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Friday, October 4, 2013

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## 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](#). A panel 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.

A panel 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.



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

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 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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## WORD ON THE STREET

“That's a mom and kid in the top

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.

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**Jonathan R**  
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 salary expensive when compared to just hiring a couple guys to push things on a cart. F

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• a day ago  
**dr2chase** → Jonathan R ago  
Pardon me for not quite following you, but aren't the two guys pushing this? 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 related bike delivery ought to work well in an urban place -- more flexible than truck biking messenger, Tone, writes in a cargo-biking group).

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• 19 hours ago  
**Jonathan R** → dr2chase ago  
Great question.

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

1. "Independent contractor." If you hire folks with their own equipment have a good argument for classing them as contractors and avoid buying his or her own \$6,000 delivery tricycle, and then look for work of delivery vehicles making deliveries to clients as directed by management which raises your costs.

2. Workers compensation premiums are around \$25 per \$100 of payroll. Those high premiums are assessed on the salaries of everyone in the business, most other lines of business that include deliveries, like flowers or food, pay regular lower premiums (around \$1 per \$100 of payroll) paid for each employee, except for the fact that the premiums are set on a per-employee basis.

3. "Envelope-pushing." While bikes can carry up to 500-600 lbs of cargo, it requires someone who knows what he or she is doing. It costs more

photo. So that about sums up the level of 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 Hidalgo** Yes. We know that and we testified as such. Here's our point of view of yesterday's hearing.....  
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**david** It seems to me that crashes are highly dependent on the number of vehicles" What is this...  
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**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 n status quo.

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• 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 tl](#) his heresies against the utopian autocentricism.

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• 6 days

**andrelet** → 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

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• 5 days

**Bolwerk** → andrelet ago

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

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• 5 days

**andrelet** → 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** → andrelet ago

It doesn't mean anything of the sort. It just means more c 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

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• 5 days

**guest** → andrelet ago

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

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• 7 days

**Driver** → Bolwerk ago

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

Author Login

This is the biggest problem with electric tram freight for a variety of reason

^ | v  
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 • 6 days  
**Bolwerk** → Driver ago

It's not a problem at all, since doing it that way is entirely optional.

Or, what anon said.

^ | v  
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 • 6 days  
**anon** → Driver ago


Limit contract lengths, maybe to a year, and limit how many neight dynamism in the last mile freight market. Might assuage your conc

^ | v  
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