

**VIETNAM LOGISTICS BUSINESS
ASSOCIATION**



**VIETNAM LOGISTICS RESEARCH & DEVELOPMENT
INSTITUTE**



Urban Logistics Hub Round Table

ASSESSMENT ON VIETNAM URBAN LOGISTICS



Presenter: Assoc. Prof. Dr. Ho Thi Thu Hoa

Director of Vietnam Logistics Research and Development Institute (VLRI/VLA)

Head of Logistics and Supply Chain Management Department (International University - Vietnam National University HCMC)

Member of FLA (FIATA Logistics Institute) and ALI (ASEAN Logistics Institute)

Paris, June 26 - 27th, 2023

CONTENTS



1. The status quo of urban logistics infrastructure in Vietnam

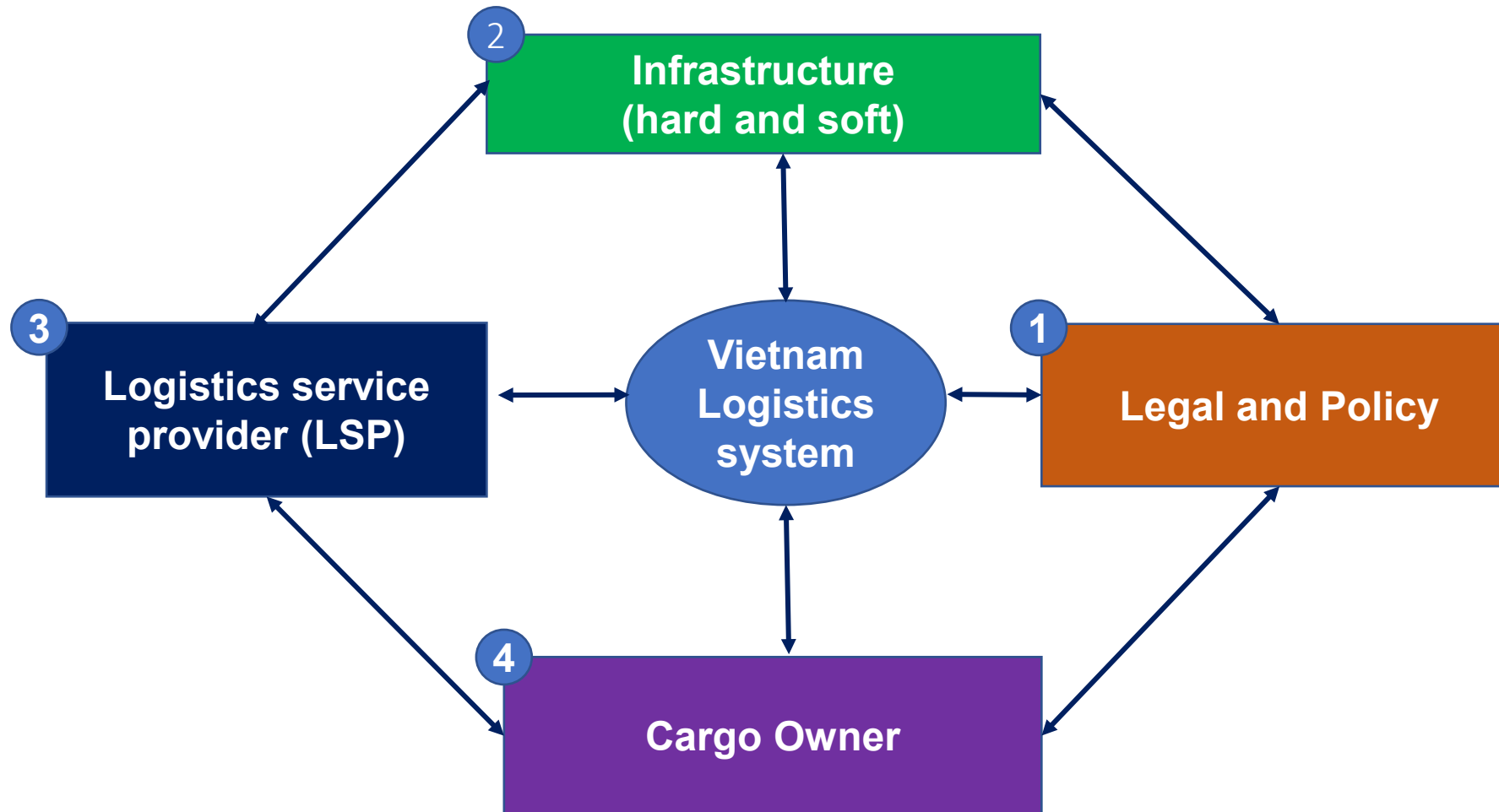


2. Urban logistics operational model



3. Sustainable urban logistics

1. The status quo of urban logistics infrastructure in Vietnam



Source: Vietnam Logistics Business Association (VLA)



- ✓ **Growth rate: 15-16%, contribution to GDP: 3.5% - 4%**



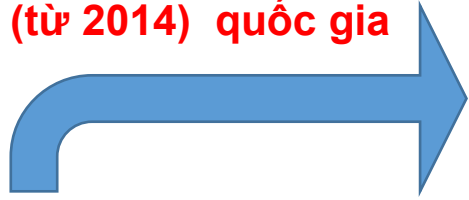
- ✓ **Logistics service providers (LSP): More than 30,000 enterprises and approx. 4,000 enterprises (actively and international network); Ho Chi Minh City: 54% enterprises**
- ✓ **More than 90%: SMEs**



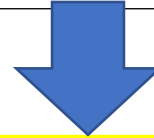
- ✓ **2030 (est.): 200 000 (professional staff)**
- ✓ **2030 (est.): 1.5 million-2.2 million (for logistics sector and supply chain industry)**

Vietnam Logistics Performance Indicators

2007-2023: WB xếp hạng LPI của 155, 160 (từ 2014) quốc gia



Indicator	Vietnam's LPI (2007 – 2023)							Decision 221/QĐ-TTg (2021) : Objectives to 2025
	2007	2010	2012	2014	2016	2018	2023	
Score	2.89	2.96	3	3.15	2.98	3.27	3.3	
Ranking	53	53	53	48	64	39	43	Over 50



- 6 criteria to evaluate LPI:**
1. Customs
 2. Infrastructure
 3. International shipment
 4. Logistics competence
 5. Tracking and tracing
 6. Timeliness

- ✓ Contribution of logistics to GDP **5%-6%**
- ✓ Logistics sector growth rate **15%-20%**
- ✓ Outsourcing ratio **50%-60%**
- ✓ Reducing logistics cost equivalent to **16%-20%** GDP

WAREHOUSE INFRASTRUCTURE

Warehouse characteristics in urban logistics

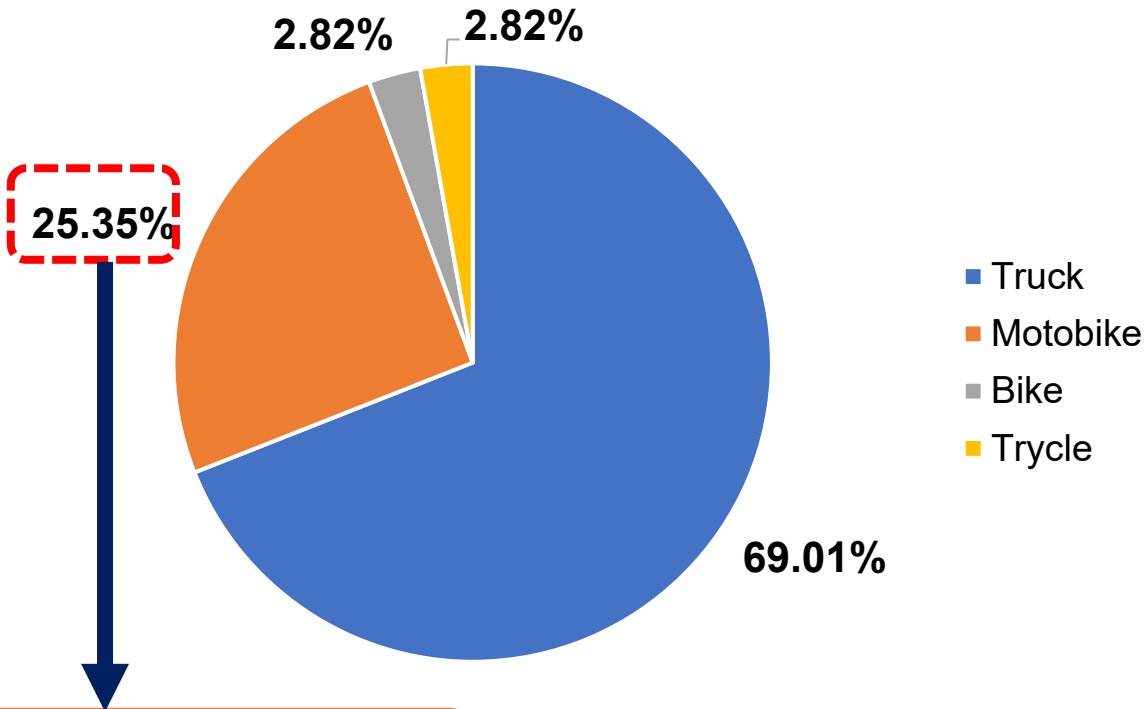
Type	The average area (m ²)	Technological equipment	Located	Function
Hub	3.000 – 5.000	Low	Inner city	Storage and distribution
Fulfillment center, Distribution center, Consolidation center, Depot	10.000 – 50.000	High	Suburbs or neighboring provinces	Storage, sorting, packing, transshipment
Cold Storage	5.000 – 6.000	High		Storage and distribution

- ✓ Big companies tend to **own some large-scale main warehouses** and outsource small warehouses to **increase flexibility** and **reduce warehouse investment costs**
- ✓ Land fund owners serving the logistics industry **don't want to sign long-term warehouse lease contracts** and are willing to **switch to real estate business**, leading to very high risks for tenants warehouse

Source: WB-VLI (2021): World Bank Project "Diagnosis of urban logistics in Vietnam"

TRANSPORT INFRASTRUCTURE

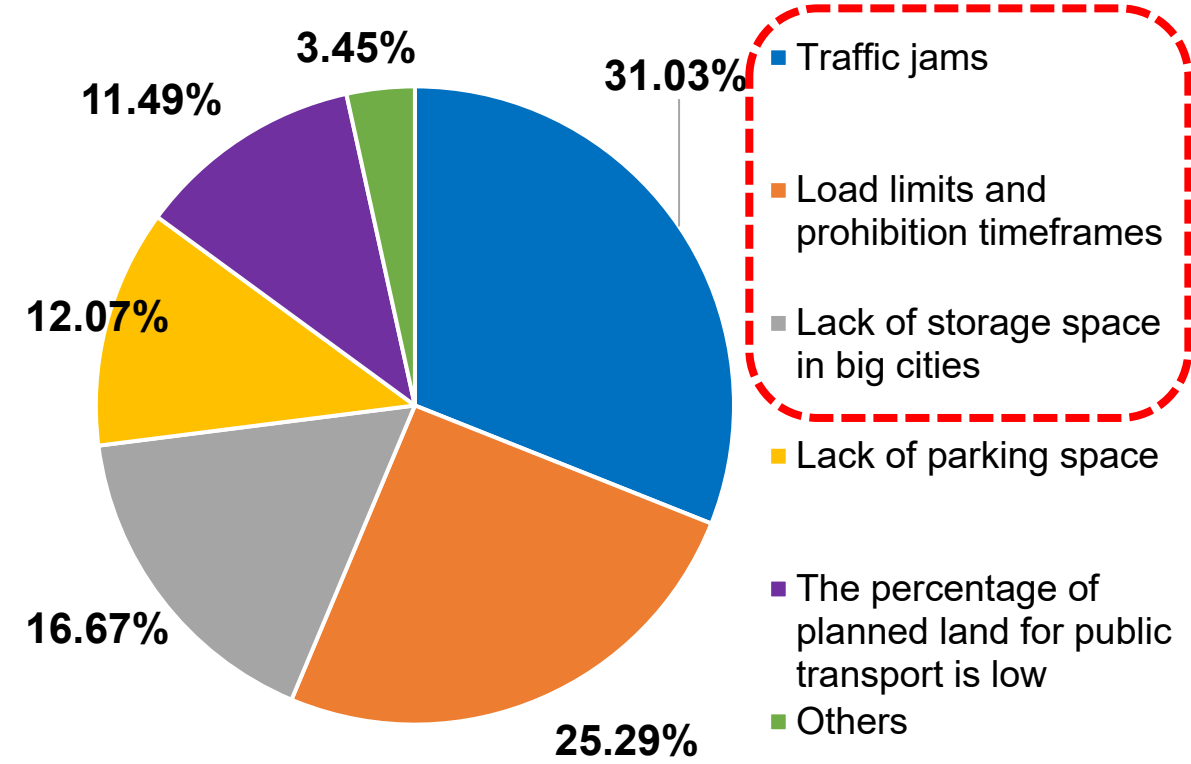
The proportion of vehicles in urban logistics activities



25.35%

The actual number of motorbikes involved in last-mile delivery is **extremely large**

Difficulties of urban logistics activities



Traffic jams
Load limits and prohibition timeframes
Lack of storage space in big cities
Lack of parking space

Source: WB-VLI (2021): World Bank Project "Diagnosis of urban logistics in Vietnam"

INFORMATION TECHNOLOGY INFRASTRUCTURE

Level of IT application in urban logistics

Business Sector	Level
Logistics Technology Solution	>95%
E-Logistics	>90%
Express	80%
Warehouse and Distribution	60
Road transport	<10%

Source: WB-VLI (2021): World Bank Project
 "Diagnosis of urban logistics in Vietnam"

Logistics Technology Solution companies consider **technology to be the core factor to compete in business.**

With a very large number of orders per day, **E-Logistics** has its **own IT team** to develop software

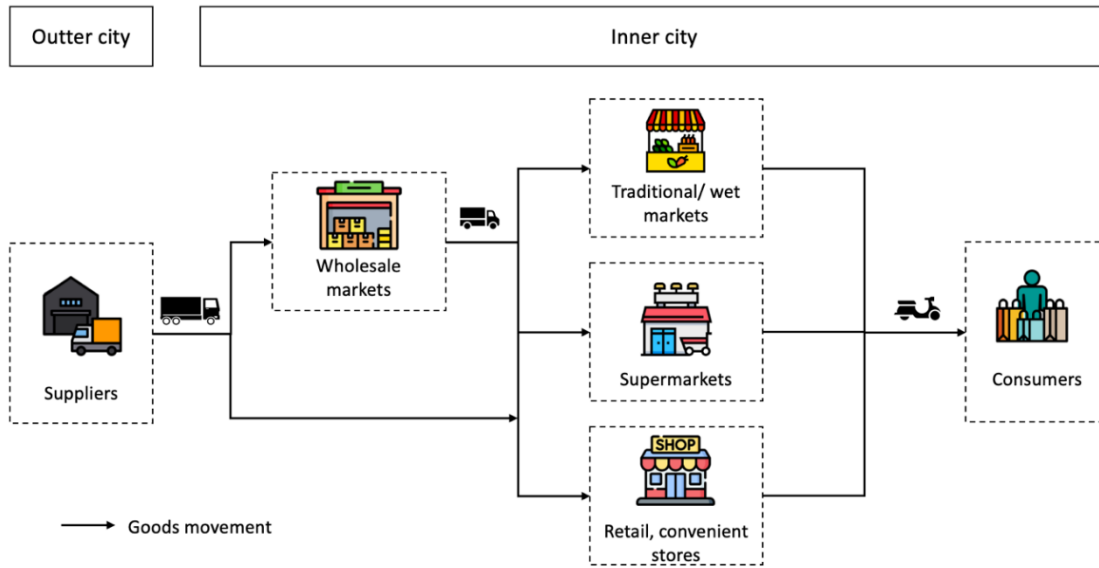
For **Express businesses**, **60-70%** of companies renting software for basic use, and only about **10-20%** of companies have a large force is capable of developing its software to optimize operations

Warehousing business mostly apply basic technologies such as WMS, but **the degree of automation in the warehouse is not high**

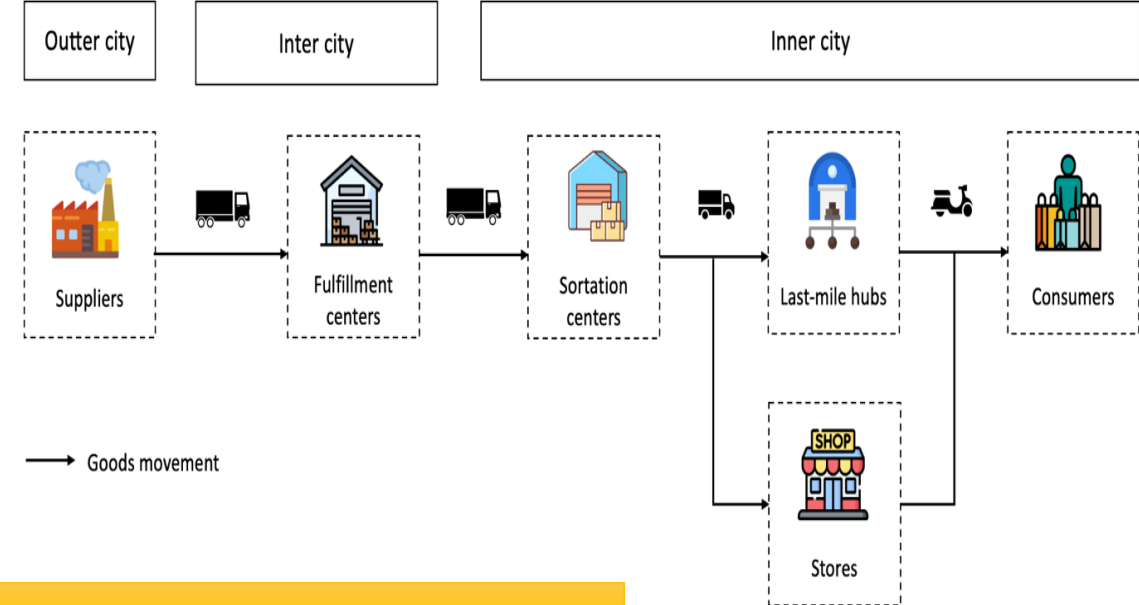
With **85%** of the number of trucks **owned by individuals**, organizational work with the operation is almost done **manually.**

2. Urban logistics operational model

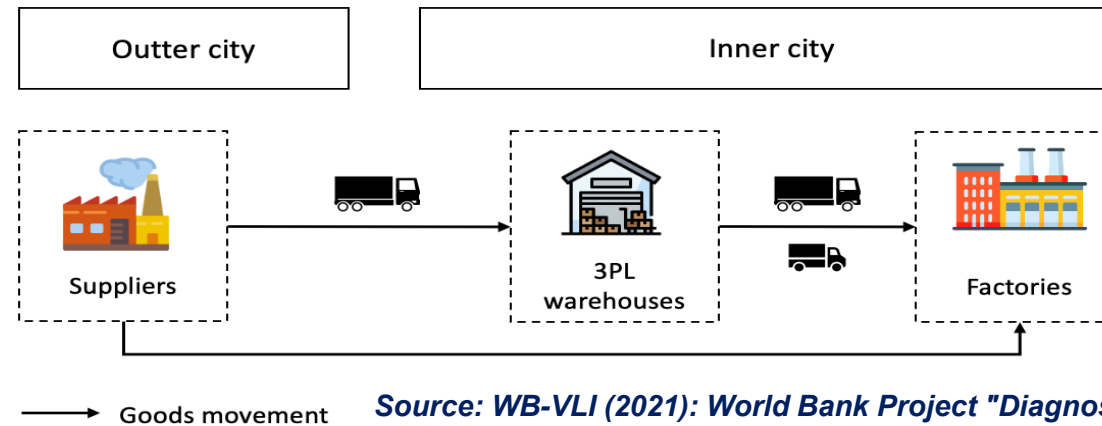
Traditional retail operational model



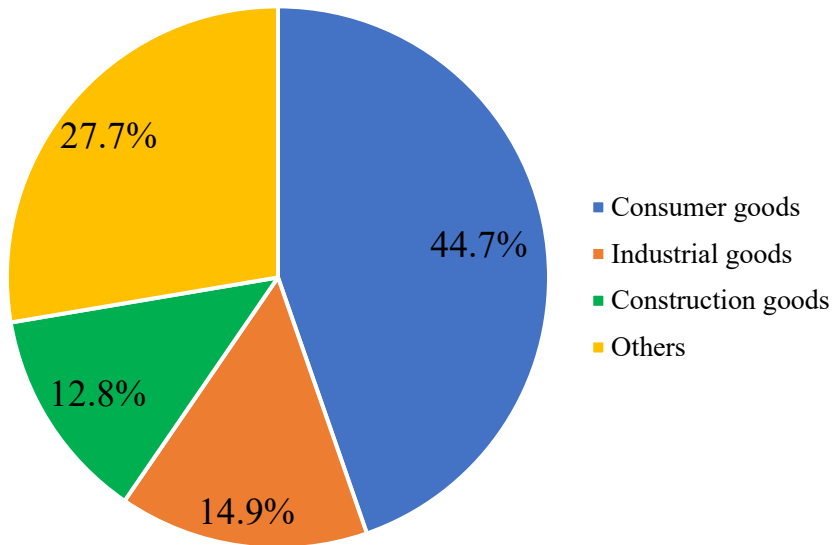
E-commerce operational model



Manufacturing/ construction operational model



Urban goods movement

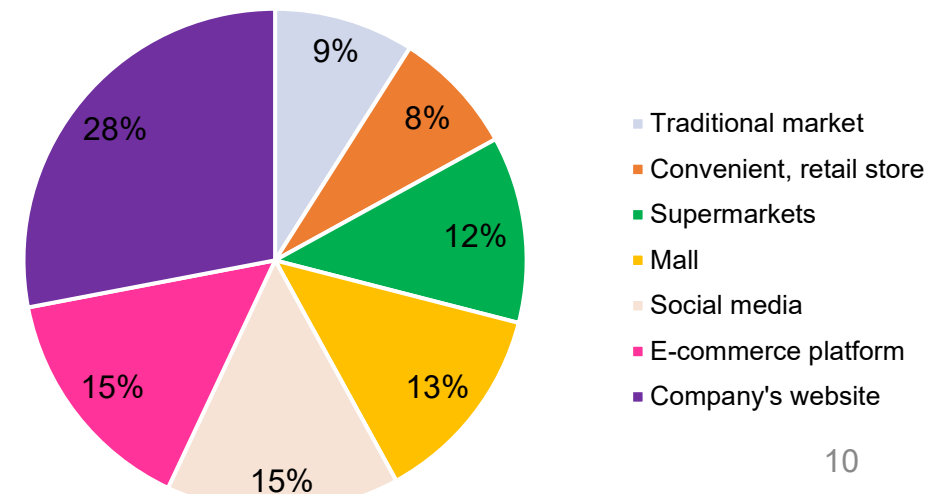


- ✓ **Consumer goods** is the main type of goods in urban logistics;
- ✓ However, in Vietnam **industrial goods & construction goods** are also of **high demand**
- ✓ Covid-19 is transforming consumer behaviors, **online channels have the prospect of growing in Vietnam**

Urban logistics operations

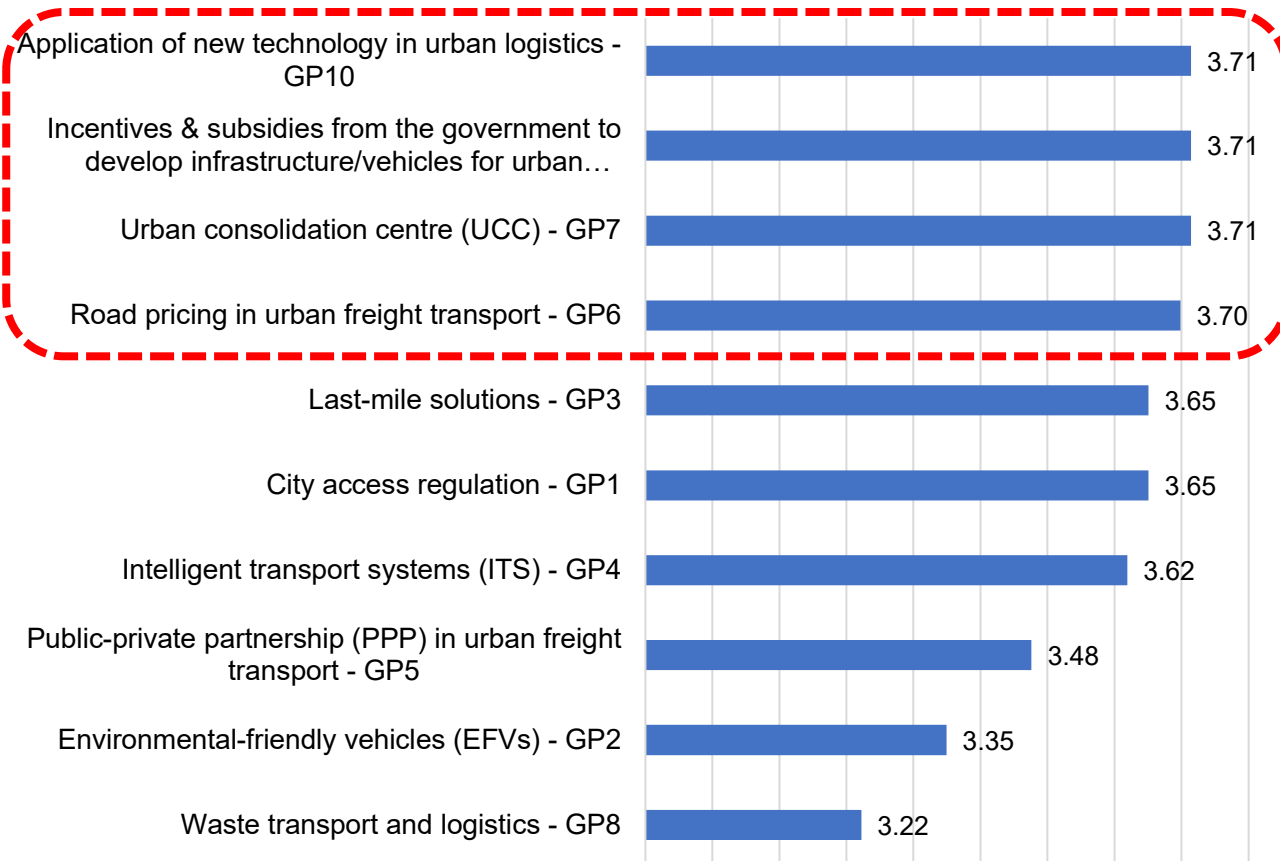
Type of goods	Good storage				First/ last mile delivery			
	Outsourcing	In-house	Suppliers	Mixed	Outsourcing	In-house	Suppliers	Mixed
Consumer goods	20.0%	55.0%	0.0%	25.0%	35.0%	5.0%	15.0%	45.0%
Industrial goods	0.0%	57.1%	28.6%	14.3%	42.9%	28.6%	28.6%	0.0%
Construction goods	0.0%	66.7%	0.0%	33.3%	33.3%	33.3%	0.0%	33.3%

Sales channels of respondents

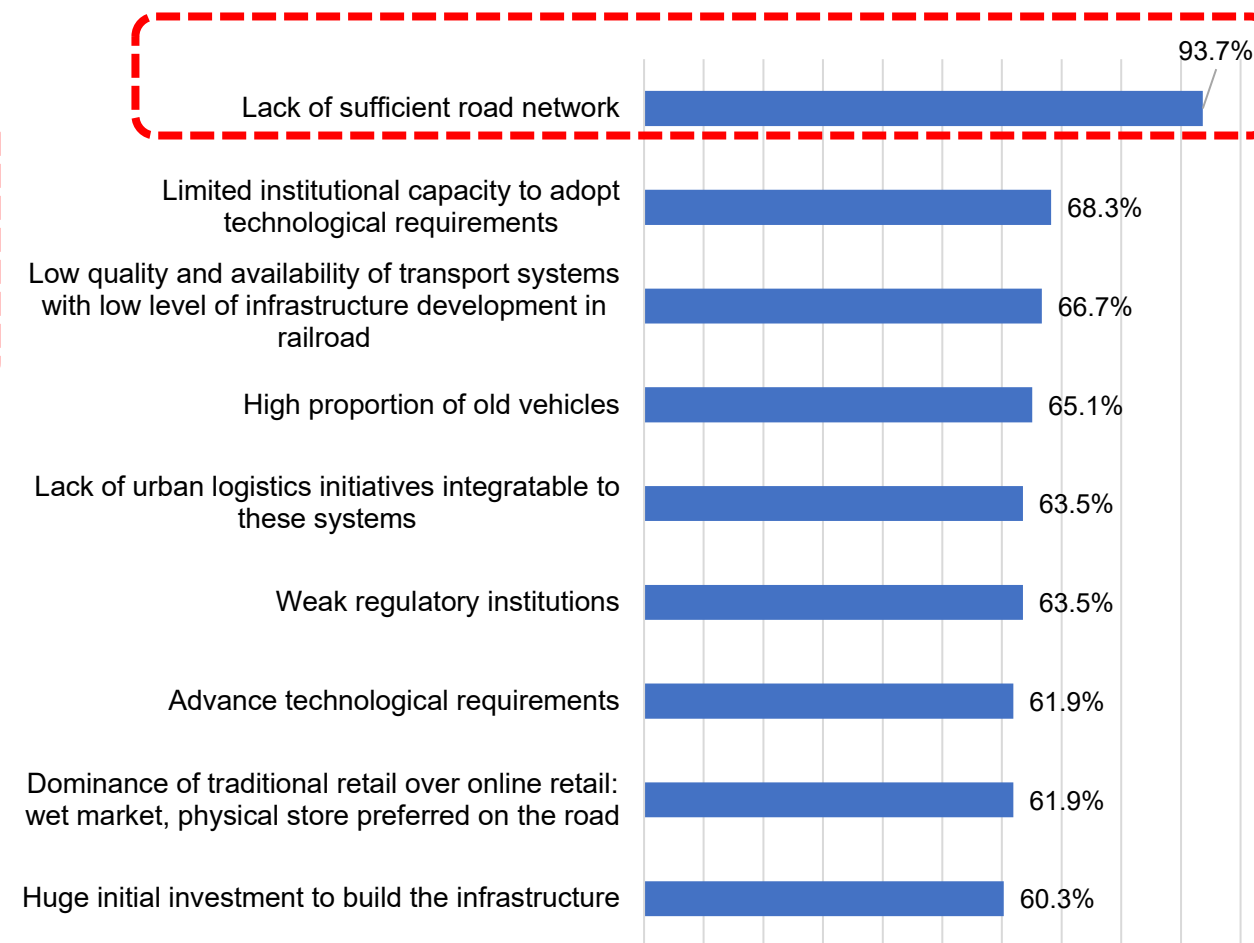


3. Solutions for sustainable urban logistics

Solutions for sustainable development of urban logistics in Vietnam



Barriers to implement urban logistics solutions



Using Likert scale: 1-No effect; 2 – A little effect; 3 – Average; 4 – big effect; 5 – very big effect

Source: WB-VLI (2021): World Bank Project "Diagnosis of urban logistics in Vietnam"

THANK YOU FOR YOUR ATTENTION!



THE WORLD BANK
The sixth MEETING of VLI vs WB
(19th August 2021)
DIAGNOSIS ON URBAN LOGISTICS IN VIETNAM



Mr. Shigeyuki Sakaki
Senior Urban Transport Specialist
World Bank



Assoc. Prof. Dr. Ho Thi Thu Hoa
Director
VLI



Prof. Dr. Laetitia Dablan
Director
City Logistics Chair



Vietnam Logistics Business Association (VLA)

- Floor 5 Sai Gon Building, 3 Nguyen Tat Thanh, District 4, Ho Chi Minh City;
- **Tel: + 84-28-3 943 2658**

Vietnam Logistics Research and Development Institute (VLI)

- Floor 5 Sai Gon Building, 3 Nguyen Tat Thanh, District 4, Ho Chi Minh City;
- **Tel: + 84- 028 7301 8689;**
- <https://www.facebook.com/vli.edu.vn/>¹²