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Friday, October 4, 2013

13 Comments

### Where Can Bikes Fit Into the Urban Cargo Delivery Market?

by Stephen Miller

New York City should be an ideal place to ship cargo by bike. It's dense, space is at a premium, traffic regularly ensnares delivery trucks, and customers demand near-instant delivery. Despite its advantages, pedal-powered freight delivery has remained a niche operation. Apanel at a conference on last-mile freight delivery hosted by the University Transportation Research Center today explored why. The reasons are as simple as bollards blocking bridge entrances and as complex as New York's regulatory black hole for electric bicycles.

Apanel of three cargo bike operators — Wenzday Jane of Metro Pedal Power in Boston, Franklin Jones of B-Line in Portland, Oregon, and Greg Zuman from Revolution Rickshaws in New York —spoke about their business models and the constraints they face, including one of the most formidable barriers: potential clients who remain skeptical, despite a competitive price, that bikes or trikes really can handle the freight.

The city government of Cambridge. Massachusetts, has hired Metro Pedal Power to pick up recyclables from public bins around the city. This program, which replaces pickups by truck, is so cost-effective that the city has increased the number of pickups from once a



Electric cargo trikes with a capacity of 600 pounds ship Office Depot supplies in Oregon, but they aren't street legal in NYC. Photo: Wllamette Week

week to three times a week. "In a city, oftentimes things are done the way they're always done," said Randi Mail, Cambridge's recycling director, in a video about Metro Pedal Power shown at the conference. "When there's an opportunity to make a change, it really needs somebody to push it through in order for it to be realized."

Zuman, from Revolution Rickshaws, echoed the sentiment after the panel. Even when delivery by cargo bike makes business sense, he said, the customers who take the leap are those who are committed to the idea, while others remain hesitant because they feel like they are working with an unproven model. "Do we really want to make this shift? Do we trust a company this small?" he asked.

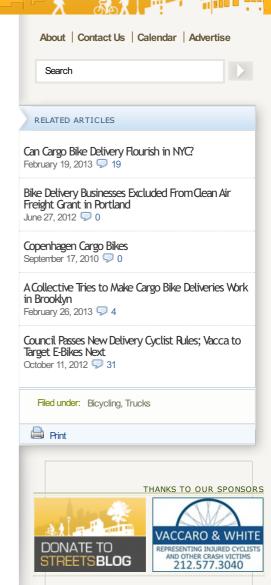
"The recycling contract was definitely a milestone for us. It's not just we're being hired by some crazy individuals here and there," Jane of Metro Pedal Power said in the video. "This is a municipality that is buying into the concept of replacing trucks with bikes."

Here in New York, Zuman says he hasn't received any support from the city. "There's a lot of, I don't want to say, hot air," he said, "But we're not really that tight with the city on a working level." In fact, the city has actually worked against the cargo bike business, perhaps without even knowing it: Security bollards installed at the East River bridges create gaps that are too narrow for many cargo bikes to pass through, limiting his company's ability to serve clients in Brooklyn.

Another limitation is ensuring that cargo bikes meet food safety standards. Zuman said that refrigerated trucks dominate the perishable food delivery market because the cargo bike industry is so small that no one has developed a method to ensure high-quality refrigeration on a smaller scale. Zuman is interested in developing a "cold pod" that could fit in cargo bikes, and he's applied for a grant from the New York State Energy Research and Development Authority, which helped organize today's conference, to develop a prototype.

Another barrier to growth for New York's cargo bike market is the city and state's regulations, or lack thereof, for electric bicycles. Although they are prevalent on the city's streets, e-bikes are technically illegal in New York City and cannot be registered with the state Department of Motor Vehicles.

Jones said Oregon's e-bike laws are more liberal than other states, and using electric-assist cargo trikes allows him to serve a broader range of clients, carry more cargo, and hire riders who might not be willing to





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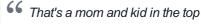
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pedal up to 600 pounds of cargo on their own. "Is it absolutely crucial? Do we have to have it? Yes," he said, adding that the biggest market for his company isn't small businesses making artisanal foods and small goods, but mid-size regional businesses that have a need for local business-to-business deliveries. One of B-Line's biggest customers, Jones said, is Office Depot, which uses the company to deliver goods to its Portland-area stores

However, with limitations like the inability to ensure food safety standards for perishable items and restrictions on electric-assist trikes, Zuman says his company has lost potential clients. FreshDirect approached Revolution Rickshaws about shifting some of its deliveries to cargo trike, but a year of discussions fell apart over the legal gray area for e-bikes and refrigeration concerns. Zuman says he operates electric-assist bicycles — despite their legal status "they're everywhere," he says of the electric food delivery bikes — but potential clients remain wary of using something that is technically illegal.

Because short-distance cargo remains a limited market, some of the companies have turned to ancillary businesses to diversify their revenue stream. In Portland, B-Line advertises on its distinctive cargo trikes, while Zuman has lots of experience with pedicabs. Despite having a seat at the table today, cargo bikes are still far from gaining a major share of the last-mile freight market.











#### 13 comments



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Jonathan Rago

I tried the bicycle cargo logistics business and from that experience, I can assert

Staff costs will kill you. In New York, the cargo bike is competing with not only the add in the 25% premium for workers' compensation insurance on top of the salar expensive when compared to just hiring a couple guys to push things on a cart. F





dr2chase → Jonathan R ago

Pardon me for not quite following you, but aren't the two guys pushing thin How is pushing a cart substantially different from riding a cargo bike (well, guys "independent contractors"?

I'm not arguing against your claims, I'm just curious. It seems, for a relat bike delivery ought to work well in an urban place -- more flexible than truc biking messenger, Tone, writes in a cargo-biking group).

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19 hours

Jonathan R → dr2chase ago

Great question.

There are four reasons why it's more expensive to hire bicycle ope

- 1. "Independent contractor." If you hire folks with their own equipn have a good argument for classing them as contractors and avoid buy his or her own \$6,000 delivery tricycle, and then look for work of delivery vehicles making deliveries to clients as directed by mana which raises your costs.
- 2. Workers compensation premiums are around \$25 per \$100 of p those high premiums are assessed on the salaries of everyone in t most other lines of business that include deliveries, like flowers or fa regular lower premiums (around \$1 per \$100 of payroll) paid for ea bicycle discrimination, except for the fact that the premiums are se board.
- 3. "Envelope-pushing." While bikes can carry up to 500-600 lbs of a requires someone who knows what he or she is doing. It costs mo

photo. So that about sums up the level or respect Ray Kelly's NYPD has for mothers and children, at least those who don't use cars. ??

- Parent

In response to "NYPD: Still Blocking Bike Lanes"

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Noel Hidalgothat's cool. that's your opinion, but developers and advocates say otherwise.

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Noel Hidalgowe've looked at the data NYPD provides. it isn't good enough. we can get the raw data but we must..

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Noel HidalgoYes. We know that and we testified as such. Here's our point of view of

yesterday's hearing..... NYPD: Public Too Stupid to Understand a Citywide Crash Map · 16 minutes ago



david"It seems to me that crashes are highly dependent on the number of vehicles" What is

NYPD: Rublic Too Stupid to Understand a Citywide Crash Map · 23 minutes ago



Jonathan RI am not too convinced of the utility of crashstat-type maps. It seems to me that crashes are..

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• 6 days

**greggzuk** ago

Paris simply \*gave\* a winning trike-platform distribution company a logistics center same, you might see more modal shifting going on in the CBD. City support for r status quo.

Avatar

7 days

**Bolwerk** ago

NYC planners are desperate to maintain auto on asphalt hegemony. In some ways, we live in the most conservative city in America.

Electric tram freight could quintuple (or more) freight capacity over trucks, and be could eliminate several times as many truck trips. Chris Ward even talked about this heresies against the utopian autocentricism.

6 days

**andrelot** → Bolwerk ago

The problem is that turnover times would explode, since the overwhelming goods. This is a problem that makes rail less competitive, even when it is cargo. Imagine you load a tram and had to stop in 50 different places to  $\iota$ 

5 days

**Bolwerk** → andrelot ago

That doesn't make any sense. The overwhelming majority probably whole point of increasing last mile freight capacity is so you can ma having to return to reload (or idle in traffic as much).



5 days

**andrelot** → Bolwerk ago

There is a trade-off. More deliveries per trip = longer total c and last delivery becomes too much.

Remeber: we live in a just-in-time World where stockpiles ar

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4 days

**Bolwerk** → andrelot ago

It doesn't mean anything of the sort. It just means more a will certainly bring average delivery times down.

In any case, it's not a zero-sum game. Other modes can ( whole point was the city just bans everything a one-size-fits



• 5 days

**guest** → andrelot ago

Shifting warehouses closer to the last mile would help. Inste stops, you could have a small van or car or cargo bike runr

7 days

**Driver** → Bolwerk ago

"From there, a single distribution company, which would bid for the franchise, would deliver the goods to surrounding neighborhoods."

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This is the biggest problem v	vith electric tram freight for a v	ariety of reaso
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Bolwerk → Driver ago	ays	
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J — This is such a no-brainer. In the biking	portion of the video, the	anon -
cameraman passes 14 cars going		there's
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