



30 years of parcel centers: 1994 revolution in parcel logistics, today a hub of international e-commerce

- On May 26, 1994, the former Deutsche Bundespost POSTDIENST opened the first of 33 “freight mail centers” in Hagen-Fley, Germany
- Once the key components of restructuring the parcel division, parcel centers now process millions of shipments from Germany, Europe and the rest of the world on a daily basis
- Chief Operations Officer Post & Parcel Germany, Marc Hitschfeld: "As e-commerce continues to grow, efficient parcel centers form the backbone of the parcel services we provide to German households in urban as well as in rural areas"

Bonn, May 24, 2024: Thirty years ago, the former "Deutsche Bundespost POSTDIENST" began building 33 identical parcel centers for its parcel division at convenient locations with good transport links, equipping them with state-of-the-art logistics technology. This marked the birth of modern high-tech parcel logistics in Germany. On May 26, 1994, the first of these highly automated parcel centers opened in Hagen-Fley, Germany, with 32 more to follow by June 1995 – a feat that saw Deutsche Post invest a total of 4 billion Deutschmarks (DM) in the project. To great success – the new sorting centers ensured that 2.5 million parcels a day could be transported and delivered faster and more economically than ever before.

All 33 parcel centers are still in operation today. Along with five other locations that were built much later, the parcel centers currently handle 6.3 million parcels a day, and almost double that in the Christmas peak season. Whereas 30 years ago the parcel business was in need of restructuring, today it is a growth driver at DHL Group's Post & Parcel Germany division. It generates over €6.7 billion in revenue, boasts a market share in excess of 40% and, in the fast-growing e-commerce sector, acts as a hub for parcel shipments from all over Europe and the world.

Thanks to digital technology and state-of-the-art processes, the 38 parcel centers are now interconnected and operate on a European scale – after all, e-commerce growth is a Europe-wide phenomenon. Post & Parcel Germany, for example, has been operating its first sorting center in Poznan, Poland, in conjunction with other DHL divisions since the spring of this year. Post & Parcel Germany is increasingly connecting retailers and consumers across European borders.



Marc Hitschfeld, Chief Operating Officer Post & Parcel Germany, says: "For 30 years our parcel centers have formed the backbone of the parcel services we provide to German households in urban as well as in rural areas. This clearly demonstrates how pioneering and forward-looking the decision to build a new nationwide sorting and distribution network was and what a good multimillion investment it represented. Thanks to this milestone in our centuries-old history, customers still receive most parcels the next working day and enjoy transparency regarding the delivery route, despite the enormous growth in parcel volumes in recent years."

Standardization: the winning formula

Key to the "parcel" concept was the construction of 33 largely identical "freight mail centers," all of which featured similarly sized plots of land, single-story buildings built in a U-shape and loading ramps and gates of the same height for comparably sized vehicles. The new parcel centers replaced the parcel offices, which until then had been located in city centers, usually in the immediate vicinity of train stations. Deutsche Post commissioned Siemens to install the technology. It supplied the turnkey systems for all 33 freight centers, ensuring that identical technology was used across all facilities. The new parcel network meant that each parcel was only handled twice instead of up to seven times as previously. In addition to improving efficiency and reducing costs, the new network had two other major advantages: speed and lower environmental impact. Most parcels now reached their recipients the day after they were posted. And the optimization of transport between the freight mail centers improved vehicle capacity utilization and reduced the number of journeys accordingly.

A nationwide parcel center network

The Hagen freight center was the first of the 33 locations to commence operations in May, followed in succession by Börnicke, Rüdersdorf, Neumark, Bruchsal, Greven-Reckenfeld, Kitzingen, Regensburg, Neumünster, Nohra, Osterweddingen, Ottendorf-Okrilla, Neustrelitz, Neuwied, Staufenberg, Hamburg, Bremen Hemelingen, Lahr, Radefeld, Augsburg, Dorsten, Saulheim, Cologne, Feucht, Speyer, Günzburg, Köngen, Eutingen, Krefeld, Hanover, Rodgau and Aschheim. The project's last parcel center went online in Bielefeld in June 1995.

Decades later, the national parcel network was substantially modernized in light of rising shipment volumes, and sorting capacity at the 33 existing locations was increased to 32,000 shipments per hour. In addition, five new major locations were added, namely Obertshausen (2016), Bremen GVZ (2018),



Bochum (2019), Ludwigsfelde (2022) and Aschheim II (2023), with a sorting capacity of up to 50,000 shipments per hour. And just this March, DHL opened one of the largest and most modern parcel sorting and logistics centers in Europe in Poznan (Poland). This means that DHL – the German parcel business has been operating under this brand since 2003 – currently operates 38 parcel centers throughout Germany and one in Poland.

Additional restructuring steps at Deutsche Bundespost POSTDIENST

For the sorting centers to be as efficient as possible, parcels had to be machine-compatible and computer-readable. To this end, the product range, which was confusing at the time and consisted of 119 types of consignment, was streamlined, giving rise to the new standard "Post-Paket" product. Parcels were now provided with barcodes, enabling computerized shipment tracking. In addition, the price was based on weight rather than distance, as it had been previously.

But these were not the only measures taken to restructure Deutsche Bundespost POSTDIENST in the 1990s. The mail business also needed to be brought up to scratch: The "Brief 2000" strategy envisaged the construction of 83 highly automated mail centers, the first two of which – in Straubing and Münster – went into operation at the end of 1994. Management also adopted a new, clearly structured range of letter products. Furthermore, a five-digit zip code, which had been introduced in 1993, simplified the workflow.

In addition, new branch concepts were promoted during this time: Postal agencies gradually replaced company-operated branches, which contributed to significantly more customer-friendly opening hours, and an "open service" culture ensured that customers were no longer served behind bulletproof glass but at open counters.

Facts, figures and more on the freight mail concept from the 1990s

- **670 million parcels** were transported by Deutsche Bundespost POSTDIENST in 1993; its market share amounted to **26%**.
- Deutsche Bundespost POSTDIENST invested **DM 4 billion** in its new parcel network.
- **2 not 7**: Before 1994, between the sender's point of posting and arrival at the recipient's delivery base, parcels had to pass through seven stations; the new automated freight mail concept reduced this to just two.



- **8 of 33:** Eight of the 33 parcel centers were built in eastern Germany, a number which at the time was out of proportion to the total population of Germany's "new federal states". There were two main reasons for this: Germany's eastern federal states accounted for around a third of the country's surface area. And the capacities were geared towards growing cooperation with Eastern European neighbors, especially Poland and the Czech Republic.
- **At 23,000 square kilometers,** the parcel center in Neustrelitz (Mecklenburg-Western Pomerania) had the largest delivery area of any such facility in Germany.
- In terms of population, at **3.9 million inhabitants** the Dorsten freight center in the Ruhr region served the largest area.

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Post & Parcel Germany is a division of DHL Group with around 187,000 employees. Its core business is the national mail and parcel business - i.e., the transport, sorting and delivery of letters and parcels. The division is a pioneer in its industry in the area of environmental and social sustainability and is represented in Germany with two brands:

Deutsche Post is the largest postal service provider in Europe and the market leader in the German mail market. The Mail Communication, Dialog Marketing and Press Services product segments are essentially bundled under this business area. Deutsche Post's product and service portfolio includes the processing and delivery of physical documents as well as a broad digital portfolio in its product segments.



DHL is the leading global brand in the logistics industry. In the Parcel Logistics Business Division, DHL Paket is the market leader in Germany. The division is the service provider of choice for shipper and recipient customers in online retailing. A wide range of flexible services make it easier for customers to receive and ship parcels. DHL Paket also operates the largest parcel machine network (Pack- and Poststations) in Germany.

DHL Group generated revenues of more than 81.8 billion euros in 2023. With investments in green technologies and a commitment to society and the environment, the Group makes a positive contribution to the world. By 2050, DHL Group aims to achieve net-zero emissions logistics.