



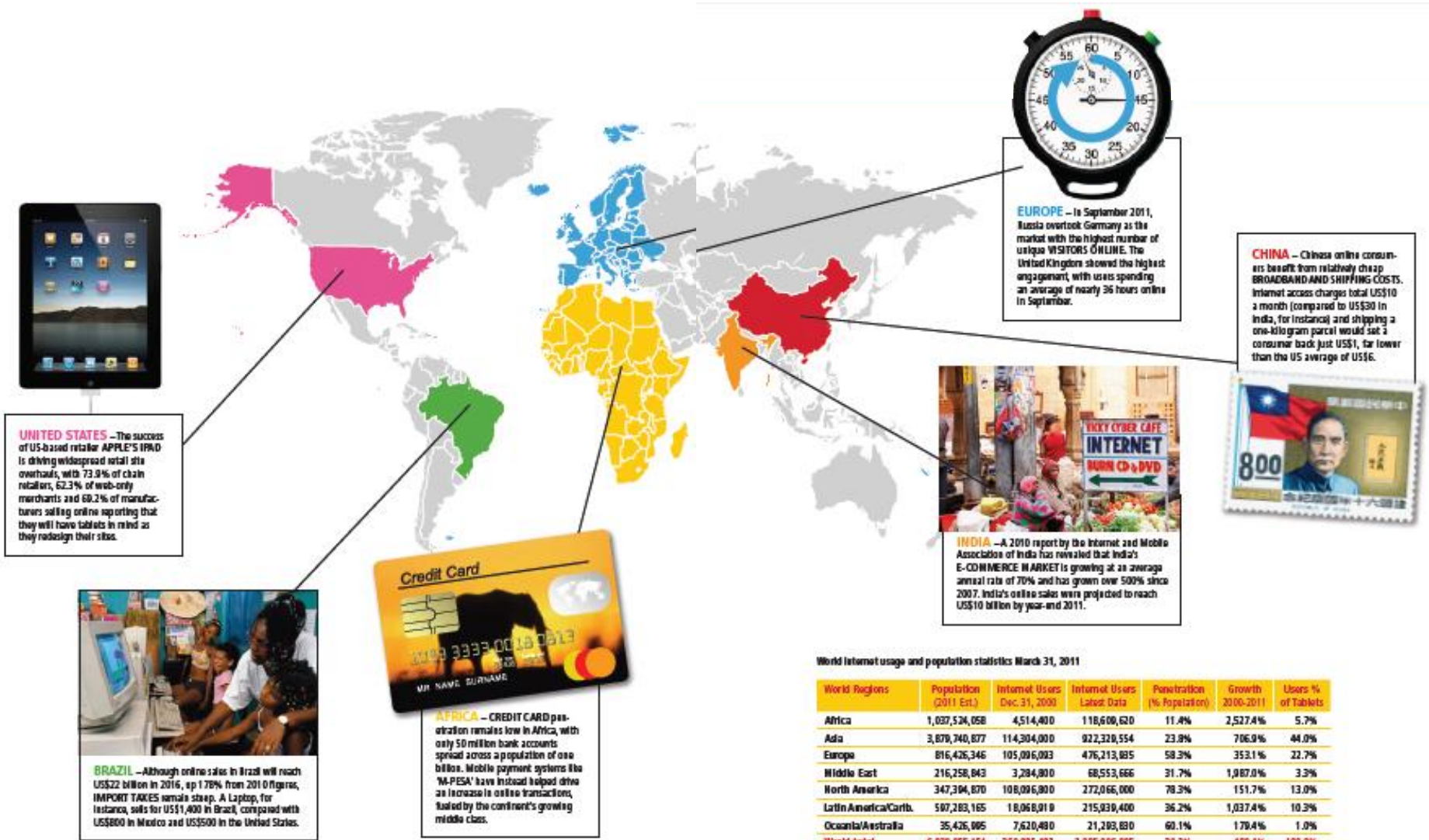
**NDL/HIDC**

# Logistics Proposition E-commerce

25 Augustus 2015

**Holland International Distribution Council**  
**[www.hidc.nl](http://www.hidc.nl)** **[info@hidc.nl](mailto:info@hidc.nl)**

# Global E-facts



World Internet usage and population statistics March 31, 2011

World Regions	Population (2011 Est.)	Internet Users Dec. 31, 2010	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2011	Users % of Tablets
Africa	1,037,524,058	4,514,400	118,600,620	11.4%	2,527.4%	5.7%
Asia	3,878,740,877	114,304,000	922,328,554	23.8%	706.9%	44.0%
Europe	816,426,346	105,096,093	476,213,895	58.3%	353.1%	22.7%
Middle East	216,258,843	3,284,800	68,553,666	31.7%	1,087.0%	3.3%
North America	347,304,870	108,096,800	272,066,000	78.3%	151.7%	13.0%
Latin America/Carib.	597,283,165	18,068,019	215,939,400	36.2%	1,037.4%	10.3%
Oceania/Australia	35,426,965	7,620,480	21,293,880	60.1%	179.4%	1.0%
World total	6,930,055,154	360,985,492	2,095,006,005	30.2%	480.4%	100.0%

Source: <http://www.internetworldstats.com/stats.htm>

# Worldwide e-commerce sales to increase nearly 20 percent in 2014

## B2C Ecommerce Sales Share Worldwide, by Region, 2013-2018

% of total

	2013	2014	2015	2016	2017	2018
North America	34.9%	32.9%	31.7%	31.1%	30.7%	30.6%
Asia-Pacific	28.3%	31.2%	33.4%	35.1%	36.4%	37.4%
Western Europe	26.4%	25.4%	24.6%	23.9%	23.3%	22.7%
Latin America	4.2%	4.3%	4.2%	4.1%	3.9%	3.7%
Central & Eastern Europe	4.1%	4.0%	3.8%	3.5%	3.3%	3.2%
Middle East & Africa	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%

*Note: includes products and services ordered and leisure and unmanaged business travel sales booked using the internet via any device, regardless of the method of payment or fulfillment; numbers may not add up to 100% due to rounding*

Source: eMarketer, July 2014

175334 [www.eMarketer.com](http://www.eMarketer.com)

## Digital Buyer Penetration Worldwide, by Region, 2013-2018

% of internet users

	2013	2014	2015	2016	2017	2018
Western Europe	64.0%	65.2%	66.3%	67.3%	68.2%	69.0%
North America	63.2%	64.4%	65.5%	66.7%	67.8%	68.8%
Asia-Pacific	42.1%	44.1%	46.8%	48.9%	50.4%	50.9%
Central & Eastern Europe	41.6%	43.4%	44.3%	44.4%	44.6%	44.6%
Middle East & Africa	31.3%	33.1%	34.0%	35.0%	36.0%	37.0%
Latin America	28.2%	29.9%	30.9%	31.8%	32.7%	33.7%
<b>Worldwide</b>	<b>41.3%</b>	<b>42.7%</b>	<b>44.3%</b>	<b>45.4%</b>	<b>46.4%</b>	<b>47.3%</b>

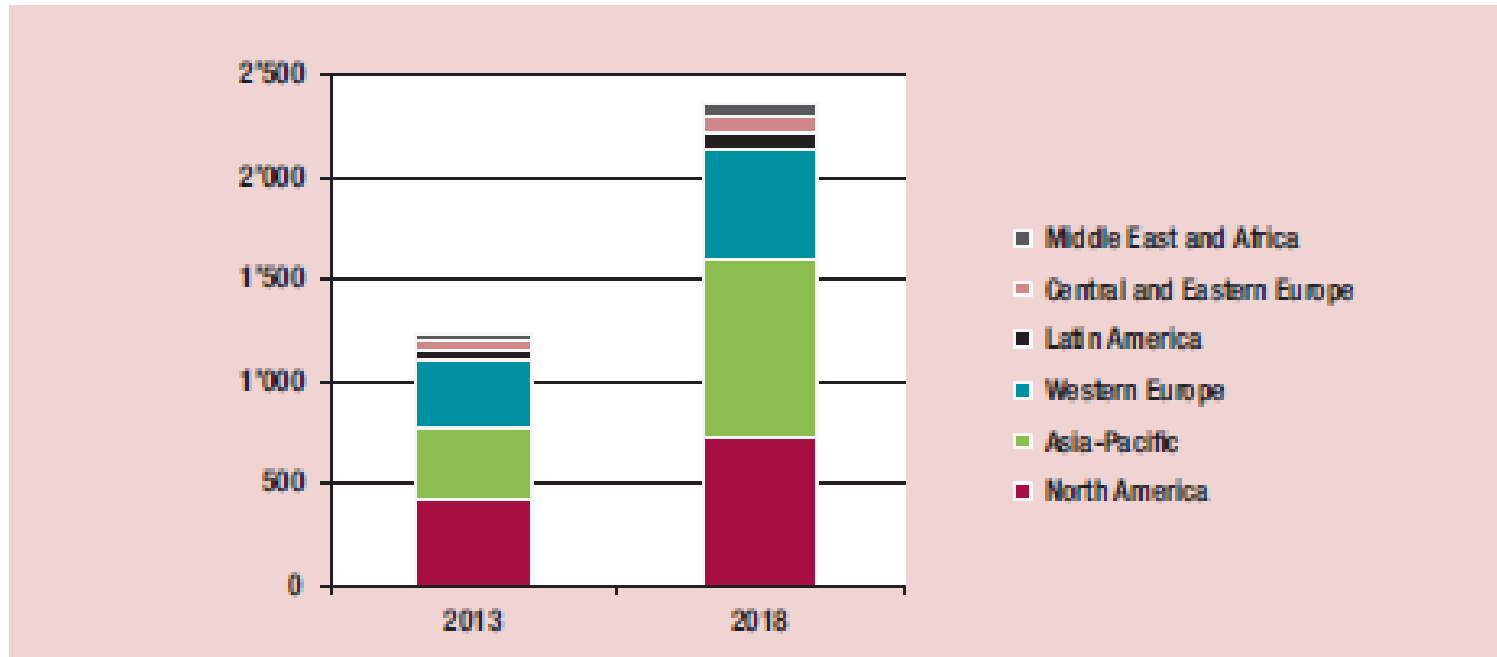
*Note: ages 14+; internet users who have made at least one purchase via any digital channel during the calendar year, including online, mobile and tablet purchases*

Source: eMarketer, July 2014

176049

[www.eMarketer.com](http://www.eMarketer.com)

# B2C e-commerce sales worldwide, by region, 2013 and 2018 (\$ billions)



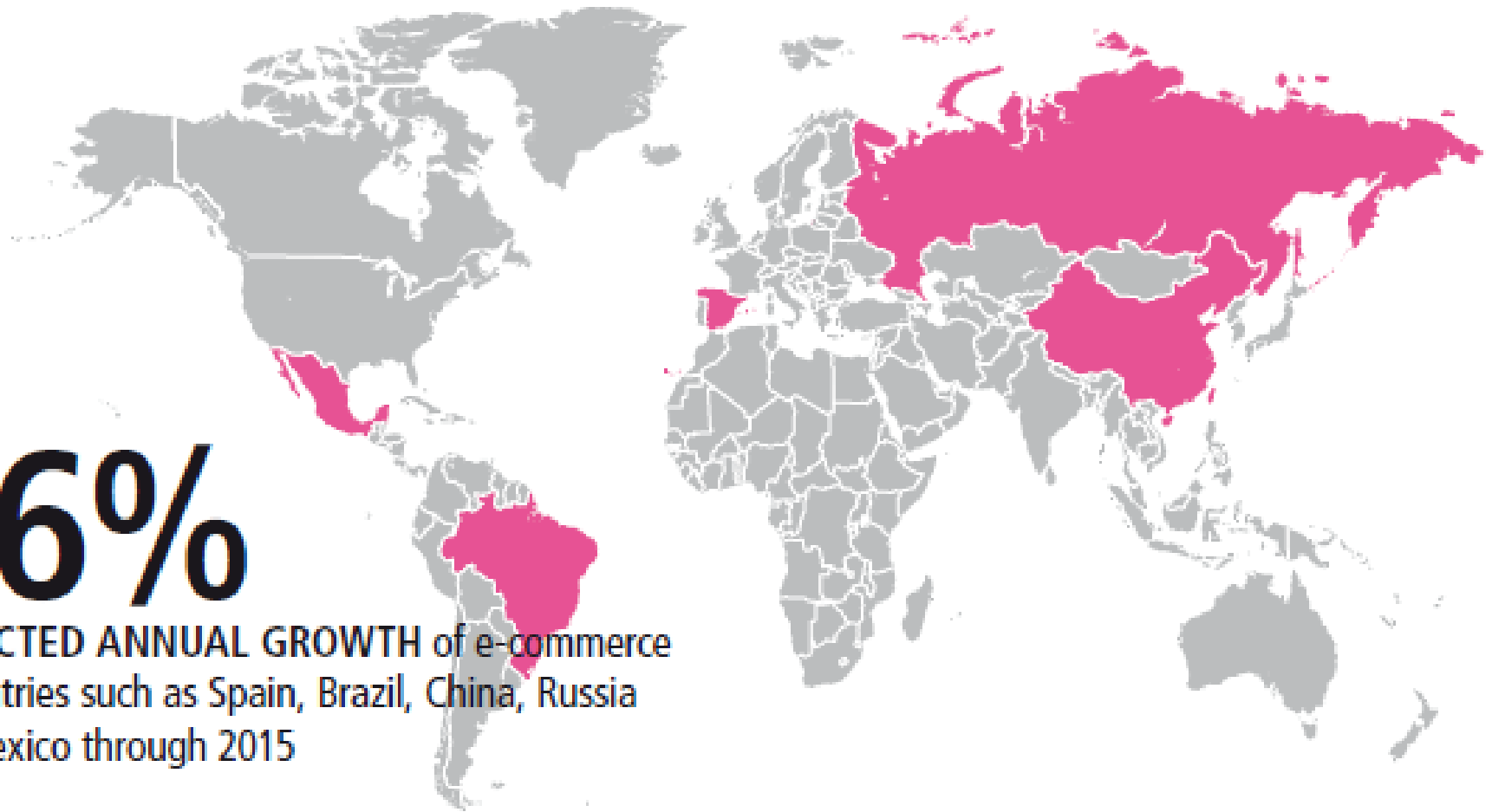
Source: eMarketer.com, July 2014.

**Note:** Estimates are based on the analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from major online retailers, consumer online buying trends, and macro-level economic conditions. Data include products and services ordered and leisure and unmanaged business travel sales booked using the Internet via any device, regardless of the method of payment or fulfillment.

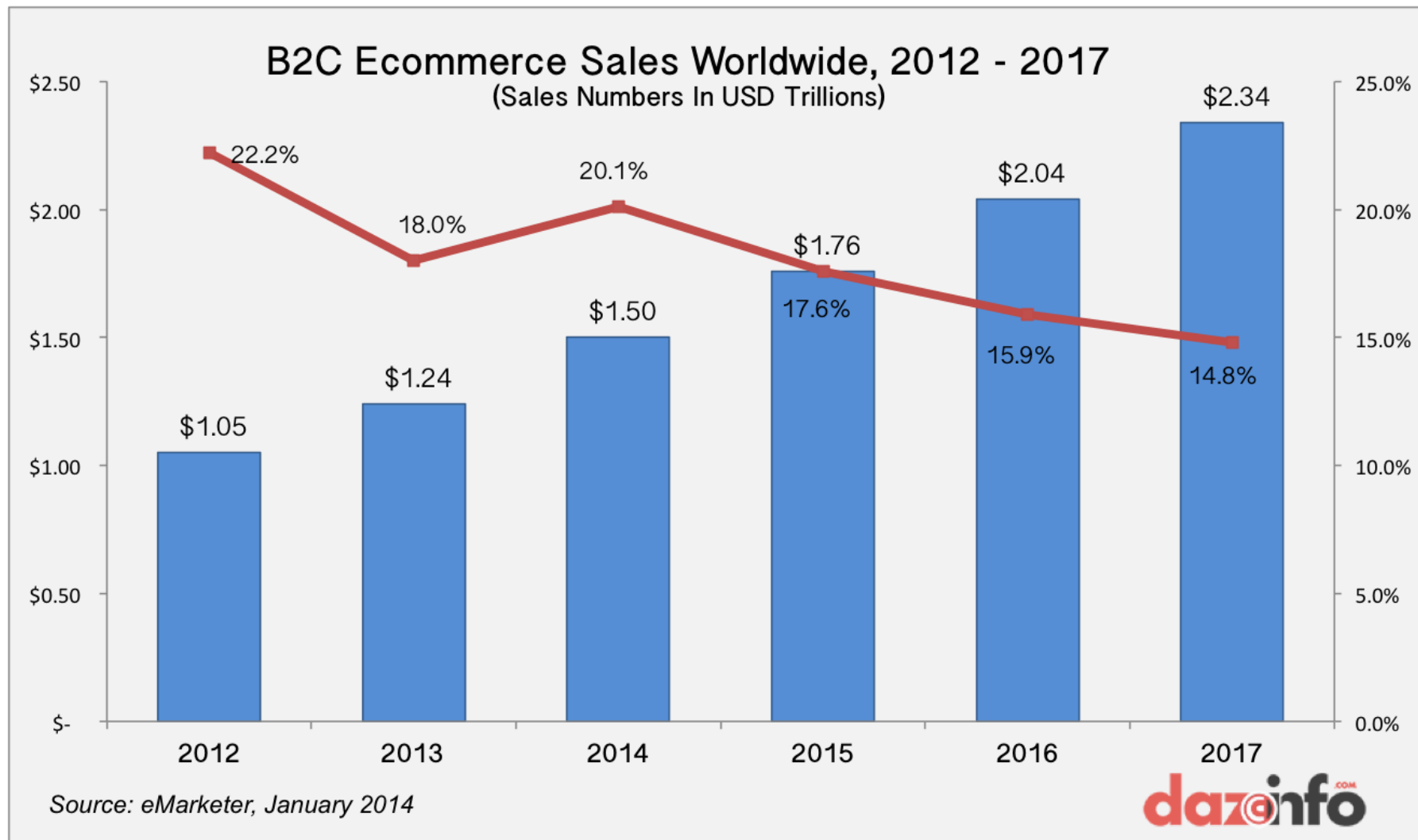
# E-commerce growth

# 26%

PROJECTED ANNUAL GROWTH of e-commerce  
in countries such as Spain, Brazil, China, Russia  
and Mexico through 2015

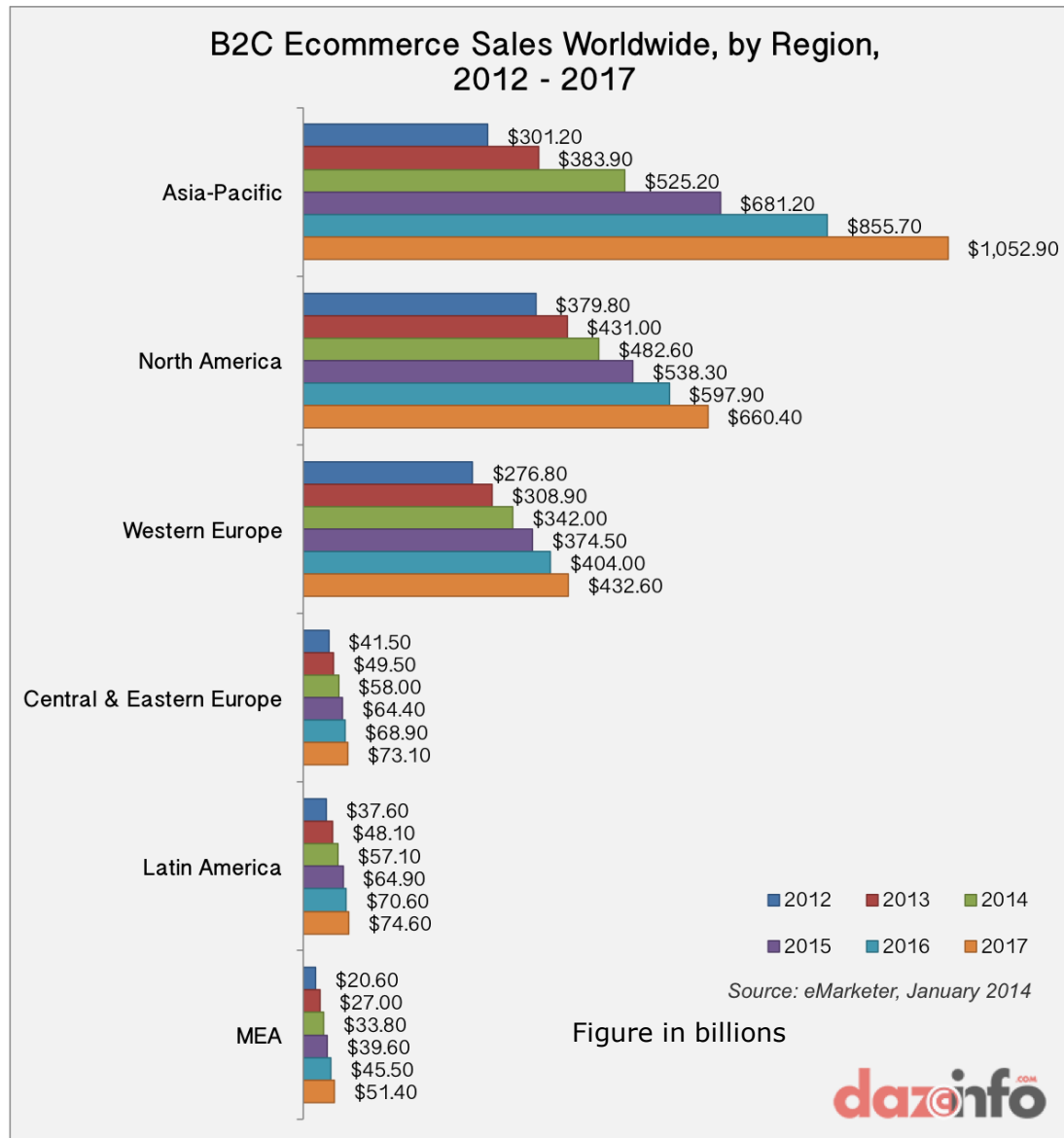


# E-commerce is booming business



**2014 e-commerce sales to hit \$1.5 trillion in 2014, resulting in 20.1% increase in sales**

# Asia-Pacific: Largest Ecommerce Market In The World

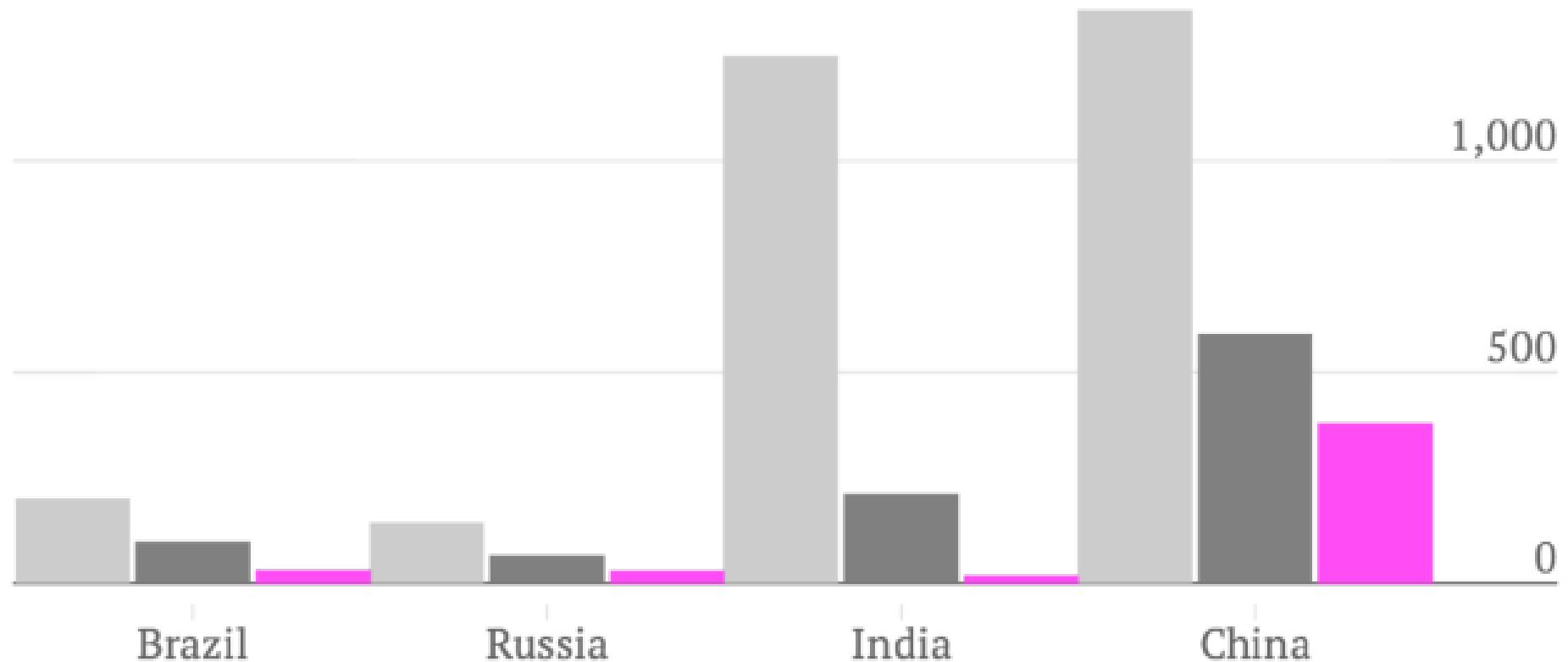


# BRIC countries penetration of e-com

BRIC countries penetration of internet and online shopping

■ Population ■ Online population ■ Online shoppers

1,500 million



Quartz | qz.com

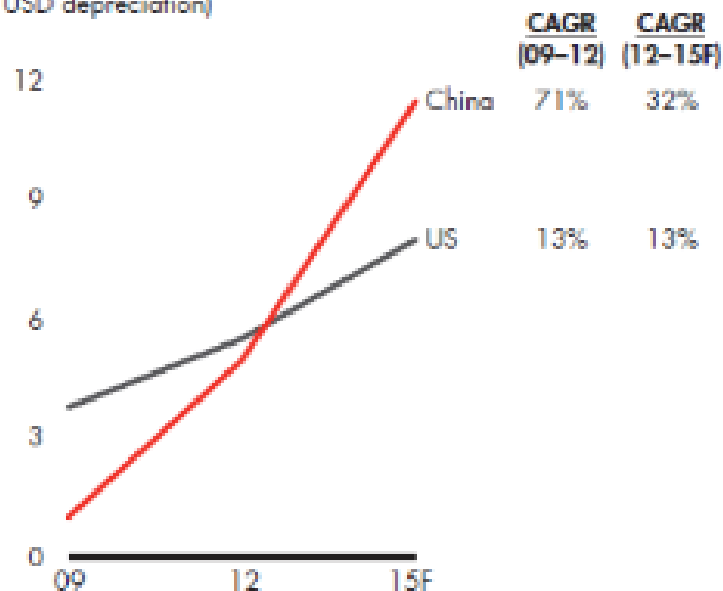
Data: Accel Partners

# China: About to Take America's Online-Shopping Crown

China is now the No 1 digital retail market in value and penetration, with momentum that's expected to continue

## China digital market: No. 1 and growing

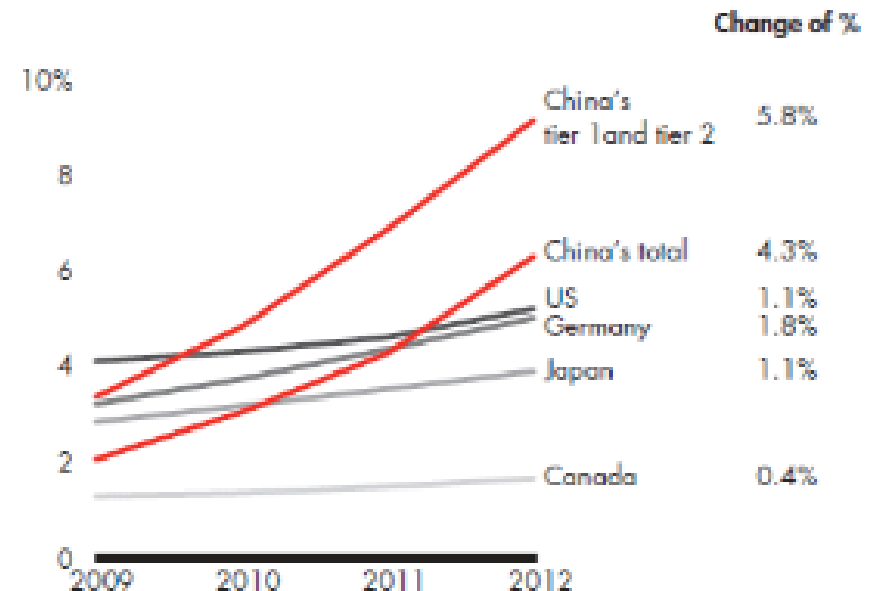
Indexed market size of online shopping  
(including USD depreciation)



China online shopping  
market size  
(RMB trillions): 0.3      1.3      3.3

## China digital market: No. 1 digital penetration

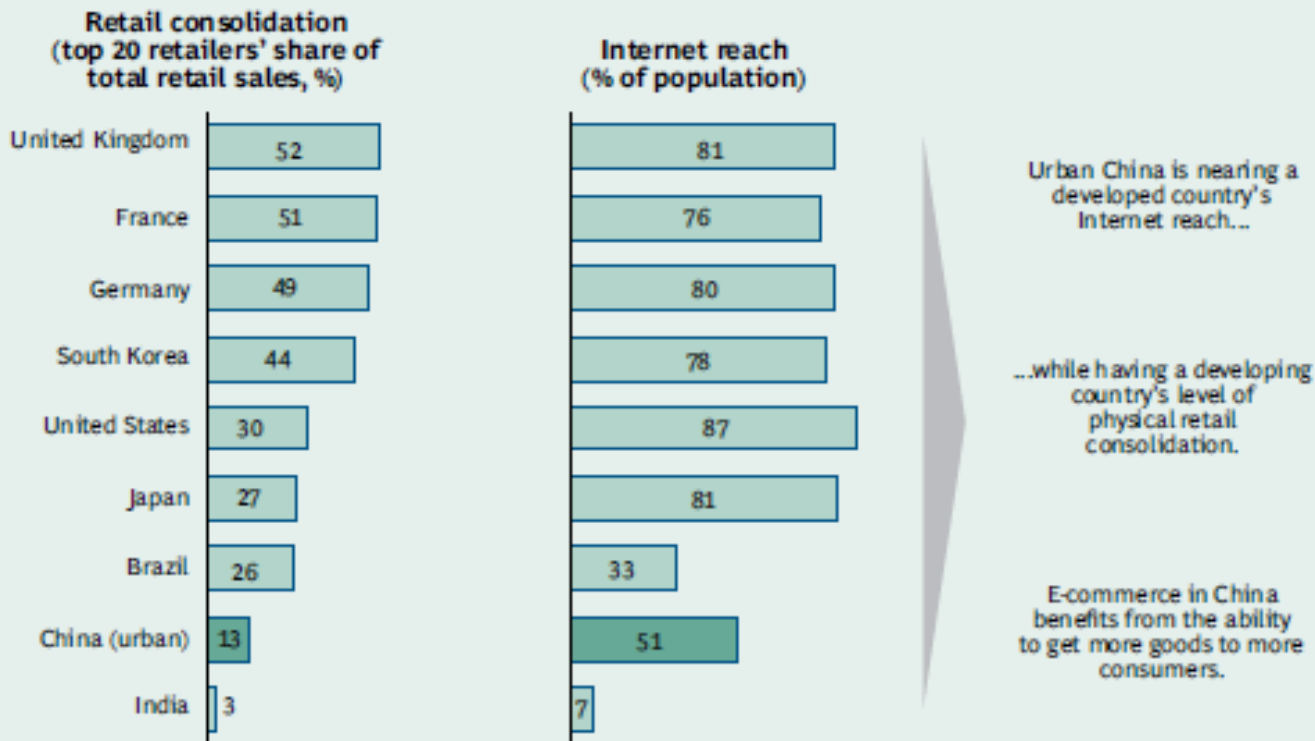
Online retail value as % of total retail



Sources: iResearch; China statistics bureau; US Department of Commerce; Euromonitor; Bain analysis

# China: Accessibility

## Exhibit 3. Internet Access Has Far Outpaced the Reach of the Top Physical Retailers—a Dynamic Unique to China



Source: BCG analysis.

**Note:** 2010 Internet reach calculated using 333 million Internet users within an urban population of 654 million. Top 20 retailers account for 10 percent of all retail sales in China. We assume that 76 percent of retail sales in China come from urban areas (based on urban versus rural ratio of total disposable income in 2010), and all top retailers' sales come from urban areas.

# China: E-shopping on the rise

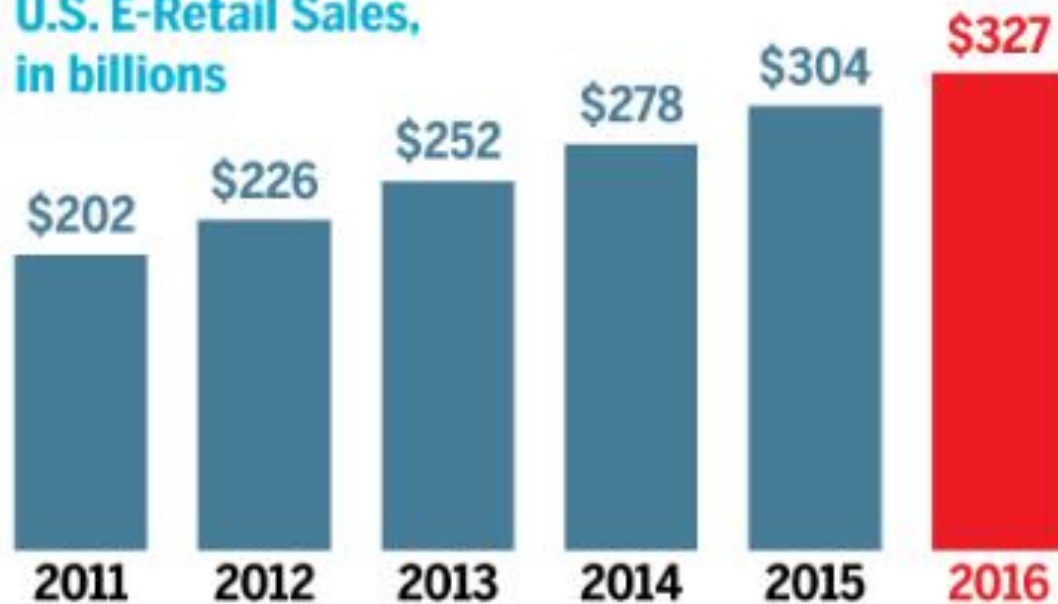
**Exhibit 1. China's Rapidly Expanding E-Commerce Market Follows an Era of Exponential Growth in New Internet Users**



Source: BCG analysis.

# USA: huge sales increase online

## U.S. E-Retail Sales, in billions

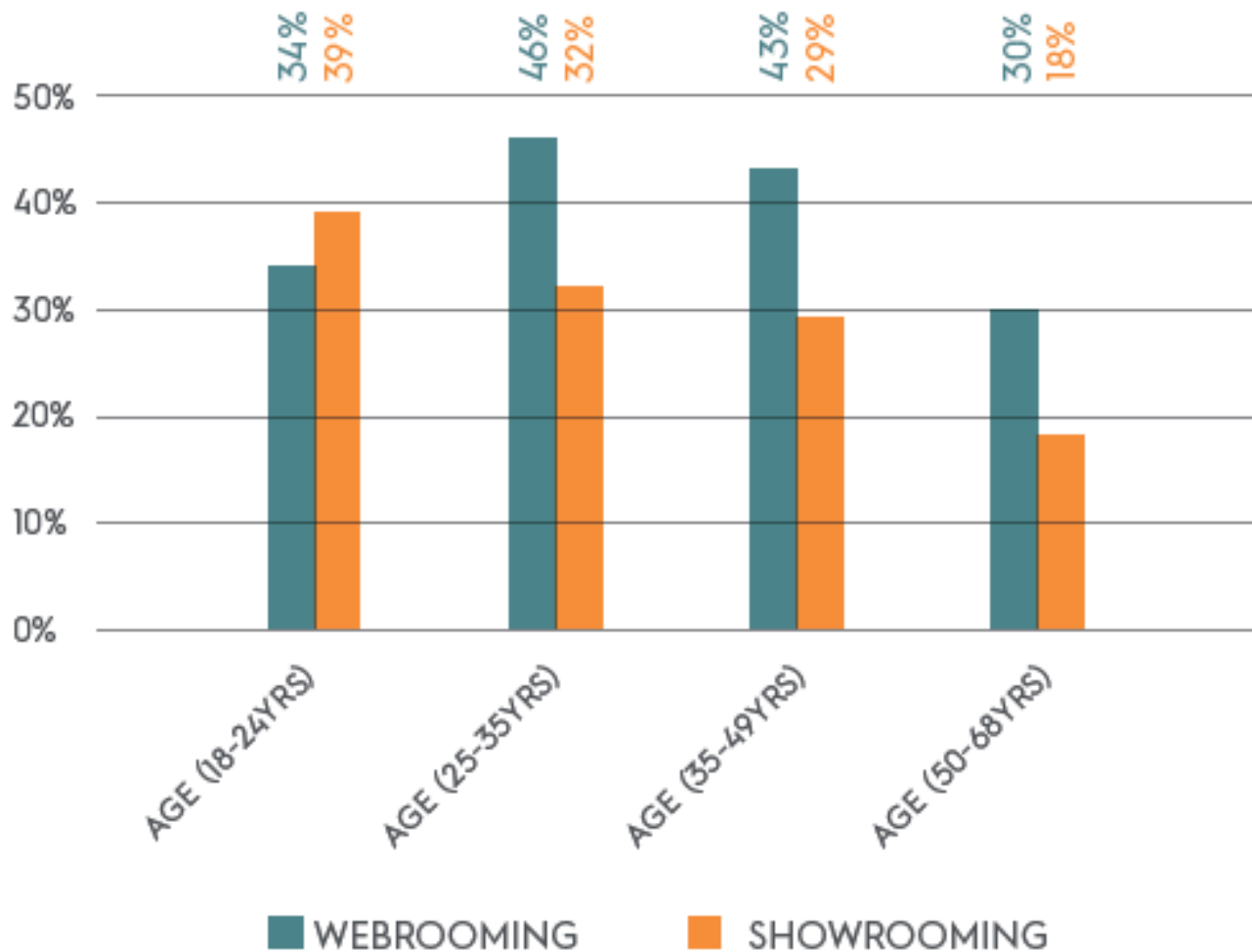


## U.S. E-commerce Sales: 2011-2016

Online consumers will increase their spending 62% by 2016, according to Forrester Inc.

Source: Forrester Inc.

# Webrooming and Showrooming by Shoppers in the US



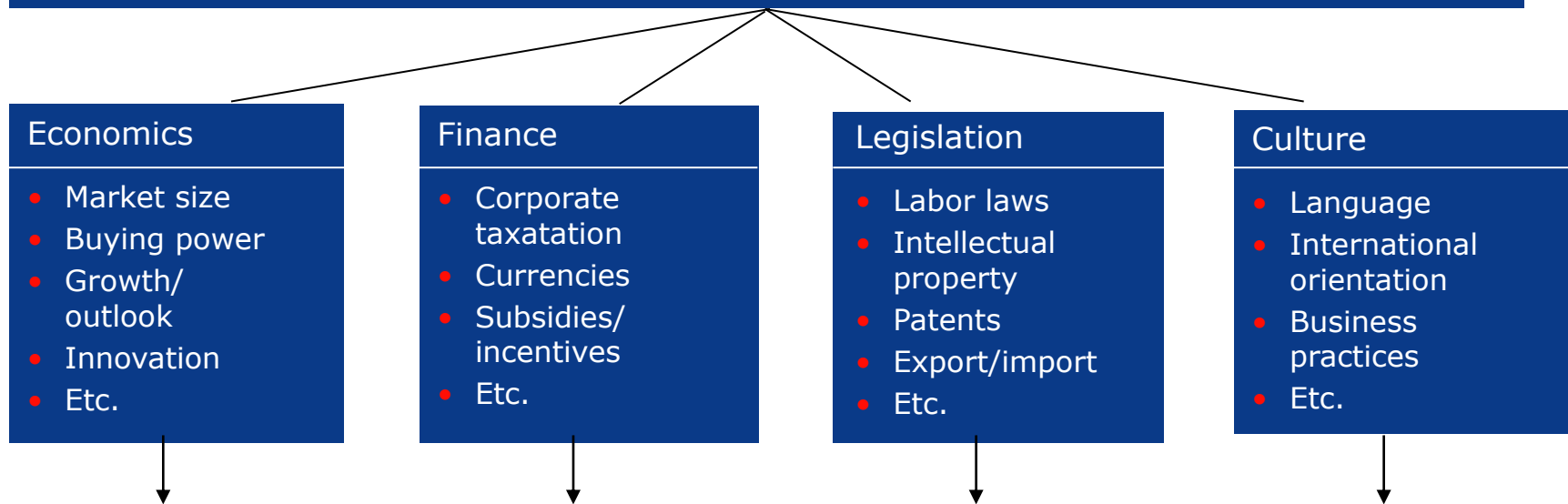
# E-Commerce in US versus Europe

- **US**
  - 2 languages (English and Spanish)
  - One single parcel rate across US
  - Choice of parcel providers capable to deliver across the US
  - Relatively common service level expectation across the US (next-business-day and in some cities same day delivery)
  - Common legal environment across the US
- **Europe**
  - 24 “official EU” languages
  - Parcel rates per country, different per lane
  - Local country hero’s have best service and shipping rates (very limited choice of pan-European network players)
  - eFulfillment service level expectations highly diverse per country (UK and Benelux advanced, rest is mostly less advanced)
  - Legal and governmental differences per country
  - Also non-EU countries like Norway and Switzerland for which customs documents have to be made

The complexity of setting up a pan-European fulfillment operation is much more complex than in the US

# Europe is not an easy place to do business: 48 countries, 24 languages, 15 currencies

Various differences exist between European countries (even within the EU)

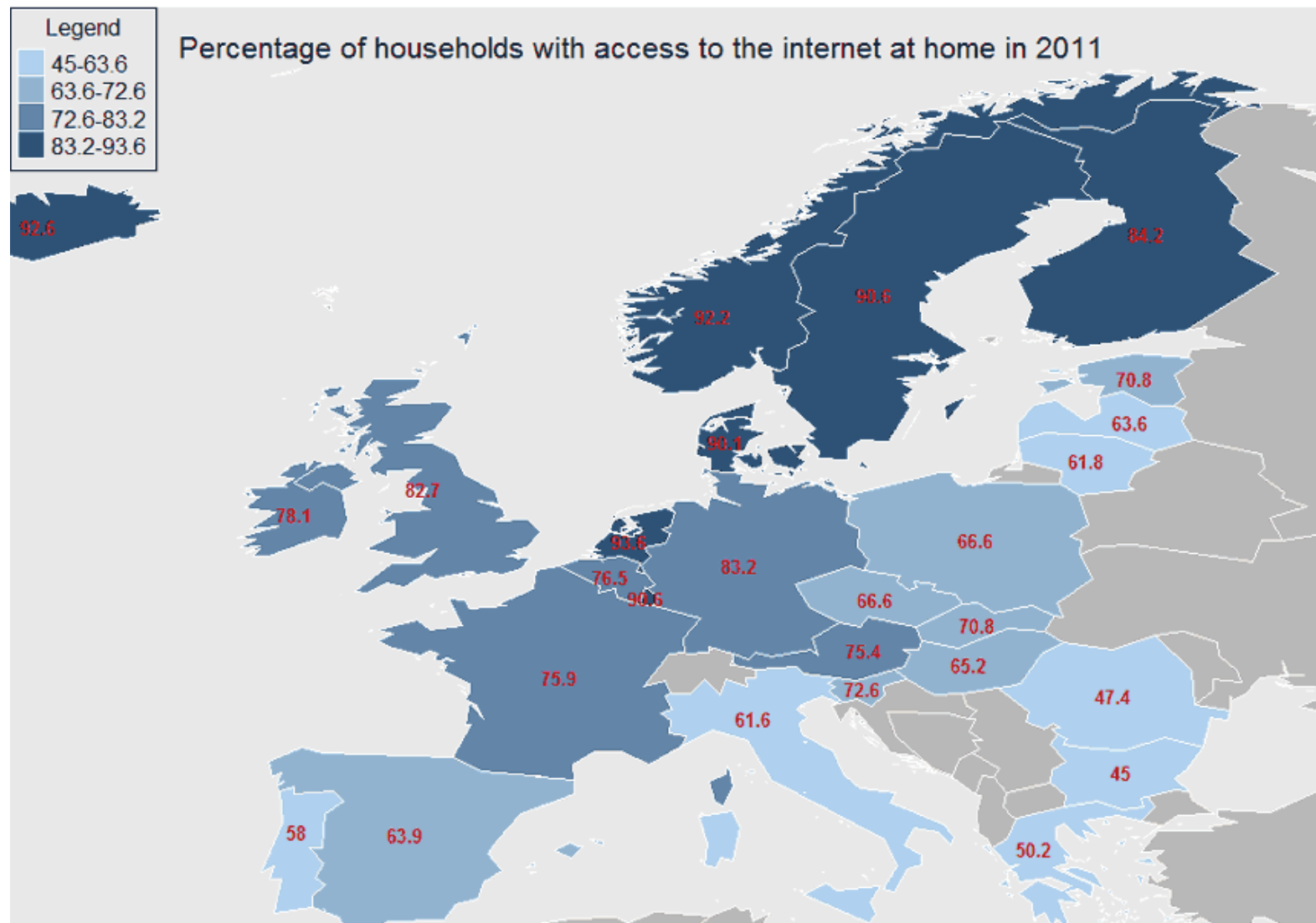


**From international companies this requires:**

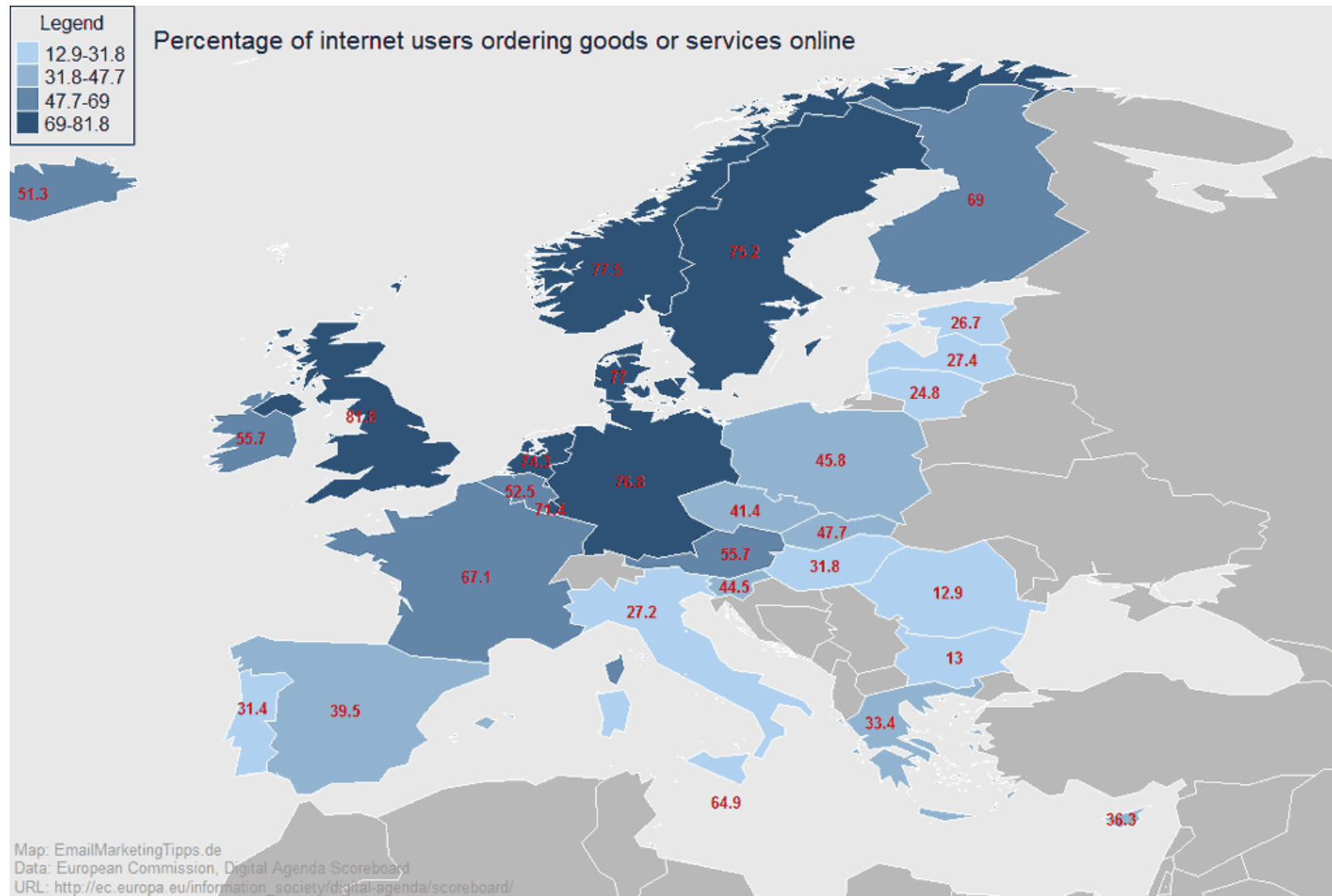
- Awareness and taking into account implications of national differences
- Willingness to commit resources to obtain local market expertise
- A differentiated European market strategy and a dedicated business plan

# Accessibility in Europe

NDL/HIDC



# Online buyers

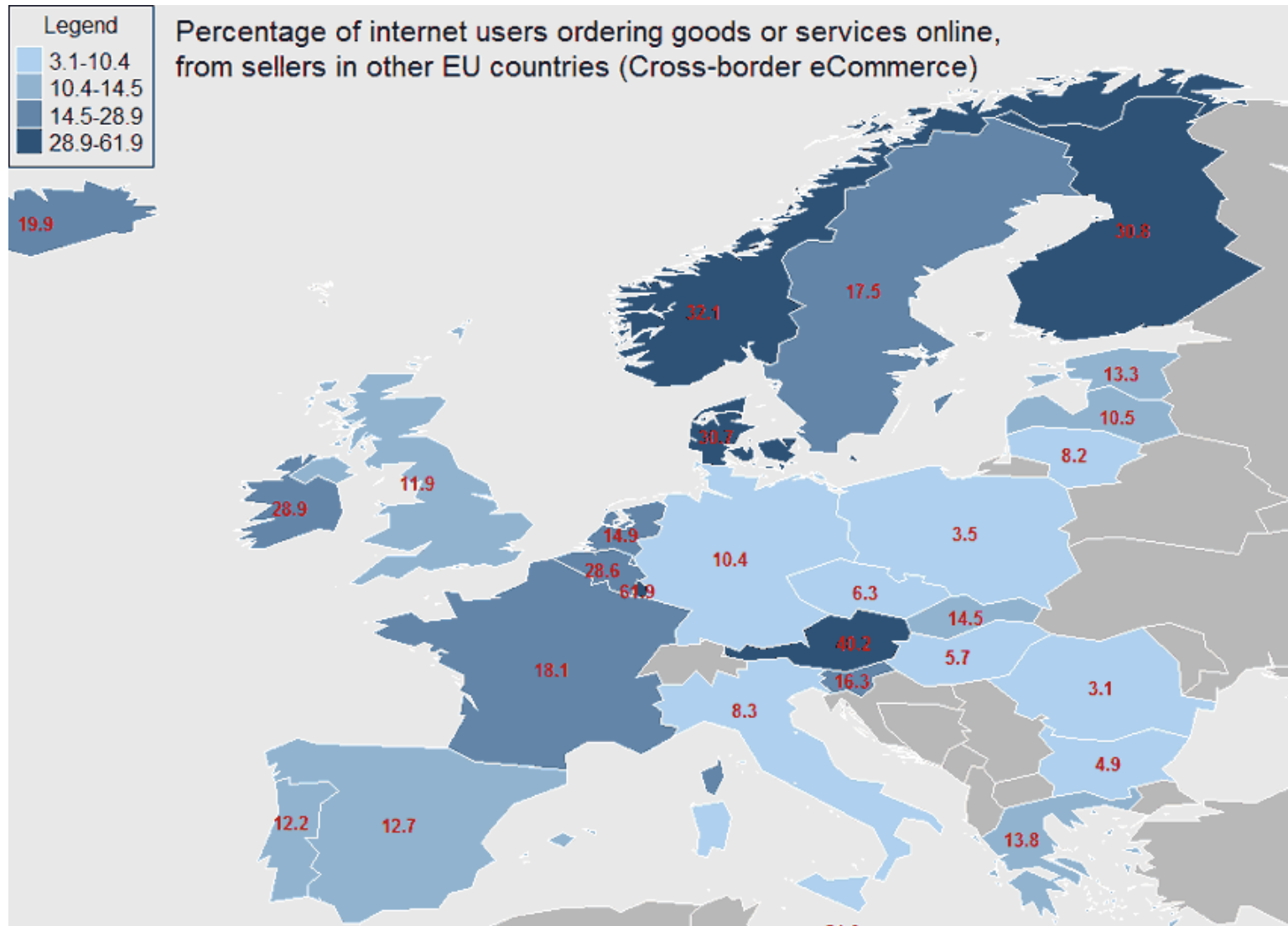


# Internet Penetration

TOP 12 COUNTRIES IN TERMS OF INTERNET PENETRATION  
Internet access and online population, 2014

Countries	Internet access*	Online population
<i>Europe</i>	<i>75.0%</i>	<i>564.0mn</i>
<i>EU28</i>	<i>77.1%</i>	<i>396.4mn</i>
<i>Top 12</i>	<i>92.1%</i>	<i>244.0mn</i>
Iceland	96.5%	0.3mn
Norway	96.1%	4.9mn
Netherlands	96.1%	16.2mn
Denmark	96.0%	5.4mn
Sweden	95.4%	9.2mn
Luxembourg	95.0%	0.5mn
Finland	94.0%	5.1mn
United Kingdom	92.0%	59.2mn
Switzerland	88.0%	7.2mn
Germany	86.8%	70.1mn
France	85.7%	56.4mn
Belgium	84.7%	9.5mn

# Significant growth in cross border E-commerce sales



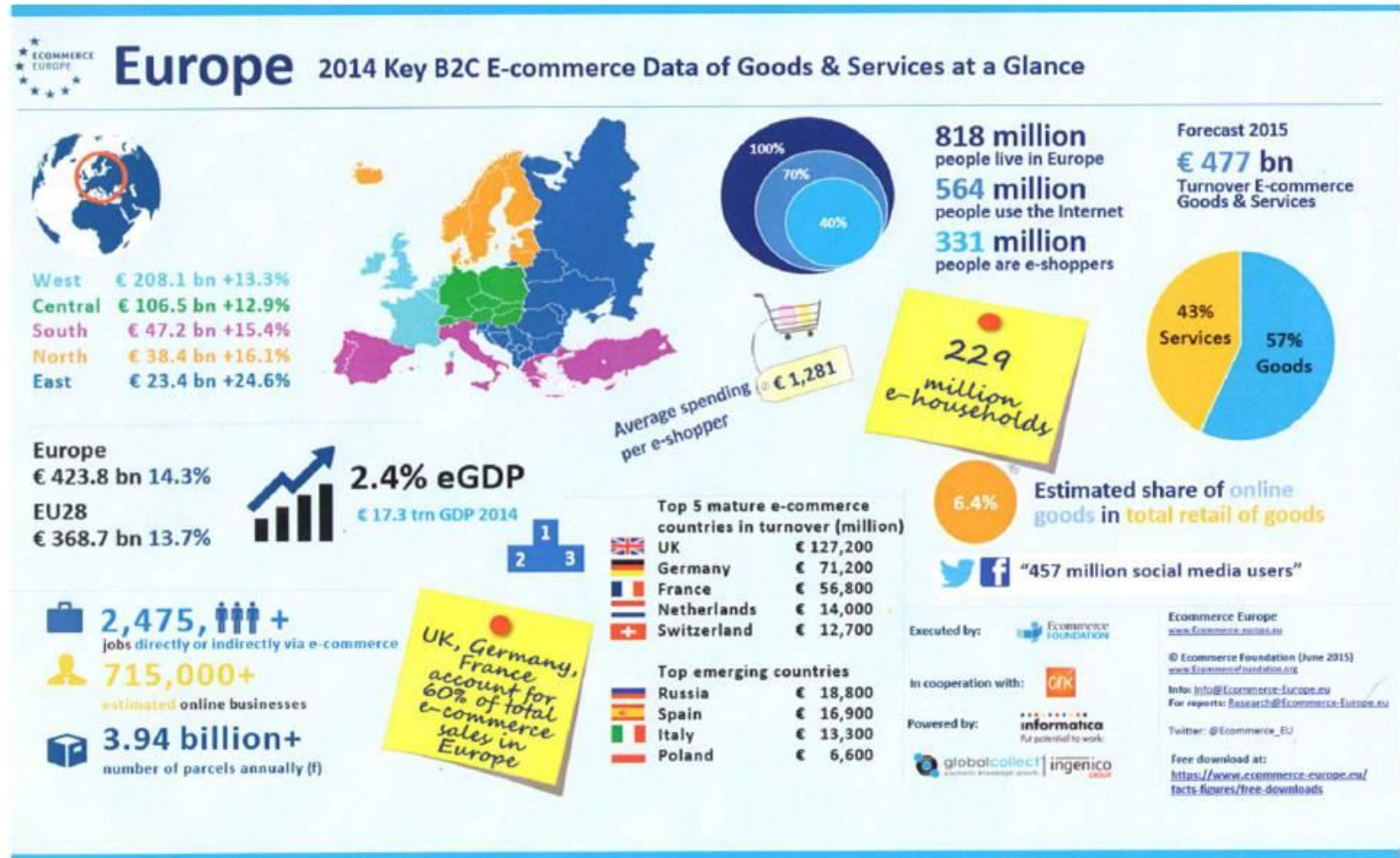
# European Cross-Border E-commerce

## Percentage of cross-border B2C purchases in EU28 + Iceland and Norway, 2012 - 2014

Country	2012	2013	2014
EU28	11%	12%	15%
Austria	35%	39%	40%
Belgium	25%	28%	34%
Bulgaria	4%	6%	7%
Croatia	6%	7%	8%
Cyprus	19%	21%	24%
Czech Republic	5%	7%	7%
Denmark	29%	32%	36%
Estonia	11%	13%	22%
Finland	30%	32%	36%
France	17%	18%	21%
Germany	9%	11%	12%
Greece	8%	9%	10%
Hungary	5%	6%	8%
Iceland	24%	24%	31%
Ireland	28%	24%	28%
Italy	5%	7%	9%
Latvia	13%	15%	16%
Lithuania	6%	10%	11%
Luxembourg	60%	64%	65%
Malta	38%	39%	39%
Netherlands	13%	15%	21%
Norway	30%	27%	33%
Poland	2%	3%	4%
Portugal	10%	11%	12%
Romania	1%	1%	1%
Slovakia	17%	17%	20%
Slovenia	13%	15%	17%
Spain	10%	11%	15%
Sweden	19%	23%	22%
United Kingdom	13%	14%	18%

Source: Eurostat, Ecommerce Foundation, 2015

# European E-commerce at a glance

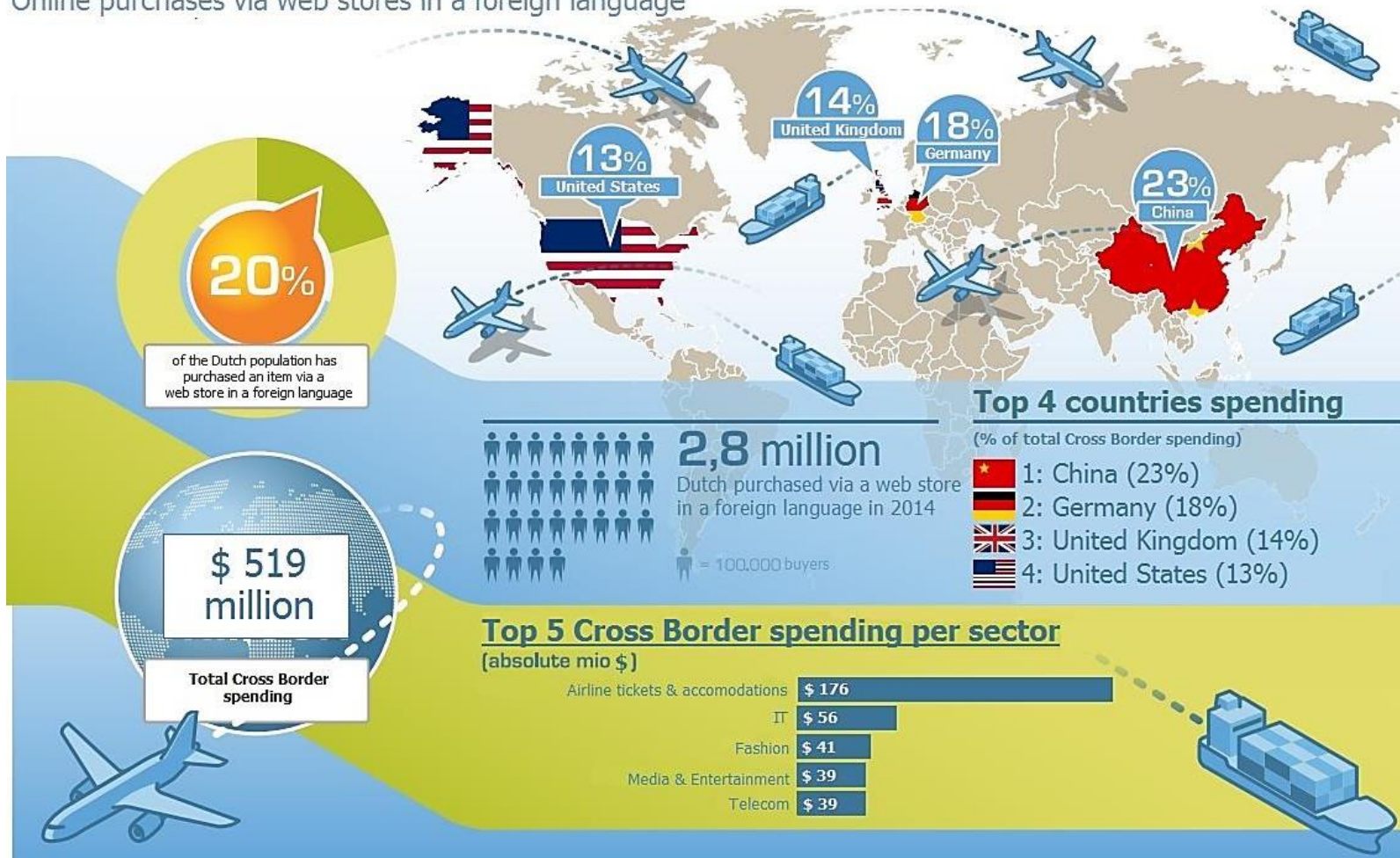


E-commerce is growing very fast in Europe and still has massive growth potential

# How many consumers and businesses engage in Cross Border eCommerce?

## Cross Border spending 2014

Online purchases via web stores in a foreign language



Source: <http://ecommercenews.eu/ecommerce-in-the-netherlands-grew-to-e13-96-billion-in-2014/>

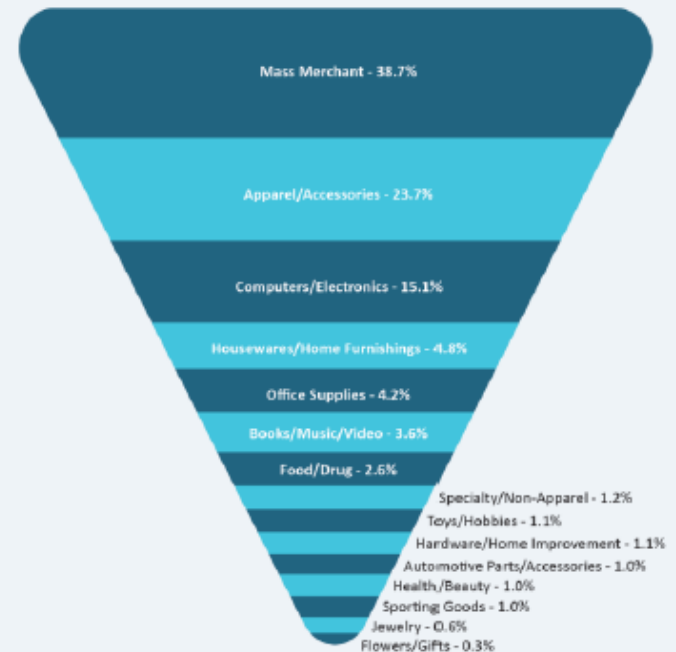
# European web sales by industry

## European Retail Web Sales & Growth by Industry

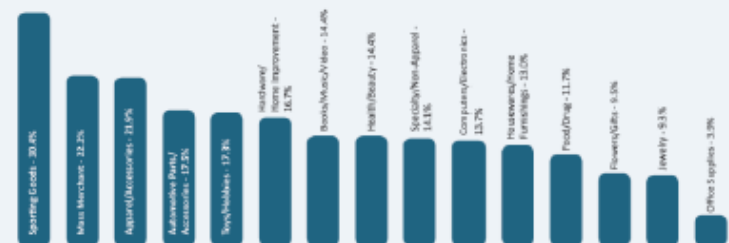
Source: Vertical Web Media, 2011

	2011 Web Sales (€)	2010 Web Sales (€)	Growth
 Mass Merchant	31,199,514,072	25,533,845,361	22.19%
 Apparel/Accessories	19,088,219,501	15,659,191,777	21.90%
 Computers/Electronics	12,185,402,246	10,718,929,224	13.68%
 Housewares/Home Furnishings	3,854,865,576	3,410,888,958	13.02%
 Office Supplies	3,398,459,721	3,270,696,100	3.91%
 Books/Music/Video	2,919,508,067	2,552,322,118	14.39%
 Food/Drug	2,125,746,412	1,902,880,373	11.71%
 Specialty/Non-Apparel	936,932,699	820,903,013	14.13%
 Toys/Hobbies	917,614,470	782,584,041	17.25%
 Hardware/Home Improvement	850,484,585	729,014,702	16.66%
 Automotive Parts/Accessories	835,095,374	710,769,348	17.49%
 Health/Beauty	818,700,660	715,886,823	14.36%
 Sporting Goods	812,434,320	623,108,326	30.38%
 Jewelry	474,374,016	434,168,865	9.26%
 Flowers/Gifts	257,827,948	235,378,083	9.54%

## 2011 Web Sales (€)



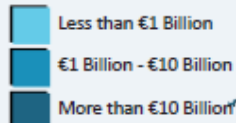
## 2011 Growth in Web Sales



# European e-tailers

## Online Sales for Top 400 European E-Tailers

Source: Vertical Web Media, 2011



### Austria



2011 Web Sales (€)  
4,510,000,000

2011 Growth in Web Sales  
10.28%

Company	Web Sales (€)
SPAR	58,500,000
Swarovski	26,600,000
Basler Haar Kosmetik Versand Gesellschaft	3,950,000

### Belgium



2011 Benelux Web Sales (€)  
12,250,000,000

2011 Growth in Benelux Web Sales  
20.45%

Company	Web Sales (€)
SSI Schaefer Shop GmbH	125,000,000
Snapstore	40,100,000

### Denmark



2011 Web Sales (€)  
5,210,000,000

2011 Growth in Web Sales  
16.04%

Company	Web Sales (€)
Lego Holdings A/S	319,000,000
CDON	297,200,000
Coop Danmark A/S	110,250,000
SmartGuy	31,800,000
El-Giganten	19,100,000

### Finland



2011 Web Sales (€)  
179,500,000

2011 Growth in Web Sales  
3.76%

Company	Web Sales (€)
Verkkokauppa.com	179,500,000

### France



2011 Web Sales (€)  
38,660,000,000

2011 Growth in Web Sales  
23.99%

Company	Web Sales (€)
PPR SA	2,780,000,000
CDDiscount.com	1,348,000,000
3 Suisses	1,300,000,000
Carrefour Group	990,000,000
Vente-Privée.com	940,950,000

### Germany



2011 Web Sales (€)  
45,070,000,000

2011 Growth in Web Sales  
15.00%

Company	Web Sales (€)
Otto Group	4,800,000,000
Neckermann Gruppe	798,600,000
Weltbild Publishing Group	545,490,000
Medion AG	515,000,000
Conrad Holding SE	500,000,000

### Italy



2011 Web Sales (€)  
9,960,000,000

2011 Growth in Web Sales  
24.81%

Company	Web Sales (€)
MediaShopping.it	740,000,000
YOOX.com	199,300,000
YouBuy.it	64,300,000
Esselunga SpA	54,000,000
Triboo SpA	50,000,000

### Netherlands



2011 Benelux Web Sales (€)  
12,250,000,000

2011 Growth in Web Sales  
20.45%

Company	Web Sales (€)
Wekamp	488,000,000
Boi.com BV	376,000,000
PDashop.nl	100,000,000
Inter IKEA Systems BV	93,000,000
Hema.nl	90,000,000

### Norway



2011 Web Sales (€)  
4,880,000,000

2011 Growth in Web Sales  
22.00%

Company	Web Sales (€)
Komplett ASA	525,605,000

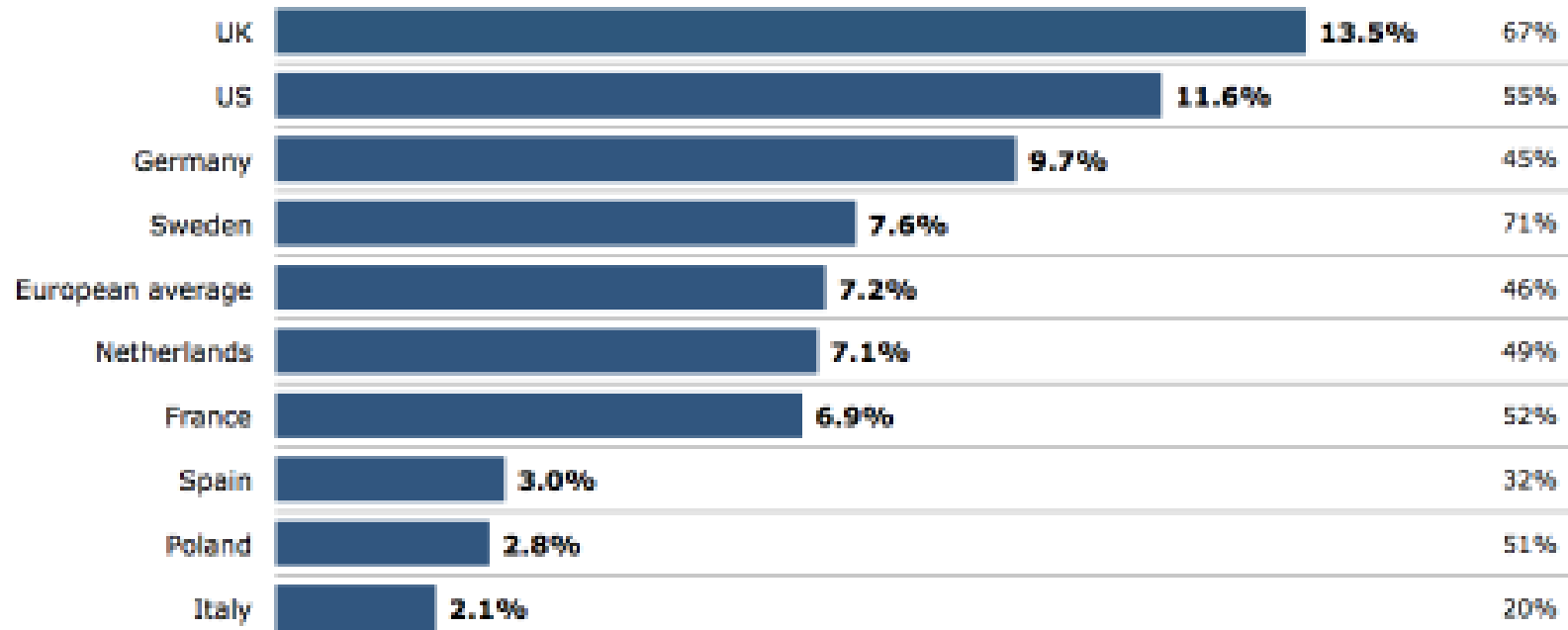
# Retail split online/offline

## Online Retail Share of Total Market

online retail includes mobile / estimates based on sales of goods (excluding fuel for vehicles and sales of prepared foods in cafes and restaurants. Tickets, holidays, gambling and insurance are also excluded due to not being classed as retailing

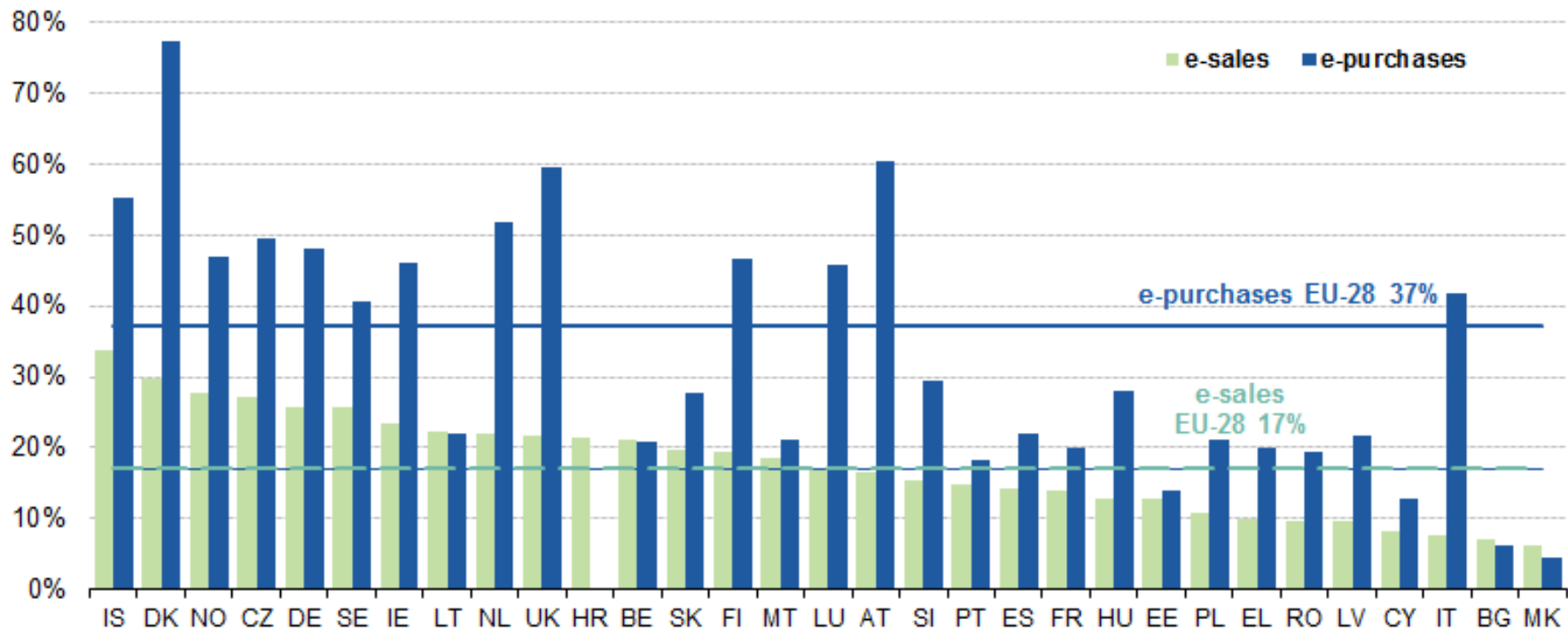
**2014 estimate**

% of population  
that shops online



# Position of the Netherlands

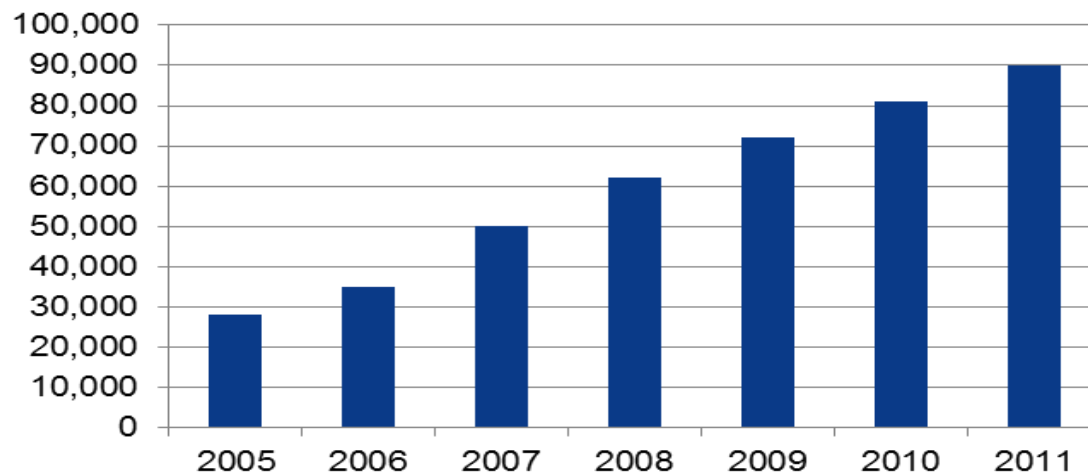
- The Netherlands is positioned 9th in the EU 28 in terms of percentage of enterprises that sell through Internet (2012).



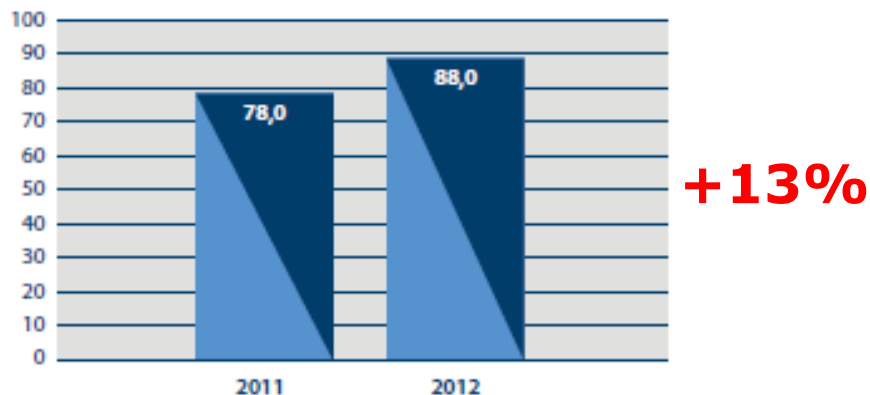
# E-commerce facts of the Netherlands

- In the Netherlands, online sales revenues amounted to 9 billion euro in 2011, sold from 37,500 web shops
- 50% of the sales revenues comes from products (4.5 billion euro), i.e. approximately 6% of all sold products were sold online
- Some products more than others: e.g. the online share of books sales is 10%-15%, while that of food is only 0.5%-3%
- The expectation of Thuiswinkel.org is that total sales of online purchases will increase to 25% of total retail sales

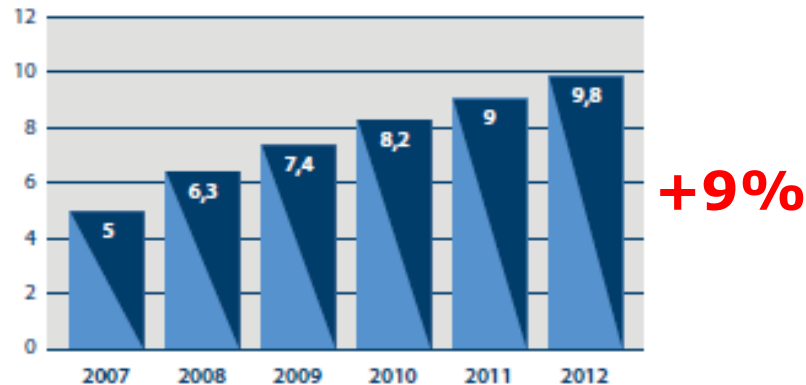
## Sales revenues of online shopping in the Netherlands, 2005 – 2011 (x mln. euro)



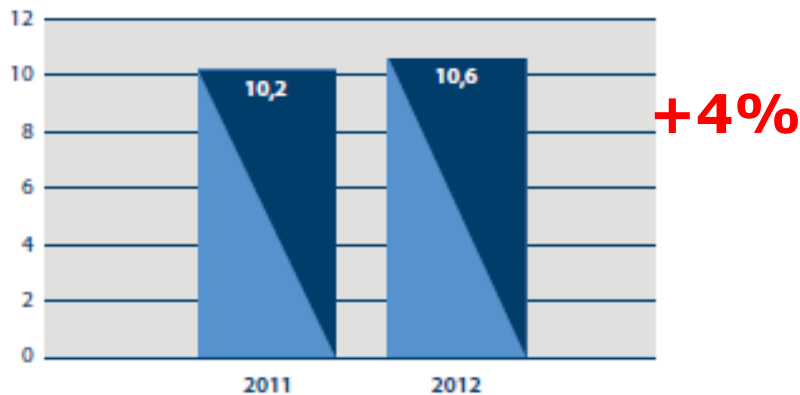
# E-commerce growth of the Netherlands



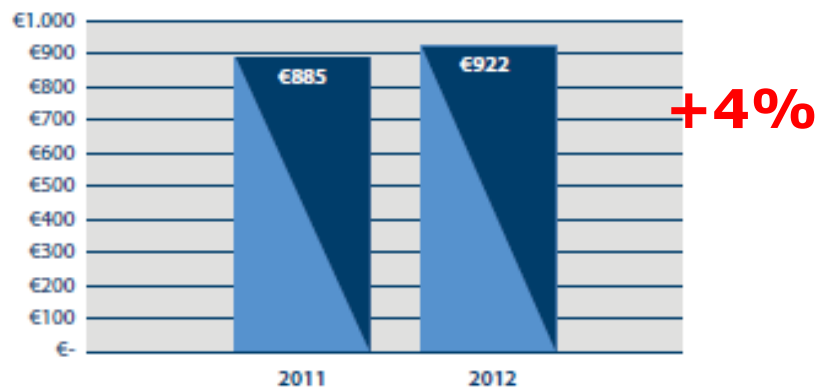
Online orders (mil.) in The Netherlands



Online revenue (mil.) web stores in The Netherlands



Online buyers(mil.) in The Netherlands



Online spending per person in The Netherlands

# Trends and developments to watch

The most important e-commerce trends for the coming years:

1. **E is everywhere:** on the road, at home, at work, QR
2. **Voice of the customer** – customer decides what, how, where, when and why
3. **Diversification** of product and virtual assortment
4. **Me-tail:** online shopping gets personal and shopping with your social network, from customer to fan
5. **Growth of m-commerce sales** (mobile-commerce)
6. **Growing cross border** e-commerce sales
7. **Omni-channel commerce:** online and offline sales channels strengthen each other
8. **E-Logistics where you want it:** reliable delivery against low costs with choices for the consumer
9. **Increasing number of solutions for 'last-mile'** (home deliveries)
10. **Horizontal collaboration** – small internet retailers use platforms of established e-tail brands



# E is everywhere

Life plugged in: The digital world – with its always-on, 24-hour cycle of information, communication and media – permeates lifestyles, shaping the way people interact, consume and make sense of the world we live in.

Anthropologists have shown how text messaging – expected to top 9.4 trillion messages by 2016 (Informa Telecoms and Media, May 2012) – has transformed language; how instant messaging has shortened attention spans, and how consumers are collaborating and sharing in new-found communities that are no longer restricted by physical boundaries. These communities often pursue a greater good, such as reducing their carbon footprint or helping others with practical information on things as diverse as home health remedies, fashion trends and where to spot a shopping bargain. From a consumer perspective, computer technology has had the greatest impact of all by revolutionizing the way people shop. Now everything from groceries and home furnishings to cars and holidays can be bought over the internet. More than this, however, consumers can collaborate and share information, write reviews and impart tips in new-found online communities. Shoppers are no longer restricted by physical boundaries. Technology has empowered them.

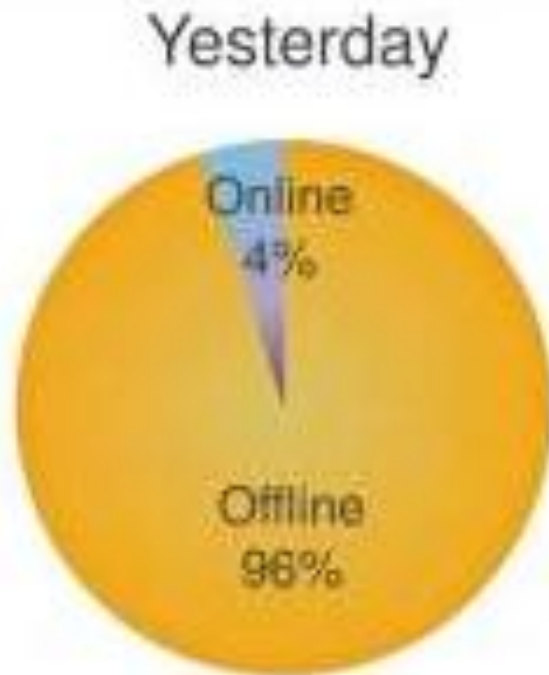
E-commerce is everywhere nowadays, with everybody having tablets and smart phones to purchase online. QR codes can be found anywhere and information is sent through:

Google+  
Stayfriends  
Twitter  
LinkedIn

Facebook  
Xing  
Instagram  
etc.

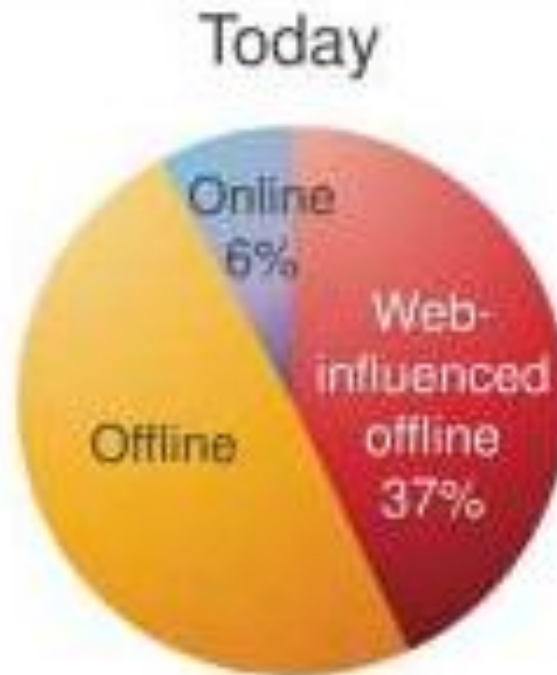
# E is everywhere

## Huge opportunity: taking the “e” out of e-commerce



2008 = \$325B

Source: Forrester, Euromonitor and  
Economic Intelligence Unit



Source: Forrester



2013 = \$10T

Source: Economic Intelligence Unit

# Voice of the E-Consumer

Customer  
wants  
choice

**Product  
assortment**

**Returns  
solutions**

**Delivery  
location**

**Delivery  
speed**

**Payment  
method**

# Diversification of assortment

An explosion of products has by definition resulted in an increase in available substitute products.

The lifecycle of products will be significantly shorter, making product innovation an even more critical differentiator of high performance.

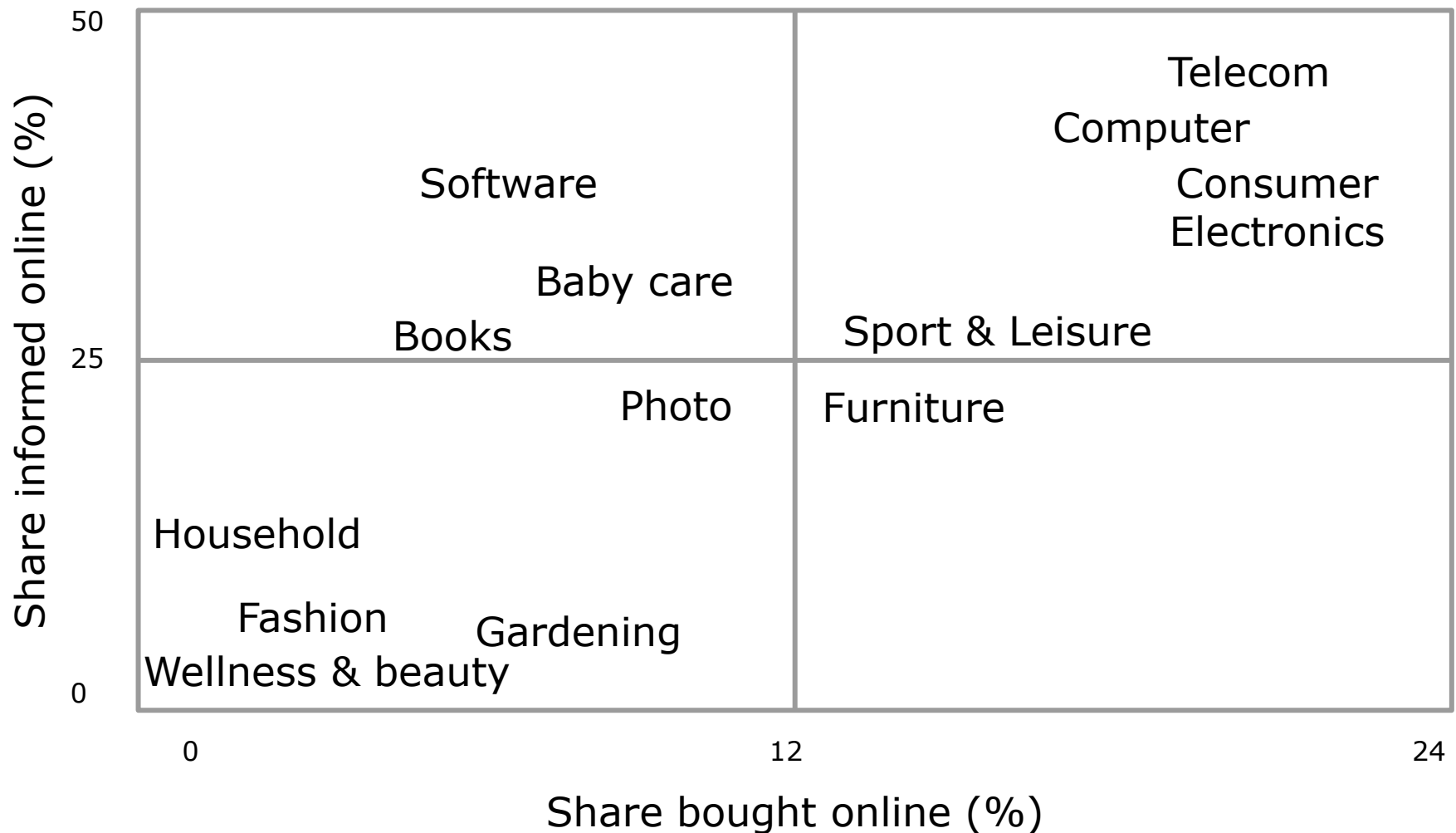
Long tail explosion: growing assortments due to digitalization of assortment catalogues.

From milk to the automotive industry we are seeing this. The impact on the supply chain is an explosion in SKU counts over the last decade.

# Diversification of assortment



# Internet usage differs by product group



# Electronic goods, apparel, and goods are among the most popular online categories

% respondents who say they have bought online in the past three months

	Global average	United States	United Kingdom	Germany	Japan	India	Brazil	Russia	China	South Africa	Nigeria
<b>Electronics</b>	<b>77%</b>	83%	84%	90%	53%	79%	86%	71%	96%	60%	65%
<b>Home appliances</b>	<b>59%</b>	46%	65%	58%	41%	67%	70%	62%	83%	41%	52%
<b>Home furnishings</b>	<b>53%</b>	56%	65%	66%	53%	59%	48%	43%	65%	34%	30%
<b>Fashion and apparel</b>	<b>76%</b>	87%	85%	88%	66%	84%	75%	64%	97%	47%	65%
<b>Sports and outdoor</b>	<b>52%</b>	56%	53%	66%	36%	52%	49%	51%	78%	35%	35%
<b>Beauty products</b>	<b>57%</b>	50%	56%	62%	48%	68%	59%	53%	85%	41%	45%
<b>Household items</b>	<b>45%</b>	36%	48%	40%	41%	60%	35%	36%	84%	31%	35%
<b>Groceries</b>	<b>45%</b>	26%	60%	36%	68%	52%	29%	31%	90%	31%	30%
<b>Toys, kids, and babies</b>	<b>49%</b>	48%	53%	49%	32%	61%	47%	44%	75%	38%	34%
<b>Tickets</b>	<b>64%</b>	74%	69%	63%	43%	79%	65%	51%	71%	69%	47%
<b>Music and games</b>	<b>62%</b>	74%	75%	66%	46%	65%	62%	43%	69%	64%	57%
<b>Books</b>	<b>73%</b>	82%	82%	80%	65%	70%	75%	52%	89%	64%	71%
<b>Services</b>	<b>76%</b>	80%	76%	77%	63%	82%	70%	63%	87%	79%	80%

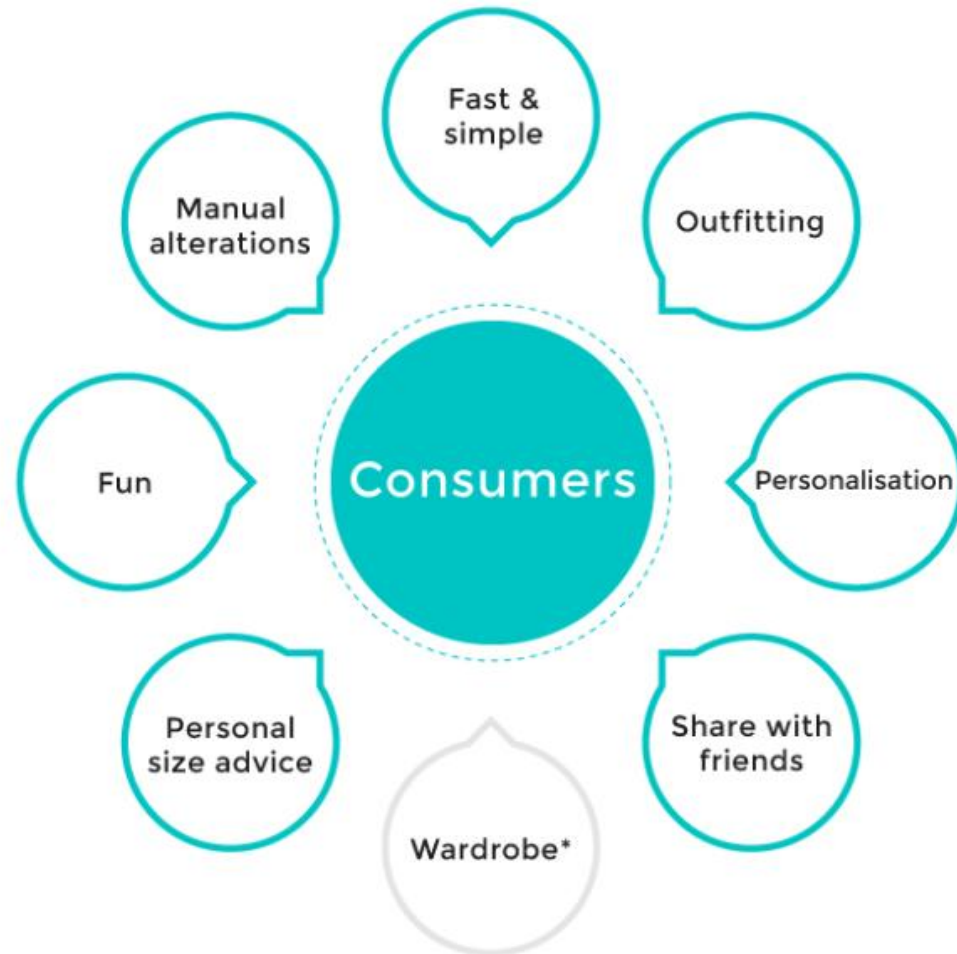
■ >75% have bought the category online

■ 50%-75% have bought the category online

■ <50% have bought the category online

# From Re-tail to Me-tail

- Fun shopping is not only possible in offline shopping centers, but increasingly also for online stores
- Virtual fitting
- “Fast fashion” will be the de facto industry standard
- Consumers themselves will help form the communities of talent required to service a vast diversity of new and constantly shifting demands
- Stores as we know them will no longer be relevant—many shoppers will never even visit one
- Consumers will shop seamlessly across multiple channels—and expect to find relevant content on all of them



# From E-tail to Me-tail

- Hyper personalization
- Customized dashboard
- Providing superior customer experience in the webshop
- Many products can be customized and personalized, for example on the independent design site Fab.com
- You can get personalized recommendations of “real” people. Social media really gives this an enormous boost with Twitter, Facebook, LinkedIn
- Etail-tainment (e.g. gaming in shops)



Bodymetrics: 3D technology enables to “fit” the clothes in your living room



KLM Meet & Seat: sit next to a Facebook- or LinkedIn person who is of interest to you

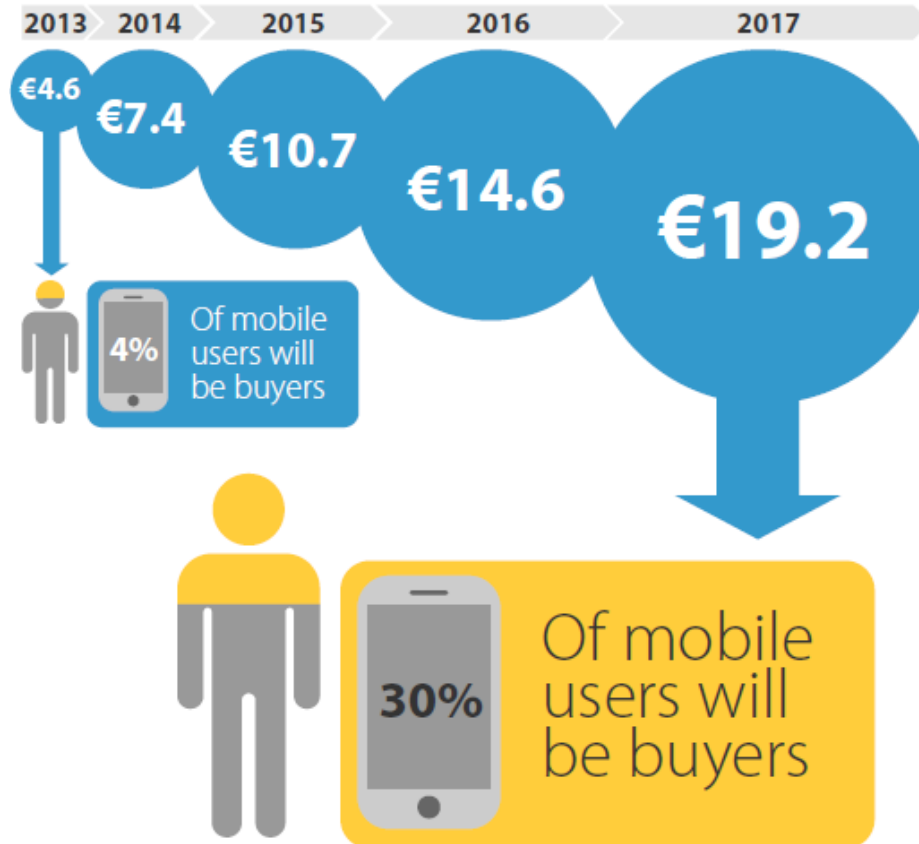


# Me-tail: Sophisticated targeting



# The next step: mCommerce

## mCommerce Forecast for Europe in Billions



### Key Stats for 2017



**6.8%**

Of all web sales



**47.7%**

'12-'17 CAGR



**€227**

Average Spend

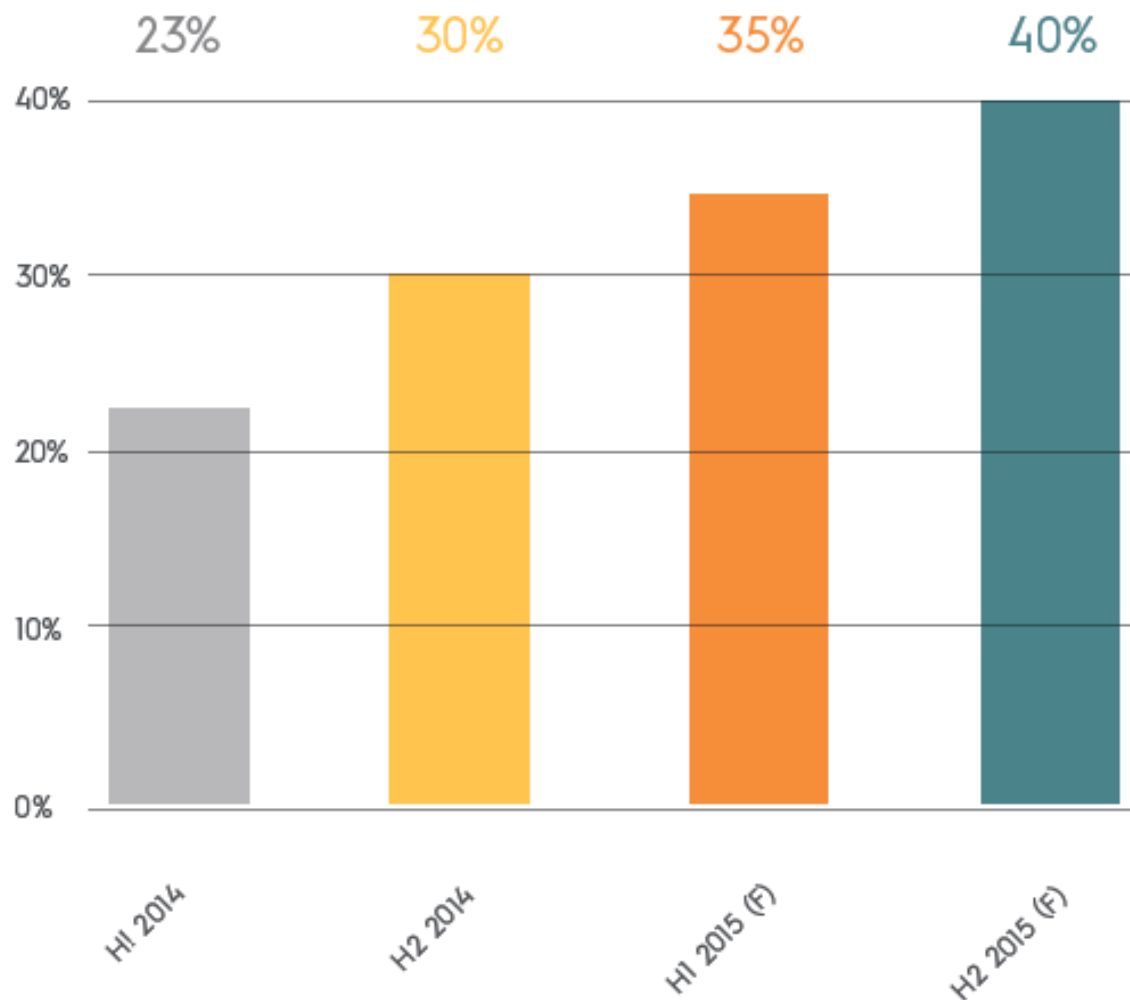
**Source:** FORRESTER RESEARCH MOBILE COMMERCE FORECAST, 2012 TO 2017 (EU-7)

**Countries:** France, Italy, Spain, Netherlands, Germany, Sweden, UK

**Categories:** Travel, Retail, Daily Deals

FORRESTER®

# Mobile % of Global eCommerce Transactions



# Growing cross border e-commerce sales

## Consumer and trader attitudes towards cross-border trade and consumer protection in the EU

- **59 %** of consumers felt confident making **online purchases** from companies **within their own country**, whereas **36%** were confident buying online **from other EU countries**.
- **53 %** of consumers had **bought something over the Internet** in the previous 12 months and **15 %** had bought online from **another EU country**.
- **23 %** of consumers had **bought** something based on **fraudulent advertising** in the previous 12 months, while **44 %** had **come across** fraudulent adverts.
- **30 %** of consumers experienced **delays in delivery of goods** bought online in their own country, whereas for **8 %**, the goods were **not delivered** at all.
- only **25 %** of EU traders **sell across borders**
- **40 %** of EU traders see the cost of complying with different national consumer protection **rules** as a **big obstacle** to trade.

Sources: Flash Eurobarometer 358 and 359 (2013)

# Growing cross border e-commerce sales

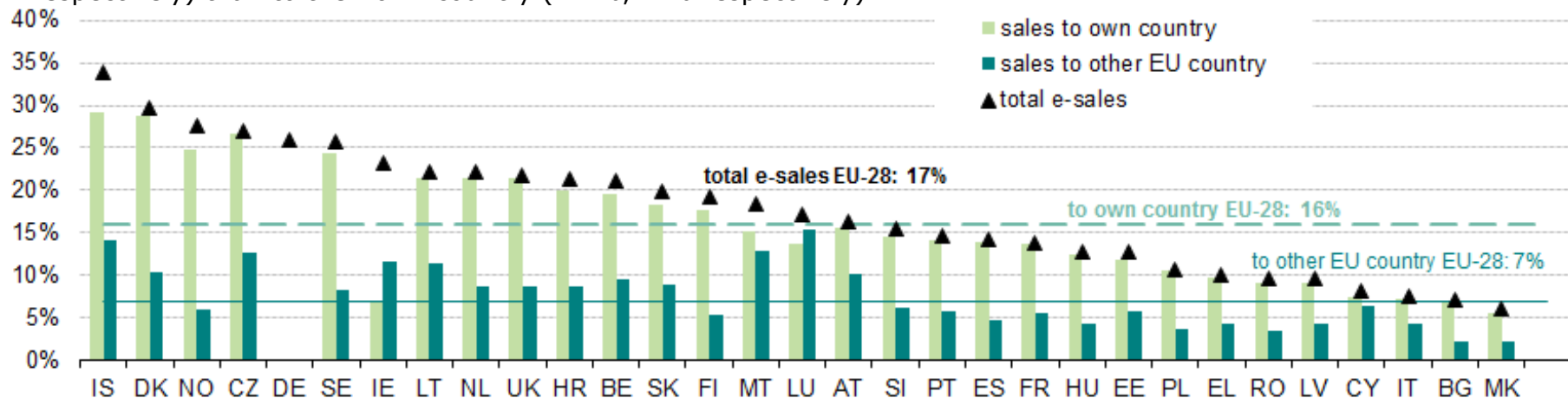
E-commerce enables enterprises to establish their presence in the market at national level and also to extend their economic activities beyond national borders in order to pursue opportunities elsewhere. Moreover, e-commerce has the potential to reshape the European Single Market for enterprises and private consumers by enabling price and product-related comparisons in a borderless market environment.

However, in 2012 in the EU-28, while almost all enterprises making electronic sales (17 %) reported that they sold to the markets in their own countries (16 %), only 7 % of enterprises made e-sales to other EU countries.

In particular, the potential for cross-border e-commerce sales to other EU countries was not fully exploited. While 30 % of enterprises in Denmark made e-sales — ranking it first among the EU countries — only 10 % of enterprises reported selling to customers in other EU countries. A similar phenomenon can be observed for Sweden, where 26 % of enterprises made e-sales but only 8 % sold to other EU countries.

Outside the EU, Norway has the highest potential for enterprises to expand into foreign markets, with 28 % of enterprises making e-sales but only 6 % to customers in EU countries.

In 2012, more enterprises in Luxembourg and Ireland reported selling to customers in other EU countries (15 %, 12 % respectively) than to their own country (14 %, 7 % respectively).



# Growing cross border e-commerce sales

- Internet Retailer Europe 500 merchants that sell online across European borders in three or more nations with dedicated web sites are growing nearly twice as fast as the Europe 500 as a whole. The combined sales of all 27 Europe 500 merchants that operate three or more European e-commerce sites totaled \$62.51 billion, up 29.2% from \$48.40 billion in 2012. That far outpaces the 17% growth rate for the Europe 500 as a whole.
- In 2013, 12.3% of all estimated European e-commerce sales happened across national borders, according to Ecommerce Europe and the European E-Commerce and Distance Selling Association. That figure is expected to increase to 20.1% of all estimated European e-commerce sales in 2018.
- 89 merchants, or 17.8%, of all merchants ranked in the 2014 Europe 500 operate dedicated e-commerce sites in two or more European countries and 27, or 5.4%, have dedicated e-commerce sites in three or more European countries. Those include: Amazon, Otto, ASOS, Groupe Auchan, Blue Nile, Brandos, Carrefour, CDON, Decathlon, Dell, Disney, Dixons, Kerig, Hewlett-Packard, IKEA, MacIntosh Retail Group, Lego, Tesco, Marks & Spencer, M & M Direct, Mobile Fun, Nike, Media Saturn, Sony, Apple, Zazzle, and Spartoo.

## Multi-country merchants outpace overall Europe 500

	2013 web sales	2012 web sales	Growth
27 merchants with web sites in three or more countries	\$62.51 billion	\$48.40 billion	29.20%
All Europe 500 merchants	\$155.23 billion	\$132.62 billion	17.04%

# Multi / Cross / Omni channel

**Multi-channel** = the experience of a customer who shops using the different channels made available by a company, such as brick-and-mortar stores, catalogues, website, mobile application, TV commercials, and call centers.

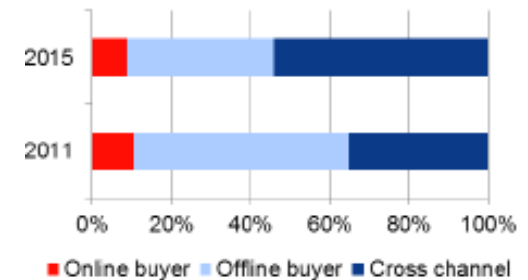
**Cross-channel** = the experience of a customer who has used a combination of several different channels for the same purchase. For example, a customer prints a product configuration on a company's website and then goes in-store to make the purchase. A customer may also choose the product he or she wants to purchase from a company's catalogue, and then buy the product directly on the company's website. Another example is a customer who purchases through his or her TV set, and then collects the product from the nearest store.

**Omni-channel** = the simultaneous use of two channels, like using a mobile phone while in-store, or a tablet while watching TV. The term is also used to describe the consistency between different channels that facilitates and streamlines customer interactions. This means that a customer's configurations and preferences saved on one channel must be memorized and accounted for on all other channels. As a customer, could you imagine if you had to recreate an account for each different channel used (desktop computer or tablet, or in-store checkout)?

# Cross Channel Commerce

- Sales through offline as well as online sales channels
- The consumer wants to buy and order 24/7
- Offline retailers go online (webshops, online applications in shops)
- Online retailers search for an offline presence: TV ads, flagship / demo stores, paper brochures and catalogues

Online and offline buying behaviour 2011 - 2015



Source: ABNAMro & CBW-Mitex, 2011



Groupon's kiosks in Chicago, 2012

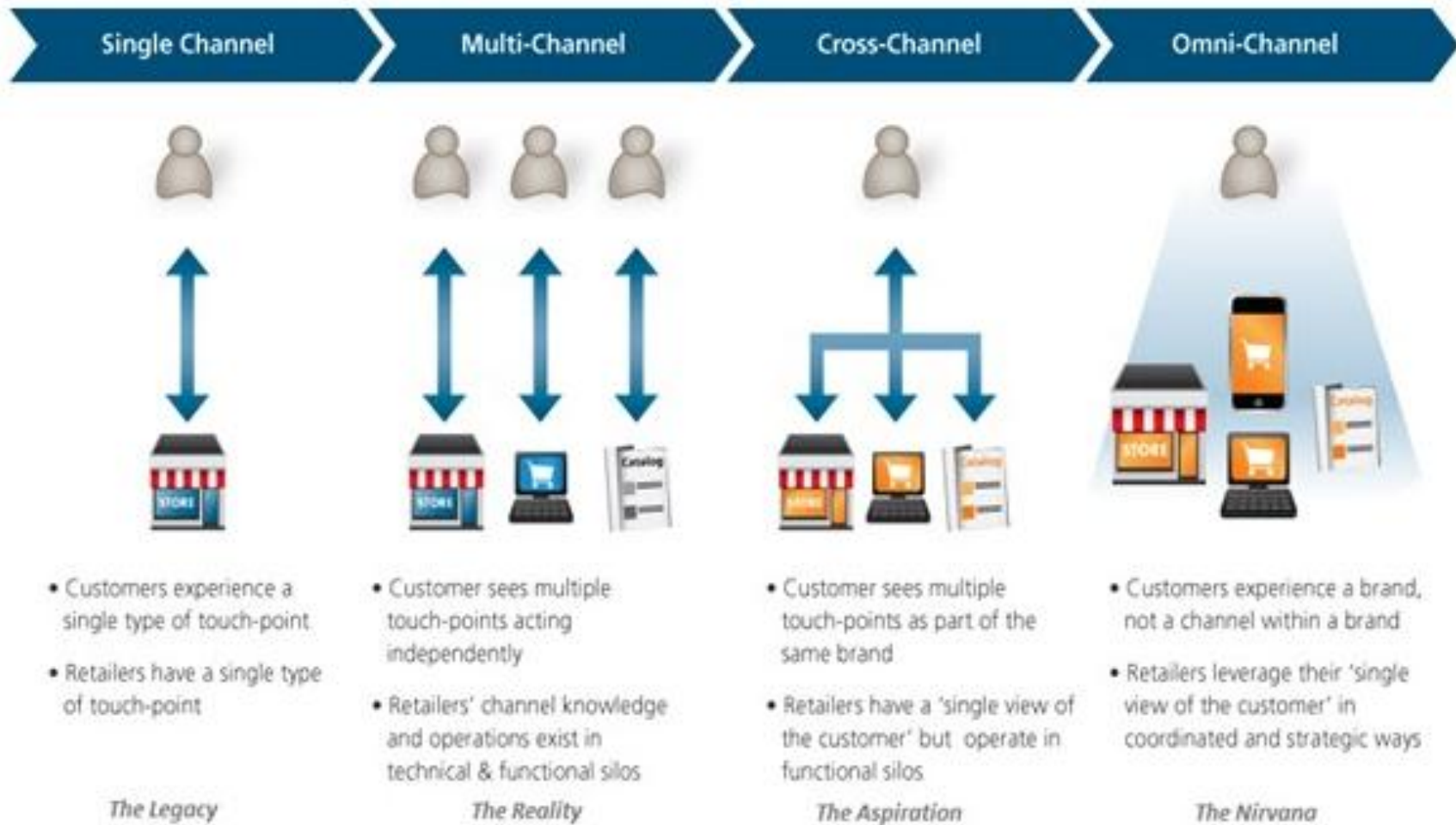


Customers in a retail store purchasing online



PanoPlaza: online shopping in real shops

# The Connected Customer



# Omni channeling retail

**OMNI-CHANNELING RETAIL** = integrated strategy for consumer contacts through a variety of channels.

- physical retail
- online retail
- m-commerce (smart phones)
- t-commerce (tablets)
- f-commerce (via facebook)
- ?

Customers don't think in channels. They think in terms of getting stuff done easily, quickly and cheaply.

## cross connections



# The growth of omni-channel is dramatically increasing supply chain complexity

The trend is toward shorter lead times and click and collect

Predicted shift in fulfillment channel importance

## 1. Store sales



-9%

## 2. Click and collect (store)



3%

## 3. Home delivery



-7%

## 4. Click and collect (third party and drop box)



5%

Percentage of respondents who offer a lead time of:



>48 hrs

35%



24-48 hrs

58%



12-24 hrs

42%



6-12 hrs

12%



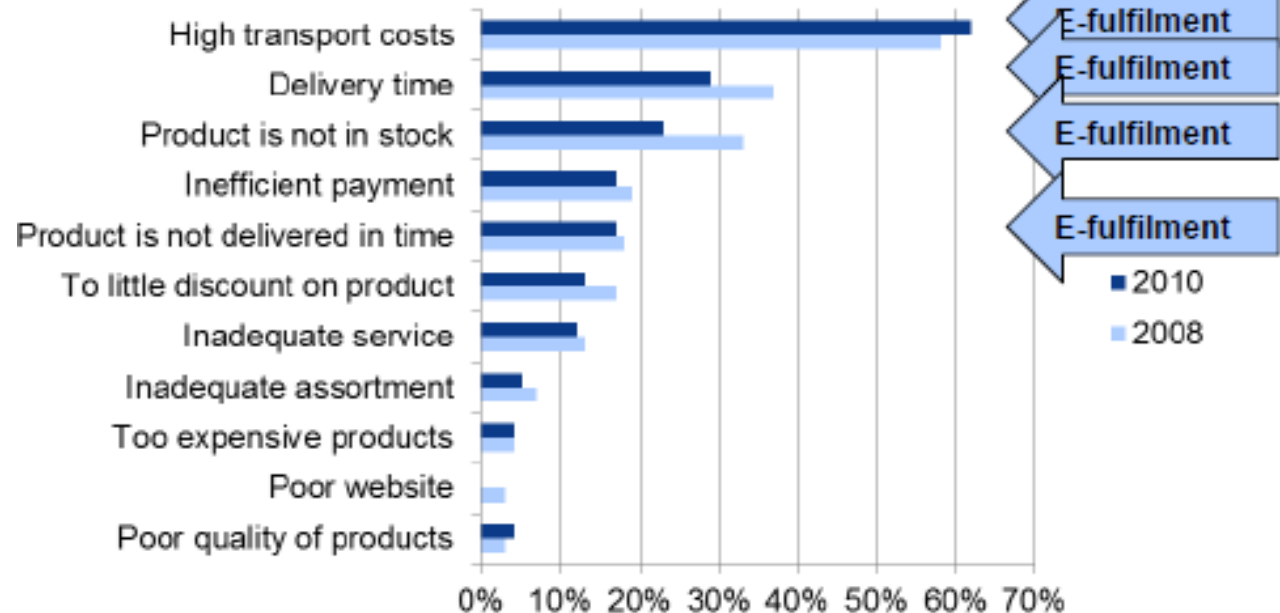
2-6 hrs

4%

# E-logistics

- Providing superior customer experience means also that the customer receives what he/she ordered when, where and how he/she wants
- Reliable delivery against low costs with choices for the consumer
- The gathered data will be used to have better tailored and targeted marketing to provide even better services and be more efficient
- Logistics makes a big difference in customer satisfaction

## Main annoyances of online shopping



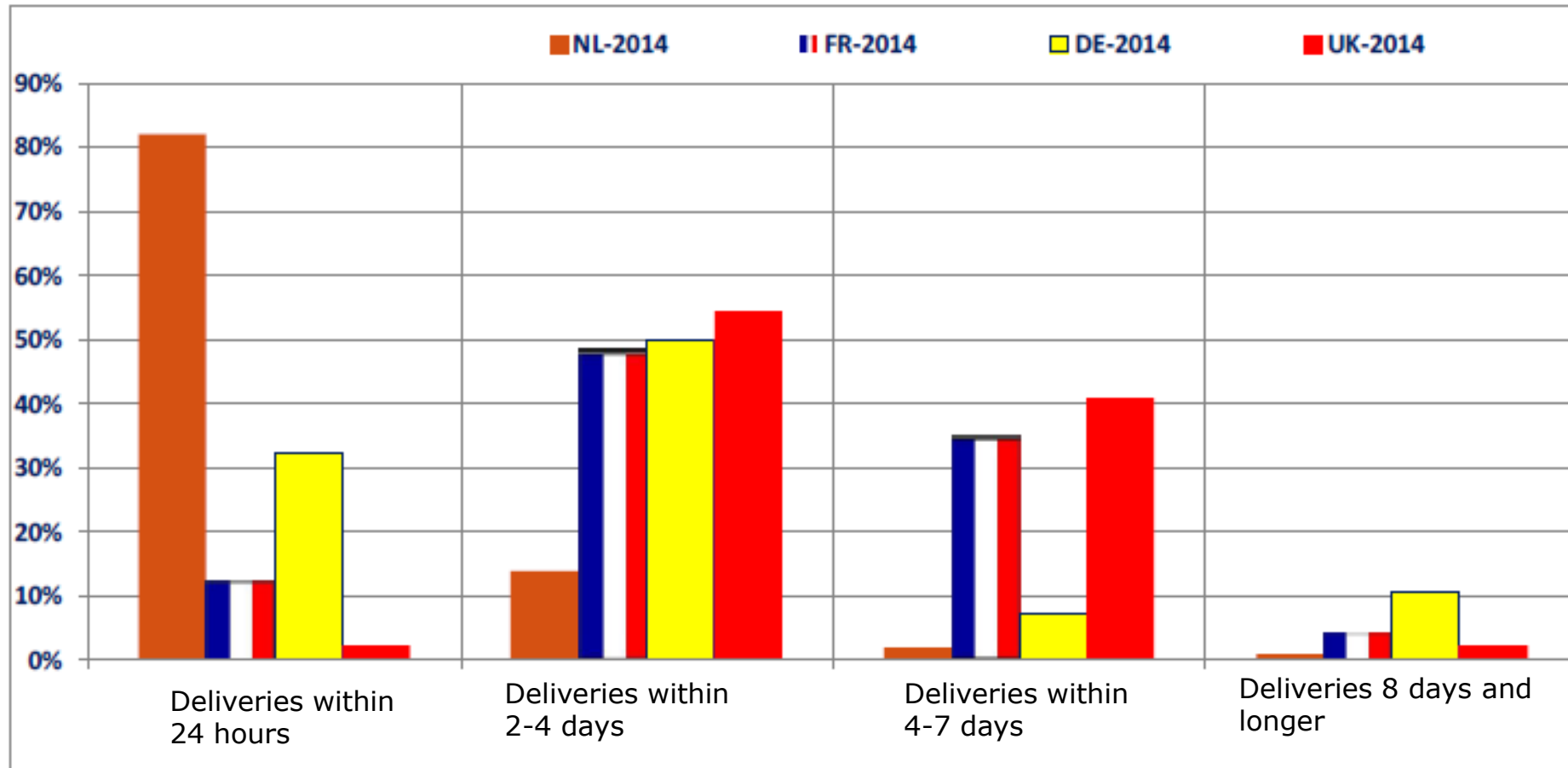
Source: ING, 2012, ICT Barometer (Ernst & Young)

# Last mile solutions

- Late cut-off times
  - Deliveries everywhere the customer would like
  - Next day deliveries or even faster
  - Flexible return policy
  - Local collection addresses
- 
- Deutsche Post AG (DPW)'s DHL unit is in talks Volvo Car Group on a partnership that would allow the parcel-delivery service to remotely open autos made by the Swedish manufacturer. Discussions with other automakers are also ongoing, and a program that enables one-time access by a delivery agent may be announced in the coming weeks (Bloomberg nov 2014)
- 
- Delivery by drones – Amazon Prime Air drones, the goal of this new delivery system is to get packages into customers' hands in 30 minutes or less using unmanned aerial vehicles.



# Last mile expectations



Delivery times of the Netherlands are a global exception with > 80% deliveries within 24 hours

Delivery times within France, Germany and UK: 2-3 days is standard

# SME' s: Opportunities for E-commerce

SME's face daily challenges:

- limited capital and lack of access to adequate and timely banking finance
- Non availability of suitable technology
- small production capacity
- non-availability of skilled labor at affordable cost
- inability to compete with larger organizations' marketing muscle.

Small and medium-sized enterprises (SMEs) are some of the biggest beneficiaries of e-commerce, as they now have the opportunity to overcome logistical and geographic challenges in terms of access to markets. SMEs can reap the efficiency gains associated with the use of e-commerce, arising from reductions in business costs by eliminating middlemen and a rationalization of business processes. In addition to these static gains, SMEs can also use e-commerce to create added value by producing new products, adopting completely new business practices, or changing the ways in which they interact in the marketplace.

# SME' s: Drivers for E-commerce

As with many previous technologies, the SME sector has been slow to adopt e-commerce, due to several reasons, such as lack of awareness of e-commerce applications, shortage of technologies tailored to the SME's needs and financial abilities, lack of capital and/or skilled personnel, the significant cost of e-commerce solutions and so on.

An early study showed that the main driving force for many SMEs to adopt e-commerce was pressure from larger trading partners or suppliers to do so. The increasing levels of competition had also driven several SMEs to seek competitive advantage through innovative technology. Thus, in the early days, reluctant 'adopters' were pushed into e-commerce though external pressures from suppliers, business partners, customers and competitors. Today however, there has been a growth in adoption, reflecting an increase in SME confidence with regards to e-commerce benefits.

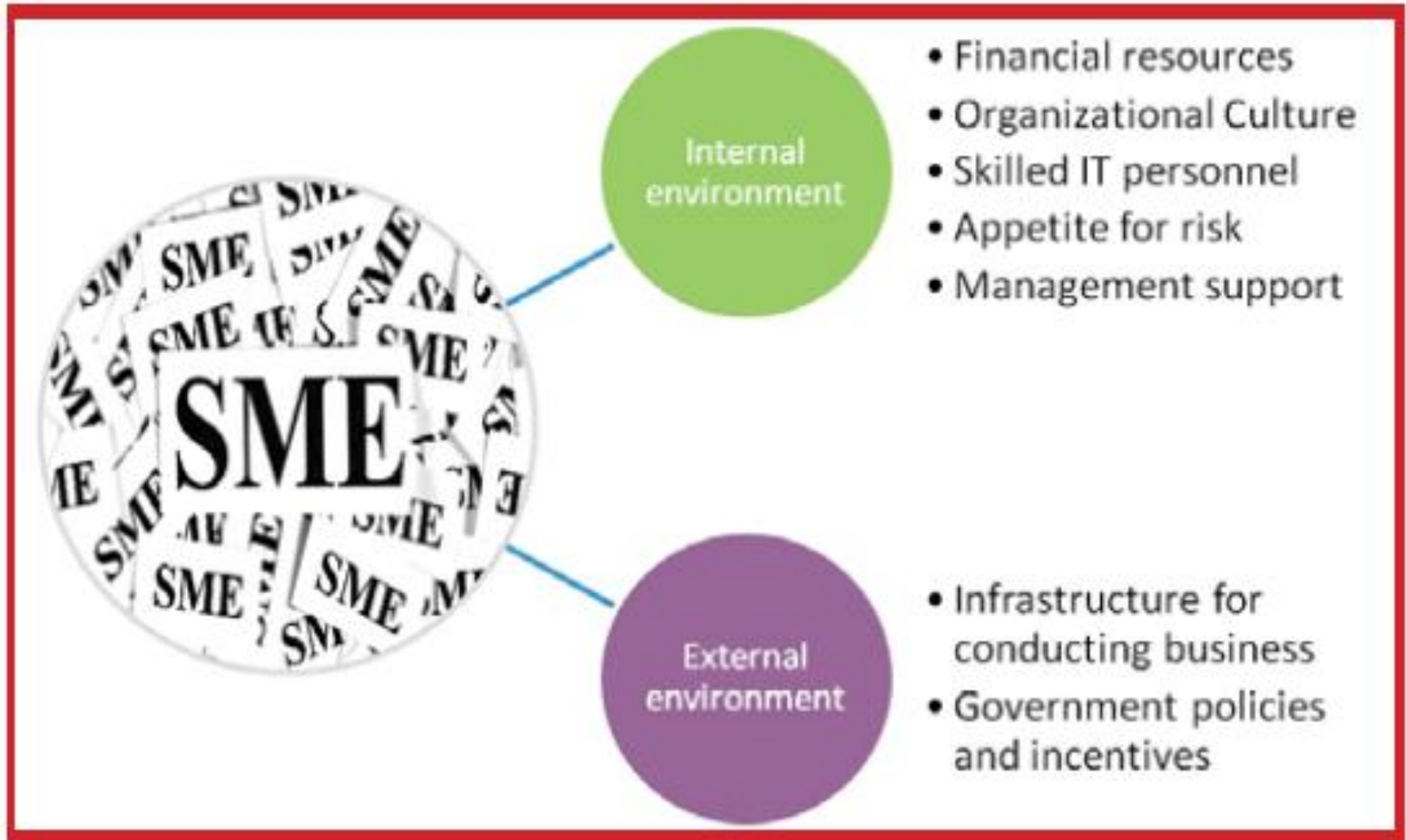
Drivers for e-commerce adoption include new modes of direct or indirect marketing, strengthening of relationships with business partners, the ability to reach new customers, improvement in customer services and the reduction of costs in communication. Other minor drivers are the reduction in communication costs, improvement in lead time and improvement in sales.

Lastly, we find that globalization has begun to affect SMEs as well — a recent research report states that 'the potential to grow international transactions as an additional revenue stream is driving SMEs to extend or upgrade their e-commerce services to enable easier cross-border transactions.'

# **SME's: Top 5 factors to consider before selling on any online marketplace**

- Marketplace site traffic
- Customer and product fit
- Merchant support and service
- System, access and control
- Margin, fees and ROI

# SME's: Readiness for e-commerce



# SME's: Choosing right e-commerce solution

SME can choose to either utilize a **readymade B2C platform** or develop its **own e-Commerce website**. While most solutions offer the standard features of shopping cart, and payment processor, there are several considerations before choosing a particular solution:

1. **Sophistication of solution:** monitor customer activity on the site, and take action based on the identified behavior
2. **Business user friendly features:** technically and architecturally sound with proven capabilities and with tools that business managers can use themselves
3. **Scalability & flexibility:** the product catalog should not be rigid and uncompromising, but should be able to handle different types of products – physical, services, virtual/downloadable etc. and be able to handle the peaks and troughs in demand.
4. **Integration with other enterprise systems:** integrate seamlessly with other enterprise systems in order to deliver feature-rich buying experience
5. **Reporting and analytics:** capture both historical data and behavioral data and analyze the same to provide rich insights into the running of the business
6. **Search capabilities:** support a compelling and personal search experience, with a pre-integrated and catalog-aware search engine

# Horizontal collaboration

Ecommerce business owners have many choices when it comes to shopping carts or ecommerce platforms, almost all of which claim to be easy to deploy and manage. There are 3 options:

1. Hire a designer and a Web developer to help them create the perfect ecommerce site
2. Use a shopping carts and ecommerce platforms that are most tailored to the do-it-yourselfer, no design or Web development team required. Some options:
  - Magento
  - Shopify
  - Bigcommerce
3. Use a platforms of established e-tail brands by small internet retailers is called horizontal collaboration. Some options for online marketplaces and merchant services:
  - CommerceHub
  - Ocoos
  - Alibaba
  - Amazon

# Trust marks

- Many different trust marks across Europe
- Local heroes should be supported for country sites
- Some trust marks have their own terms & conditions impacting shipping and return policies



# Standards, Compliance & Security

- Strong know-how and focus on standards, security and compliance aspects throughout the life cycle of implementations
- Focused security specialists, Business analysts, Technology and QA Architects with specialized focus on contemporary practices around compliance and security
- Strong experience on pertinent standards and regulations, includes strong experience in PCI-DSS, PA-DSS, MasterCard SDP, VISA-CISP, Verified by Visa, MasterCard Secure Code, Net Safe, SAS 70, ISO 27001
- Strong Security solutions expertise on:
  - Business Continuity Solutions : Spambot avoidance, Replicated multi data centre solutions, Recovery solutions
  - Threat management: Threat modeling, Penetration testing, Vulnerability assessment and concealing, Security audits, Siege detection and Intrusion prevention solutions
  - Cryptography solutions



# European Directive on Consumer Rights

The Directive on Consumer Rights aims at achieving a real business-to-consumer (B2C) internal market, striking the right balance between a **high level of consumer protection** and the **competitiveness of enterprises**. It is renewed as of 13 June 2014.

The following are the 10 most important changes for consumers in the new Directive:

## 1) **The proposal will eliminate hidden charges and costs on the Internet**

Consumers will be protected against "cost traps" on the Internet. This happens when fraudsters try to trick people into paying for 'free' services, such as horoscopes or recipes. From now on, consumers must explicitly confirm that they understand that they have to pay a price.

## 2) **Increased price transparency**

Traders have to disclose the total cost of the product or service, as well as any extra fees. Online shoppers will not have to pay charges or other costs if they were not properly informed before they place an order.

## 3) **Banning pre-ticked boxes on websites**

When shopping online – for instance buying a plane ticket – you may be offered additional options during the purchase process, such as travel insurance or car rental. These additional services may be offered through so-called 'pre-ticked' boxes. Consumers are currently often forced to untick those boxes if they do not want these extra services. With the new Directive, pre-ticked boxes will be banned across the European Union.

# European Directive on Consumer Rights

## 4) **14 Days to change your mind on a purchase**

The period under which consumers can withdraw from a sales contract is extended to 14 calendar days (compared to the seven days legally prescribed by EU law today). This means that consumers can return the goods for whatever reason if they change their minds.

- Extra protection for lack of information: When a seller hasn't clearly informed the customer about the withdrawal right, the return period will be extended to a year.
- Consumers will also be protected and enjoy a right of withdrawal for solicited visits, such as when a trader called beforehand and pressed the consumer to agree to a visit. In addition, a distinction no longer needs to be made between solicited and unsolicited visits; circumvention of the rules will thus be prevented.
- The right of withdrawal is extended to online auctions, such as eBay – though goods bought in auctions can only be returned when bought from a professional seller.
- The withdrawal period will start from the moment the consumer receives the goods, rather than at the time of conclusion of the contract, which is currently the case. The rules will apply to internet, phone and mail order sales, as well as to sales outside shops, for example on the consumer's doorstep, in the street, at a Tupperware party or during an excursion organized by the trader.

# European Directive on Consumer Rights

## 5) **Better refund rights**

Traders must refund consumers for the product within 14 days of the withdrawal. This includes the costs of delivery. In general, the trader will bear the risk for any damage to goods during transportation, until the consumer takes possession of the goods

## 6) Introduction of an **EU-wide model withdrawal form**

Consumers will be provided with a model withdrawal form which they can (but are not obliged to) use if they change their mind and wish to withdraw from a contract concluded at a distance or at the doorstep.

## 7) **Eliminating surcharges for the use of credit cards and hotlines**

Traders will not be able to charge consumers more for paying by credit card (or other means of payment) than what it actually costs the trader to offer such means of payment. Traders who operate telephone hotlines allowing the consumer to contact them in relation to the contract will not be able charge more than the basic telephone rate for the telephone calls.

# European Directive on Consumer Rights

## 8) **Clearer information on who pays for returning goods**

If traders want the consumer to bear the cost of returning goods after they change their mind, they have to clearly inform consumers about that beforehand, otherwise they have to pay for the return themselves. Traders must clearly give at least an estimate of the maximum costs of returning bulky goods bought by internet or mail order, such as a sofa, before the purchase, so consumers can make an informed choice before deciding from whom to buy.

## 9) **Better consumer protection in relation to digital products**

Information on digital content will also have to be clearer, including about its compatibility with hardware and software and the application of any technical protection measures, for example limiting the right for the consumers to make copies of the content.

Consumers will have a right to withdraw from purchases of digital content, such as music or video downloads, but only up until the moment the actual downloading process begins.

## 10) **Common rules for businesses will make it easier for them to trade all over Europe.**

These include:

A single set of core rules for distance contracts (sales by phone, post or internet) and off-premises contracts (sales away from a company's premises, such as in the street or the doorstep) in the European Union, creating a level playing field and reducing transaction costs for cross-border traders, especially for sales by internet.

# Legal and regulations

E-Commerce legal requirements differ per country  
In many industries country specific regulations are applicable  
VAT-registration per country required



# VAT-implications for pan-European B2C sales (distance selling)

## Start-ups / small & medium sized companies

- Businesses engaged in distance selling across borders have to meet specific EU VAT regulations aimed at ensuring that customers pay the correct VAT with respect to country and rate.
- Businesses engaged in distance sales are allowed to charge the VAT rate of the country the business is located in as long as sales value is below threshold (see Table) .

## Mature / large companies

- Once the particular annual sales threshold has been reached, the business is required to apply the consumer's local VAT rate to the sale.
- This requires the business to VAT register with the local tax authorities of that country, and report collected VAT .
- Only registration for VAT purposes is a must. Such registration carries no additional tax or other implications. Establishing a presence in other EU countries by way of a branch or other company is not required.

Country	Treshhold
Austria, Belgium, Cyprus, Estonia, Finland, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Portugal, Slovakia, Slovenia, Spain	EUR 35,000
France, Germany, Luxembourg, Netherlands	EUR 100,000
Bulgaria	BGN 70,000
Croatia	HRK 270,000
Czech Republic	CZK 1,140,000
Denmark	DKK 280,000
Poland	PLN 160,000
Romania	RON 118,000
Sweden	SEK 320,000
United Kingdom	GBP 70,000

## 2 main types of B2C sales

- Goods → Purchased online and then shipped to consumer.
- E-services → Downloads (for example games, apps, online news, etc).

# Where are goods taxed?

## **Selling from EU?**

1. General rule, goods taxed in country of customer. Local VAT registration required;
2. *Exemption: VAT thresholds.* When selling to other EU countries. → No local registration required if sales under these annual thresholds.

## **Selling from EU to non-EU consumer?**

1. No VAT applicable on invoice.
2. Local legislation may require registration.

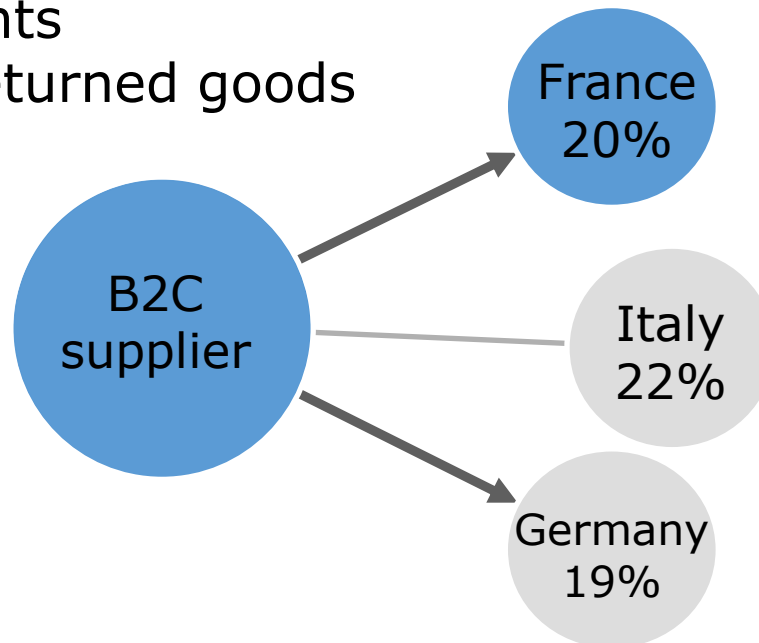
## **Goods supplied from non-EU countries?**

The above applies plus import VAT (normally refundable) and custom duties.

Bridge can assist with registration in the Netherlands and keeping the company tax compliant.

# Consequences of direct import

- Importer of record necessary in Germany, France, Italy, etc.
- Additional compliance costs
- No consolidation in country of export: higher transport costs
- Local warehouse solutions means extra costs
- Local import VAT directly payable
- Different VAT rates applicable:
  - risk of different sales prices
  - software adjustments
- No VAT reclaim on returned goods



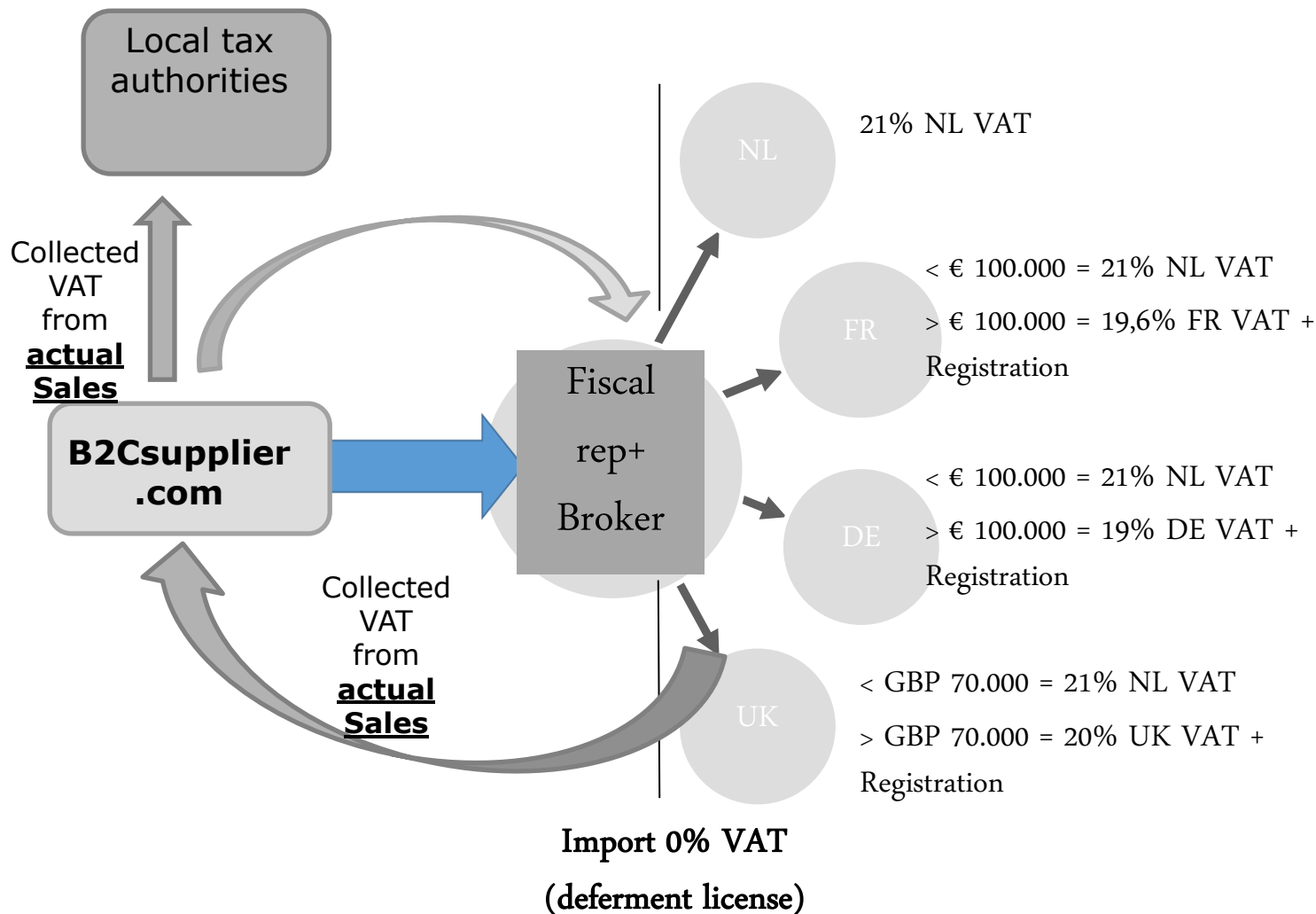
# Consequences of local set-up

- Centralized clearance: no local importer of record necessary
- No prepayment of import VAT in NL
- Only additional compliance costs when sales go up
- Centralized warehousing: no sales, no VAT due
- Returned goods = VAT reclaim
- Centralized VAT payments

## Set-up through fiscal representation

- Power of attorney + contract
- Start and finish when B2C supplier wants: maximum flexibility
- Import deferment license available = No import VAT due
- Monthly report of all EU sales
- Monthly payment of VAT to Focus on VAT (bulk transfer to trust account) or to the tax office directly
- EU coverage for local registrations

# VAT structure



# Where are E-services taxed?

## **Sales from non-EU: taxed?**

Taxed in country of consumer → Local registration required →  
Different VAT rates per country → high administrative  
burden.

## **Changes per 1 January 2015!**

Sales from EU and non-EU both taxed in country of consumer.

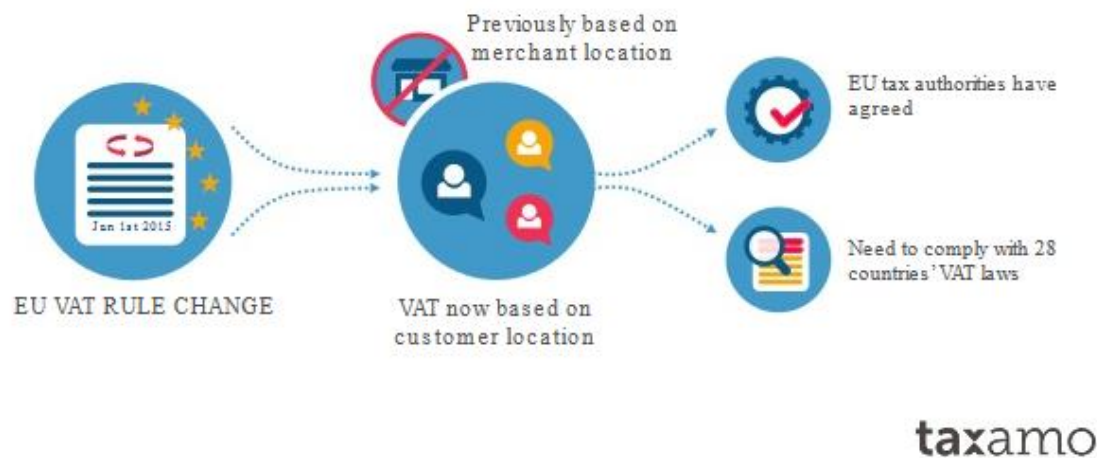
### *Moss-ruling*

To prevent local registration, all VAT declarations can be done  
from one country. Local tax authority arranges VAT payments  
to respective tax authorities.

Registration in one EU country is mandatory!

# VAT structure 2015 E-services

Now: VAT is based on where the eService Provider is based  
Jan 2015: VAT is based on where the e-consumer is based



Applicable for:

- Gaming, e-books and distance teaching
- Software and software upgrades
- Websites, data storage, hosting, VoIP and content
- Music, films, images and photographs
- Gambling & games
- Marketplaces
- Digital goods and subscriptions

# VAT structure 2015 E-services

- 290.000 merchants in Europe
- You need to identify the country of each customer
- You need to apply the VAT rate of the country where the consumer is based
- You need to remit the money through the MOSS
- You need to identify your customer through:
  - IP address
  - Billing address
  - Bank Details
  - Mobile country code
  - Other commercial relevant information
- You need to store all data you collect for 10 years and be open to an audit from any country in EU
- You need to adhere to VAT laws in 28 countries of invoicing (around 14 are a bit different)

# Content management and front-end



- Content management tailored to local needs
- Local language content & support
- Local return address or drop-off point
- Local look-and-feel
- Local leaflets, invoice and shipping collateral

# Integrating Customer Order Management And The Store

A 2010 IBM study of over 30,000 global consumers entitled *Capitalizing On The Smarter Consumer*<sup>1</sup> found that:

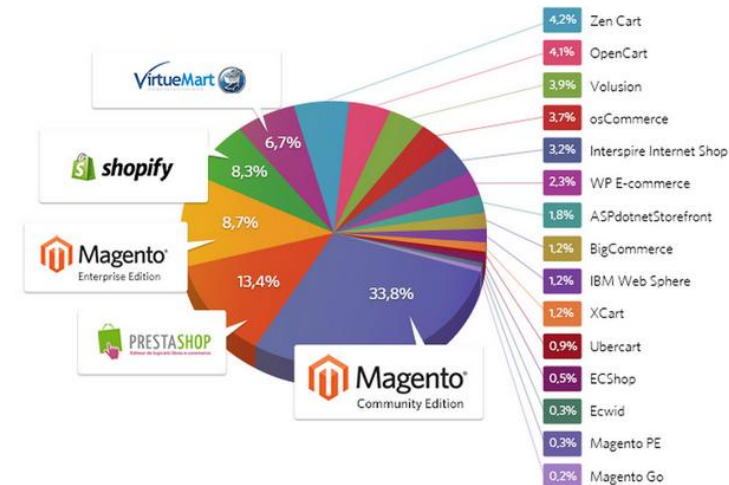
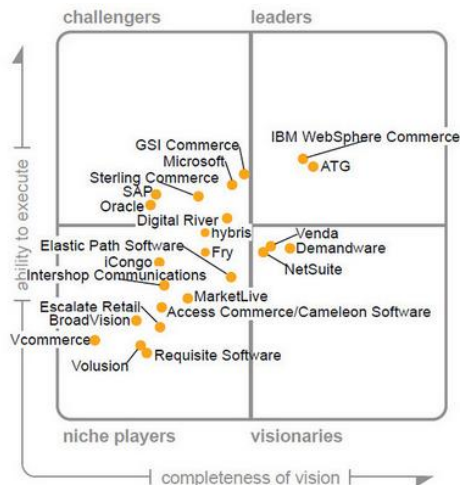
*"...49 percent of respondents are instrumented – a 36 percent rise in 12 months globally. The number of shoppers who are currently not willing to use any technologies has also fallen to just 14 percent. The Internet and in-store kiosks remain the most popular options: 75 percent of all consumers are willing to shop on a retailer's Web site, while 39percent are willing to use in-store kiosks – a year-on-year increase of 10 percent. But interest in digital TV and mobile technologies is climbing even faster. The number of consumers who are ready to use digital TV has risen 41 percent (from 17 percent to 24 percent), and the number of consumers who are ready to use mobile technologies has soared by 92 percent (from 13 percent to 25 percent)."*

# Flexible IT – make sure IT will not hamper your growth

## Open Source – Eco-System of Developers / Support Options

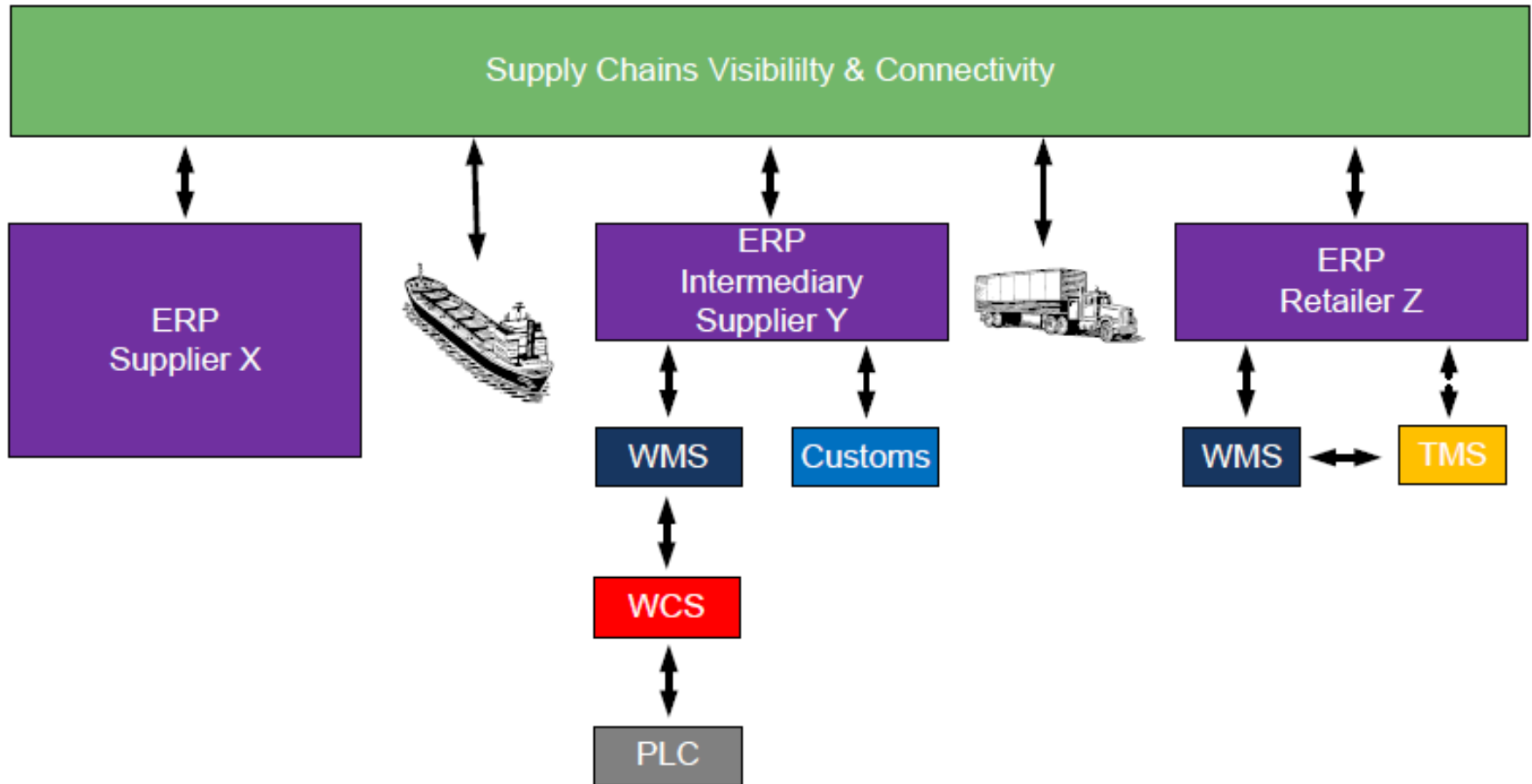


## Commercial closed software Custom software platforms



- Open source eCommerce platforms are clearly winning in the market

# Roadmap to set up optimal IT



# Payment systems

## PAYMENT AND SECURITY



More than **80%** of consumers feel safer seeing trustworthy card logos prominently displayed within an online store.



### Payment options:



**40%** of respondents would have more confidence in an online shop that had more than one payment method.



**59%** will abandon a transaction if their preferred payment method is not in place.

### Most popular payment gateways:

- 1 PayPal
- 2 Authorize.net
- 3 USA ePay



PayPal processes **60% of total web transactions** making it the most popular payment gateway.

# Payment systems in different European countries

## The Netherlands

- » iDEAL
- » Direct Debits NL
- » Paysafecard
- » AfterPay

## Belgium

- » Bancontact/Mister Cash
- » CBC Online
- » KBC Online
- » ING Home Pay
- » Belfius Direct Net

## United Kingdom

- » Maestro UK

## Germany

- » ELV
- » Giropay
- » Ratepay
- » Open Invoice DE

## France

- » .Carte Bancaire
- » Kwixo credit
- » Kwixo comptant
- » Kwixo après réception

## Austria

- » EPS

## International

- » MasterCard
- » VISA
- » American Express
- » eMaestro
- » PayPal
- » Klarna
- » Open Invoice (DK, FI, NO en SE)
- » Diners Club
- » JCB
- » AirPlus
- » UATP

# Order-to-cash

## Financial Services

### Accounting

Administrative processing of all transactions

### Customer Invoicing

Create invoices and credit notes

### Accounts Receivable

Credit limits, debtor reminding, solve issues and disputes

### Financial Reporting

Monthly, quarterly and yearly financial reporting

### Tax Administration

VAT, IntraStat, Corporate Income Tax



# Complex supply chain

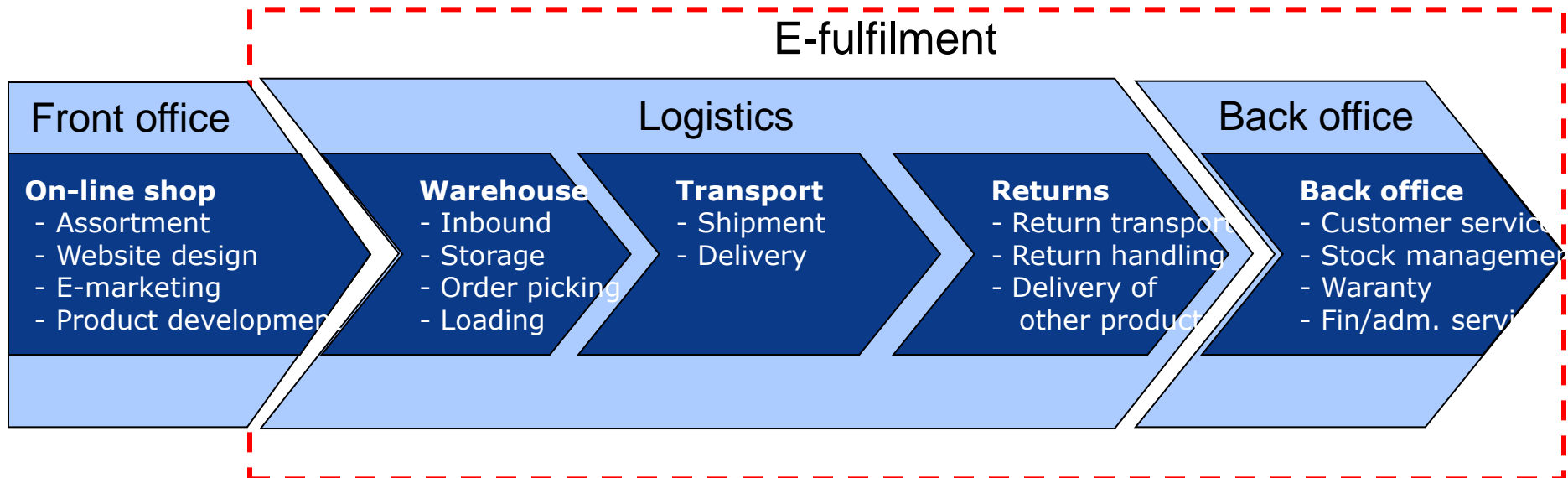
The specific characteristics of internet logistics (small, individual shipments, significant returns), large amount of fragmentation from multiple shippers, products and 3PLs, combined with the capricious and hard to predict question in e-commerce, makes the management of the supply chain complex.

## Key influencers:

- Business requirements: stringent cut-off times, lead times
- Product characteristics: consolidation of small/large, light/heavy, food/non-food, ambient/temp controlled items
- Volume: # orders, order lines, pieces, Ltrs
- Order profile: from pallet/case level to piece level
- Distribution: from weekly to daily transportation, from store address to Customer address
- Inventory allocation: inventory sharing, long tail (X-dock)
- Explosion of returns flow

# E-fulfilment: in the heart of E-commerce

- E-fulfilment is the entire supply chain management process behind the online web shop to ensure consumer orders are processed, products are delivered on time and that returned orders are managed efficiently and effectively



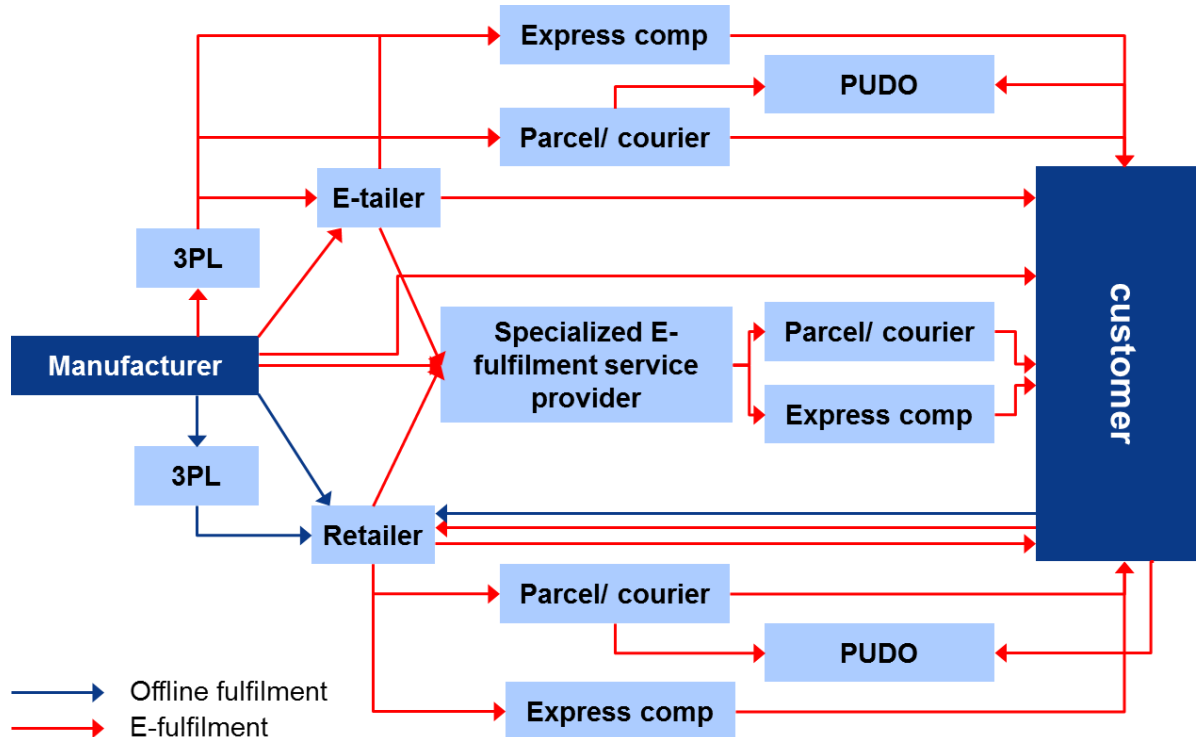
Source: Buck Consultants International , 2012

# The keys to success for achieving customer satisfaction in e-fulfilment:

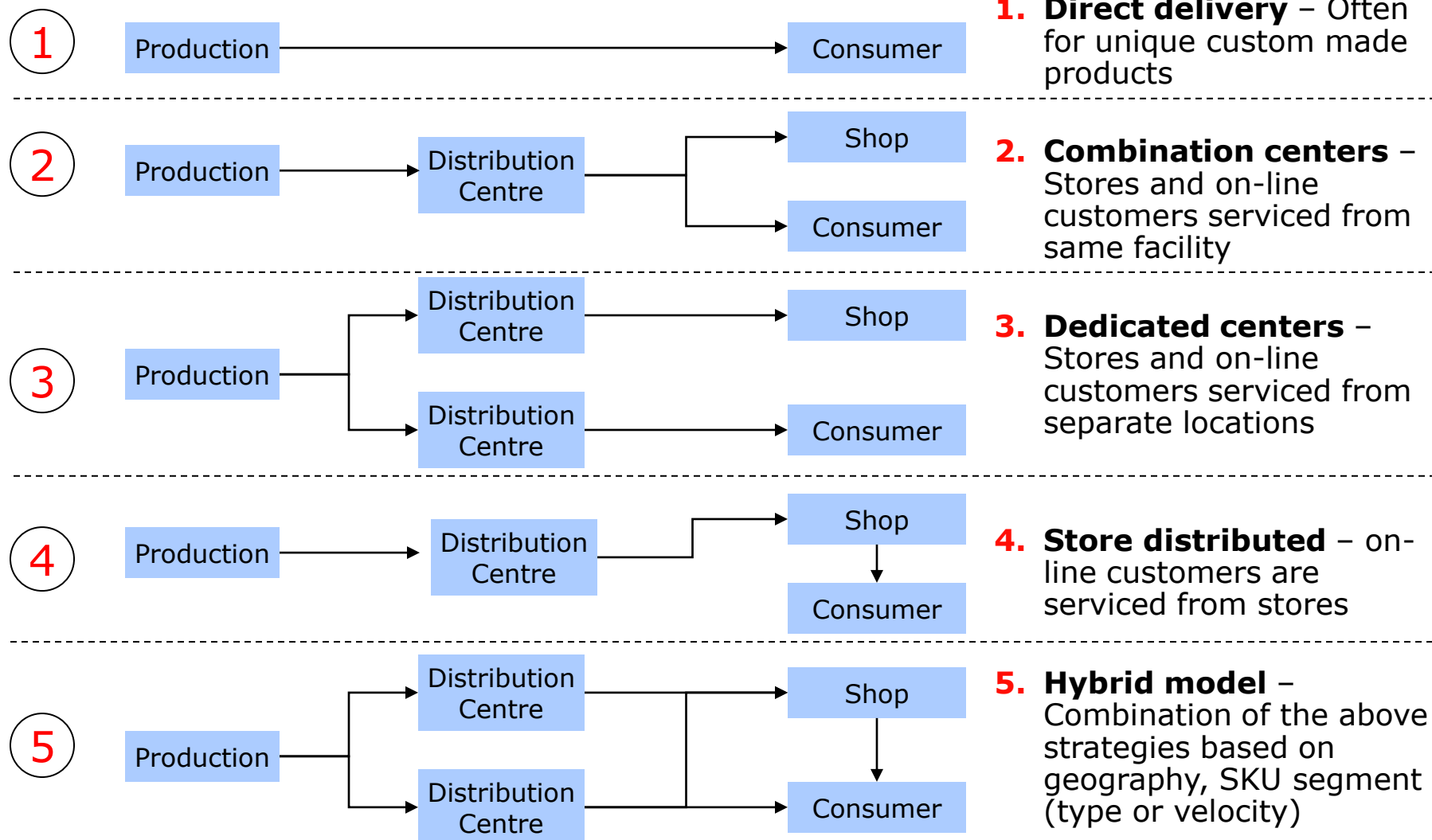
1. Short lead times in which on time delivery is more important than the speed of delivery
2. Low transportation costs
3. Greater choice in delivery/collection options including time slots during the day to avoid waiting the whole day for a shipment to arrive
4. The ability to return product “hassle free” and get refunds quickly

# Choose the best e-fulfilment model

## The e-fulfilment landscape from the manufacturer to the customer: many options



# Choose the e-fulfilment distribution model that works best for you



# For each product group, a different solution

- Different product groups ask for different network solutions, depending on their characteristics
- We expect that as products are sold more internationally, Regional and European DCs will become more common for e-fulfilment

Characteristics <sup>1)</sup> Product group	Lead time	Value € / kg	Sales volume	International sales	Size of products
1. CDs, DVDs, Books	0	0	+	+	-
2. Consumer electronics	0	+	+	0	-
3. Apparel & shoes (inc sports)	-	0	+	+	0
4. ICT hardware	0	+	0	0	0
5. Fashion accessories	0	+	+	+	-
5. Toys	0	0	+	0	0
6. White goods	0	+	-	-	+
7. Furniture	+	0	-	-	+
9. DIY	0	0	0	-	0
10. Med tech products (consumer)	-	+	0	+	0
11. Pharmaceutical products	-	+	+	0	-
12. Office furniture	+	0	-	-	+
13. Fresh food	-	-	+	-	0



Prevailing warehouse solution now <sup>2)</sup>	Prevailing warehouse solution in future <sup>2)</sup>
SDDC	RDC
SDDC	EDC
RDC	EDC
SDDC	EDC
RDC	EDC
RDC	RDC
SDDC	RDC
SDDC	RDC
SDDC	RDC
EDC through air	EDC
SDDC	RDC
SDDC	RDC
MDDC	MDDC

1) + = high, 0 = average, - = low

87 2) EDC = European Distribution Center, SDDC = Single Domestic DC, MDDC = Multiple Domestic DC, RDC = Regional DC

# Find the right location

## Critical location criteria for your e-fulfilment operation(s)

### Logistics

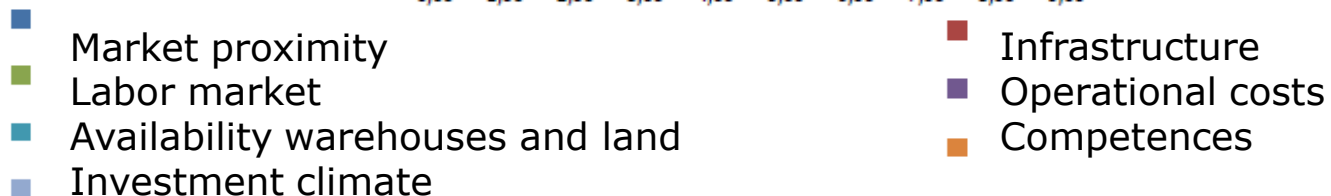
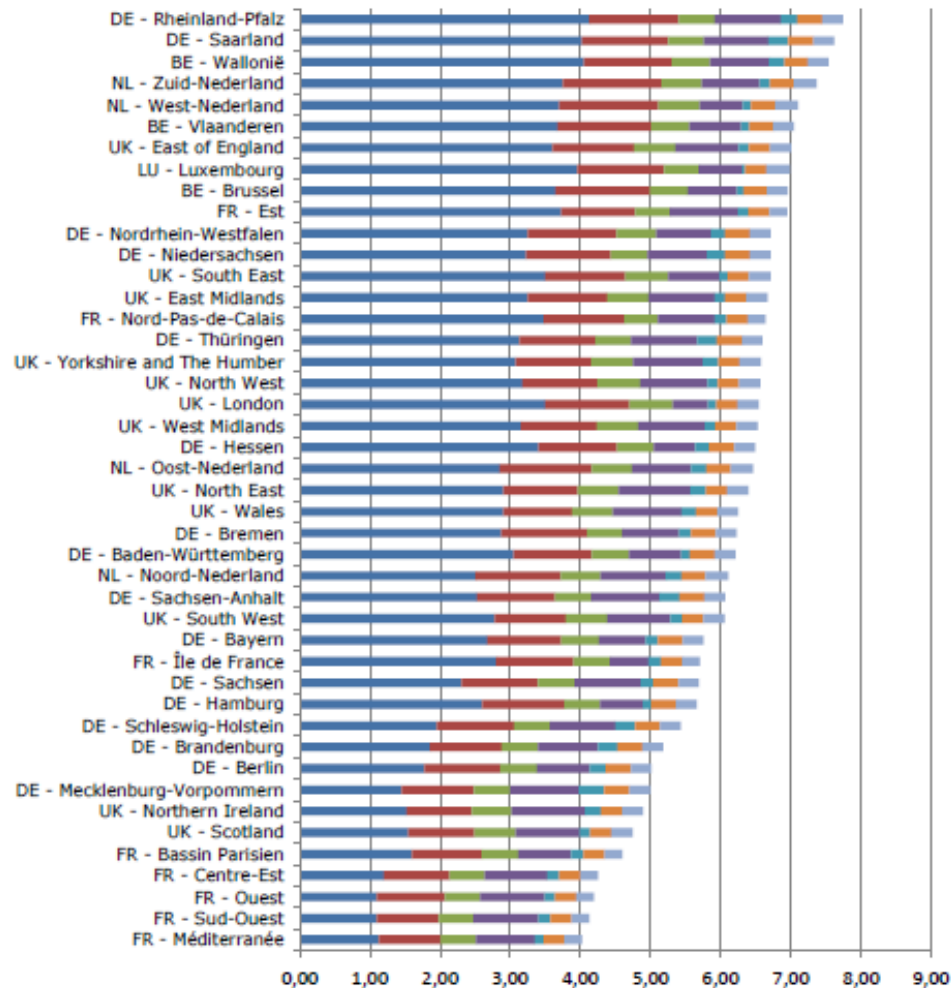
1. Proximity to a large group of customers
2. Logistics profile
3. Taxes and customs
4. Availability and costs of labor
5. Availability and costs of real estate

Competition on fast, reliable, and efficient delivery for low costs

### Back office

- Availability of labor (languages, experience, knowledge)
- Cost of labor
- Real estate costs

# Location comparison e-commerce operations 2014



# Location comparison e-commerce operations 2014

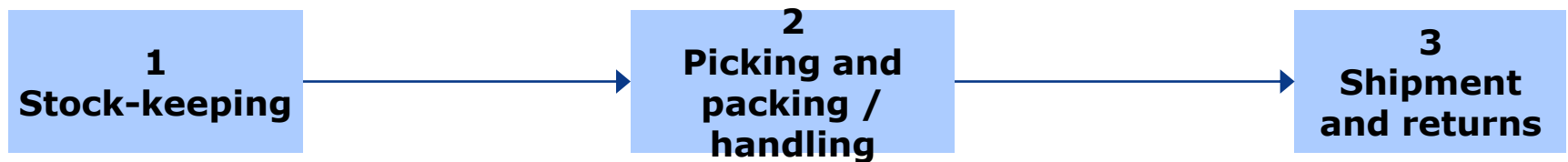
## Top 10 locations

1	DE - Rheinland-Pfalz	7,74
2	DE - Saarland	7,61
3	BE - Wallonië	7,54
4	NL - Zuid-Nederland	7,36
5	NL - West-Nederland	7,10
6	BE - Vlaanderen	7,04
7	UK - East of England	7,00
8	LU - Luxemburg	6,98
9	BE - Brussel	6,95
10	FR - Est	6,95

## Least interesting locations

35	DE - Brandenburg	5,18
36	DE - Berlin	5,01
37	DE - Mecklenburg-Vorpommern	4,99
38	UK - Northern Ireland	4,89
39	UK - Scotland	4,74
40	FR - Bassin Parisien	4,6
41	FR - Centre-Est	4,25
42	FR - Ouest	4,19
43	FR - Sud-Ouest	4,12
44	FR - Méditerranée	4,02

# The logistics process defines the E-commerce distribution centre set-up

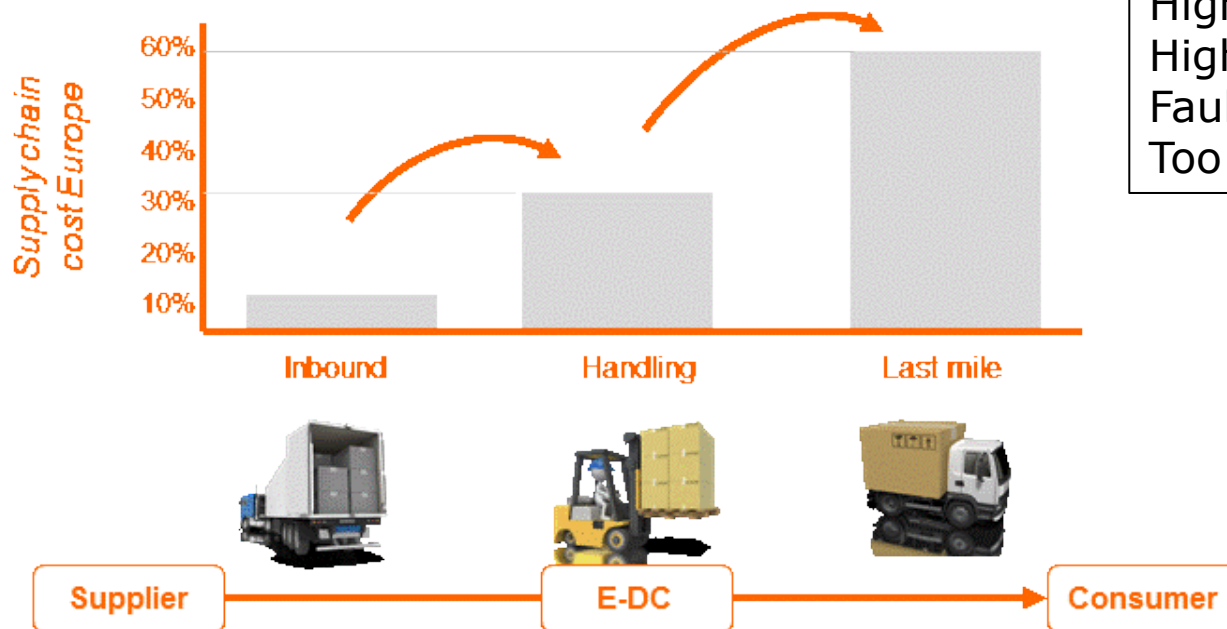


- Labor intensive: picking & packing
- Working hours during night time
- Many machines, sorters and robots
- More item picking racks instead of pallet racking
- Available space for back- and front office
- Many SKUs, loading docks for small trucks and vans



# E2E Supply Chain costs

E2E Supply Chain cost typically ranges between 20-30% of revenues for an E-commerce company



Typical “pain points”:  
 Low delivery reliability  
 High customer service costs  
 High return ratio's and costs  
 Faulty inventory administration  
 Too high cost-to-serve

- Efficient SCM typically makes the difference between a profitable and loss-making eCommerce operation

# Current E-commerce network structures

Short lead time perceived valuable

Yes

No

**Commodity sellers**



Nootbooksbilliger / Coolblue



Zalando / Amazon / Pixmania

**Branded sites**



Zara / H&M



# Some major changes are just starting up

- MID-TERM: stock closer to customer & STOCK further up in supply chain

## CURRENT

## DIRECTION NEXT YEARS

## EFFECT

### Commodity sellers



- @ Wider assortment
- @ Deeper assortment
- @ Demand for Value Added Services
- @ Cross border selling

- @ E-tailers search for partners
- @ Product storage & handling shifts partially to wholesaler, manufacturer & other E-tailers

### Branded sites



- @ Faster online delivery requested by customers
- @ Increase sales (Product offered via multiple E-tailers)

- @ Product is stored at other locations/ companies in the network → closer to the customer

# Supply Chain Demand Network

- End state: SUPPLY CHAIN DEMAND NETWORK

CURRENT

MID TERM SOLUTION

END STATE

**Commodity  
sellers**



**Branded  
sites**



# Supply Chain Demand Network

End state: SUPPLY CHAIN DEMAND NETWORK

END STATE

## **Collaboration is king** **Network far more complex than** **current typical Supply Chain**

@

E-tailers increase assortment, both in depth and width

@

E-tailers expand to other countries/ markets

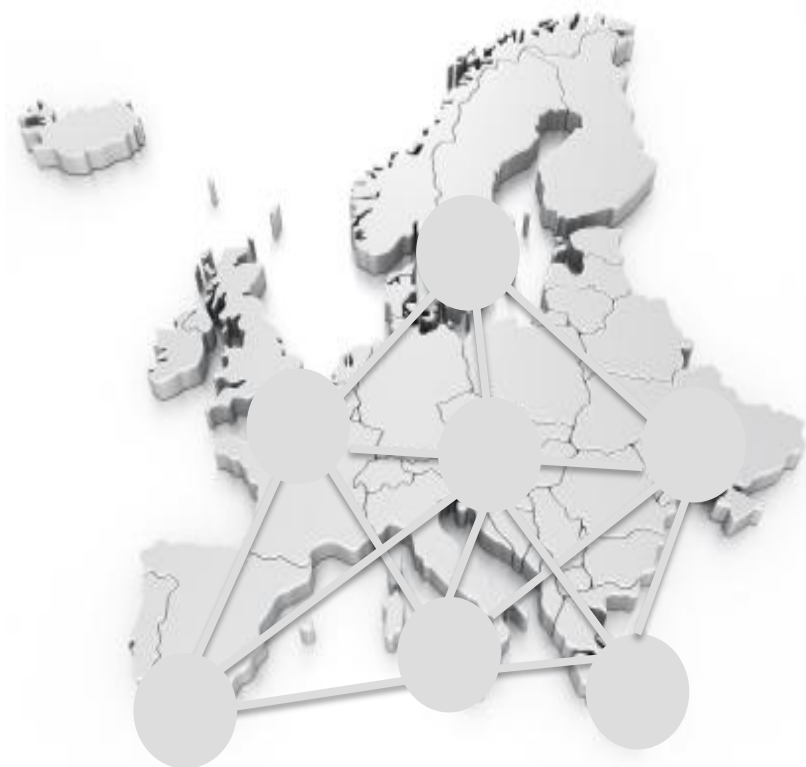
@

Inventory sharing, both horizontal and vertical

@

Piece picking at all levels of the network (including producers!!)

**Optimal network per product/market combination,**  
**NOT by company**



# Typical traditional Bricks-only Supply Chains Model



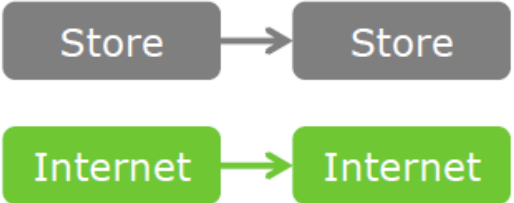


Manufacturer  
Brand Owner  
Wholesaler

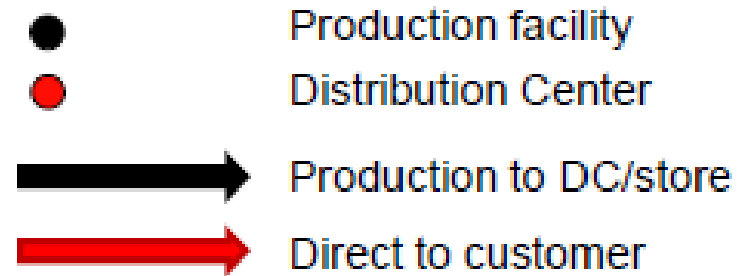
Bricks only  
Offline  
Retailer

Consumer

# Sales channels

	Bricks Only	Clicks Only <i>With (non)assets</i>	Bricks & Clicks
	Exploration    Purchase	Exploration    Purchase	Exploration    Purchase
Mono Channel			
Multi Channel			

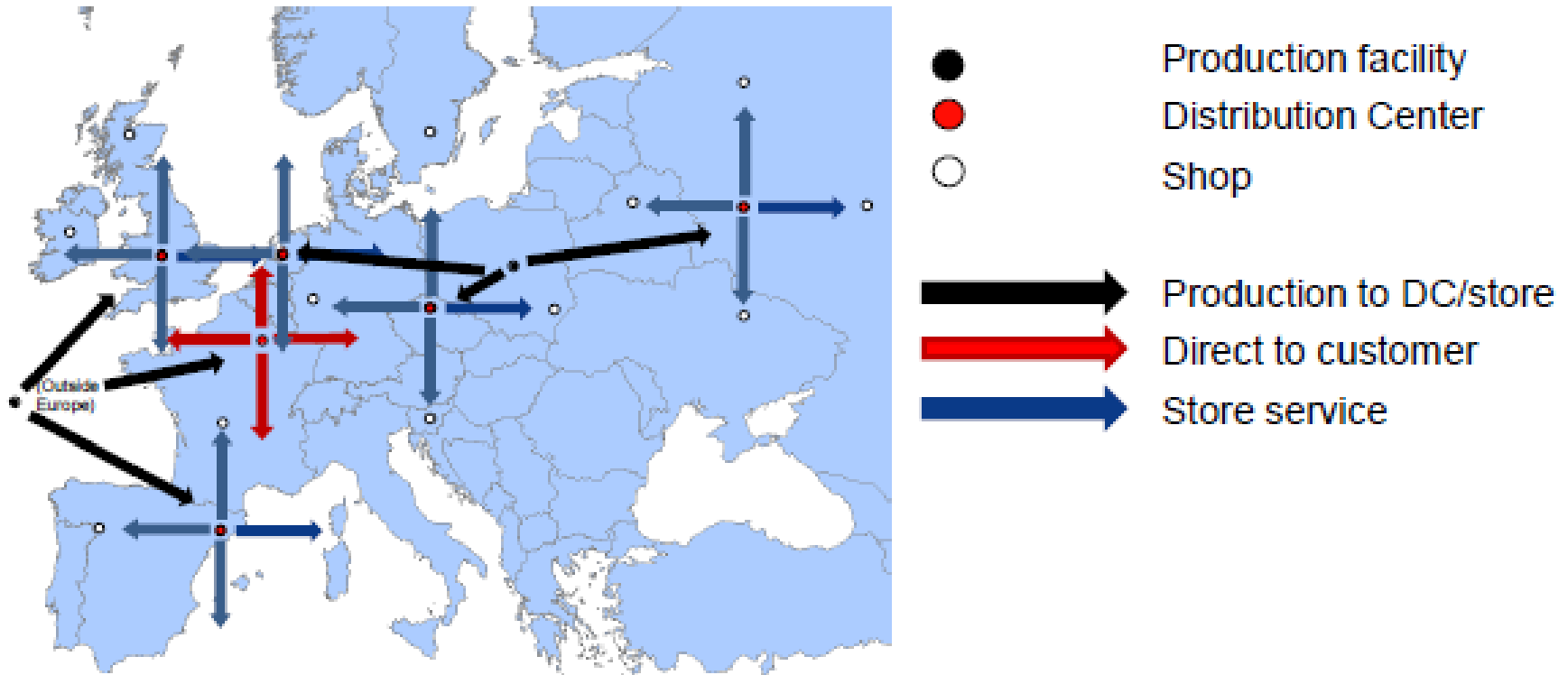
# Direct delivery model



## Characteristics

- Most often seen for high value / luxury goods (Lenovo, Apple), and unique custom made products
- Typically uses express parcel / airfreight network
- Can also be used by small scale local manufacturers



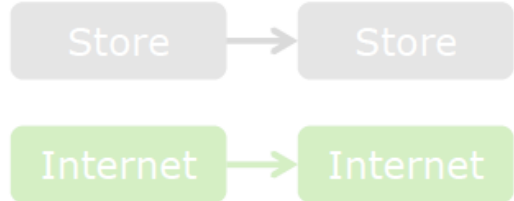
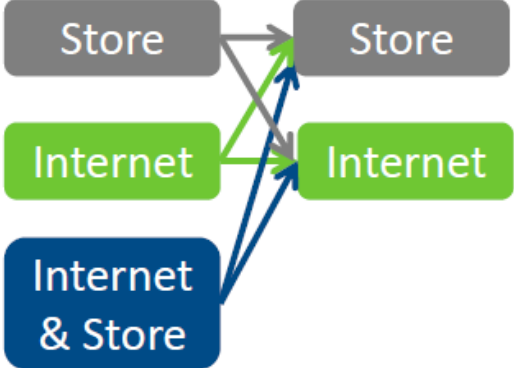
# Dedicated Centers



## Characteristics

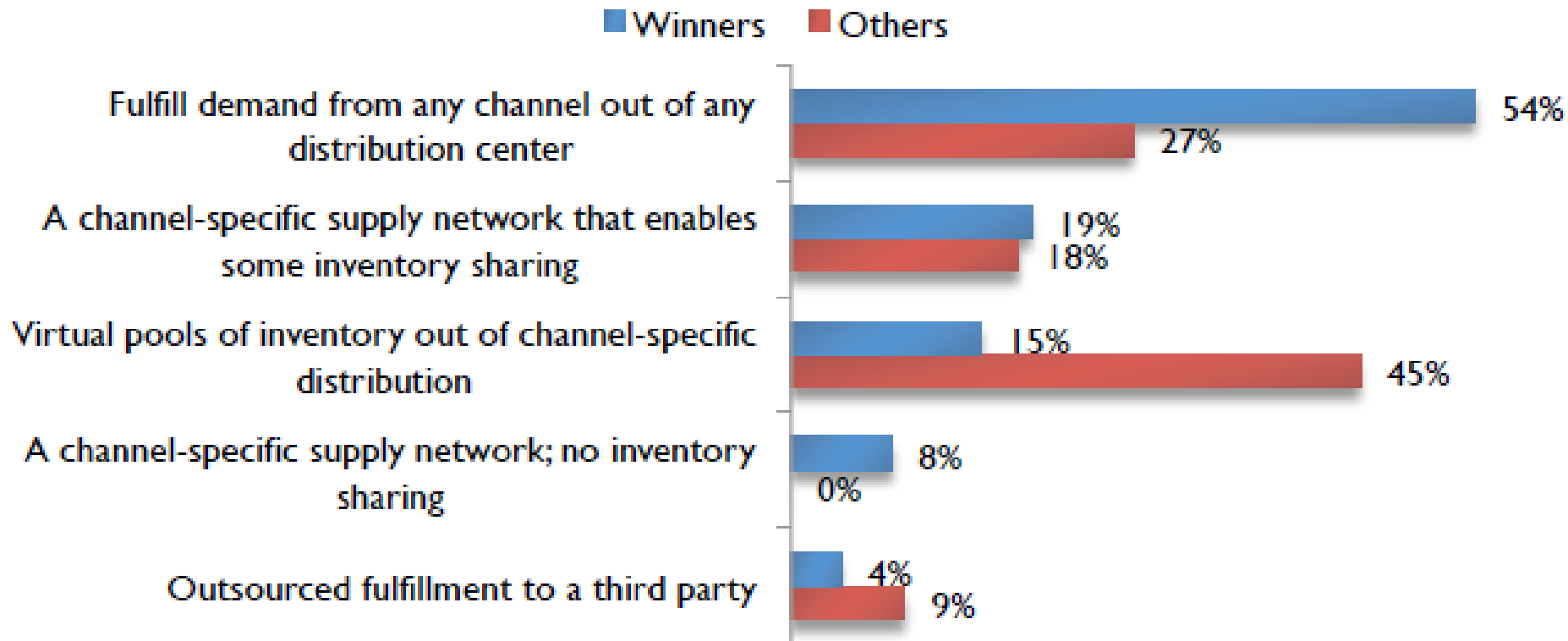
- Stores and on-line customers serviced from dedicated facilities for each channel
- Can be a single facility or multiple facilities, although typically limited for both retail and online business (Exception: Amazon has over 10 facilities in Europe)
- Service areas (store and direct to consumer can overlap)
- European examples include Urban Outfitters, Tesco, Esprit

# Sales channels with multi-channel – the future

	Bricks Only	Clicks Only	Bricks & Clicks
	Exploration Purchase	Exploration Purchase	Exploration Purchase
Mono Channel			
Multi Channel			
Cross Channel			

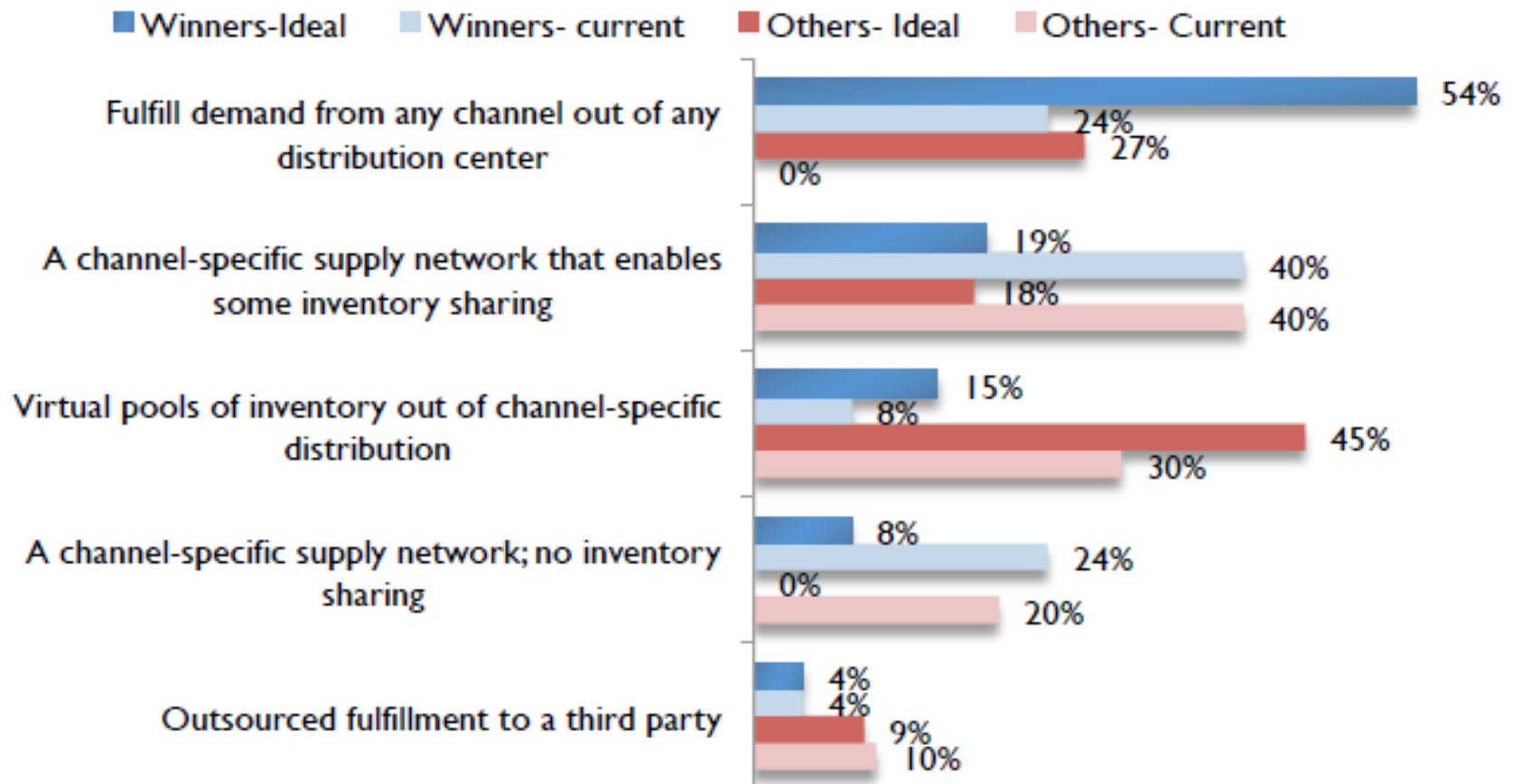
# The ideal supply chain – different views

## What is the ideal supply chain design to support cross-channel inventory management?

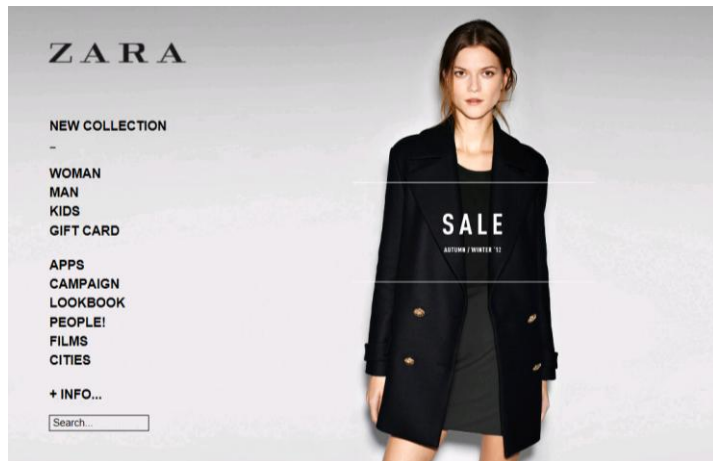


# State of transition

## Ideal vs. Current State supply chain design to support cross-channel inventory management



# Cross channel is the future



# Cross channel impact differs by company type

## PRODUCER

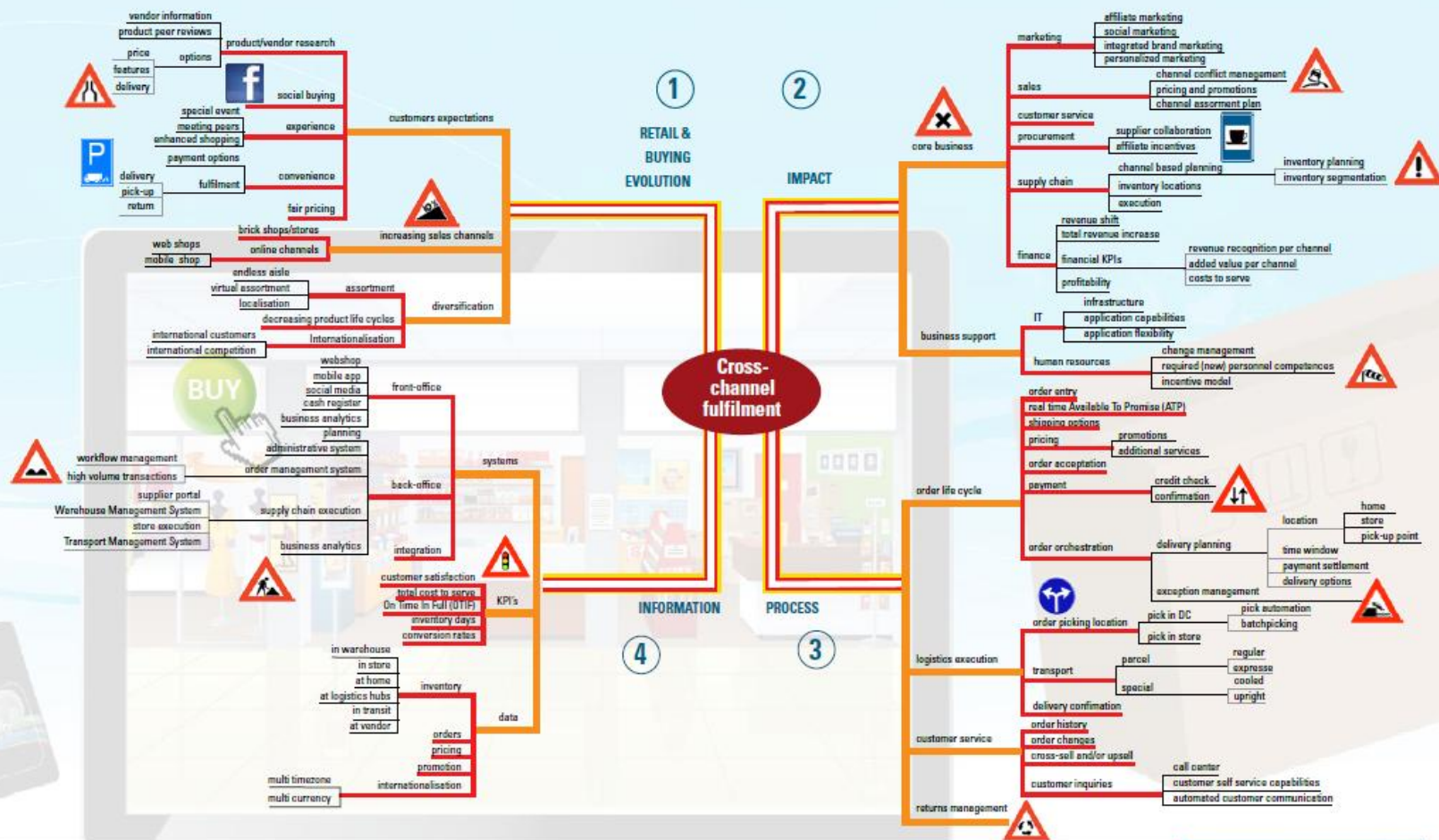
- Change in internal logistics → Both B2B and B2C picking/shipping
  - From pallet to piece pick
  - From retailer address to customer address
  - Different lead time requirements

## RETAILER

- Change in internal logistics → Both B2B and B2C picking/shipping
- Logistics opportunities are typically to be found in
  - Sharing inbound and bulk stock of items sold both online & offline
  - Return flow
  - Potentially in transport between warehouse and (pick up) store
- **From a logistics point of view, everything else is challenging!**

# Mindmap for cross-channel fulfilment

Continuing online sales growth is leading to increasing front-end and back-end collaboration between webshops. Taking a joint approach to logistics would help them to further benefit from economies of scale. Supply Chain Movement and Manhattan Associates have created a mindmap to outline the route, including road signs indicating potential hazards along the way.



## MINDMAP MANUAL

**E-commerce growth:** Despite the economic crisis, online sales levels continue to increase: the average European growth rate was 16 percent in 2012. The online share of total retail sales varies tremendously from one country to another. In Italy, for example, internet sales account for only 1.3 percent of the country's total retail turnover. Meanwhile, the UK leads

the way with online representing 12 percent, and this figure is expected to rise to 20 or even 30 percent at the expense of traditional stores. Because of the strong growth in e-commerce, a retailer's decision to either handle its own logistics operations or outsource them is one that has increasing impact. As more and more companies are

outsourcing their e-fulfilment activities, certain logistics service suppliers are specialising in this field and offering a wider range of services.

**Cross-channel, cross-border:** Initially, consumers placed their orders online and the goods were delivered to them at home. Nowadays, they can order pro-

ducts on the internet for pick up in a store or at a collection point, a model known as 'Click & Collect'. For certain products in London, it is even possible to order from and arrange for delivery to a calli terrace. Retailers are also exploring ways of delivering straight from their stores. Delivery and inventory reliability is crucial in this form of cross-channel retailing.

While it is relatively easy to set up a webshop in several languages for different countries, arranging the associated logistics activities demands a lot more effort. To support its European expansion, for instance, Amazon has invested heavily in new distribution centres. Cross-border e-fulfilment means higher transport costs, and the

inevitable returns process can also be very expensive.

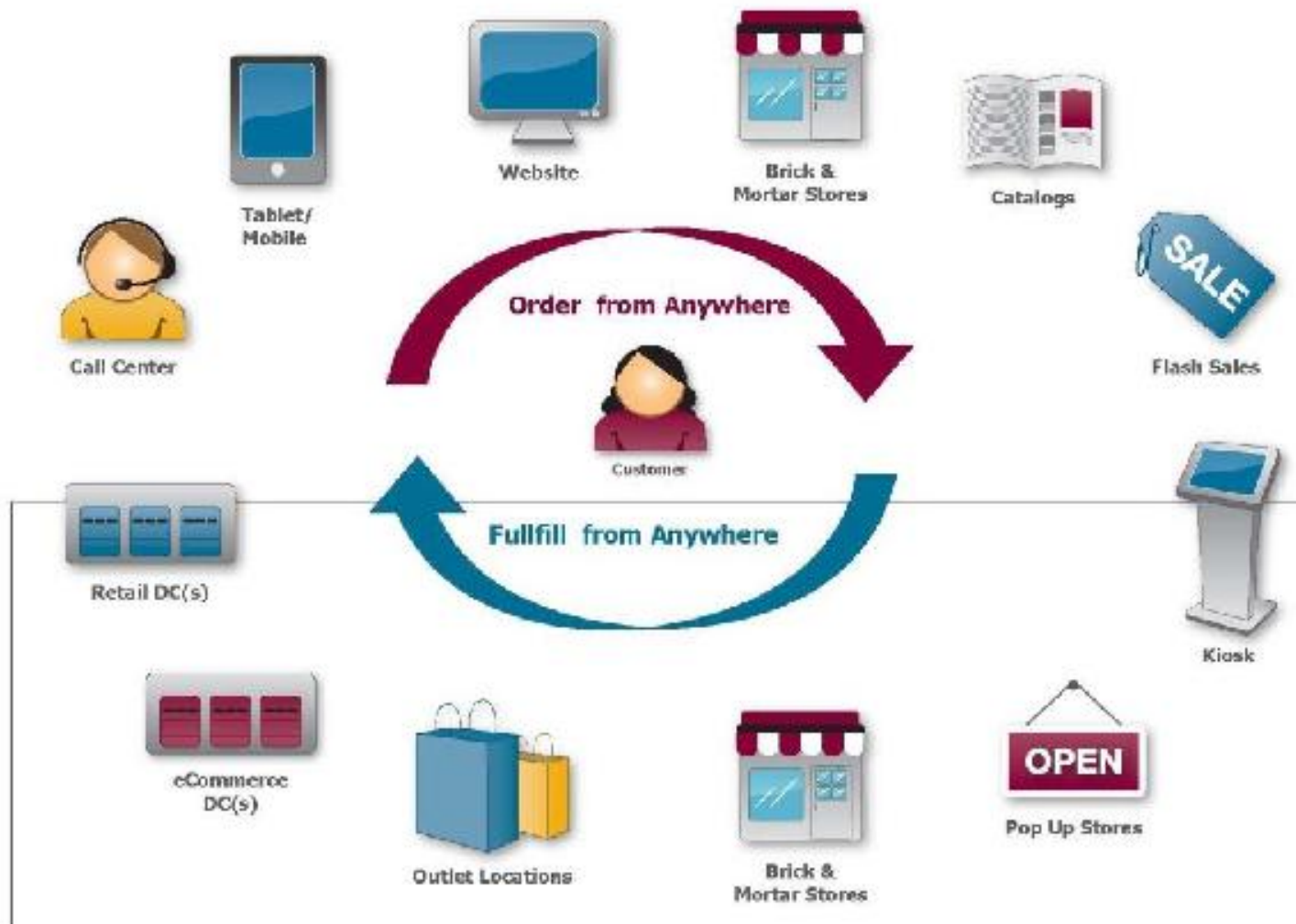
**Collaboration:** It is clear that there will be increasing collaboration among webshops, at both the front end and the back end. At the front end, small webshops can increasingly be seen together on shared internet platforms. Just as in

the physical world, there is a growing number of shop-in-shop concepts in which manufacturers of branded goods present their collections through another retailer's webshop. It is surely an obvious next step for some of these players to create economies of scale by working together from a logistics perspective too.



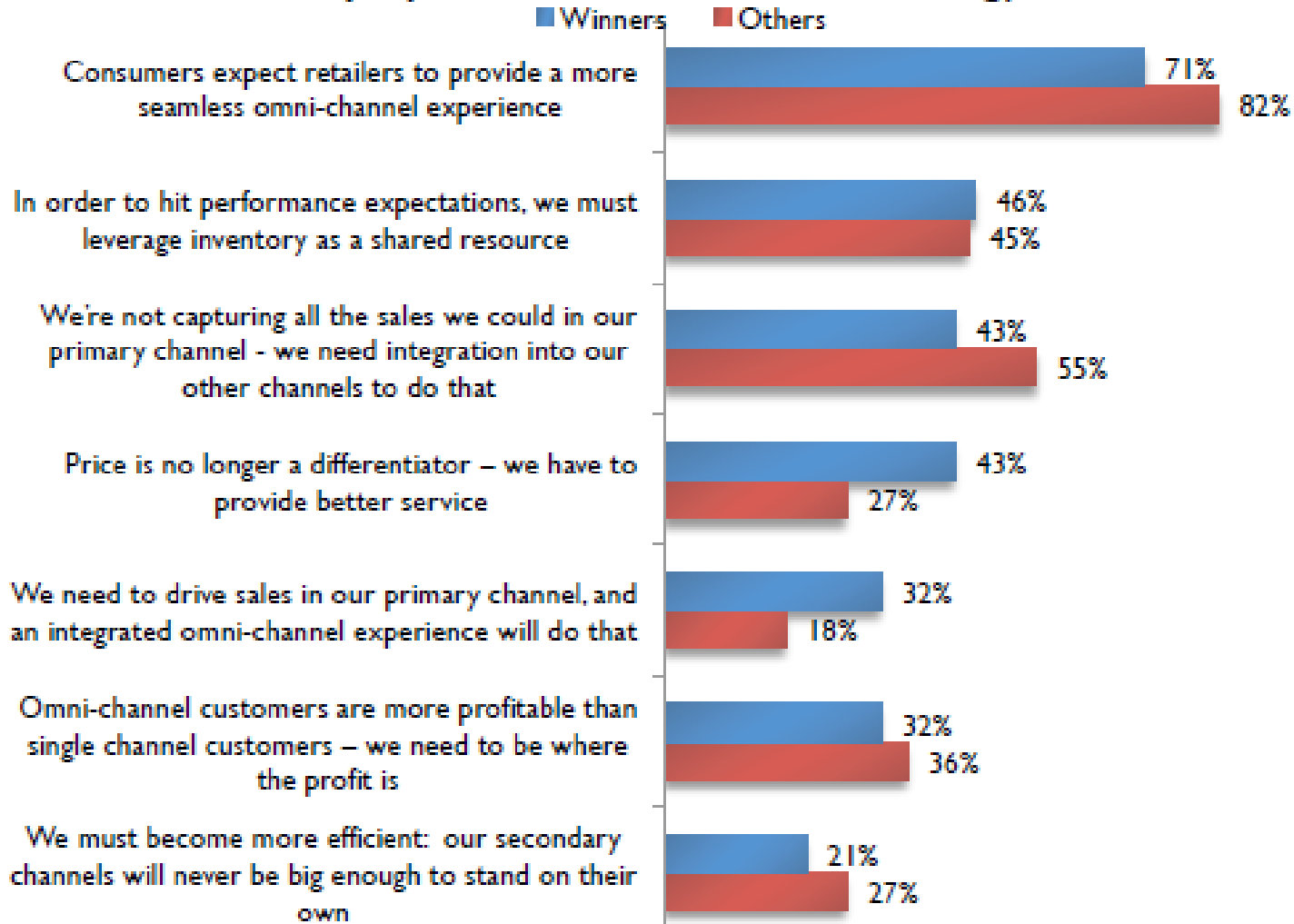
# From "order from anywhere," to a "fulfill from anywhere" model

## Omni-Channel Experience



# Top 3 business challenges

**What are the top 3 business challenges surrounding your company's omni-channel fulfillment strategy ?**



# From omni-channel to e-fulfillment: critical success factors

1. Providing superior **customer experience** – online as well as in the delivery: the customer receives what he/she ordered when you promised. The consumer has to experience a **consistent** and **relevant** experience and service via each communication- and sales channel.
2. Borders between physical and online are **fading**. Everything **has to be possible**. Fulfilling internet order from a store when the e-warehouse is out of stock, discount in the store via Foursquare on the smart phone, integrated delivery routes for stores and end-users etc.
3. Integration of all channels becomes a crucial condition for attracting new consumers (**conversion**) and maintaining current customers (**retention**).
4. Ability to use **online technology** efficiently to manage online traffic, the payment and processing of orders and the whole e-fulfillment model which includes interfacing with e-fulfillment partners
5. Understanding that the **supply chain is a critical part of the financially driven Business Model** and not the other way around. A cost effective supply chain should be integrally linked to the cash to cash order cycle.

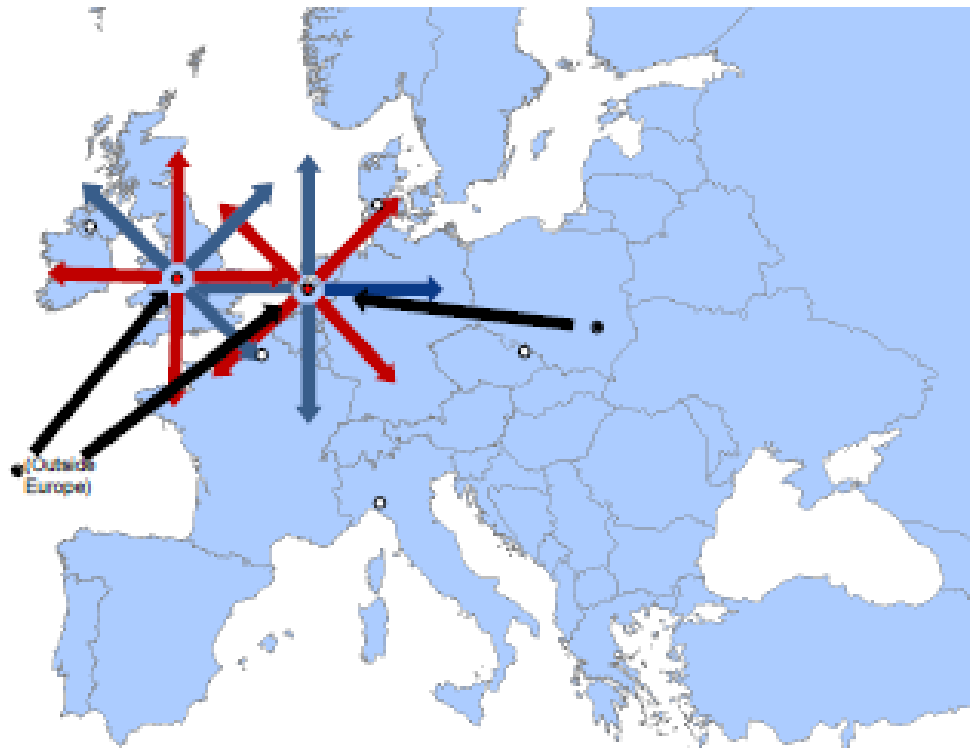
# Omni channel supply chain



Traditional  
versus omni-  
channel retail  
supply chain



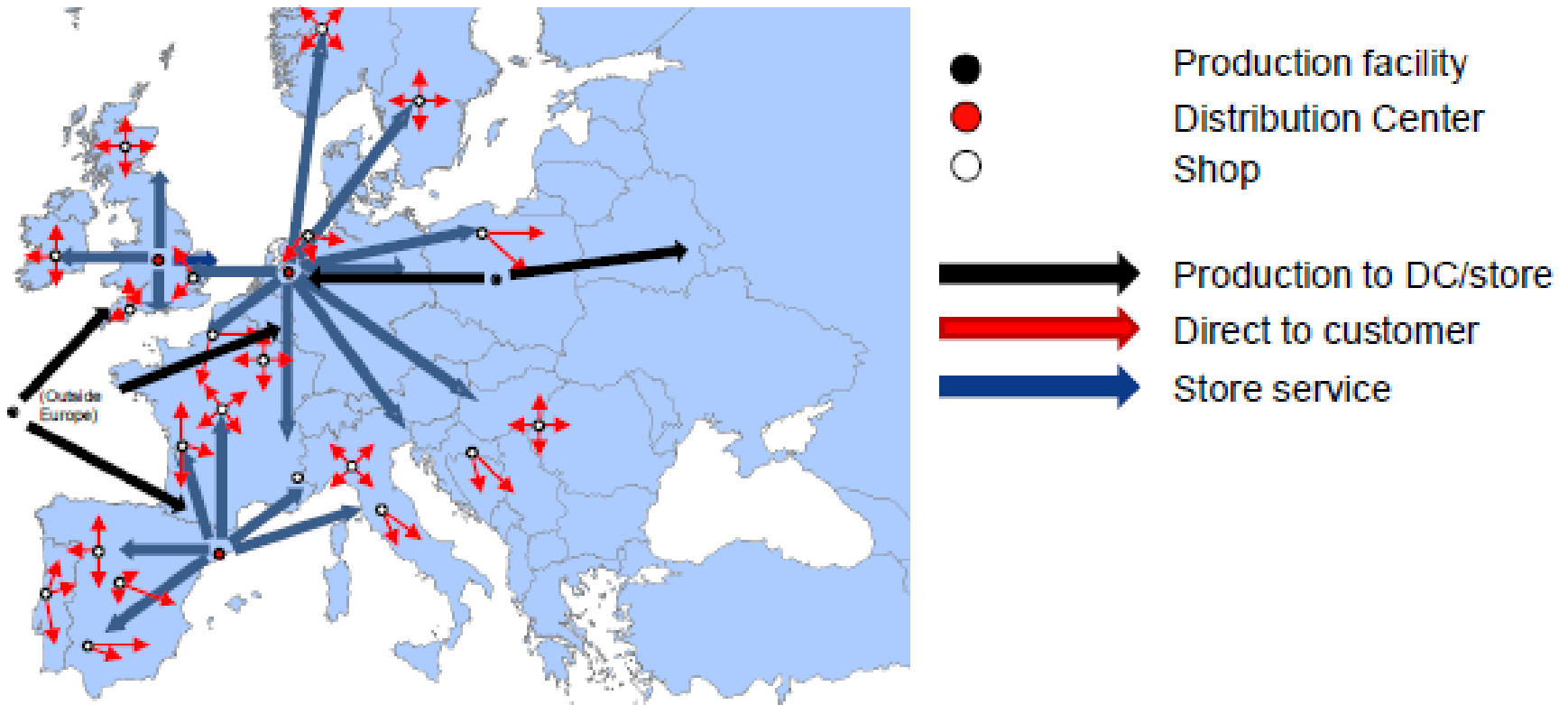
# Combination center model



## Characteristics

- Stores and on-line customers are serviced from same facility
- This can be a single facility or multiple facilities (as shown on the map)
- Service areas (store and direct to consumer can overlap)
- European examples include Zara, Mango, V&D, GAP

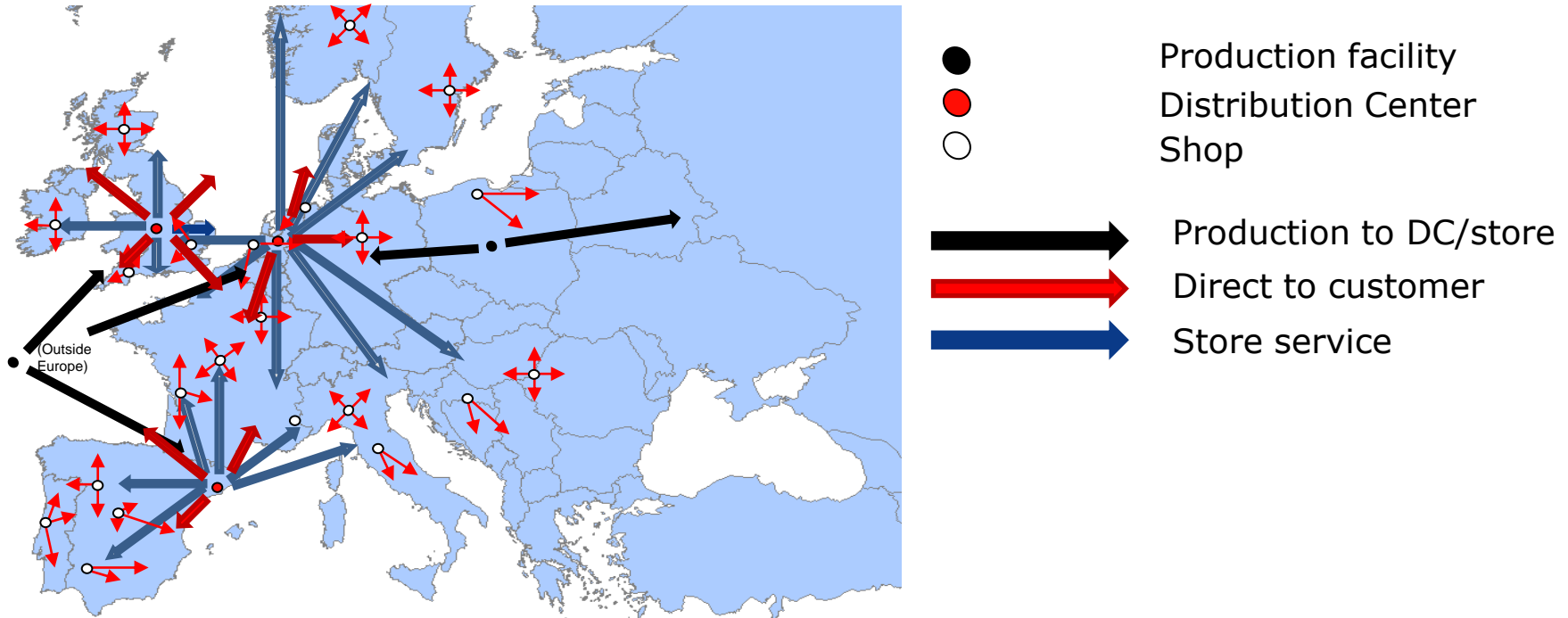
# Store distributed model



## Characteristics

- Consumer customers are directly serviced from stores
- The servicing store is selected based on inventory availability and proximity to the customer (= pick pack ship from store)
- Service areas overlap extensively based on where inventory is available
- Using the stores as Pick Up Drop Off location is an alternative to store distributed
- European examples are ToysXL, IKEA, Bouwmaat

# Hybrid model



## Characteristics

- Online orders can be collected free from the selected store or are delivered at cost to the customer home via a courier for an additional delivery fee
- Centralized DC is used to distribute both store and online orders to each country. In each country the online orders which the customer has selected to be collected in the store are delivered with the regular replenishment orders to each store. The direct to consumer home delivery orders are delivered centrally to the local/domestic courier company for next day delivery
- Returnable items can be returned (free of charge) to a local store

# Find the right partner

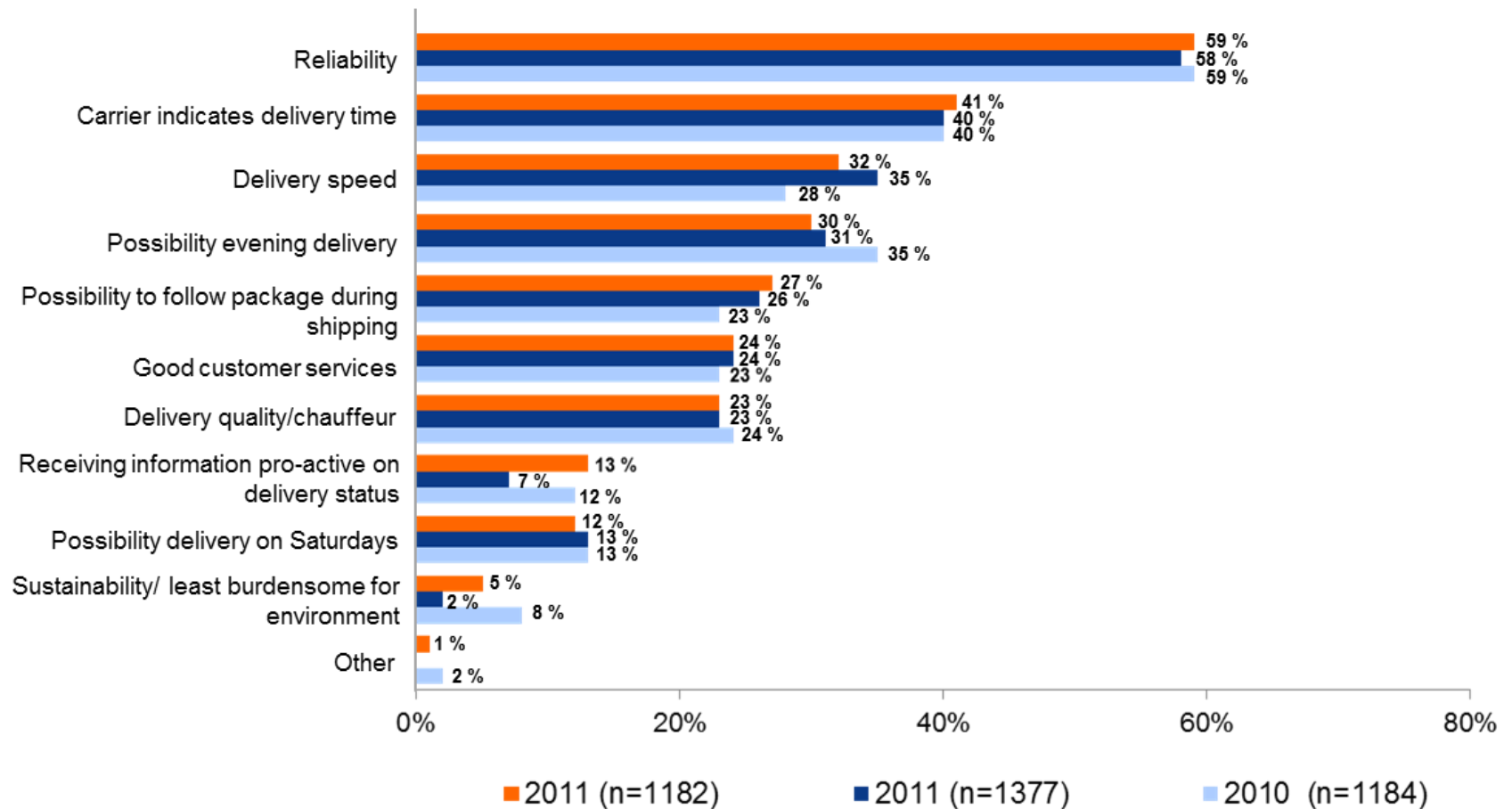
## Reasons to outsource e-fulfilment

- Specialized warehouses and logistics system (large capital investment) are required
- Focus on core activities
- Large expertise required
- For small volumes, it can be too costly to insource. Higher volumes can be achieved and synergy created with other clients of the 3PL in an outsourcing solution. Scalability means costs go down and service levels go up
- Flexibility (no/low fixed costs)
- Back office services offered by the service provider

## Reasons not to outsource e-fulfilment

- Expertise in-house, which makes sense for large volumes
- Hassle of supplier management: the mailman / delivery company is the “face” of the company
- Higher costs

# What should a 3PL offer your customer?




Source: Thuiswinkel.org, 2012

# Examples of e-fulfilment service providers in Europe

	Hermes	Arvato	PFSWeb	Fiege	DHL
European locations	Germany, FR, NL, CZ, RU	UK, Germany	Belgium	Germany	UK, Germany, Benelux, France, Spain, Italy
Fulfilment	✓	✓	✓	✓	✓
Financial services	✓	✓	✓	✓	✓
Call centre	✓	✓	✓	✓	
Marketing support	✓	✓	✓		
Web store hosting	✓	✓	✓	✓	✓
Consolidated Returns	✓	✓	✓	✓	✓
Carrier agnostic	✓	✓	✓	✓	
References	Otto group Wolford	Asus Microsoft Levi's	Havaianas O' Neill Ricoh	Esprit LizzClaiborn e/ Mexx G-star	Karstadt Fossil

# Examples of e-fulfilment service providers in the Netherlands

The Netherlands is home to around 12,000 road hauliers, of which 500 provide logistics services. 3 categories, aimed at adding value to e-commerce companies

Specialized E-fulfilment suppliers	Express networks	“Regular” 3PL’s
<div data-bbox="98 679 446 839">  <p>arvato services</p> <p>BERTELSMANN</p> </div> <div data-bbox="479 679 813 839">  <p>PFSweb</p> <p>one partner</p> </div> <div data-bbox="98 862 446 1022">  <p>SH</p> <p>FULFILLMENT SOLUTIONS</p> </div> <div data-bbox="479 862 813 1022">  <p>ModusLink</p> </div>	<div data-bbox="904 768 1035 896">  <p>postnl</p> </div> <div data-bbox="1058 668 1219 833">  <p>ups</p> </div> <div data-bbox="973 933 1193 1005">  <p>FedEx</p> </div>	<div data-bbox="1263 576 1537 691"> <p>Carpenter</p> <p>Europe</p> </div> <div data-bbox="1580 662 1843 725">  <p>GLS</p> <p>General Logistics Systems</p> </div> <div data-bbox="1373 711 1541 796">  <p>FREIGHTWAYS</p> </div> <div data-bbox="1566 762 1843 839">  <p>FIEGE</p> <p>The World of Logistics</p> </div> <div data-bbox="1282 805 1425 876">  <p>DPD</p> </div> <div data-bbox="1251 891 1476 939">  <p>DHL</p> </div> <div data-bbox="1483 848 1599 933">  <p>SINDS 1956</p> </div> <div data-bbox="1599 862 1823 905">  <p>VDS FULFILMENT</p> </div> <div data-bbox="1257 958 1476 1019">  <p>T LOGISTICS</p> <p>Great ideas. Great solutions</p> </div> <div data-bbox="1495 958 1773 1019">  <p>RHENUS LOGISTICS</p> </div>

# Last mile: consumers want to choose



PAKKETTEN

HOME

PAKKET ZOEKEN

POSTNL CHECKOUT

KLANTENSERVICE

MIJNPAKKET APP

Inloggen

Aanmelden

## MijnPakket



### Neem zelf de beslissingen

Bepaal zelf waar en wanneer je pakket bezorgd wordt.



### Behoud het overzicht

Volg je pakket online vanaf bestelling tot bezorging.



### Bezorging waar jij dat wilt

Wijzig zelf de bezorgdag en locatie als je niet thuis bent.

### Meld je nu aan

En volg de actuele status van je pakket



### Is er een pakket naar je onderweg?

Vul hier je code in <sup>?</sup>

Barcode of niet-thuiscode

Postcode

☐ Zending wordt bezorgd adres buiten Nederland

Zoek mijn pakket

### Delivery Period

### Delivery Price

ASDA Direct Small/Medium products (selected items)

3 to 5 day delivery

FREE

George and selected ASDA Direct Small/Medium products

3 to 5 day delivery

£2.95

Named Day Delivery

£4.50

Next Day Delivery

£4.50

Named Day with Time Slot

£5.95

ASDA Direct Larger Items

5 to 10 day Standard Service or Named Day Service

From £8.95

ASDA Direct and George Click and Collect

4 to 5 day delivery to store

FREE

Maandag 1 oktober 2012

2134 keer gelezen

Nu reageren

## Coolblue stapt in same day delivery



Coolblue gaat orders voor drie uur 's dezelfde avond nog bezorgen voor een bedrag van 17,95 euro. Met Vandaele zoals de service heet, denkt Coolblue aantrekkelijkheid van online bestellen verder te vergroten.

# Lead time and delivery time

- E-tailers and retailers compete on lead times, since quick delivery is seen as part of the product offering and can bring substantial competitive advantages. There are higher costs involved because there is a need for being very close to the market
- Most important is however, that the consumer can decide the lead time for itself. E-tailers will have to offer the choice to the customers. In most cases, the client chooses for the standard option of 3-5 working days. Next-day or same-day delivery is much more expensive. It differs per product groups. For food for example, delivery is required within one day. For a gift, it should be tomorrow. For most products, a three day-delivery is fine. For a study book, it can be two weeks. For furniture, several weeks or even months is fine.
- Choice in windows of delivery times Dutch consumers want to have the choice when products are delivered: 50% of Dutch consumers prefer the evening as time of delivery. Albert.nl has higher prices in the evening than during the day. Delivery times have to be specific: Nespresso has a window of 30 minutes

# Location of delivery

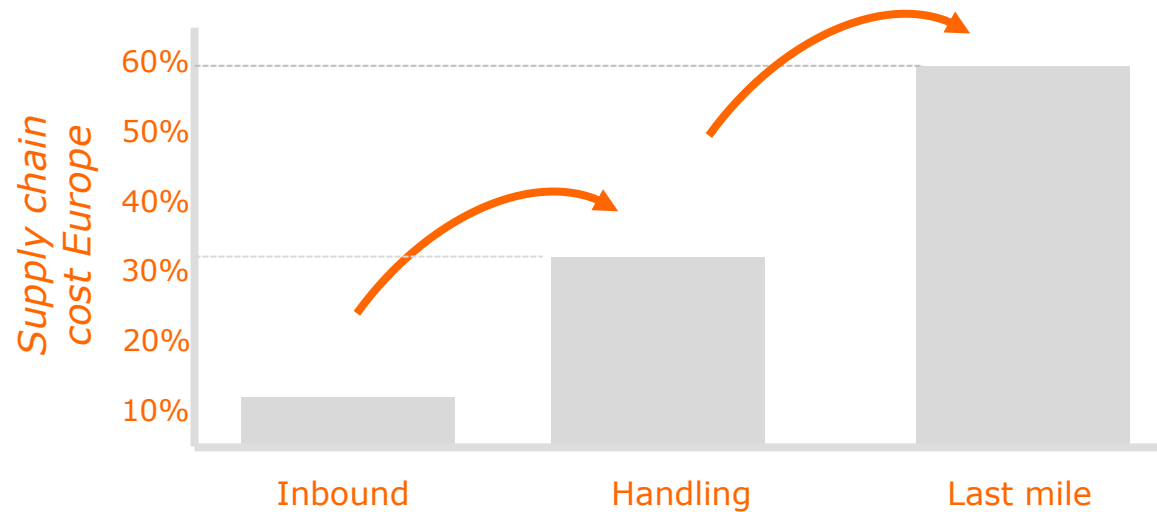
Choices in where the products are delivered and can be returned to:

- this can be at their homes or at another address given
- or at a pick-up / drop off point (also for returns). Examples of pick-up points are Kiala, DHL servicepoint, and PostNL Postal office. Many bricks and clicks companies give the option of free collection at the (own) stores, like in HEMA, where 80% is picked up at the stores. Also Albert Heijn will come with this solution. It is often the lowest cost option
- collect at warehouse

The highest costs of delivery are for the so called "last mile": delivery at the door. In part this will be solved because once the volumes increase, it is also more feasible to organize joint delivery

One increasingly popular solution to deviate the high costs that are involved with home delivery ("the last mile") is pick up and drop off points. Kiala (bought by UPS), has 6,500 locations in 5 countries, of which 500 in the Netherlands. Kiala points are located in supermarkets, gas stations, and boutiques DHL has 750 DHL service points in The Netherlands (manned and unmanned), maximum distance is 4 km for 93% of Dutch citizens. They are also located in supermarkets, gas stations, boutiques, drug stores, etc.

# Lower last mile costs



**60% of E-supply chain costs in Europe is for last mile distribution**

**The Netherlands provides significant cost savings:**

- Direct access to national networks in Germany, Netherlands and Belgium for outbound and returns
- Bundling opportunities because of high volumes in region
- Short distance to major EU hubs



**Supplier**

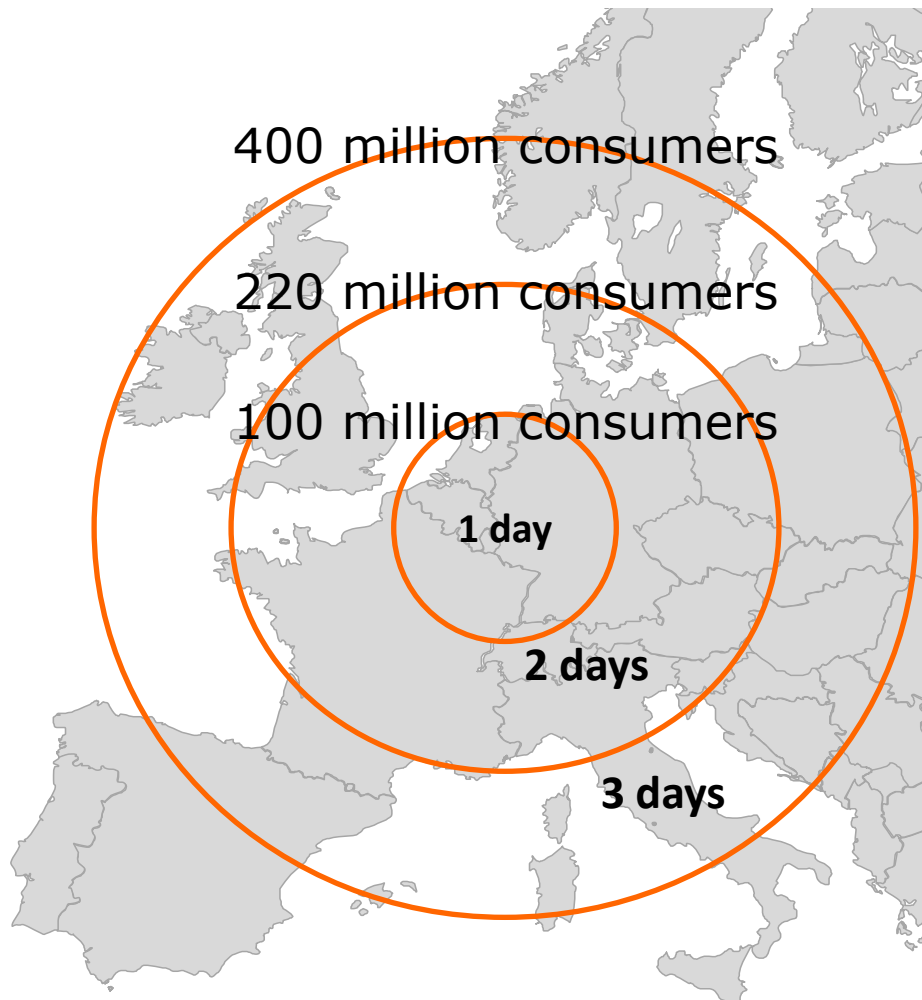


**E-DC**



**Consumer**

# Short lead-times to European consumers



## Access to markets through diverse networks:

Parcel network	Several parcel networks serve 400 million consumers in three days (see next slide)
Postal network	Availability of postal networks provide cost saving opportunities for small packages. Dutch PostNL is most sophisticated postal network in Europe
Special services	UPS en DHL have special service hubs in Venlo for huge or heavy weight deliveries
Express network	Express networks provide opportunities for next day delivery in Europe
Pick up points	Venlo is connected to pick up point networks in order to provide delivery choices for consumers

# Variety for last mile solutions

The Netherlands has several e-fulfilment service providers, all with their own profiles and specialization (overlap & combinations are frequent):

- **Postal companies**– often used for small, low value delivery of products such as DVD's, books, some fashion etc. Most countries in Europe have good postal networks. However, most postal comps don't use track & trace systems. Dutch players are Post NL and Sandd. The share of e-fulfilment delivery by regular post is deteriorating.
- **3PLs / logistics service providers**, such as Menlo, Ceva, Geodis, Rhenus. They care of the first part of the e-fulfilment process. Final delivery to the end-consumer is commonly not offered by these parties.
- **Parcel/courier providers**. These are used most frequently as the preferred delivery model. Domestic parcel providers often allow for larger shipments at a low cost. They also offer track & trace and their domestic networks are often dense which means a high amount of shipments can be handled and delivered on a next day basis. There are a handful of international parcel providers operating across Europe which offer similar benefits to the domestic parcel providers at similar prices. The key advantage is being able to use one parcel provider for a number of countries or for the whole region versus many domestic transportation partners. Dutch examples of parcel providers are DPD, GLS, Selektvracht / DHL.

## Variety for last mile solutions - II

The Netherlands has several e-fulfilment service providers, all with their own profiles and specialization (overlap & combinations are frequent):

- **Global Express providers.** These networks such as TNT Express, Fedex, DHL Express and UPS are typically used only when product value is high (more than 20 Euro/kg) and/or speed of delivery is key. This model lends itself to “direct ship” programs where the product is typically produced in one part of the world and shipped to another part. It allows for low to zero stock holding
- **Specialized e-fulfilment players,** such as Arvato, Docdata, S+H, T-Logistics, Moduslink, Freightways Distriservices B.V., Carpenter Europe Group. They offer all services, including back office activities and in some cases even front office activities
- **Pick-up drop off points (PUDO)** offered through partners such as postal companies (eg. PostNL), Kiala, DHL Express, etc. Alternatively, companies like Zara and HEMA use their own stores as collection point for online customers

# E-Fulfilment: case study

## Distribution warehouse B2B and B2C for the EMEA market

Rhenus fulfils the warehousing and distribution services for iRobot to the business to Business and business to consumer market - Tilburg, The Netherlands

iRobot designs and builds robots for vacuum cleaning, floor washing, pool cleaning, shop sweeping and gutter cleaning



### REQUIREMENTS

- Warehousing and distribution for the EMEA market
- Handling and storage for B2B and B2C operations in TAPA A bonded warehouse
- Handling of 1.100 B2C orders per month and 100 B2B orders
- Delivery to retail, distributors, dealers and consumers

### SOLUTION

- Carrier management
- Reverse logistics programme (RMA)
- ESD technical centre
- Real-time inventory management system
- Carrier/product-specific packing for shipment
- Bonded entrepot type E
- Cross docking

### BENEFIT

- Full electronic process, minimised paper and administration
- Duty and VAT avoidance by entrepot E bonded warehouse in Netherlands
- Overall performance of 99,95%
- Maximised flexibility for volume fluctuations in consumer electronics
- Same day pick pack and ship
- One source for retail, distributor & e-commerce web portal

# E-Fulfilment: case study

## Orbotix Inc.



### European Fulfilment Centre

Orbotix is a 21st century toy company that bridges the gap between the real world and the virtual world with its smartphone-controlled robots. This exciting new category makes for amazing experiences around entertainment, play, and education. Founded by passionate robotics engineers, and based in Boulder Colorado, the Orbotix team takes fun very seriously.

#### Requirements

- B2C order fulfilment Europe
- B2B order fulfilment Europe
- Fiscal Representation
- Bonded storage
- Serial number scanning
- RMA handling
- Inspection & repair activities

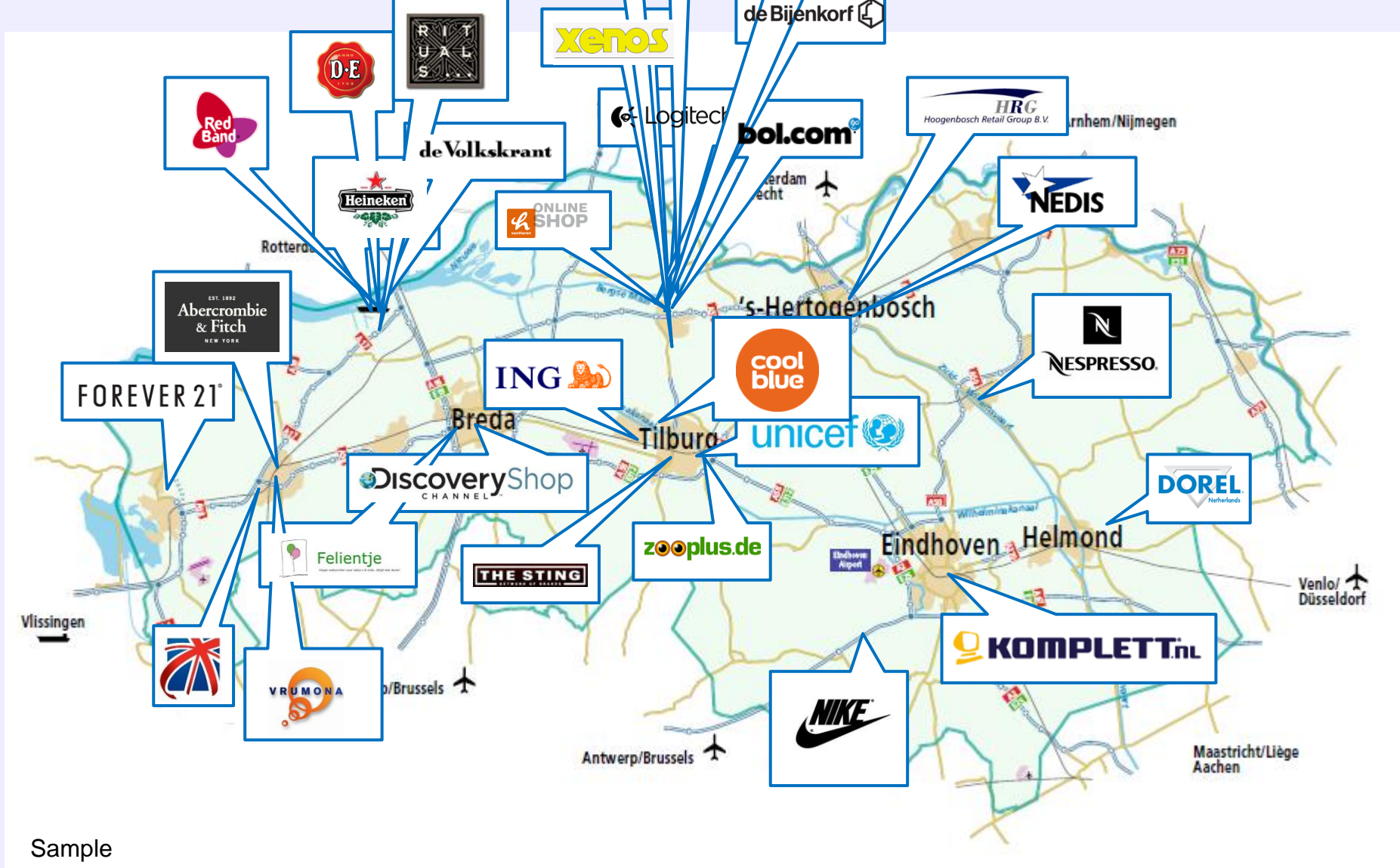
#### Solution

- Centralized bonded warehouse in The Netherlands
- Best in class order fulfilment system
- RMA & repair knowledge and infrastructure present
- Fiscal Representation services
- Dedicated customer service representative

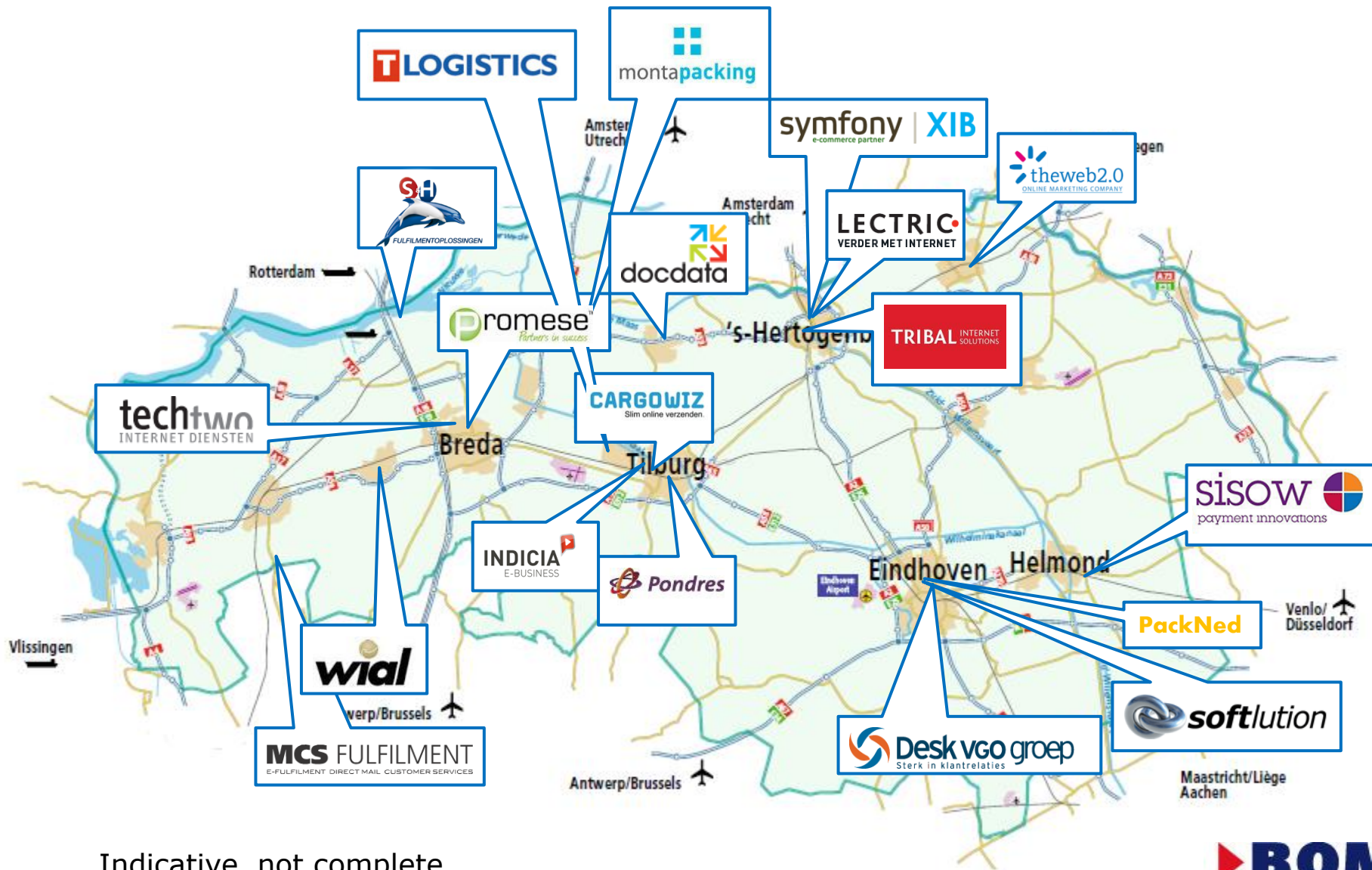
#### Main benefits

- Same day order dispatch
- 90% of orders delivered within 24/48 hrs.
- VAT deferment for EU sales
- Deferred Import duties (bonded storage)
- Real time, multi language Customer Service available
- Easy & flexible return policy

## Players in Brabant: e-tailers & retailers (B2C & B2B)



# Players in Brabant: fulfilment & support services (100% specialists)



Indicative, not complete

# Limburg: EDC's of E-Commerce Companies



# Limburg: EDC's of E-Commerce Companies

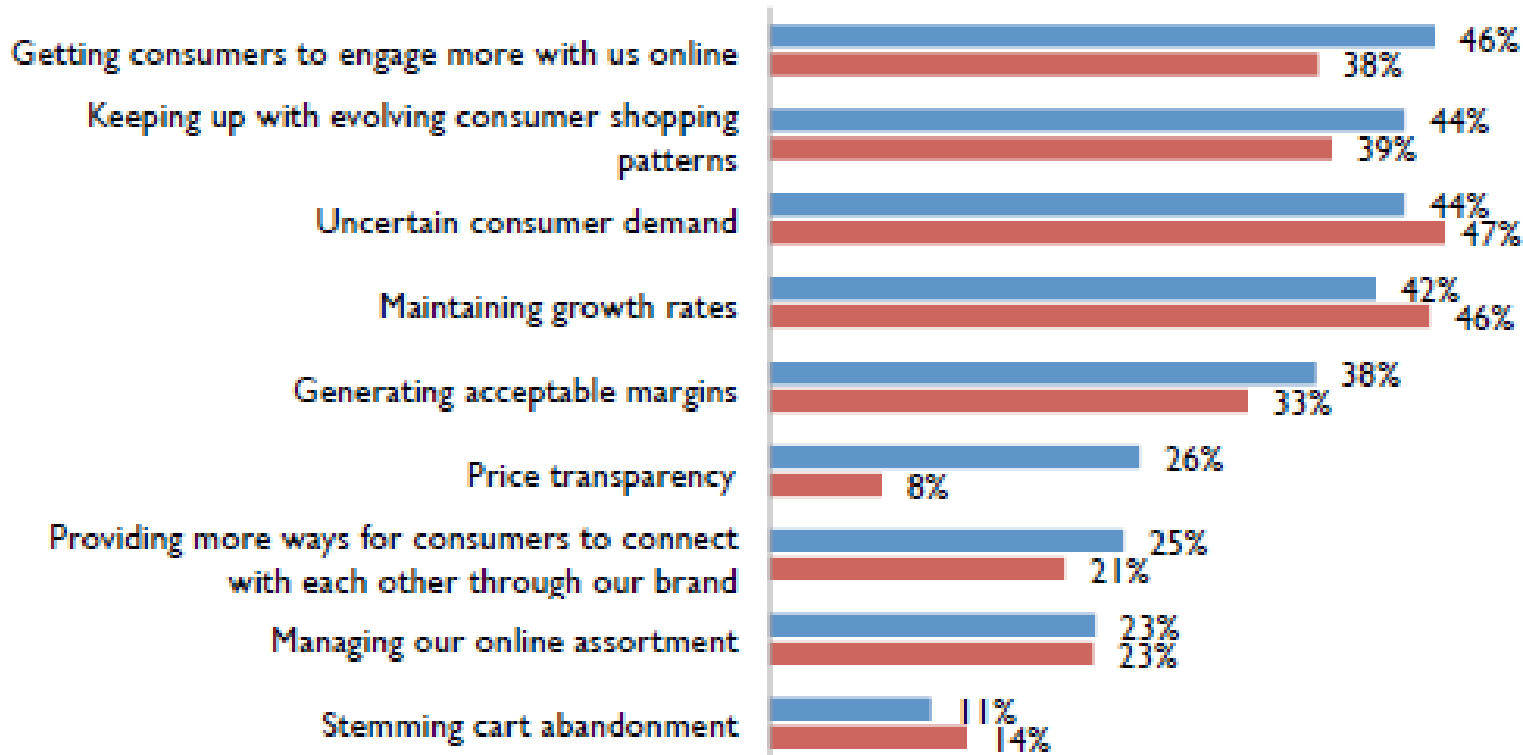


EDC mail order / direct selling company of business gifts	220 empl.
EDC for online sales of posters, prints and framed art	250 empl.
Internet pharmacy for the German market	500 empl.
Internet pharmacy for the German market	180 empl.
EDC for protein shakes and drinks, energy supplements and personal care products	140 empl.
E-Fulfilment Centre of healthcare anti aging product, packaging and distribution	75 empl.
Printing of small and large series of business and greeting cards, marketing materials, stamps, labels	450 empl.
E-Fulfilment Centre of Dr. Hittich personal care products	150 empl.
E-Fulfilment Centre for Europe (garden, lifestyle products)	170 empl.
E-Fulfilment Centre, customer service center	500 empl.

# Business Challenges

## Top Three Business Challenges Faced in eCommerce Processes

■ 2014 ■ 2013



# E-commerce: challenges and competences

Your challenge	Competences in The Netherlands
"Fast fashion" will be the de facto industry standard results in shortening product lifecycles and shorter time-to-market	Logistic service providers offer economy of scale, global networks and in-depth knowledge of e-commerce supply chains
SME's need to strive for scalability to become international competitors	Strong presence of e-fulfilment operations (own account and outsourced)
Diversification of product assortment results in explosion of # sku's	Logistic service providers offer economy of scale, best practices and in-depth knowledge of e-commerce supply chains, dealing with many sku's
Sophisticated targeting results in me-tail and superior customer experience	Existing business clusters for e-commerce with specialist support services (ICT, customer services) and knowledge institutes
Integration of all channels becomes a crucial condition for conversion and retention. This results in an omni-channel platform with the need to fulfil from anywhere	Mature and sophisticated logistics industry with logistic service providers specialized in e-commerce supply chains and specialist support services (ICT)

# E-commerce: challenges and competences

Your challenge	Competences in The Netherlands
Growth of cross border sales results in the need for an international network	Mature and sophisticated international logistics industry
Compliance (European Directive on Consumer Rights) and legal implications	Dutch customs procedures are computerized; pre-arrival information is supplied electronically to the Customs Department
Order-to-cash	Existing business clusters for e-commerce with specialist support services (ICT, customer services) and knowledge institutes
VAT implications to selling to end-customers	Many service providers offer indirect tax related advice and services (consultancy, fiscal representation, etc.)  Dutch customs offer VAT deferment upon importation, with cash flow protection
Optimize information management: ability to use online technology efficiently to manage online traffic, the payment and processing of orders and the whole e-fulfillment model	Logistic service providers offer end-to-end supply chain visibility, mainports, customs etc. are connected Mature and sophisticated logistics industry with logistic service providers specialized in e-commerce value added services

# E-commerce: challenges and competences

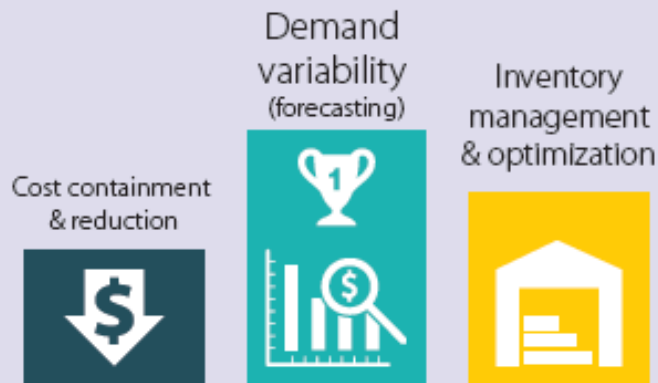
Your challenge	Competences in The Netherlands
Choosing the right DC-model: combination centers, store distributed or hybrid	<p>Strategic location, right in the middle of EU's main markets, European hub function</p> <p>State of the art infrastructure: mainports and multimodal hinterland connections, connections to integrator hubs</p> <p>Logistic service providers offer economy of scale, best practices and in-depth knowledge of e-commerce supply chains</p>
Find the right location for DC's, with availability of labor and land	<p>Strategic location, right in the middle of EU's main markets, European hub function</p> <p>High quality and availability of real estate solutions for e-fulfilment</p> <p>Available, skilled, qualified, flexible, competent labor</p>
The customers' expectation for a local look-and-feel results in local support, shipping and return addresses	<p>Multilingual staff available for customer services</p> <p>Easy access to European overnight transport networks (e.g. European air and road hubs of parcel services)</p>
Stock optimization, replenishment & visibility	<p>Mature and sophisticated logistics industry with in-depth knowledge, global networks and sophisticated IT</p>

# E-commerce: challenges and competences

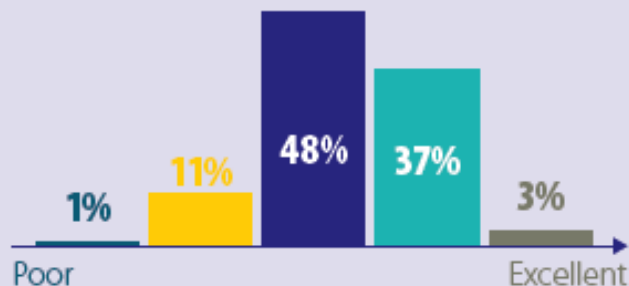
Your challenge	Competences in The Netherlands
Reliable delivery against low costs with choices for the consumer	Operational excellence which leads to a greater picking accuracy and increased productivity
On time deliveries (time slots)	Excellent infrastructure and easy access to European integrator networks
Short lead times	Easy access to European overnight transport networks (e.g. European air and road hubs of parcel services) Late order cut-off times in NL (21.00h) compared to e.g. Germany, UK (12.00h, 16.00h)
Extreme flexible last mile (Greater choice in delivery/collection)	Excellent infrastructure and easy access to European integrator networks Easy access to European overnight transport networks (e.g. European air and road hubs of parcel services)
The ability to return product "hassle free" and get refunds quickly	Multiple return options via integrators, postal networks and PUDO Smart 4PL concepts with enhanced return options
How do we find the right partners	HIDC provides advice on European supply chain structuring and offers matchmaking services

# Trends

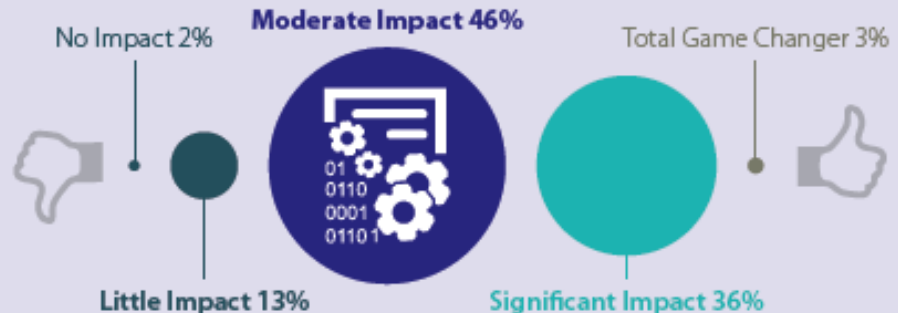
## The Top 3 Business Challenges Driving the Supply Chain Agenda in 2015:



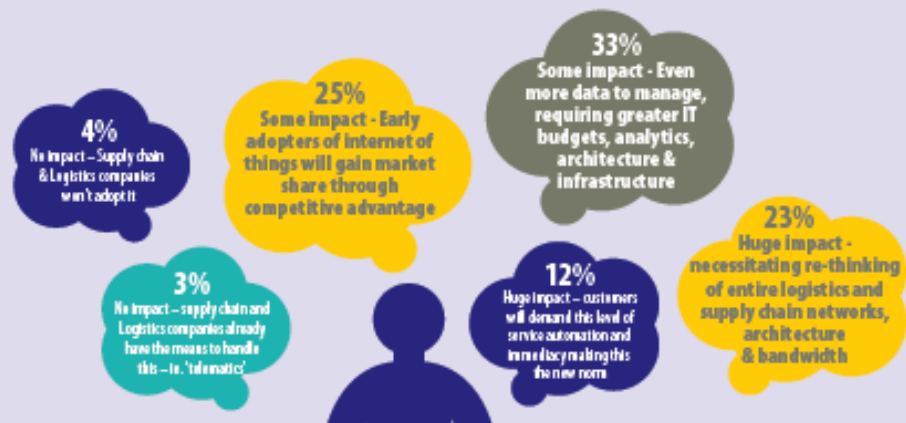
## How Respondents Rate their own Supply Chain



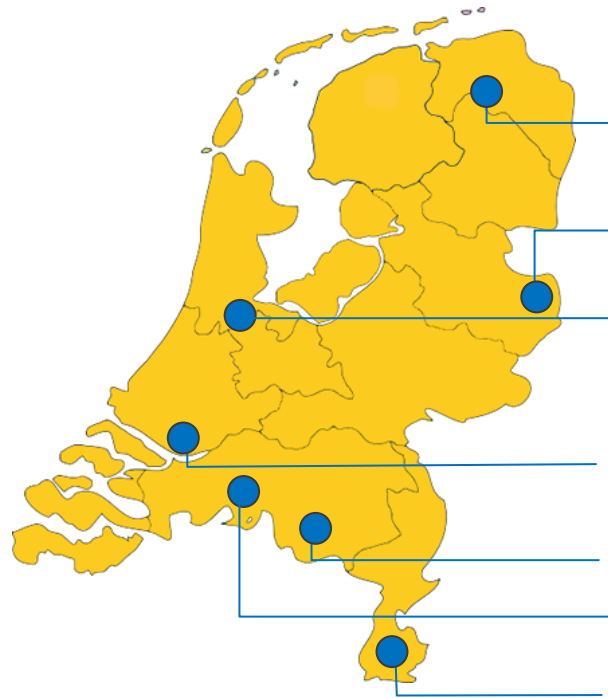
## The Expected Impact of Big Data on Supply Chain?



## Respondents' Views on the Impact of the Internet of Things on Supply Chain



# Knowledge institutes – e-commerce



University of Groningen



**rijksuniversiteit  
 groningen**

University of Twente

**UNIVERSITY OF TWENTE.**

University of Amsterdam



Erasmus University Rotterdam



Eindhoven University of Technology



Tilburg University



Knowledge Distribution Center  
Limburg (University of Applied  
Sciences Fontys)



## IZI Motive

- A Dutch SME originating from a DINALOG demonstration project.
- With an innovative approach of the core of the automotive business and its aftermarket: spare parts.
- Solutions for spare parts management, procurement, planning, inventory management and logistics.
- Control tower that connects manufacturer and garage.
- Approx. 70 affiliated garage businesses.



### REQUIREMENTS

- Reduction of costs of spare parts for car repairs
- Quick response including same-day deliveries
- Reducing the number of deliveries to mechanics per day

### SOLUTION

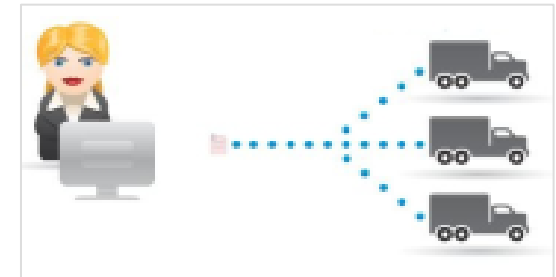
- Online supply chain control tower IZI2 Connect for car mechanics
- Developed with Slimstock and Eindhoven Technical University
- Integrated planning system
- Parts stock optimization
- Night distribution via cross-dock locations
- Supply chain orchestration of return flow, warranty and repair support

### BENEFITS

- Direct ordering from independent parts suppliers
- Optimal attunement between stock, planning and orders
- Reduction of number of deliveries Cost saving of 15-20% on parts for mechanics
- 35% total supply chain cost saving
- 15% transport and warehousing cost saving potential

## Transsmart

- Dutch company founded in 2008 automates and optimizes the logistics processes between suppliers, warehouses and clients.
- Transsmart offers multi-carrier software solutions for online retailers with ERP or WMS or webshop systems (ao Exact, AFAS, Unit4, SAP)
- 12 employees, more than 600 clients in the Netherlands, Belgium, Germany and US who supply in more than 200 countries worldwide
- No 11 in Dutch SME Innovation top 100
- No9 in Deloitte Technology Fast50 – the Netherlands



## REQUIREMENTS

- Web platform independent
- Carrier independent
- Direct solutions, automated or manual input
- For webshops with more than 5 shipments per day
- Tracking & tracing
- Time and cost efficiency

## SOLUTION

- Extension for webshops to send products quicker and more efficient for mainly SMEs
- Direct order of shipment at carrier
- Multi-carrier send software
- 3 modules: send, location selection, returns
- Initial purchase plus monthly fee



## BENEFITS

- Multi-carrier and multi-webplatform
- Direct sending via webshop
- Upload from Excel file or manual input via online platform possible
- Direct coupling with ao PostNL, DHL, DPD, GLS, Selektvracht, UPS, Kiala, Dynalogic, ABC mail
- Printing of professional labels
- Tracking & Tracing, automated emails

## 12return

- A Dutch SME originating from a DINALOG R&D project.
- Providing returns management software that supports a customer centric and sustainable supply chain that covers the return and re-use of products that cannot be used or are considered undesired or obsolete by it's current user.
- Helping retailers to increase service, decrease costs and achieve a sustainable way of doing business.
- A Control Tower coordinating several reverse supply chains.

### REQUIREMENTS

- Value creation in the reverse supply chain (sourcing, customer, environmental and information).
- Economies of scale through supply chain coordination by a control tower.

### SOLUTION

- Returns Management Software
- Implemented software tool: Product Routing Algorithm (PRA) for dynamic routing.
- Clear return instructions for the end-user.
- Informing and planning the reverse supply chain.
- Optimizing international returns.
- Multi-vendor / drop-shipment returns.

## 1 2 Return



### BENEFITS

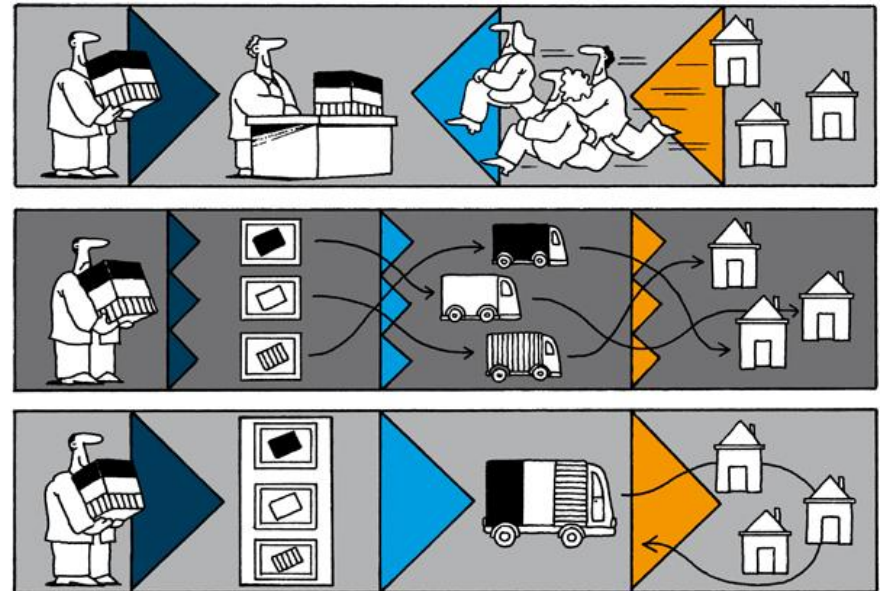
- 12Return platform handles returns from 13 European countries to the Netherlands and from Australia and the USA to Great-Britain.
- Efficient returns at several webshops including Conrad with 200-500 returns every day and Neckermann with 200-300 returns every day.

# Innovation project

## Cross Chain Order Fulfillment for Internet Sales

### *Integrating e-commerce in supply chain control & coordination*

1. Multi-channel strategies
2. E-commerce Information Platform
3. Intralogistics
4. Network design



#### Partners

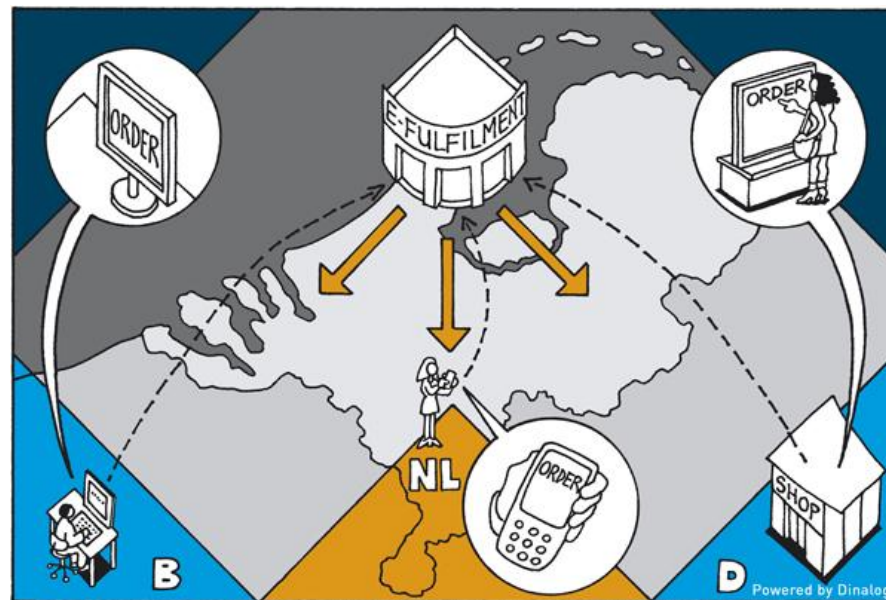
VU University Amsterdam, Erasmus University Rotterdam, University of Amsterdam, Rijksuniversiteit Groningen, CTAC, CB Logistics, Scanyours.com, Sectorinstituut Openbare Bibliotheken (SIOB), DHL, Vereniging Openbare Bibliotheken (VOB), Districon, Beurtvaartadres, CAPE groep, WDM, Centric IT Solutions, PostNL

# Innovation project

## Cross Chain Order Fulfillment for Internet Sales

### *Competitive Advantage Through e-Commerce Logistics*

1. Cross-border e-tail logistics employing local last-mile distribution and customer preferences
2. Cross-chain online and offline retail logistics on operational, tactical and strategic level
3. Chain integration including customer involvement in deliveries



#### **Partners:**

De Bijenkorf, Blokker, CAPE Group, Centric, Coolcat, Geodan, LogiXperience, NicOud, PostNL, VDS Fulfilment, vLm community e-commerce, Bisnode, WICS, University of Amsterdam, University of Twente

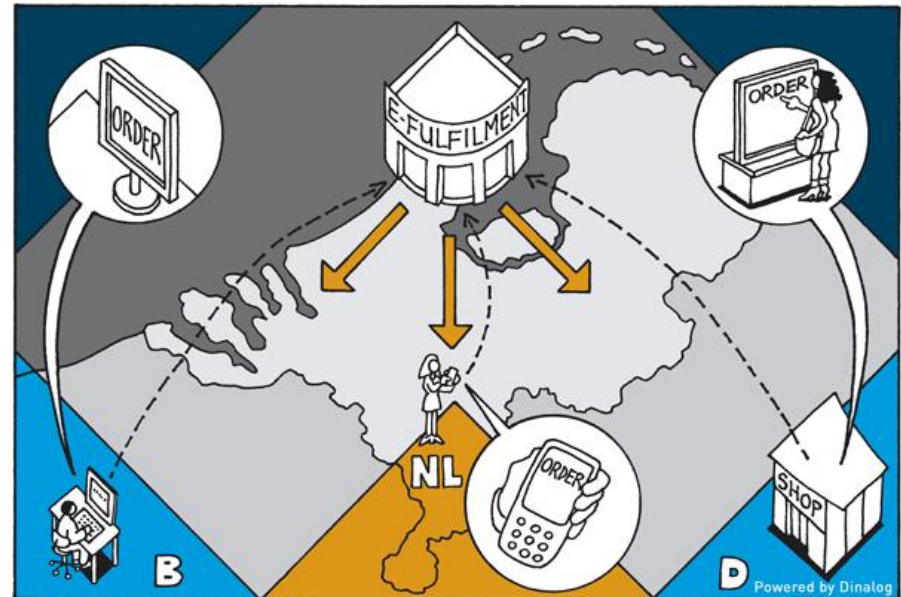
# Innovation project

## Designing sustainable last-mile delivery service in online retailing

### *Designing sustainable last-mile delivery service in online retailing*

Development and evaluation of prototype decision support tools to facilitate innovative operating strategies and to analyze the design of retail networks including an online channel that provide the most benefits in terms of various sustainability criteria

1. Optimizing the delivery operations
2. Designing the last-mile retail network



#### **Partners:**

Erasmus University (Rotterdam School of Management, Rotterdam School of Economics), Albert Heijn, ORTEC, Thuiswinkel.org, EVO, Arnhem Nijmegen City Region, Rotterdam City Region