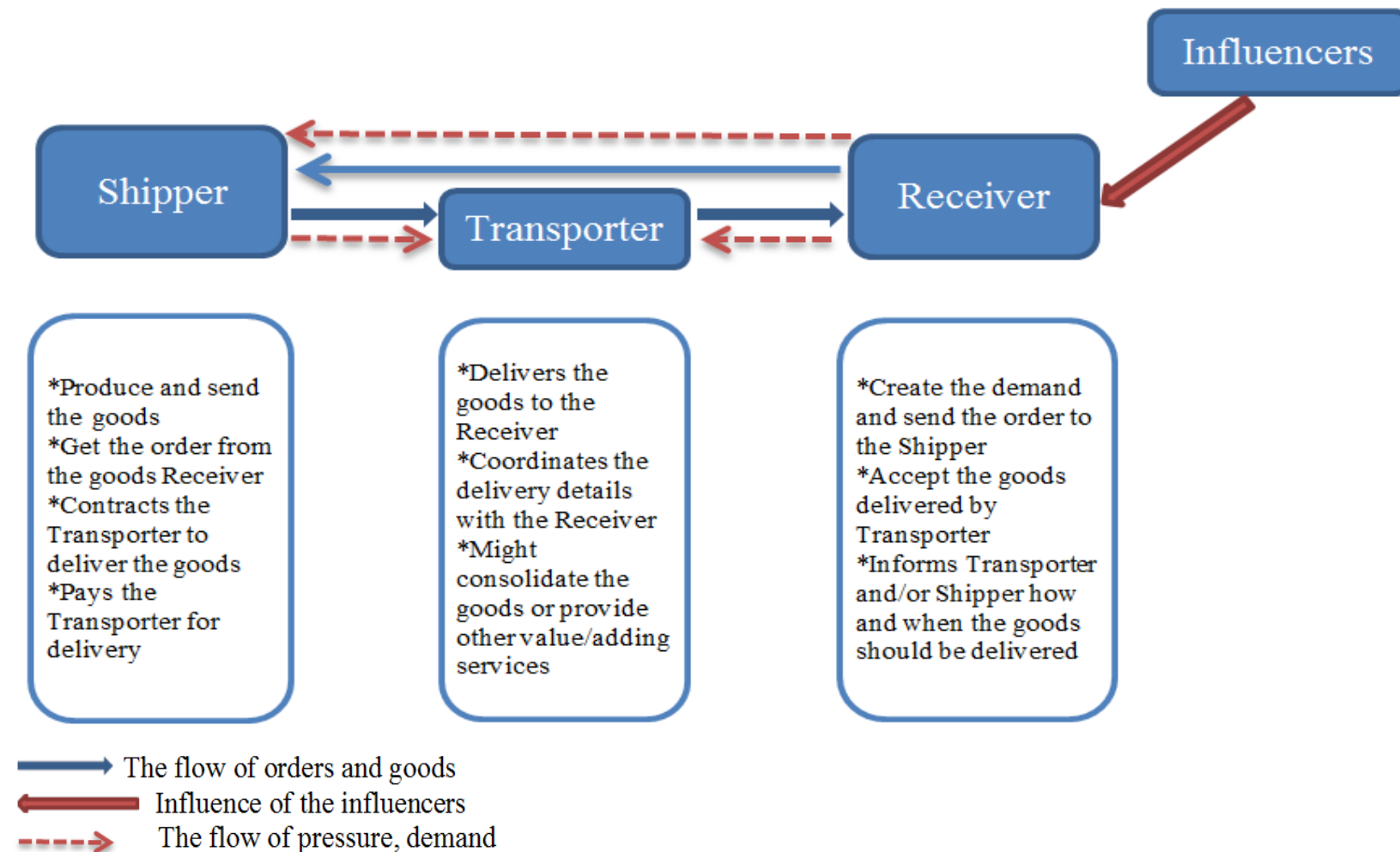


Influencers in urban freight

- **Influencers or influencing organisations** – norm-setting third-party (i.e. indirect) urban freight stakeholders.
- They engage actively with issues of sustainability and “liveability” (i.e. quality of life) of the urban setting.
- Motivated to enforce the standards of behaviour and attitudes of receivers that in turn leads to pressure on their logistics service providers.



The influencers role in relation to the supply chain



MAPPING OF INFLUENCERS

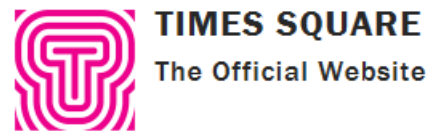
- Actors that bring local businesses together and influences the agenda related to logistical services - for example **Business Improvement Districts (BIDs)**;
- **Property owners** of commercial establishments like offices and shopping malls.
- **Public sector procurement organisations** that group city and local authorities together in terms of their purchasing activity.
- Private sector companies such as **facility management companies** that may work for a range of businesses providing purchasing services and also providing out-sourced activities such as cleaning and catering.



Influencers and influencing organisations

Business Improvement Districts (BIDs)

Business improvement districts (BIDs) are partnerships between public and private sector actors established to improve the attractiveness of a specific geographic area in ways that benefit the local business sector (Briffault, 1999; Grossman, 2008).



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW



VREF'S CENTER OF EXCELLENCE FOR
**SUSTAINABLE URBAN
FREIGHT SYSTEMS**

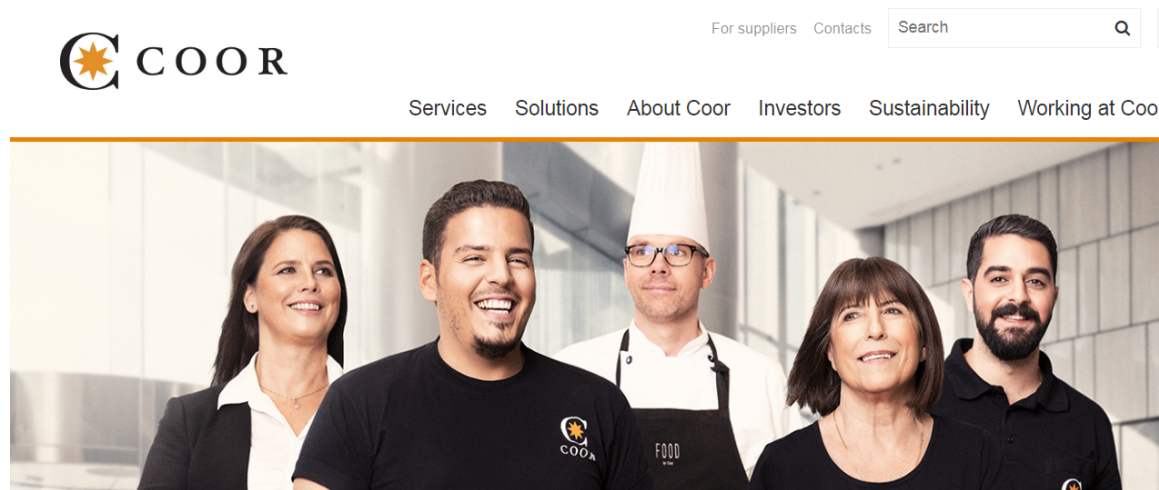
Influencers and influencing organisations

Property owners (shopping malls, offices)



Influencers and influencing organisations

Facility management company (FCM)



FOOD by Coor



Coor Cleaning



Coor property services



Recruitment



Safety

Influencers and influencing organisations

Public procurement company – in this case public municipal procurement organisation that is in charge for tendering, selecting and contracting suppliers for delivering of goods and services for municipal needs (like schools, kindergartens, elderly care institutes, etc.)












Göteborgs Stad inköp och upphandling

BUSINESS MODEL APPROACH

- Business model concept (Teece, 2010):
 - A means to define organisational and financial architecture that a business rest upon.
 - Demonstrates how value is created and delivered to customers.
- Business model application
 - Importance of considering business practices when implementing sustainable innovations and moving from conceptual stage to market (e.g. Quak, Balm, & Posthumus, 2014)
 - Helps to reveal the complex relationships related to the topics of value creation, stakeholder relationships and corporate sustainability (e.g. Teece, 2010; Boons & Lüdeke-Freund, 2013)

Business model canvas (Osterwalder & Pigneur 2010)

The Business Model Canvas		Designed for:	Designed by:	Date:	Version:																											
Key Partners  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	Key Activities  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES Production Problem Solving Platform/Network</p>	Value Propositions  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS Newness Performance Customization "Getting the job Done" Design Brand/Status Price Cost Reduction Risk Reduction Accessibility Convenience/Usability</p>	Customer Relationships  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p>EXAMPLES Personal Assistance Dedicated Personal Assistance Self Service Automated Services Communities Co-creation</p>	Customer Segments  <p>For whom are we creating value? Who are our most important customers?</p> <p>Mass Market Niche Market Segmented Diversified Multi-sided Platform</p>	Key Resources  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>TYPES OF RESOURCES Physical Intellectual (Brand, patents, copyrights, data) Human Financial</p>	Channels  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p>CHANNEL PHASES 1. Awareness 2. Evaluation 3. Purchase 4. Delivery 5. After sales</p> <p>How do we raise awareness about our company's products and services? How do we help customers evaluate our organization's Value Proposition? How do we allow customers to purchase specific products and services? How do we deliver a Value Proposition to customers? How do we provide post-purchase customer support?</p>	Cost Structure  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MODEL Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driven (focused on value creation, premium value proposition)</p> <p>SAMPLE CHARACTERISTICS Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope</p>	Revenue Streams  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <table border="0"> <tr> <td>TYPES</td> <td>FIXED PRICING</td> <td>DYNAMIC PRICING</td> </tr> <tr> <td>Asset sale</td> <td>List Price</td> <td>Negotiation (bargaining)</td> </tr> <tr> <td>Usage fee</td> <td>Product feature dependent</td> <td>Yield Management</td> </tr> <tr> <td>Subscription Fees</td> <td>Customer segment dependent</td> <td>Real-time Market</td> </tr> <tr> <td>Licensing (intellectual property)</td> <td></td> <td></td> </tr> <tr> <td>Licensing</td> <td>Volume dependent</td> <td></td> </tr> <tr> <td>Average fees</td> <td></td> <td></td> </tr> <tr> <td>Advertising</td> <td></td> <td></td> </tr> </table>	TYPES	FIXED PRICING	DYNAMIC PRICING	Asset sale	List Price	Negotiation (bargaining)	Usage fee	Product feature dependent	Yield Management	Subscription Fees	Customer segment dependent	Real-time Market	Licensing (intellectual property)			Licensing	Volume dependent		Average fees			Advertising		
	TYPES	FIXED PRICING	DYNAMIC PRICING																													
Asset sale	List Price	Negotiation (bargaining)																														
Usage fee	Product feature dependent	Yield Management																														
Subscription Fees	Customer segment dependent	Real-time Market																														
Licensing (intellectual property)																																
Licensing	Volume dependent																															
Average fees																																
Advertising																																

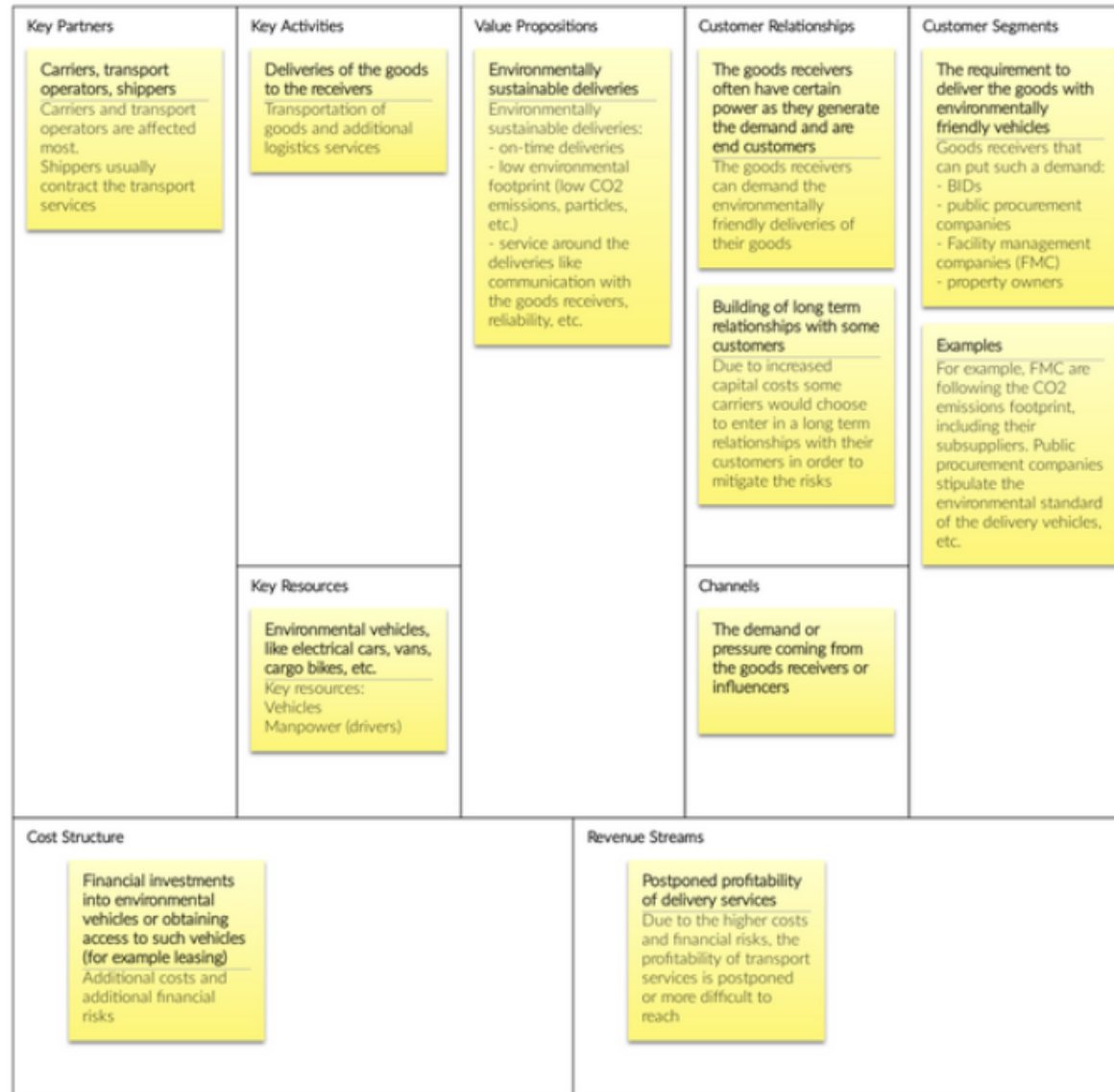
Method

- Interviews with influencers about the requirements and demands, related to logistics services, which they place on receivers.
- The interviews were conducted between 2015-2018.
- Organizations interviewed:
 - BIDs: 3 BIDs in U.K., 4 BIDs in U.S.
 - In Sweden:
 - one BID-like association in Sweden
 - one umbrella organisations for BIDs
 - two facility management companies
 - four property owners/developers
 - two public procurement companies
 - two municipal traffic agencies.
 - a service provider and two cargo bike delivery companies
- The results of the interviews were analysed using the business model canvas by Osterwalder & Pigneur (2010).



Results

An example:
Business Model
canvas for the
initiative of
requesting that
deliveries are made
by environmentally
sustainable vehicles



Discussions and conclusions

- Different influencers have different reach to goods receivers:
 - setting the rules (as for example, property owners can set the rules on the logistics set up of their tenants);
 - proposing to organise flows differently (promoting more sustainable freight solutions, by collaborative procurement, promoting off- hour deliveries, common locker system, etc.)
 - orchestrate the flows (consolidating the flows in and out, planning the demand of the customers, etc.)
 - facilitate the dialogue and communication (between many fragmented goods receivers, like shops or restaurants, and authorities and public organisations, logistics service providers, etc.)
- Because of the range of “modus operandi”, the influence on business models is different

Discussions and conclusions (cont.)

- As the pressure rises on influencers to incorporate sustainability into their own goals the potential for these organisations to impact the business models of service providers should be expected to rise as well
- High interest in sustainability drives influencers motivation to engage in projects and programs that will affect the future development of logistics services
- Representing a wide variety of fragmented actors (goods receivers) in a wide range of forums
- Provide the platform to organise sustainable urban freight solutions
- Influencers can be categorized in relations to range of services they provide and geographical distribution in which they are active



Thank you



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW



VREF'S CENTER OF EXCELLENCE FOR
**SUSTAINABLE URBAN
FREIGHT SYSTEMS**

Environmental vehicles

(alena.shl@gmail.com)

