



**NDL/HIDC**

# Logistics Proposition Lifestyle

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

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# Lifestyle sector

# Lifestyle & Leisure – definitions and sub-sectors

**Lifestyle (definition):** The habits, attitudes, tastes, moral standards, economic level, etc., that together constitute the mode of living of an individual or group, and that are regarded as fashionable or desirable.

**Leisure (definition):** Free time when one is not working or attending to other duties. A time or opportunity for ease, relaxation, etc.

Subsectors as defined in this Lifestyle proposition are:

- ✓ **Fashion (def.):** A popular or the latest style of clothing, hair, decoration, or behavior.
- ✓ **Apparel (def.):** Clothing, especially outerwear, garments, attire, raiment.
- ✓ **Footwear (def.):** Articles to be worn on the feet, as shoes, slippers, or boots.





# The fashion hierarchy

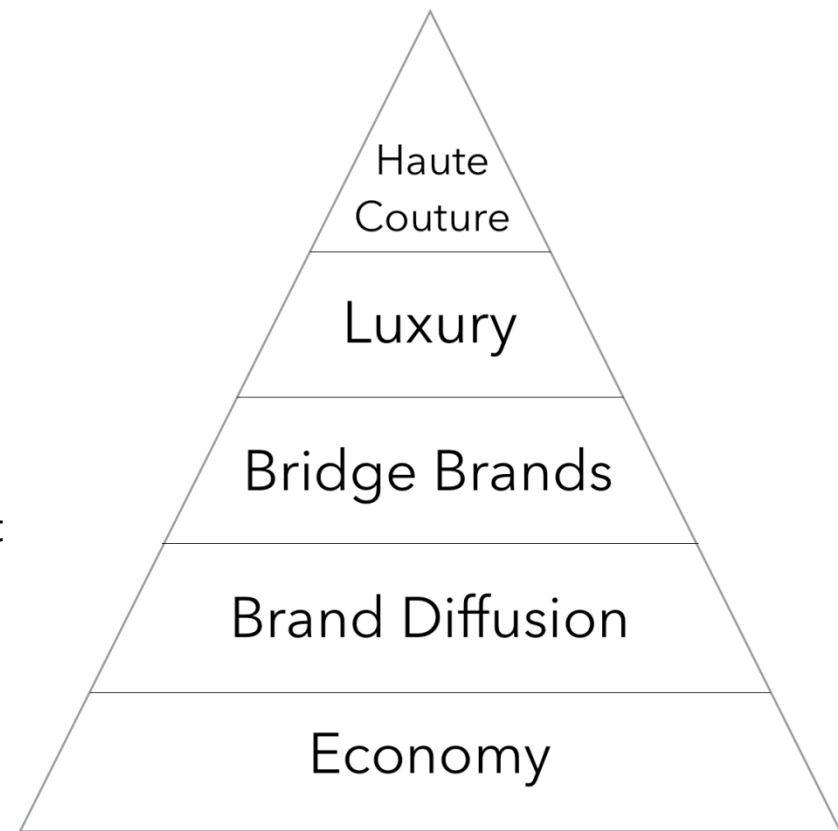
**Haute Couture** is the King of the fashion world; it is the leading fashion house, which includes the most expensive sophisticated and off of pieces within the fashion industry.

**Luxury** brands offer a range of products which are priced just high enough so everyone can feel that they are a part of the elite fashion market, yet the pieces they're paying are more affordable.

**Bridge Brands** is used as the bridge between the expensive market and the more moderate pricing. There is a larger, middle classed, target market due to the range in price.

**Brand Diffusion** is a label which is a low-budget line, which is targeted at incurable label addicts who have the desire to shop at upper market labels but don't have the money to spend on the real designer brands.

**Economy** fashion is fast moving fashion for those who want an on trend garment at an affordable price (full value for money is gained); it targets everyone.



# Lifestyle & Fashion; dynamic industry

Rapid changeovers from one collection to another, seasonal peaks and globally integrated production systems – virtually no other sector relies so heavily on flexible and intelligent logistics solutions as the fashion and lifestyle industries.

Fashion and lifestyle vendors need a transport and logistics partner that is reliable and extremely flexible and offers coverage on several continents.

Optimizing your supply chain can help boost your competitive performance. The right logistics partner and surrounding can prove that they are thoroughly familiar with your vendor constraints (international multi-sourcing, volumes, seasonality, short cycles, etc.) and can, therefore arrange integrated, tailored solutions to meet your precise needs.



Source picture: <http://www.apparellogisticsgroup.com>

# Consumer behavior & retail market

- ✓ E-commerce has resulted in more transparency and has given consumers an information advantage
- ✓ Consumers use this information advantage when considering a new purchase
- ✓ This has resulted in stronger competition among retailers on price, but certainly on brand identity too
- ✓ In turn, retailers and brands use the internet to strengthen their identity and appeal to consumers
- ✓ Retailers who do not adjust their business strategy, see turnover and profit continuously decline and have to close down
- ✓ The current structural change in the retail market is confirmed by the number of expanding domestic retailers and international retailers that entered the market to increase their store network
- ✓ Most of these new retailers are operating in the discount or in the high-end segment
- ✓ Retailers in the discount segment are anticipating on increasingly savvy consumers, whereas high-end entrants with well recognized brands are anticipating on consumers' demand for luxury and exclusivity
- ✓ Primark is a prominent example of this strategy; H&M replicates this tactic

## **Creativity on the move**

- ✓ Design and competences can move to production countries, where brand and design teams work in close cooperation and near to the production facilities
- ✓ 3D software used for virtual designs can be used in the cloud
- ✓ Brands will use more and more trial & error and teasers of new collections and will invest less in large scale productions
- ✓ Co-creation with the customer will lead to less series and more personalized products
- ✓ Being successful in fashion, but faced with heavy competition, brands will extend their creativity to other product groups, such as living, mobility, communications ...

## **Distribution and financial risks**

- ✓ Independent multi-brand stores continue to loose market share
- ✓ The market share of non-Dutch chains will grow within the Netherlands
- ✓ Development of B2B and B2C platforms: digital trade platforms are shortening the traditional supply chain
- ✓ Risks are changing to suppliers in new business models. Who is financing these supply chains and who is covering for the risks? The same story for the production

## **Shopping changes dramatically**

- ✓ Shopping is a necessity on the one hand, but is becoming more and more an experience, a way to spend spare time, or even a game, both online & offline
- ✓ Consumers that buy locally and sustainably, might form a small but profitable niche
- ✓ Shops, web shops, classical marketing, social media & augmented reality come together in omni-channel retail; the actual buying location is hard to determine upfront
- ✓ But also: low priced large channels gain, at the expense of specialty shops, who loose market share

## **Efficiency in the supply chains**

- ✓ Will 3D samples and virtual showrooms and fitting rooms be the future?
- ✓ Product Lifecycle Management (PLM) systems will gain in importance. Reducing costs, rework and time loss
- ✓ Less parties involved, lower costs, only deliver what has been asked for and fighting overproduction
- ✓ Striving to higher conversion rates and minimizing on bargain sales; low conversion rates and high returns are killing for web shops

# Upcoming international developments to be aware of

- ✓ The typical channel lineup for fashion and apparel retailers can now include brick-and-mortar stores; outlet locations; e-commerce sites; social and mobile commerce; catalogs; and other seasonal or single-use channels such as pop-up stores and flash sales.
- ✓ "Today, a typical American consumer expects cross-channel services such as 'click-and-collect' and 'order-to-deliver'; wider online SKU offerings; in-store kiosks; free delivery; free returns through any channel; and a mobile retail site," according to a whitepaper sponsored by third-party logistics (3PL) provider Exel.
- ✓ Consider even the emerging channel of 'broadcast retail', pioneered by the reality TV show *Fashion Star*. Contestants designed apparel in hopes of convincing buyers from Macy's, Saks Fifth Avenue, and H&M to carry the designs in their stores. The winning garments were made available for consumers to buy in stores and online immediately following each episode. It's easy to imagine the supply chain headaches that scenario could cause.....



# Upcoming international developments to be aware of

- ✓ Retail shoppers have also come to expect a reliable brand experience—a consistent set of products, promotions, prices, product descriptions, delivery charges, and return policies—regardless of which channel they are shopping. Sixty-six percent of consumers in a recent Gartner study view this cross-channel consistency as important, notes Gartner analyst Jessica O'Brien. "Typical fashion and apparel consumers shop a brand, not a channel," she explains.
- ✓ The addition of these new channels has greatly increased the lifestyle supply chain's complexity. Supply chains are being asked to deliver a tremendous amount of flexibility. Not surprisingly, no one-size-fits-all game plan works for managing multi-channel lifestyle retail supply chains. But while each retailer's approach may differ, one must-have for succeeding in the new fashion and apparel retail environment is supply chain visibility.

# Most important challenges for, and effects on the supply chain

## Inventory management/order fulfillment

- ✓ “The infrastructure to support cross-channel inventory should be in place. Retailers should have the necessary inventory visibility or multi-channel order management systems to support it. And, if they have multiple warehouse management systems, these systems should be able to operate together to allow inventory to flow through the network”, says Gartner analyst Jessica O'Brien. Melding store and Web inventory can also help retailers avoid markdowns, because items do not linger as long on sales floors or DC shelves

## Transportation; mixing up the modal mix

- ✓ Lifestyle retailers now must also service e-commerce order patterns—typically a higher volume of orders, each with a small number of items, delivered to consumers' homes instead of to distribution centers or stores. The nuances of shipping goods direct-to-consumer are very different challenges than transporting inventory in bulk...
- ✓ Don't treat orders from new and evolving channels as one-offs, but rather look at the aggregate, and find ways to mitigate the risk, complexity, and costs of that particular channel by leveraging other channels





# Most important challenges for, and effects on the supply chain

## **Transportation; mixing up the modal mix (contd.)**

- ✓ To reduce costs, companies can consider alternatives such as in-store pickup; local delivery from a store, because same-city delivery rates can be more cost-effective than shipping nationwide from a fulfillment center; or postponed delivery from the store, where inventory is delivered to the store via existing transportation routes, then shipped locally direct to the consumer.

## **Reverse Logistics: moving forward while taking products back**

- ✓ For multi-channel retailers, reverse logistics is even more complicated because of the very nature of orders via Internet, mobile, or social channels – you can't try anything on – and because customers who bought a garment via one channel may want to return it through a different channel. Your IT-systems should be ready to handle them all.
- ✓ In addition, multi-channel apparel retailers often offer additional stock keeping units (SKUs) online. For example, a T-shirt may only come in blue and white in the store, but online customers can also choose purple, grey, or red. In some cases, inventory for those online-only SKUs is handled by a third party, who drop-ships goods on the retailer's behalf. When a shopper returns the online-only shirt to the store, that merchant may have yet another set of systems to contend with.



# Lifestyle & Fashion; dynamic industry

## Flexibility is the new basis of competition in the 'old world business'

**Stephen Hochman**  
**VP Sales Operations**  
**New Balance**

### Being agile is not easy if you consider:

- ✓ The ever shortening product life cycles
- ✓ The high SKU complexity
- ✓ The long production & freight lead times
- ✓ The capacity constraints at different stages of the supply chain
- ✓ The typical strong seasonality
- ✓ The pressure on price

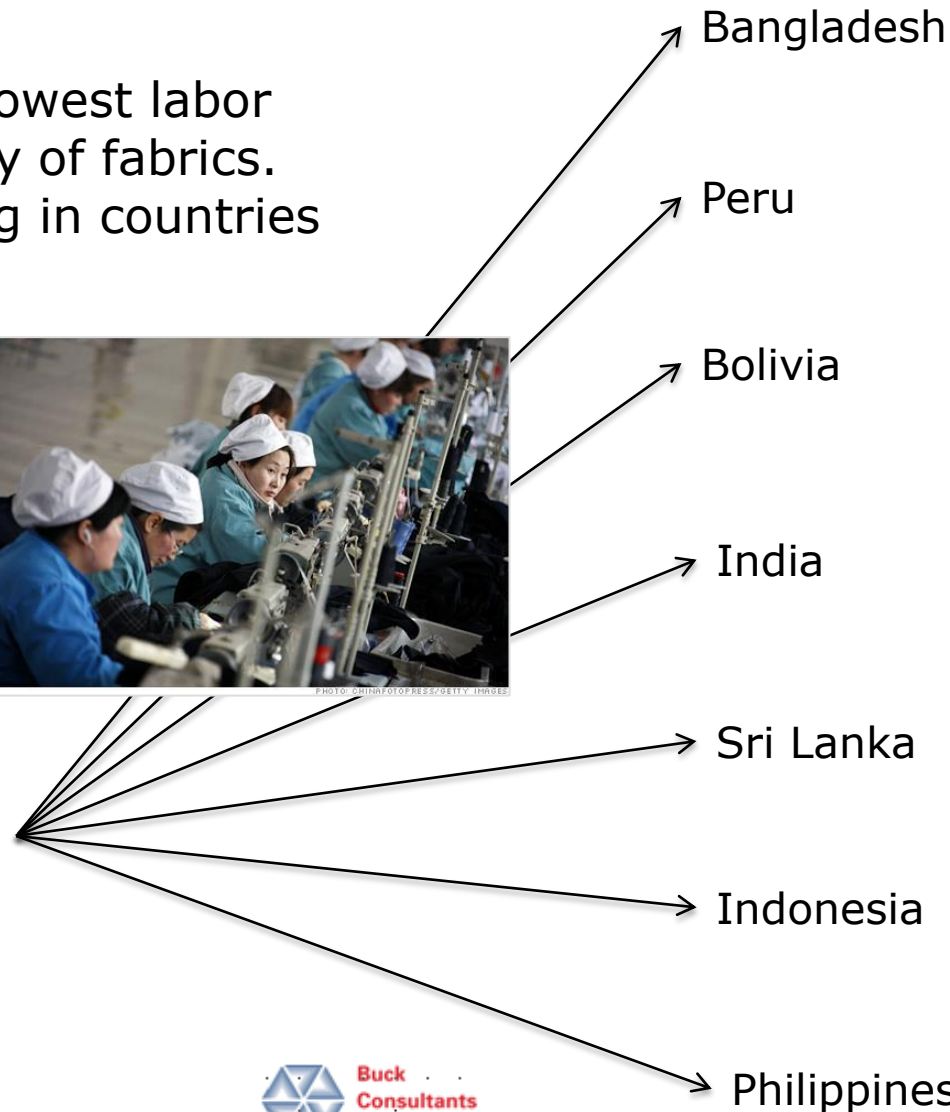
### Nor is flexibility for free!

But if one considers that initial full priced sales represents the majority of supply chain profit potential, it is worthwhile to review supply chain solutions that support the realization of this profit potential, in a world where:

- ✓ Capacities are constrained
- ✓ Freight expediting is expensive
- ✓ Materials are unbranded (and therefore committed)

# Sourcing is on the move

Always finding the lowest labor costs and availability of fabrics. Resulting in sourcing in countries with less developed infrastructure.



# And near shoring is also gaining domain



# Industry value drivers

**Although the industry as such is not homogeneous, there appear to be some very distinct 'value drivers' or critical supply chain attributes for the industry as a whole**

The supply chain solution should:

- ✓ Span low cost sourcing regions and high value markets
- ✓ Have the ability to scale up and down fast
- ✓ Offer flexible and efficient postponement capabilities
- ✓ Incorporate a very strong customs capability
- ✓ Have good access to 'freight market' capacity
- ✓ Have the ability to offer cross-market services
- ✓ Offer efficient and reliable execution capability

# Lifestyle proposition — Europe

# Facts & Figures Europe

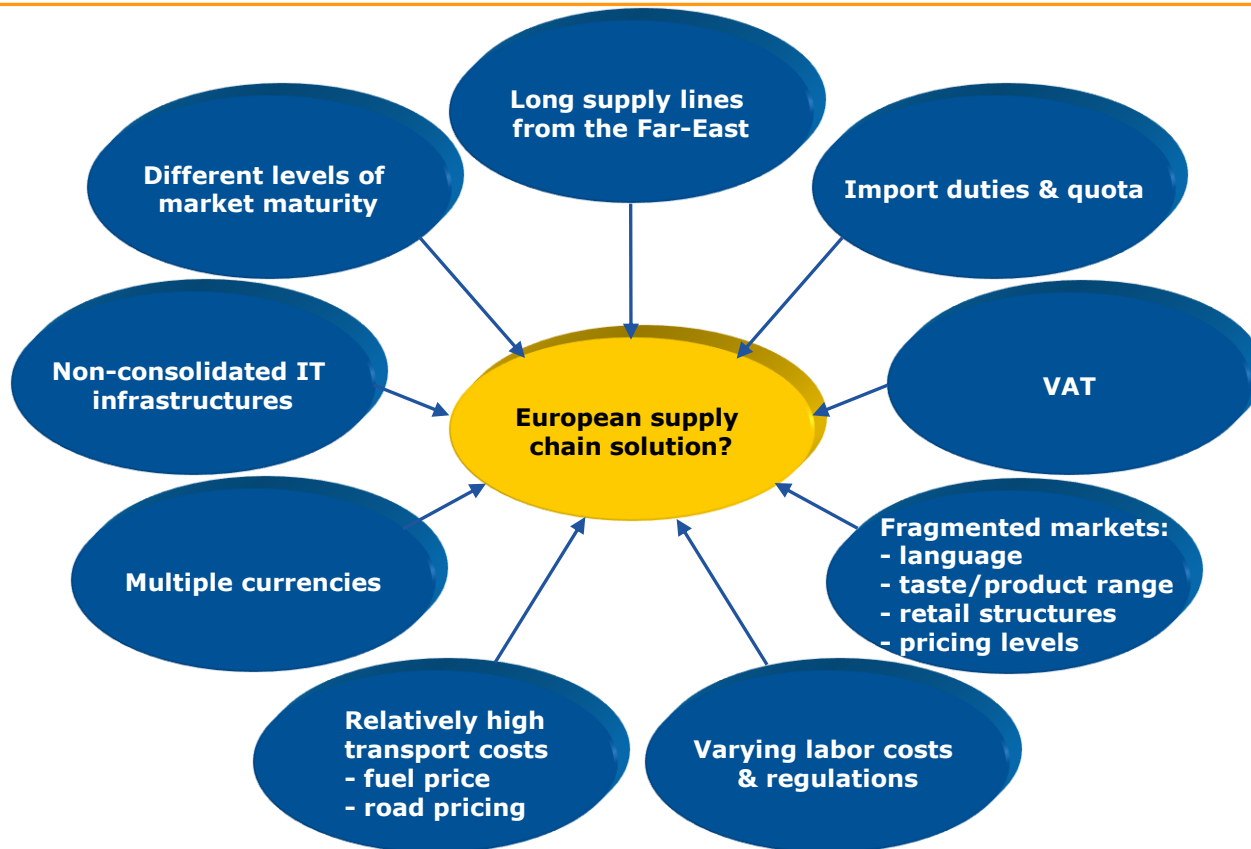
## Europe

- ✓ Is a wealthy market that has money to spend
- ✓ Has an aging population that is increasingly interested in health and physical fitness
- ✓ Is a fashionable market where 'style' and 'brand' do matter
- ✓ Is a fragmented market where 'one size fits all solutions' won't fly
- ✓ Is a compilation of smaller markets where cross country solutions are needed to create economies of scale
- ✓ Is a market where 'spare time' is considered to be an important labor condition. So there is time to fill
- ✓ Is a market with increasing attention for outdoor activities

*Compared to the USA, with large chains such as Sports Authority, the European retail market is organized in a completely different way*

# Europe, a fragmented but promising market

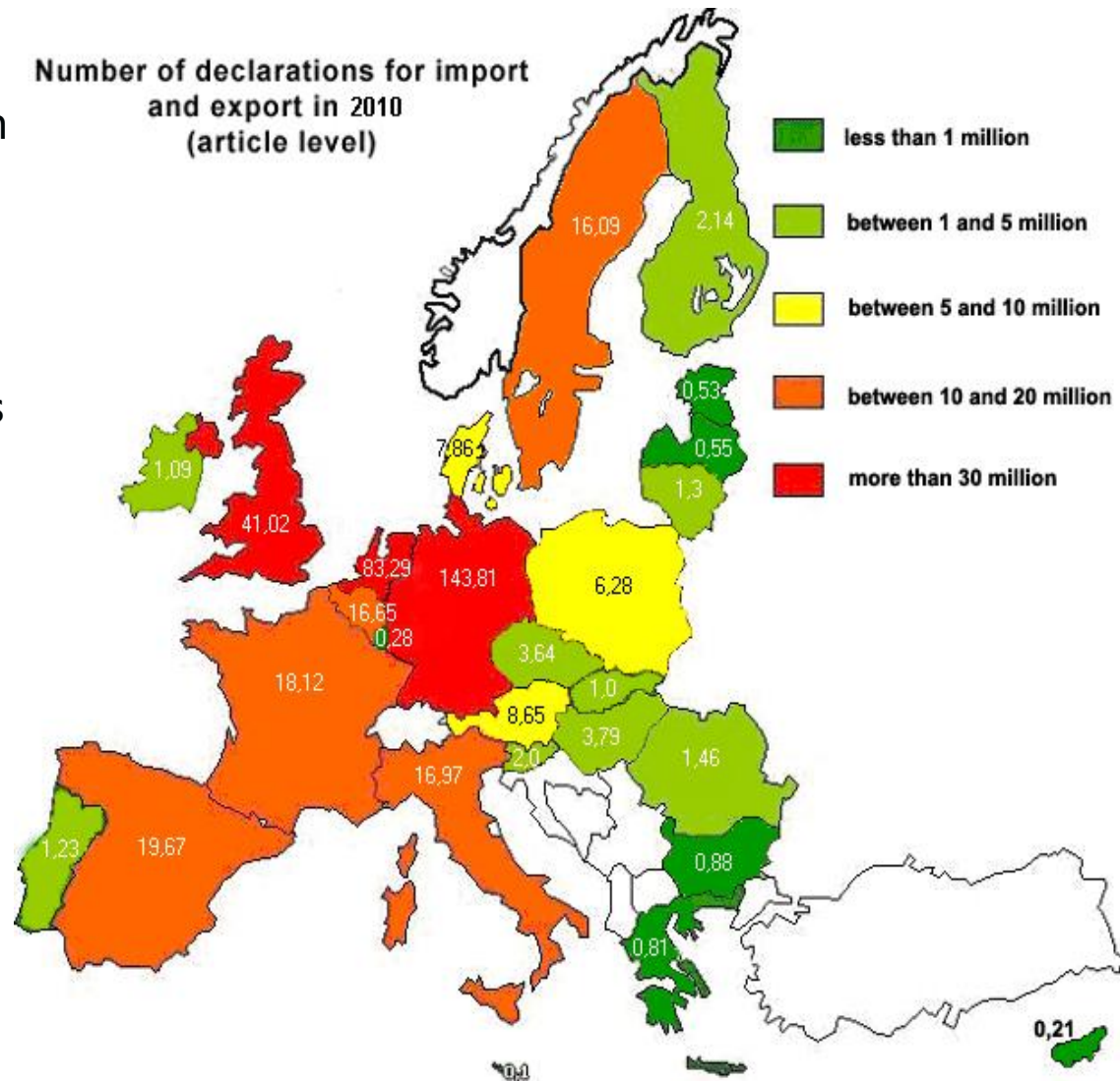
**As if the supply chain configuration in itself isn't challenging enough, the European market adds some additional variables to the equation**





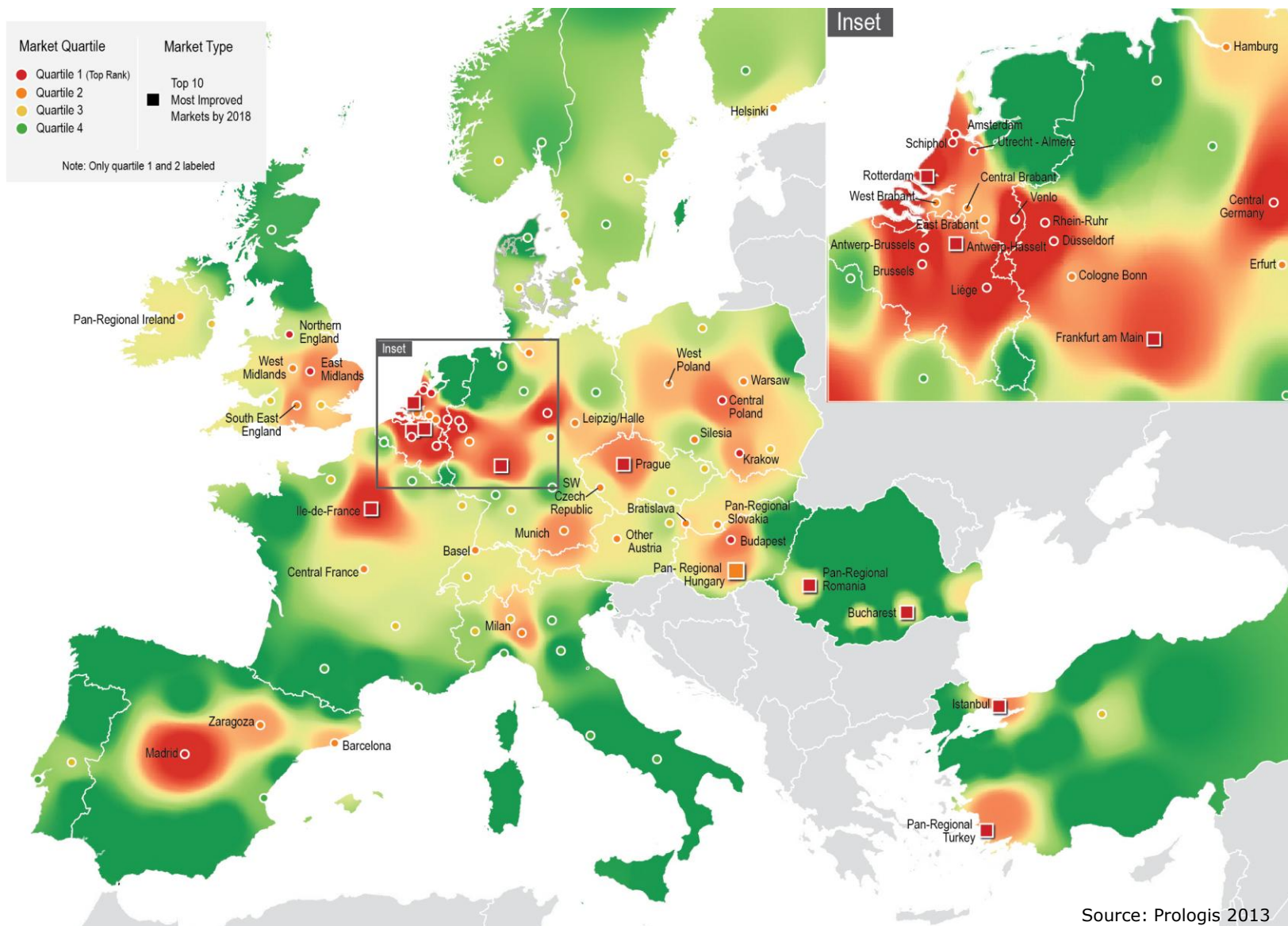
# Where are products entering the EU?

- ✓ Germany is leading, driven by large domestic market (e.g. automotive)
- ✓ The Netherlands is second largest and includes more transactions than numbers 2, 3 and 4 accumulated
- ✓ Main economic centers remain in Western Europe
- ✓ 49% of UK exports are destined to the EU
- ✓ 63% of German exports are destined to the EU
- ✓ 80% of NL exports are destined to the EU



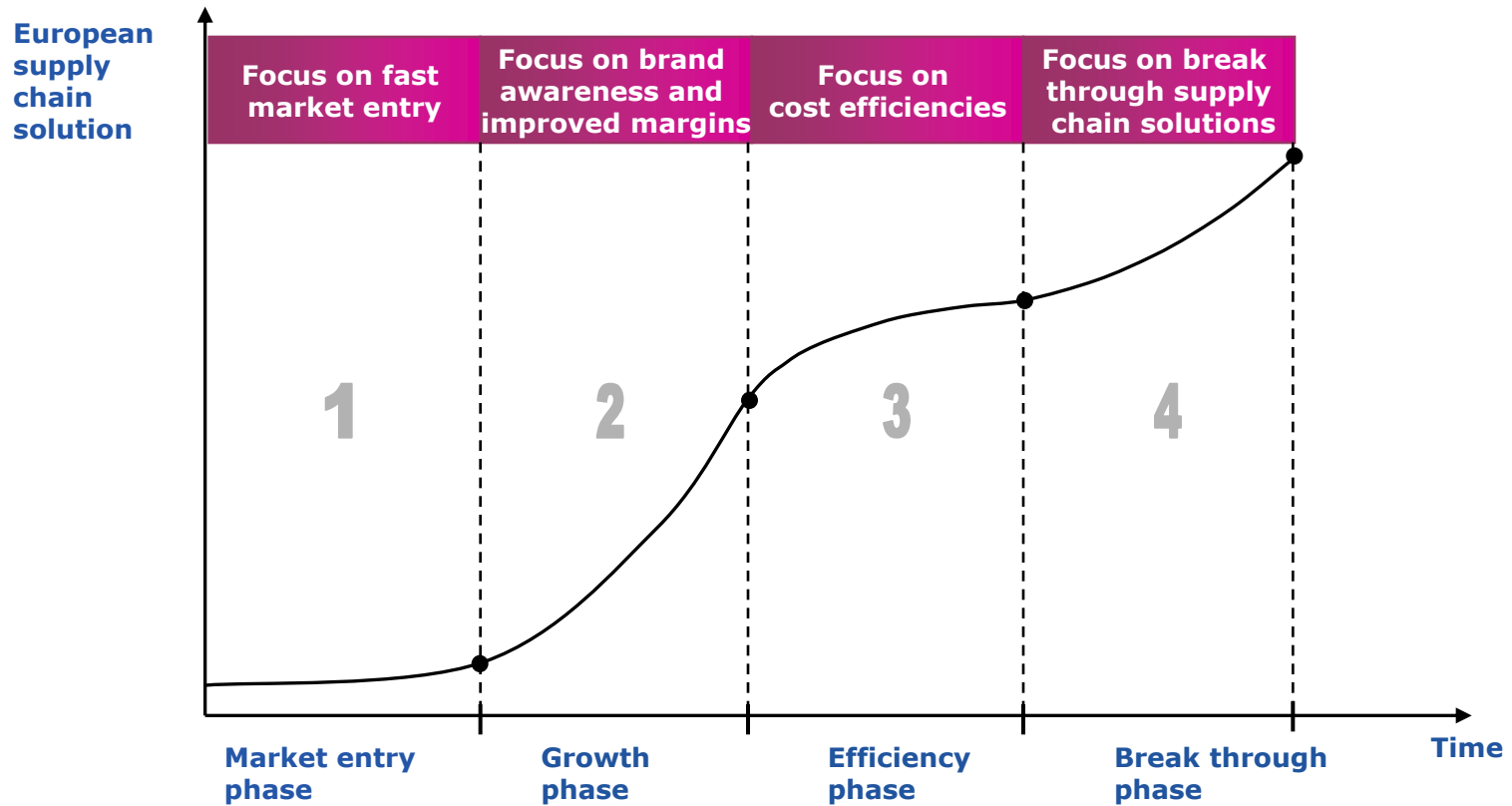


# Heat map Europe's most desirable logistics locations



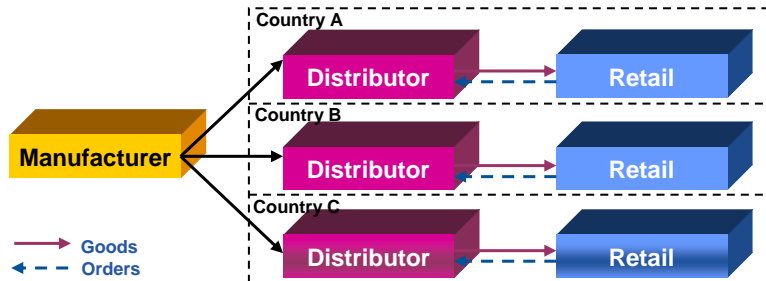
Source: Prologis 2013

# The European supply chain solution life cycle

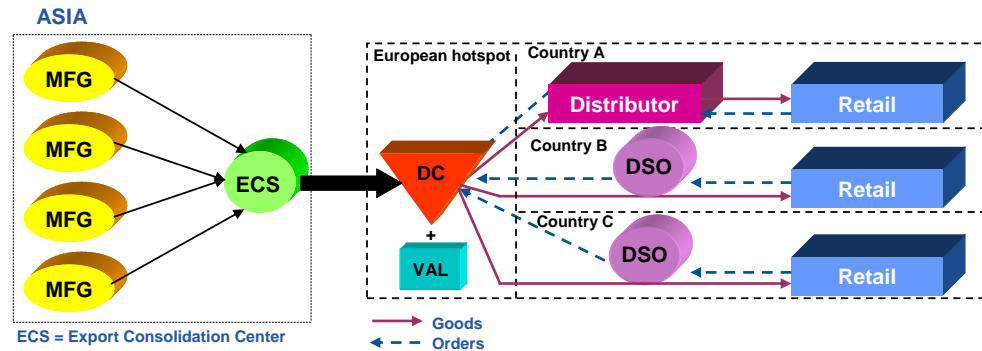


# Different models

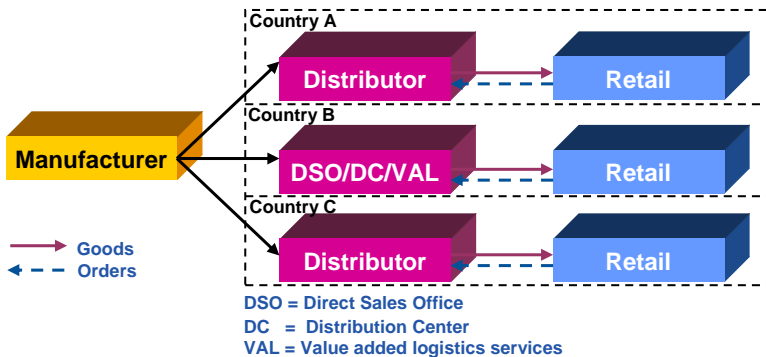
## 1 Full Distributor model (Market entry phase)



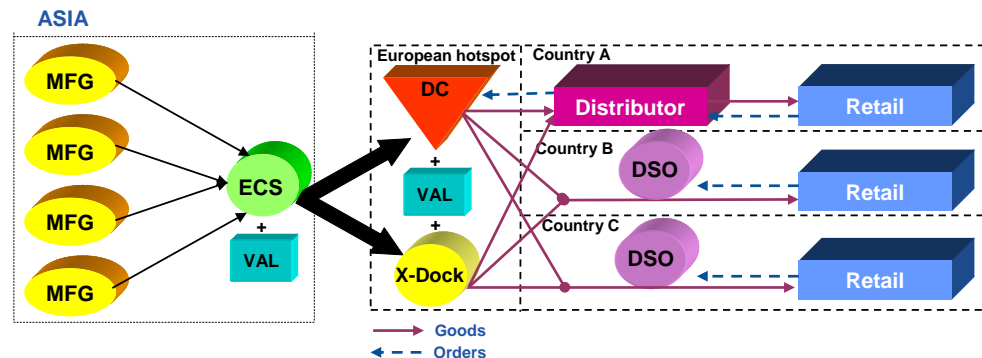
## 3 Pan-European Logistics model (Efficiency phase)



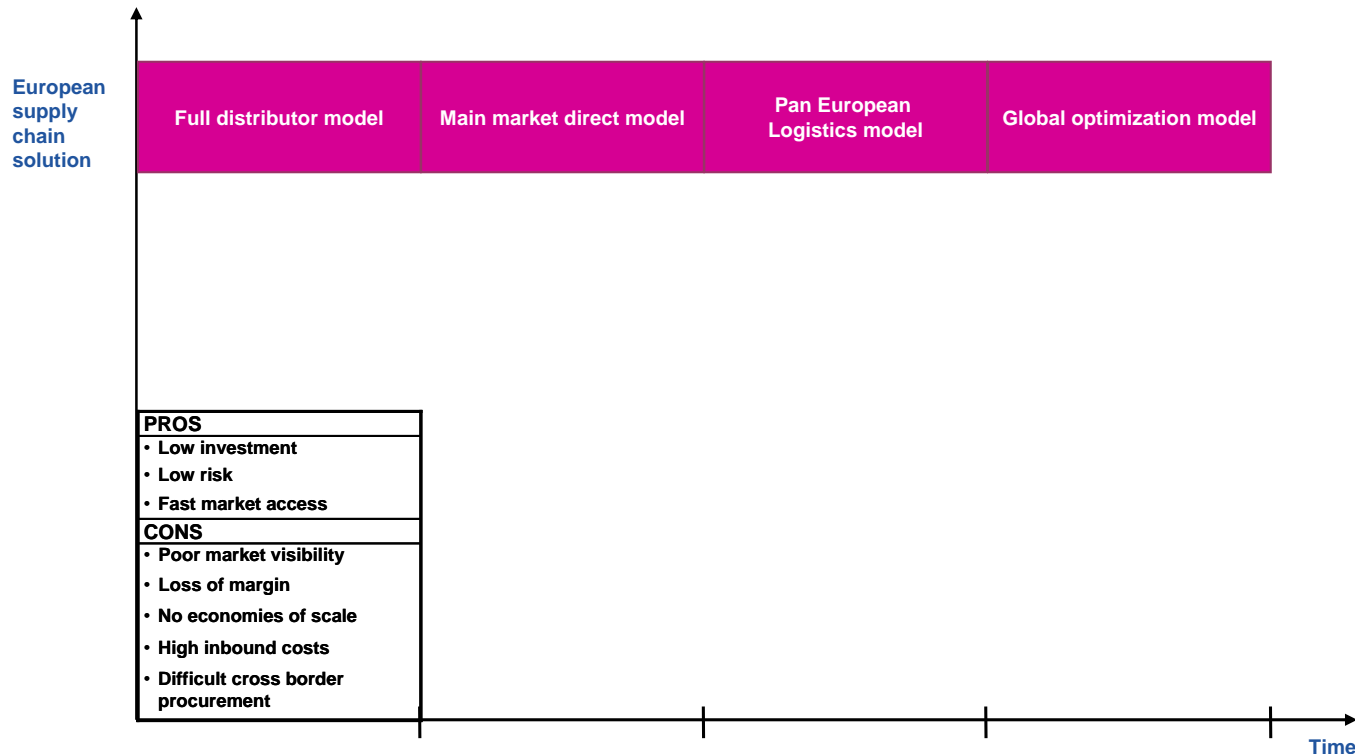
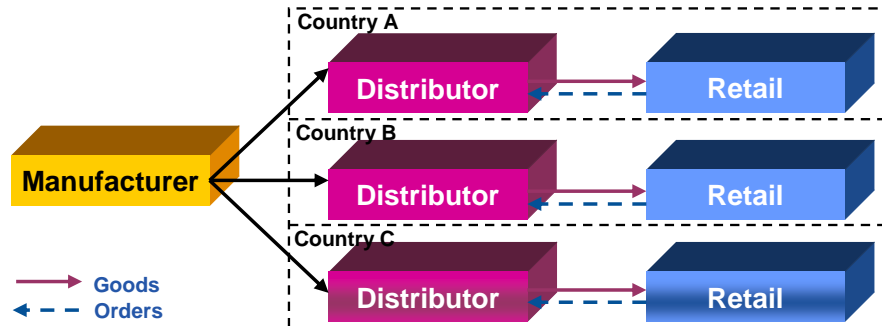
## 2 Main market direct model (Growth phase)



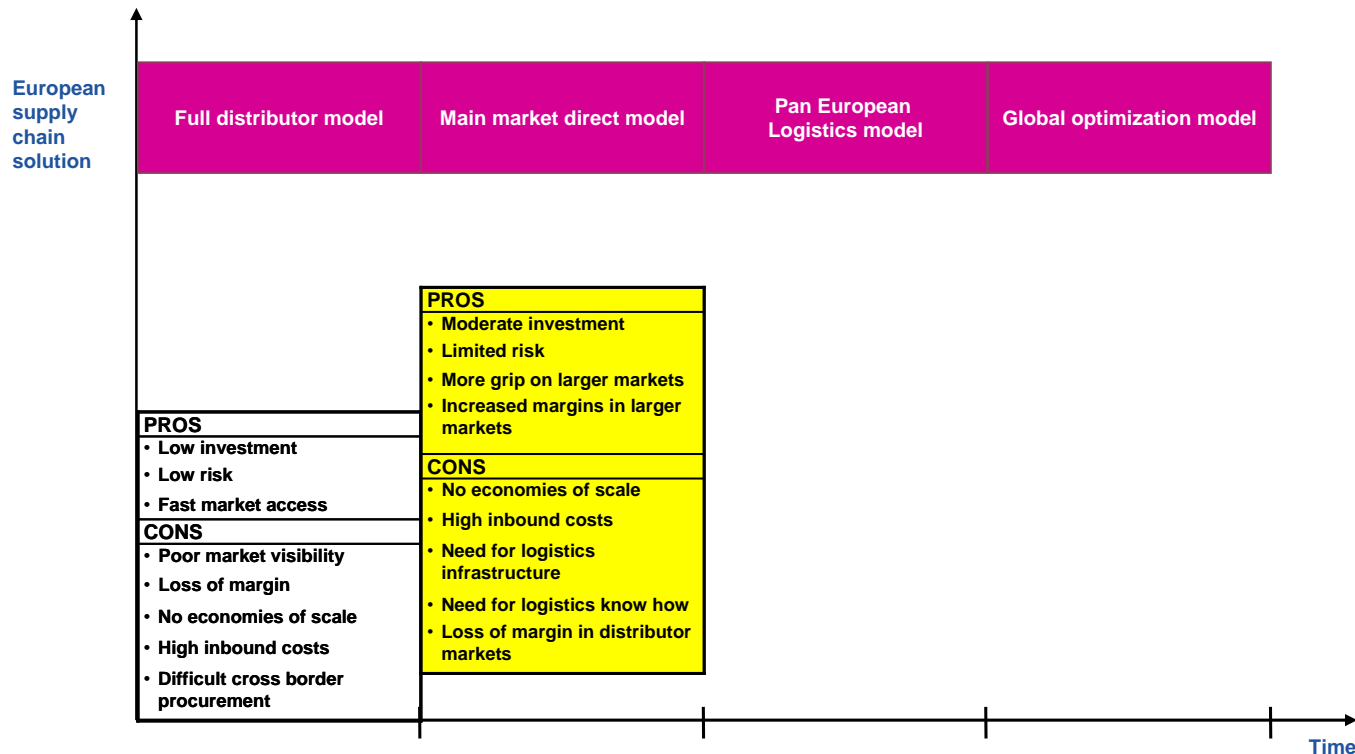
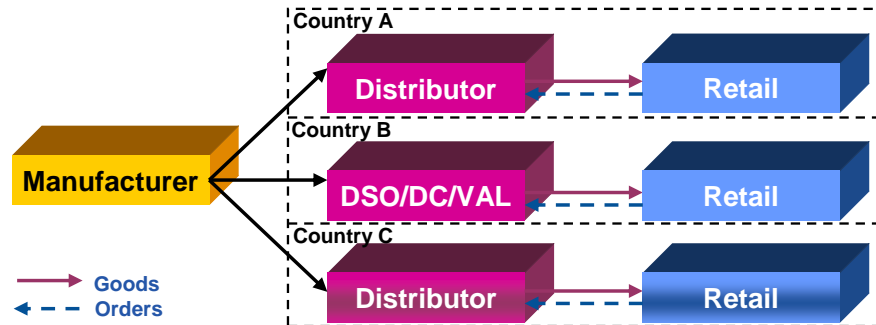
## 4 Global optimization Model (Break through phase)



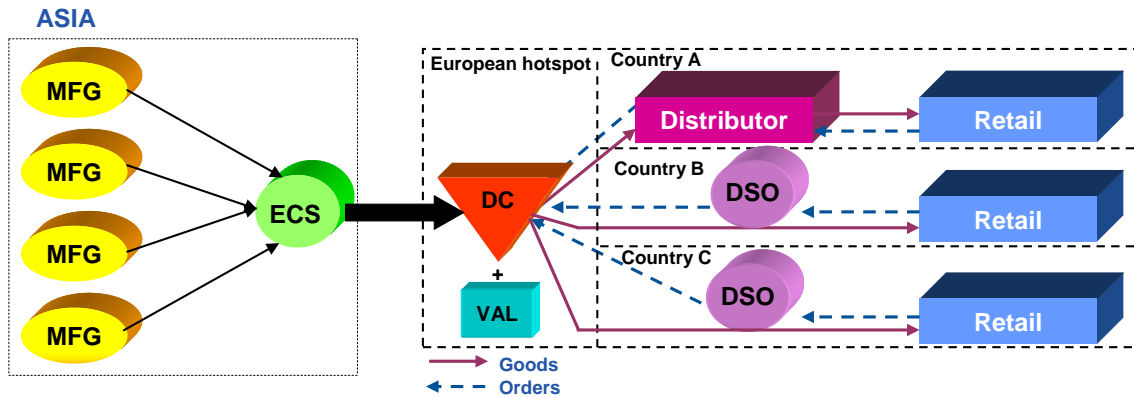
# Full distributor model (Market Entry phase)



# Main market direct model (growth phase)



# Pan-European Logistics model (Efficiency phase)



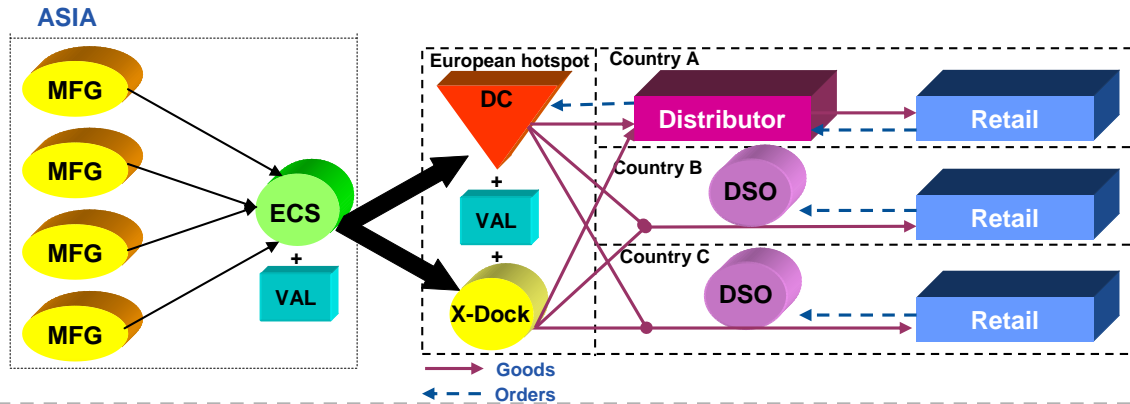
European supply chain solution



<b>PROS</b> <ul style="list-style-type: none"> <li>• Low investment</li> <li>• Low risk</li> <li>• Fast market access</li> </ul>	<b>PROS</b> <ul style="list-style-type: none"> <li>• Moderate investment</li> <li>• Limited risk</li> <li>• More grip on larger markets</li> <li>• Increased margins in larger markets</li> </ul>	<b>PROS</b> <ul style="list-style-type: none"> <li>• Low inbound costs</li> <li>• Logistics economies of scale</li> <li>• Higher margin</li> <li>• Better control of brand</li> <li>• Postponement of customization</li> </ul>
<b>CONS</b> <ul style="list-style-type: none"> <li>• Poor market visibility</li> <li>• Loss of margin</li> <li>• No economies of scale</li> <li>• High inbound costs</li> <li>• Difficult cross border procurement</li> </ul>	<b>CONS</b> <ul style="list-style-type: none"> <li>• No economies of scale</li> <li>• High inbound costs</li> <li>• Need for logistics infrastructure</li> <li>• Need for logistics know how</li> <li>• Loss of margin in distributor markets</li> </ul>	<b>CONS</b> <ul style="list-style-type: none"> <li>• Higher outbound costs</li> <li>• Need for logistics infrastructure</li> <li>• Need for logistics know how</li> <li>• Inventory advantage still limited</li> </ul>

Time

# Global optimization model (break through phase)

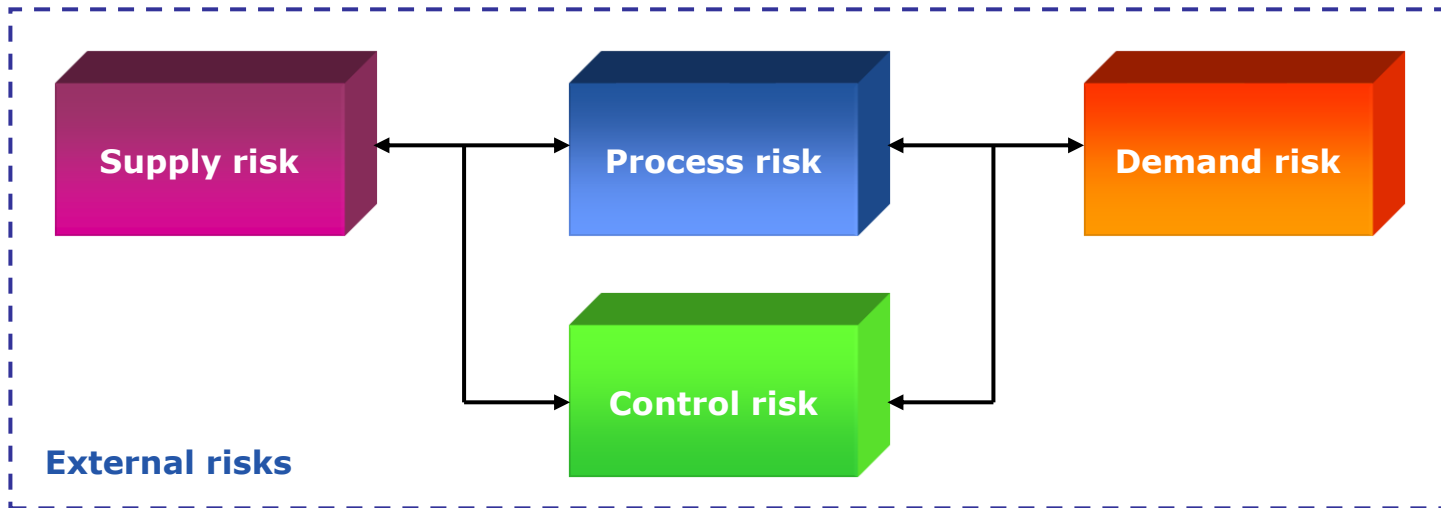


European supply chain solution	Full distributor model	Main market direct model	Pan European Logistics model	Global optimization model
	<b>PROS</b> <ul style="list-style-type: none"> <li>Low investment</li> <li>Low risk</li> <li>Fast market access</li> </ul> <b>CONS</b> <ul style="list-style-type: none"> <li>Poor market visibility</li> <li>Loss of margin</li> <li>No economies of scale</li> <li>High inbound costs</li> <li>Difficult cross border procurement</li> </ul>	<b>PROS</b> <ul style="list-style-type: none"> <li>Moderate investment</li> <li>Limited risk</li> <li>More grip on larger markets</li> <li>Increased margins in larger markets</li> </ul> <b>CONS</b> <ul style="list-style-type: none"> <li>No economies of scale</li> <li>High inbound costs</li> <li>Need for logistics infrastructure</li> <li>Need for logistics know how</li> <li>Loss of margin in distributor markets</li> </ul>	<b>PROS</b> <ul style="list-style-type: none"> <li>Low inbound costs</li> <li>Logistics economies of scale</li> <li>Higher margin</li> <li>Better control of brand</li> <li>Postponement of customization</li> </ul> <b>CONS</b> <ul style="list-style-type: none"> <li>Higher outbound costs</li> <li>Need for logistics infrastructure</li> <li>Need for logistics know how</li> <li>Inventory advantage still limited</li> </ul>	<b>PROS</b> <ul style="list-style-type: none"> <li>Lowered costs for postponement</li> <li>Improved supply and demand balance</li> <li>Improved margins</li> </ul> <b>CONS</b> <ul style="list-style-type: none"> <li>Higher supply risk</li> <li>Higher control complexity</li> <li>Higher inbound costs</li> </ul>

Time

# Risk Management & control

**With seasons getting shorter, supply lines getting longer and competition ready to fill the shelves you couldn't fill, it is clear that risks need to be managed and controlled throughout the supply chain**





# Lifestyle proposition — The Netherlands

# The Netherlands: ideal location for European supply chain activities

- ✓ Transit country for cargo from its main hubs in the west, the Port of Rotterdam and Schiphol International Airport, to other European countries
- ✓ Advanced and extensive infrastructure with good connections to neighboring countries
- ✓ Internationally oriented business community and extensive support sector
- ✓ Flexible, productive and highly educated labor force
- ✓ Very favorable tax environment
- ✓ Well organized customs

# The Netherlands, Europe at your doorstep

1. Hub for European headquarters, including: Tommy Hilfiger, Calvin Klein, Nike, G-Star and Forever 21
2. Gateway into the EU market for intercontinental sea and air freight
3. Dutch Logistics industry equals USD 55 Billion (10% GDP)
4. Orchestrator of European sustainable supply chains: the Dutch represent 0.25% of the world's population and 1% of global production, but facilitates 3.7% of global trade!



# Logistics in The Netherlands

- ✓ > 200 international logistics services providers
- ✓ > 12,000 transport companies
- ✓ Full range of related services



# Port of Rotterdam: Global hub & gateway

- ✓ All major shipping lines have weekly services calling at Rotterdam
- ✓ High ratio of 'First/Last Port of Call' services
- ✓ Large number of shortsea & feeder connections





# Port of Amsterdam: multi-purpose port

## PORT OF AMSTERDAM

- The port of Amsterdam is a compact port with an emphasis on fast moving consumer goods. The creative industries are clearly represented by a number of international creative & fashion companies clustered in the Minerva haven, part of the port of Amsterdam
- The Amsterdam Ports ranks 4<sup>th</sup> in Europe for total cargo throughput. Value-added logistics is one of the port's main activities.



- The Port of Amsterdam cooperates closely with Amsterdam Schiphol Airport, the port of Rotterdam and third party logistics providers to ensure optimal efficiency in the transport of goods .
- The Port of Amsterdam is in close proximity to the city of Amsterdam, the creative center of the Netherlands

Source: Port of Amsterdam 2013

# Amsterdam Airport Schiphol

## FAST & EFFICIENT CARGO PROCESS



24/7 operation



Open ground  
handling market



Direct airside access for  
Logistics Service Providers



Efficient handling  
process time



Cooperative customs



Optimal balance  
inbound/outbound



### ...air cargo makes it happen.

Air cargo plays an essential role in assistance to regions facing natural disasters, famine and war by delivering aid and emergency supplies where they are needed as soon as they are needed.

# Top ten logistics hotspots in the Netherlands 2015

1. **Venlo-Venray**
2. Tilburg-Waalwijk
3. West-Brabant (Bergen op Zoom-Roosendaal- Moerdijk-Breda)
4. Haven Rotterdam
5. Regio Rivierenland (Tiel-Geldermalsen)
6. Oss-Veghel/Uden-Eindhoven
7. Schiphol
8. Arnhem-Nijmegen
9. Haven Amsterdam
10. Maasvlakte I en II





# Amsterdam Airport Schiphol

- ✓ Network: 300+ cities in 90 countries
- ✓ Large community of 3PLs
- ✓ >50% American & Asian EDCs

# We understand your market and anticipate to that



# Creative industries

## Dutch by Design

- ✓ The Dutch believe that creativity makes business more innovative, competitive and prosperous
- ✓ Top 10 in the world for trade figures, jobs and registrations of brands and patterns
- ✓ 46,000 employees in creative industries
- ✓ 13,000 architects, urban designers, landscape architects and interior architects registered
- ✓ 15,000 professionals working in radio and TV sector





# The Netherlands: Fashion Gateway to Europe

The Netherlands combines a creative and cosmopolitan atmosphere with a world class logistics infrastructure. In all aspects – whether it is design, sales and marketing, distribution, or a flexible, well-educated workforce.

The Netherlands is rapidly developing into the fashion and apparel gateway to Europe. With more than 1,300 fashion designers, the Netherlands is home to some of the best design schools, such as the Design Academy Eindhoven, the Arnhem Academy of Art & Design and the Amsterdam Fashion Institute.

**DESIGN**  
ACADEMY  
EINDHOVEN



**AMFI**  
Amsterdam Fashion Institute



Source: Viktor &

# The Dutch fashion sector

## Fashion design in the capital

22.5% of all design companies for fashion in the Netherlands are based in Amsterdam. Most designers of fashion live in the Amsterdam Metropolitan Area. 25% of the people working in the creative industry in the Netherlands work in the Amsterdam Area.

8,250 Dutch and international creative companies in the Amsterdam Area (12% of total companies) employ a total of 55,000 people (7% of the total employment). This huge pool of talents is active in creative disciplines, including fine & performing arts, media & entertainment, fashion, publishing, architecture and graphic design.

Amsterdam area has an extensive network of support services such as photographers, stylists, modeling agencies and advertising agencies.

Fashion is promoted by the city council as a part of the Amsterdam branding as a creative city.



# Specialized organizations in the Netherlands



The largest textile and fashion industry organization in the Netherlands, with around 800 members. Representing ca. 75% of the Dutch fashion and textile sector. Around half of its members operate internationally.

The fashion industry, with 595 members, is the largest branch within MODINT. This group is mainly comprised of fashion suppliers (brands and private labels) and very few independent fashion designers.

Total turnover for those companies affiliated with MODINT, is 9 billion euros, of which, 45 per cent is derived from export (2010). Some 25 percent of this export goes to Germany.



IN RETAIL

Organization for the non-food retailer, specialized in fashion, home deco, shoes and sports clothing.



The WFC is a central point in the international fashion industry.

Here fashion brands, retailers and wholesalers meet, do business and exchange the latest trends.

WFC cooperates with WestCord Fashion Hotel Amsterdam, on a five minutes walking distance.





# Fashion education

Institution	Fashion Branding	Fashion Design
Amsterdam Fashion Institute	● ●	● ●
Artemis Styling Academie		● ●
Diny Kelly Fashion School		●
Fashion Institute Arnhem	● ●	● ●
Gerrit Rietveld Academy		●
Saxion University	●	
Utrecht School of the Arts		● ●
● Bachelor's program ● Master's program		

# Amsterdam fashion education

## **Amsterdam Fashion Institute (AMFI)**

The AMFI, part of the 'Hogeschool van Amsterdam' (university of applied sciences) has more than 1,200 students and 100 teaching staff, most of whom combine their teaching activities with a job in the fashion industry. Experts from the fashion business world are regularly invited to give guest lectures and workshops. Specialized in 'fashion management'. One of the studies is an honors program on international production. Bachelor programs include management, design and branding.

## **Artemis Academy**

Artemis is a private university for applied sciences (acknowledged by the Ministry of Education) on fashion styling and fashion design amongst others. It is located in Amsterdam and Rotterdam.

## **Master Tailor Institute**

The Master Tailor Institute is a foundation dedicated to re-establishing quality tailoring to the Netherlands. The foundation achieves this with a three-year, full-time education program that trains students to become master tailors who can exercise their profession to the highest standards for theater groups, designers or independently. The foundation also offers daytime and evening courses for established tailors to improve their existing skills. The foundation is not-for-profit.



# The Dutch love jeans

- ✓ In the Netherlands the average amount of pairs of jeans per person is 5 (in comparison, the average for the rest of the world is 0.6 pairs of jeans)
- ✓ Amsterdam is the biggest and most important city for jeans brands with stylists from all over the world being sent over to live in Amsterdam to spot the latest trends



# Amsterdam and denim

## Europe's 21<sup>st</sup> century city of Denim!

Not only is Amsterdam the chosen European HQ of well known denim brands like Levi's Vintage Clothing and Tommy Hilfiger, it's also home to the world's first Jean School for aspiring artisans in indigo. In 2012, Amsterdam made headlines by launching the first independent denim school in the world.

Boasting everything from tailor-made couture jeans to growing international brands such as G-Star it's no exaggeration nowadays to refer to Amsterdam as the denim capital of Europe, and even the world.

- ✓ Yearly throughput of USD 9.1 billion of value in fashion logistics and pick & pack: fashion sector as large as the ICT consumer goods
- ✓ Amsterdam has the highest density of denim companies in the world: Denim Capital of the World
- ✓ Specialized in fashion services and is still growing
- ✓ Extensive specialized denim knowledge
- ✓ The ultimate test market and availability of consuming market



# Rotterdam - General Information

Rotterdam is a vibrant international city with a longstanding trading spirit and with Europe's largest port, Rotterdam's central location provides access to the 220 million consumers who live within a radius of 600 miles of the city as well as the 500 million people throughout the whole of Europe.

## **Key industries/ regional strengths**

Europe's energy port, logistic hub, creative design sector & architecture

## **Accessibility**

- ✓ Rotterdam Airport has direct connections to a growing number of major European cities (London, Hamburg, Manchester, Rome, Barcelona, Paris, Genoa, Girona, Nice, Antalya, etc.)
- ✓ Schiphol International Airport can be reached within 26 minutes
- ✓ Short sea/feeder services with connections to more than 200 European ports and beyond
- ✓ New fast connections with the High-speed train throughout Europe

## **Special Attention**

Rotterdam is the largest and most important port in Europe and is known for the best architecture in the country.



# Rotterdam Van Nelle Design Factory

## Van Nelle Design Factory in Rotterdam

The Van Nelle Design Factory is a special and industrial monument in Rotterdam of 10,000 m<sup>2</sup> in use as an event location.

Where they previously used to process coffee, tea and tobacco are now established companies engaged in communications, design, architecture and media.

More than 10,000 m<sup>2</sup> is in use for corporate events, trade shows, meetings and conferences. In total there are 12 different areas that lend themselves to events. And that makes the location suitable for meetings from 2 to 5,000 people.





# Arnhem Nijmegen Region

## Fashion & Design Cluster

The Arnhem Nijmegen region has a passion for artistry.

The creative industry - entrepreneurs in the fields of fashion, product design, graphic design, architecture, multimedia and ICT and such alike – is strongly represented in the region.

Numerous facilities such as the Fashion Incubator, Coming Soon, the 'Mode Kwartier' Arnhem (Fashion Quarter), the 'Mode Biënnale' (biennial fashion event) and the fashion and design hotel Modez.

The head-quarters of large fashion retail organizations are located here. For example: Score and Open32 (each with their own label: Chasin' and Silver Creek).



Hotel Modez

**The Arnhem Fashion Academy is known in our time as a craft training, where striking in artistic sense things happen.**

The training mode is undisputed as the best of its kind in the Netherlands.

The quality of its courses is reflected by the level of recognition that they have achieved throughout the professional field, not only nationally but also internationally.

- ✓ Many now famous Dutch haute couture fashion designers such as Viktor & Rolf, Suleyman Demir, Oscar Raaijmakers, Eefje Frankenhuis, Piet Paris and Jan Tanminiau studied in Arnhem
- ✓ Many graduates started working for high end fashion brands such as; Lanvin, Balenciaga, Balmain, Gucci, Marc Jacobs
- ✓ Artez provides Bachelor, Masters and Associate degrees



Dutch Fashion Designers Viktor & Rolf

# Arnhem's fashion heartbeat

## Arnhem Fashion Incubator

Even as an already established fashion entrepreneur you can visit the Arnhem Fashion Incubator. Not just for a coaching, but also for lectures, workshops, networking activities and other events.

In October 2011, the reading and discussion program started, where every month a professional from another discipline shares his knowledge of entrepreneurship with you.

This way, the Arnhem Fashion Incubator builds a bridge between generations of fashion designers and business partners.

Arnhem **Mode Incubator**

## Arnhem Fashion Factory (AFF)

AFF Monster Studio is unique in the Netherlands. Since almost all fashion production have moved to low-wage countries this is a new solution within the Netherlands.

Any professional can come for the development of samples and quality production. In AFF Monster Studio you will find specialized industrial machinery and skilled makers.

Do you want to outsource production or are you looking for a professional workshop for sample collections and high quality pieces? At AFF you are at the right place.





# Lifestyle & Leisure education – Breda & Tilbury

## NHTV – Breda

### *Bachelor programs:*

- ✓ International Leisure Management
- ✓ Creative Media and Game Technologies; International Game Architecture and Design

### *Master programs:*

- ✓ Academic master in Leisure Studies in cooperation with Tilburg University
- ✓ Master in Media Innovation
- ✓ Executive Master in Media Innovation

## Fontys – Tilbury

### *Bachelor program:*

- ✓ International Lifestyle Studies
- ✓ Lifestyle is all about the way in which people shape their lives: sports and exercise, health, food, leisure time, looks, fashion, home and personal environment
- ✓ Students and graduates use their knowledge to create new lifestyle concepts that enhance the quality of people's lives
- ✓ Core activities of a Lifestyle Professional are: analyzing trends, developing lifestyle concepts, realize products and services, and give advice and guidance

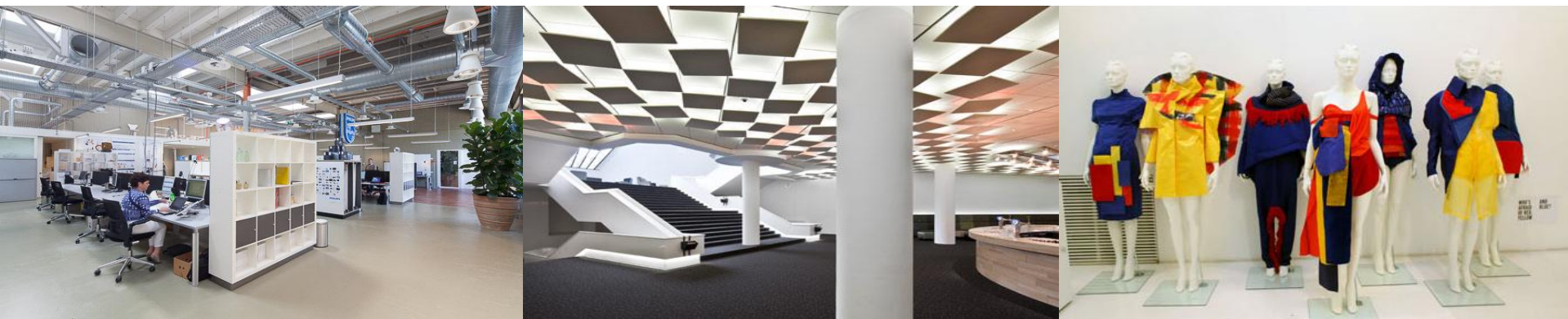
# Design Academy Eindhoven

## Design Academy Eindhoven

The Design Academy Eindhoven is an interdisciplinary educational institute for art, architecture and design in Eindhoven. The main focus is on conceptual design.

The academy has a long tradition of accepting exchange students and it boasts many bilateral agreements with design academies and universities from all over the world.

The work of its faculty and alumni have brought international recognition, and it has been called the 'best design academy in the world'. With alumni such as Frank Scheffer a cinematographer and producer, designer Maarten Baas, Dror Benshetrit who is the designer of the Soho synagogue, has a line of products at Target and designed for Cappelini and many more artists who have graduated from this prestigious Academy in Eindhoven.



# Eindhoven: Breathing design

## **Dutch Design Incubator**

The Design Incubator supports start-ups and young companies that are working on the design of new products and concepts. The program, which is organized by NV REDE, makes knowledge and expertise available to these small companies.

The ultimate aim is to put the Eindhoven region even more strongly on the map as an international top design center.

## **Philips Design Centre**

Philips is much more than just a manufacturer of lamp bulbs and consumer electronic products. Hundreds of designers are working in twelve studios around the world on developing solutions for the multinational's products.

Philips Design has its headquarters in Eindhoven, and wins numerous design prizes each year, from product design, packaging design, identity design, environment design and interface and interaction design to (and increasingly) design of the total user experience, innovation design and expertise in understanding people, cultures and societies.

# Fashion events

## **Amsterdam International Fashion Week**



Twice a year, Fashion Week is the center-point of the Dutch fashion world, with a full schedule of catwalk shows, trade fairs, presentations, lectures and parties.

## **Dutch Fashion Awards**

The annual Dutch Fashion Awards is a celebration moment for Dutch fashion. The event is an assembly of the best and most innovative Dutch fashion created by the greatest designers in the Dutch fashion field. The event is followed closely by the international fashion industry and connects fashion creativity with commerce.

## **Rotterdam Fashion Award**

New upcoming talents have a catwalk to show their designs during the Rotterdam Fashion Award. This festival is located in one of Rotterdam's most lively streets, 'Witte de Withstraat', and is free to public.

## **FASHIONCLASH Maastricht**

It's a platform where young designers and artists can present their works to a diverse international audience.

# Design heritage



Princess Máxima  
2009

## **NOA – National Design Archive**

The National Design Archive (NOA) is a central digital survey of the design heritage in the Netherlands.

It contains archives, museum collections and biographical data on 500 Dutch designers, galleries, associations, agencies and companies.

The NOA signals numerous useful links and references to heritage institutions, archive inventories, museum collections and images.



**MODEKERN**

## **Modekern – Institute for Fashion Heritage**

Modekern collects, provides access to, studies and exhibits the archives of internationally significant Dutch fashion designers.

Modekern exhibits designers' sketches, clothing-making techniques, and look books, invitations and other publicity materials online and in physical space.

Designers, students and amateur fashion designers can use the archives for study and inspiration.

Modekern is affiliated with the National Design Archive and Europeana.

# Fashion Logistics Service Providers - examples



**Bleckmann** dedicated to the fashion and lifestyle sector, operating extensive logistics and distribution services to the retail industry throughout Europe, with world-wide forwarding capabilities.



**CB Fashion** provides state-of-the-art logistics facilities, incorporating services like warehousing, distribution, cross-docking, transport, reverse logistics and value-added logistics.



**CEVA** offers a full range of SC solutions from order consolidation services, through freight management, domestic transportation & distribution management, contract logistics to value added services.



**DSV** offers dedicated solutions, managing the entire supply chain, from consolidating shipments from suppliers to running efficient and effective distribution centers on behalf of the customer.



**Ewals** Customers demand choice and they want it now. Reliability, flexibility and capacity in the supply chain is essential for the retail industry.

# CB Fashion

- ✓ CB Fashion, this new name underlines the collaboration of Fashionwheels and the Fashion business unit of CB, which came into effect on 1 January 2014
- ✓ With this joining of forces, CB Fashion is now one of Western Europe's leading players in fashion logistics
- ✓ By opting for one strong brand, both parties are emphasizing their shared added value and focus on the fashion market
- ✓ Together they offer a full range of logistics solutions for wholesale and retail with regard to warehousing, incoming and outgoing goods and e-commerce logistics



# DHL Whitepaper – carried out by BCI

## European fashion and lifestyle sector: highly competitive and fast changing marketplace

A company's value proposition must drive its supply chain strategy and not vice versa.

The **supply chain** is a **strategic asset** which should be seen as a tool to enable top level growth and drive bottom line results.

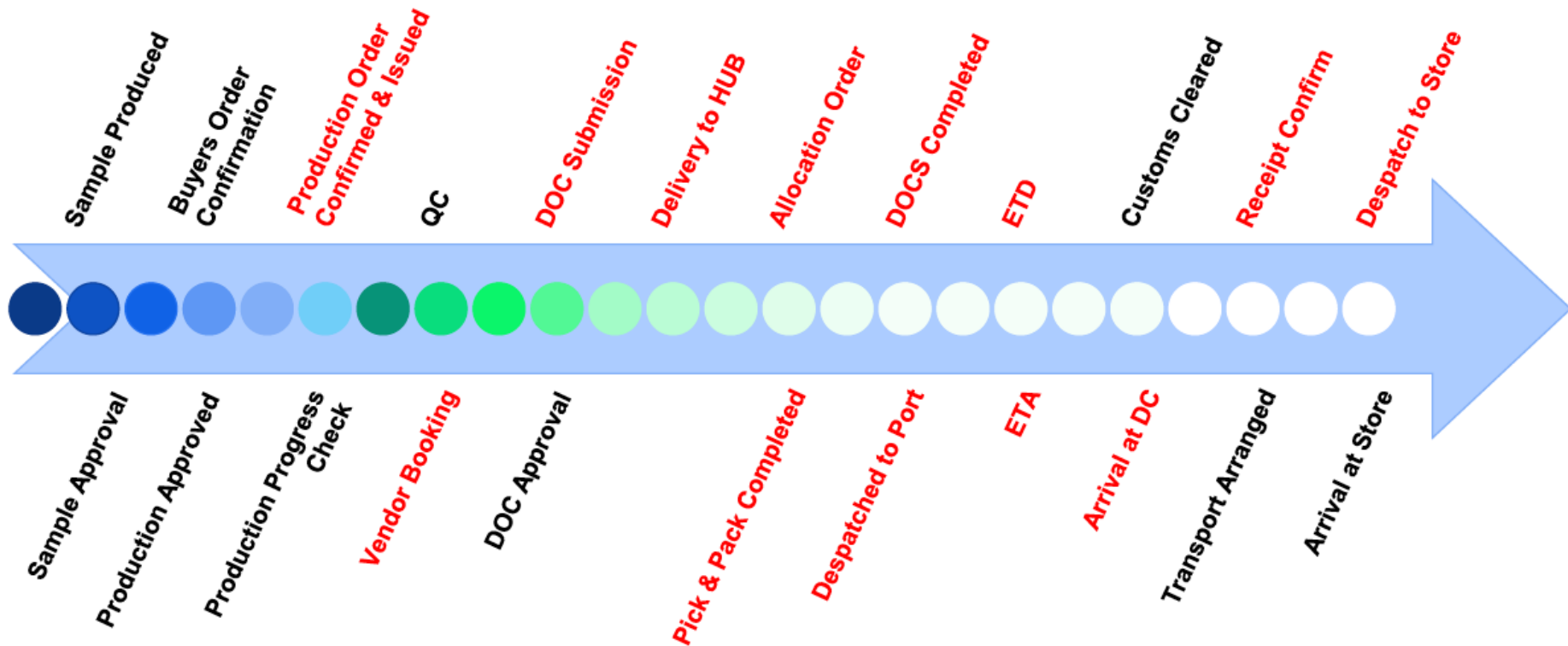
Speed to market, inventory costs and the cash-to-cash order cycle play a key role in a company's cost model.



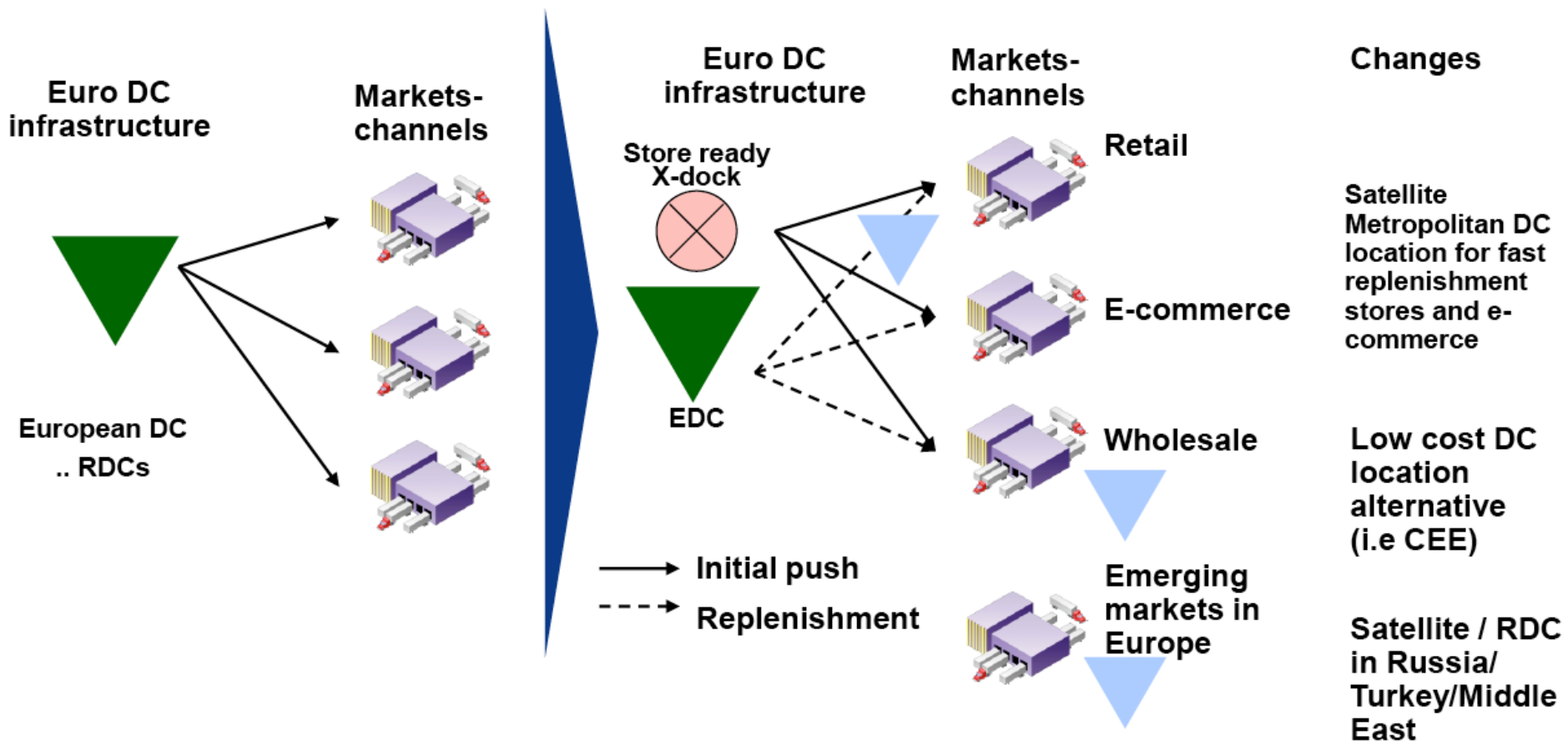
# Eight key principles

Shareholder Value			
Eight key principles	Revenue growth	Cost reduction	Speed to market
1 Omni channel retail	●	◐	○
2 Hubbing/ Pick n pack upstream	●	●	●
3 End to end visibility	○	◐	○
4 New geographical markets & channels	●	○	○
5 Technology	◐	◐	◐
6 Segmentation	○	◐	●
7 Sourcing on the move	○	●	◐
8 Insourcing / outsourcing	○	●	○

# End-to-end visibility; visibility of key milestones



# New segmentation of the supply chain



# Priority sector creative industries

## Overall picture

THE DUTCH CREATIVE INDUSTRIES  
(including the culture and arts sector)

EMPLOYEES AROUND

**172,000  
PEOPLE**



**66% ARE  
SELF EMPLOYED**

THE NETHERLANDS  
COUNTS ROUGHLY

**57,600  
DESIGNERS**



**83% WORK IN** COMMUNICATIONS DESIGN & INTERACTIVE DESIGN

**10% 6.5%**

PRODUCT DESIGN INCL. INDUSTRIAL DESIGN  
INTERIOR DESIGN

# Priority sector creative industries

World-Class

## Creative hubs in the Netherlands...

### AMSTERDAM

Creative melting pot of communication, interactive design and fashion.

### DELFT

Hosts the largest and oldest academic program in industrial design

### ROTTERDAM

The city of architecture and urban planning

### ARNHEM

The artez institute of the arts in arnhem is known for its fashion biennale and internationally successful fashion designers

### UTRECHT

Hosts the Gaming Institute

### EINDHOVEN

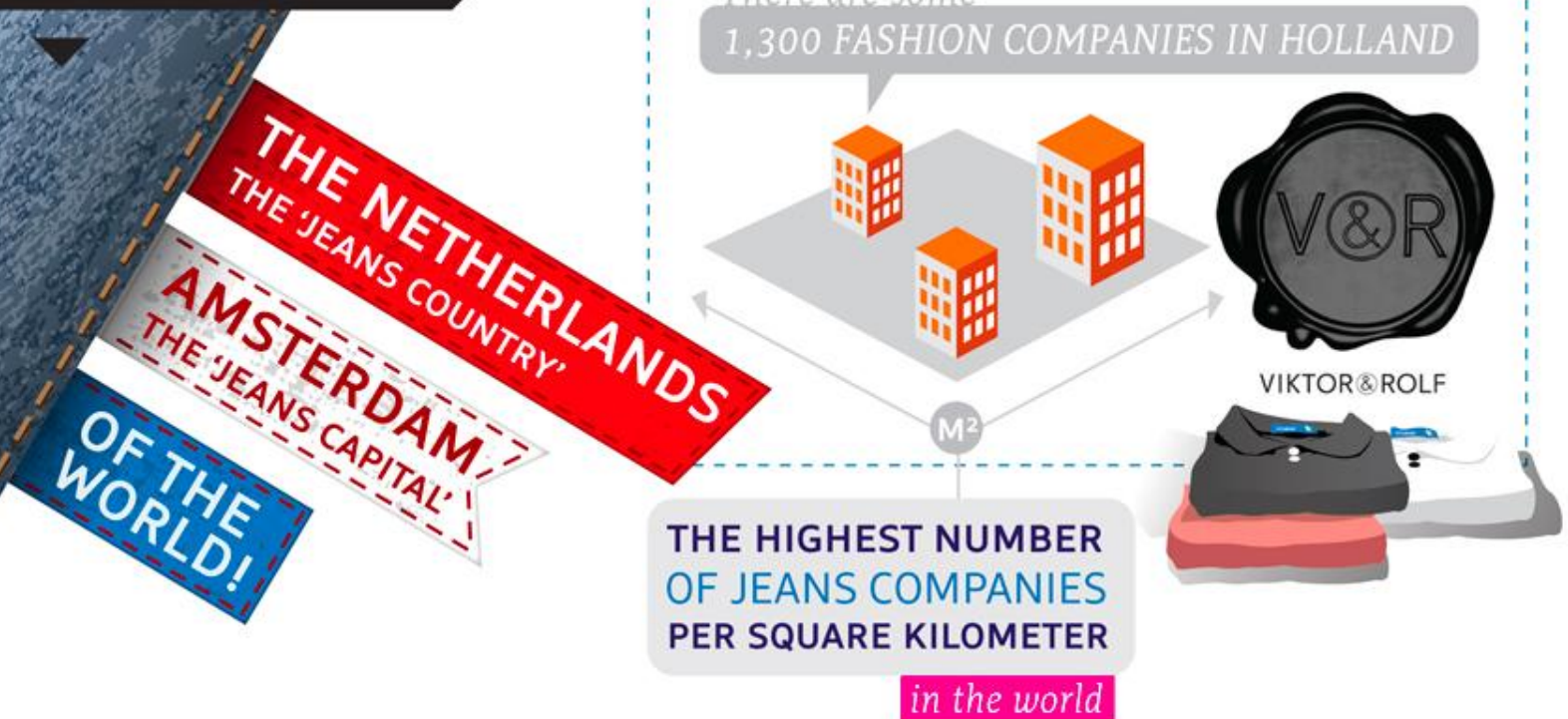
Brainport region, the technological heart of the nation, is home to the design academy and host of the annual Dutch Design Week





# Priority sector creative industries

## Fashion





# Priority sector creative industries

## Facts & figures:

- ✓ The Dutch creative industry is gaining considerable international acclaim and has particularly strong profiles in interior design, gaming, fashion, and architecture
- ✓ The Dutch fashion sector can be characterized as:
  - ✓ conceptual
  - ✓ open-minded
  - ✓ pragmatic
  - ✓ process-oriented
  - ✓ innovative
- ✓ The vast majority of turnover in the Dutch fashion branch is generated by two types of fashion suppliers: brand suppliers and private label suppliers. A further distinction can be made between:
  - ✓ Dutch brands (such as G-Star and McGregor)
  - ✓ Foreign brands with a sales office, regional headquarters (i.e. Nike EMEA in Hilversum) and/or logistics activities in the Netherlands

# Headquarters and marketing & sales

## **The Netherlands is not only an attractive location for European Distribution Centers (EDCs), but also for headquarters and marketing and sales departments**

- ✓ The Dutch fashion industry is closely linked to networks of supporting services like advertising agencies, international law offices, international fashion fairs, trend watchers and pattern makers
- ✓ Many foreign companies have already chosen the Netherlands as the location for their pan-European headquarters to coordinate and consolidate their activities on the European continent. There are already more than 345 European headquarters of foreign companies located in the Amsterdam area, like Adidas, Hitachi, HP, Mattel, LG, General Electric directing their overall European business from this location
- ✓ The Netherlands has a highly educated multilingual talent pool. 44% of the Dutch people followed higher education, more than 80% speaks English and more than 90% speaks two or more languages. Amsterdam ranks 3rd in terms of languages spoken in Europe
- ✓ While London and Paris are the two most expensive European cities to rent an office, Amsterdam ranks 30th, which is even cheaper than Warsaw, Prague, Brussels and Dublin. Not only business climate offers high quality and relatively low cost; Dutch cities offer excellent expats facilities and a relatively low cost of living

# Creative industries

## Advertising

- ✓ *Advertising Age* calls Amsterdam a global “ad mecca”
- ✓ Top-notch creative talent
- ✓ Global brands like Nike, Coca-Cola, Adidas and Heineken rely on ad campaigns created in Holland
- ✓ Home to some of the most cutting-edge agencies in the industry
- ✓ Wieden+Kennedy, Anomaly, AKQA, Wave Studios and Frog Design have all set up shop in Amsterdam in recent years



# Who's here – creative industries



One for One



FOREVER 21

AKQA



Abercrombie & Fitch

Timberland



Wieden  
Kennedy<sup>+</sup>



Calvin Klein



DigitasLBi



AMERICAN EAGLE  
OUTFITTERS



# Lifestyle proposition — Regional propositions

# The Netherlands: superb location for lifestyle and e-commerce operations

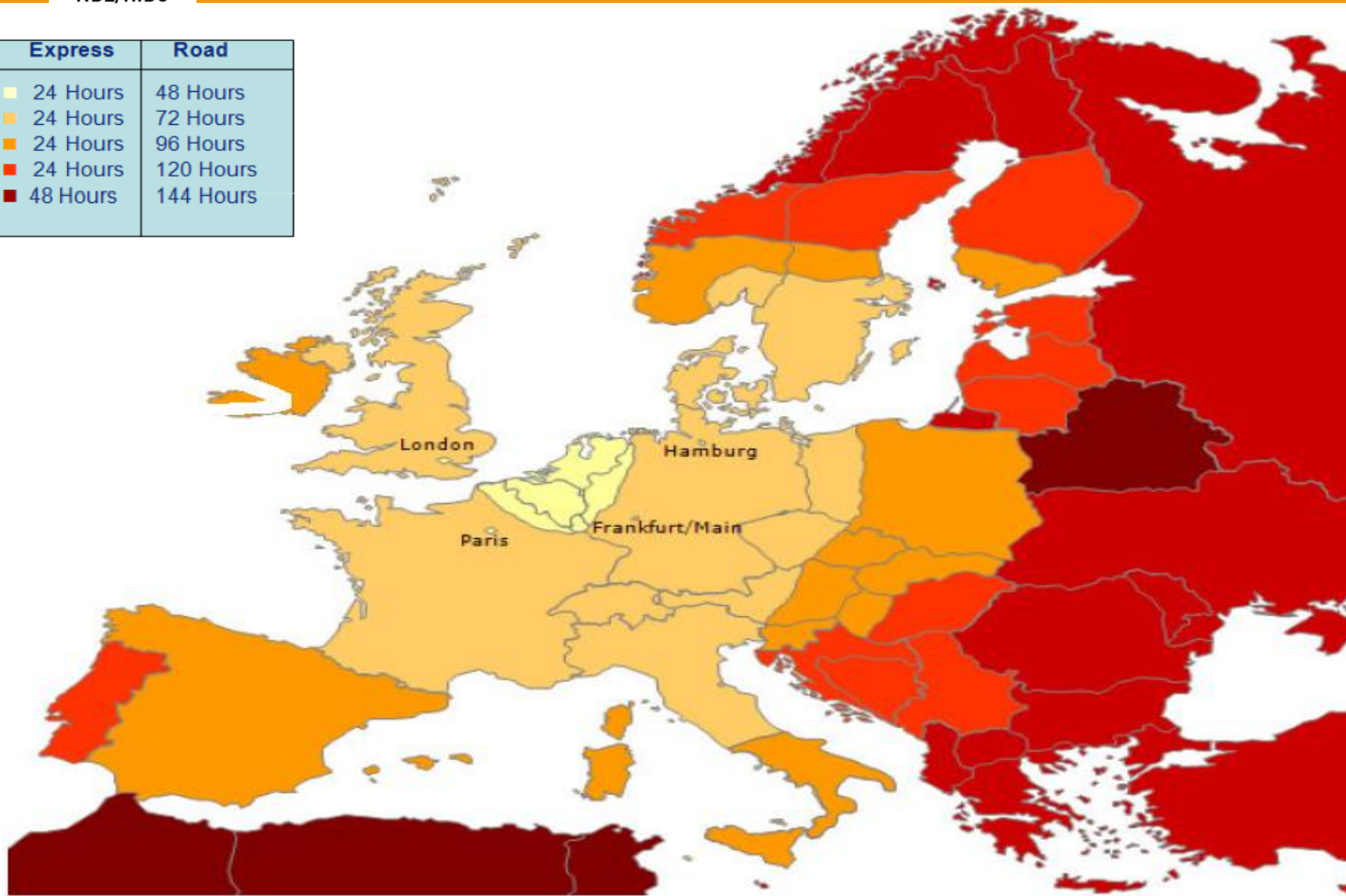
- ✓ Existing business clusters for e-commerce:
  - ✓ presence of e-commerce service providers
  - ✓ specialist support services (ICT, consultancy, VAT)
  - ✓ knowledge institutes
- ✓ Strong presence of e-fulfillment operations (own account and outsourced)
- ✓ Strong presence of fulfillment providers (both 3PLs and specialist fulfillment providers)
- ✓ Easy access to European overnight transport networks (e.g. European air and road hubs of parcel services)
- ✓ High quality and availability of real estate
- ✓ Available qualified labor force (multilingual)
- ✓ Late order cut-off times in NL (21:00h) compared to e.g. Germany, UK (12:00h, 16:00h)



# Later order cut-off times and short lead times

NDL/HIDC

Express	Road
24 Hours	48 Hours
24 Hours	72 Hours
24 Hours	96 Hours
24 Hours	120 Hours
48 Hours	144 Hours





**NDL/HIDC**

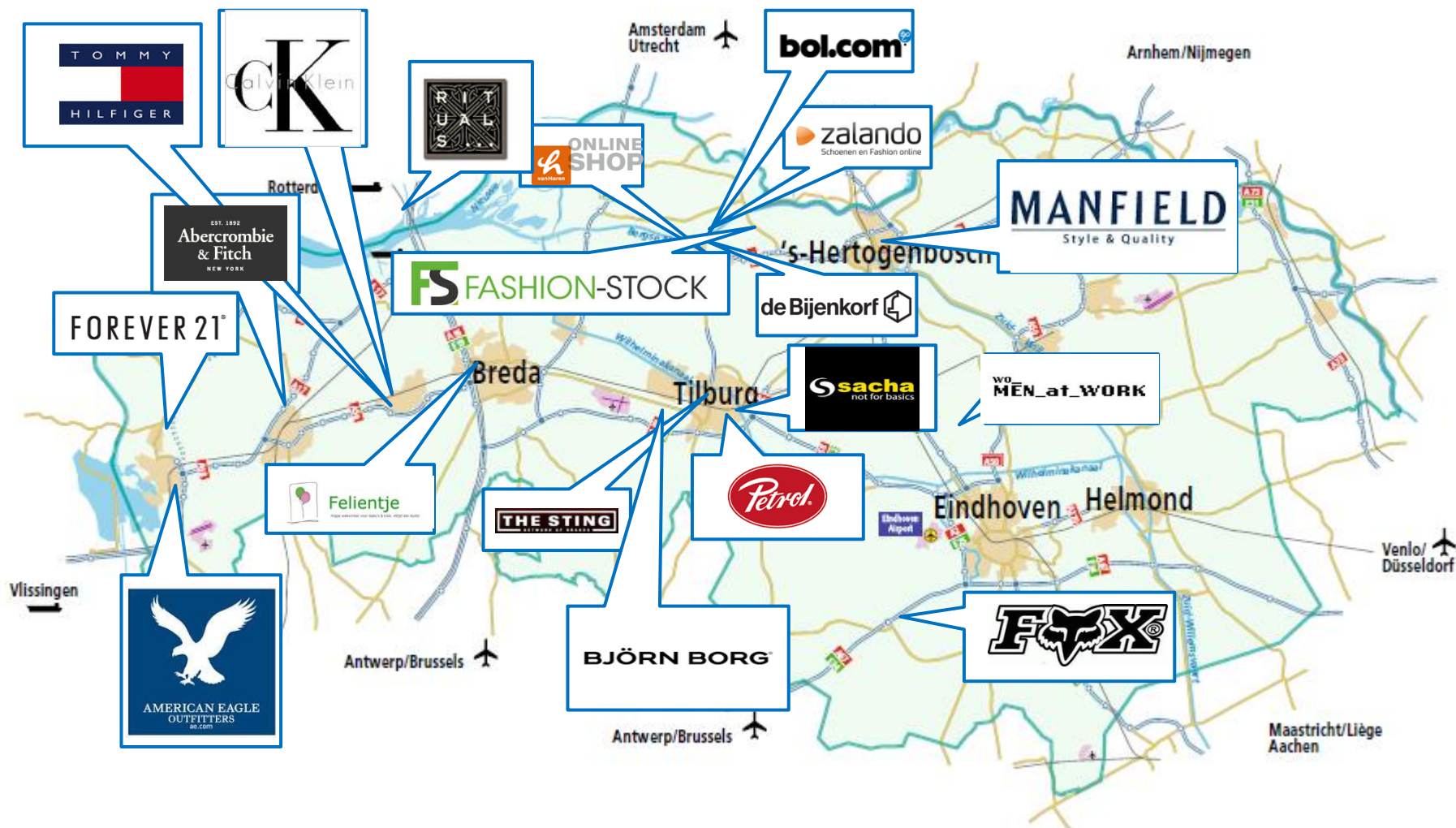
**Holland International Distribution Council**  
**[www.hidc.nl](http://www.hidc.nl)** **[info@hidc.nl](mailto:info@hidc.nl)**



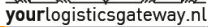
**NDL/HIDC**

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

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

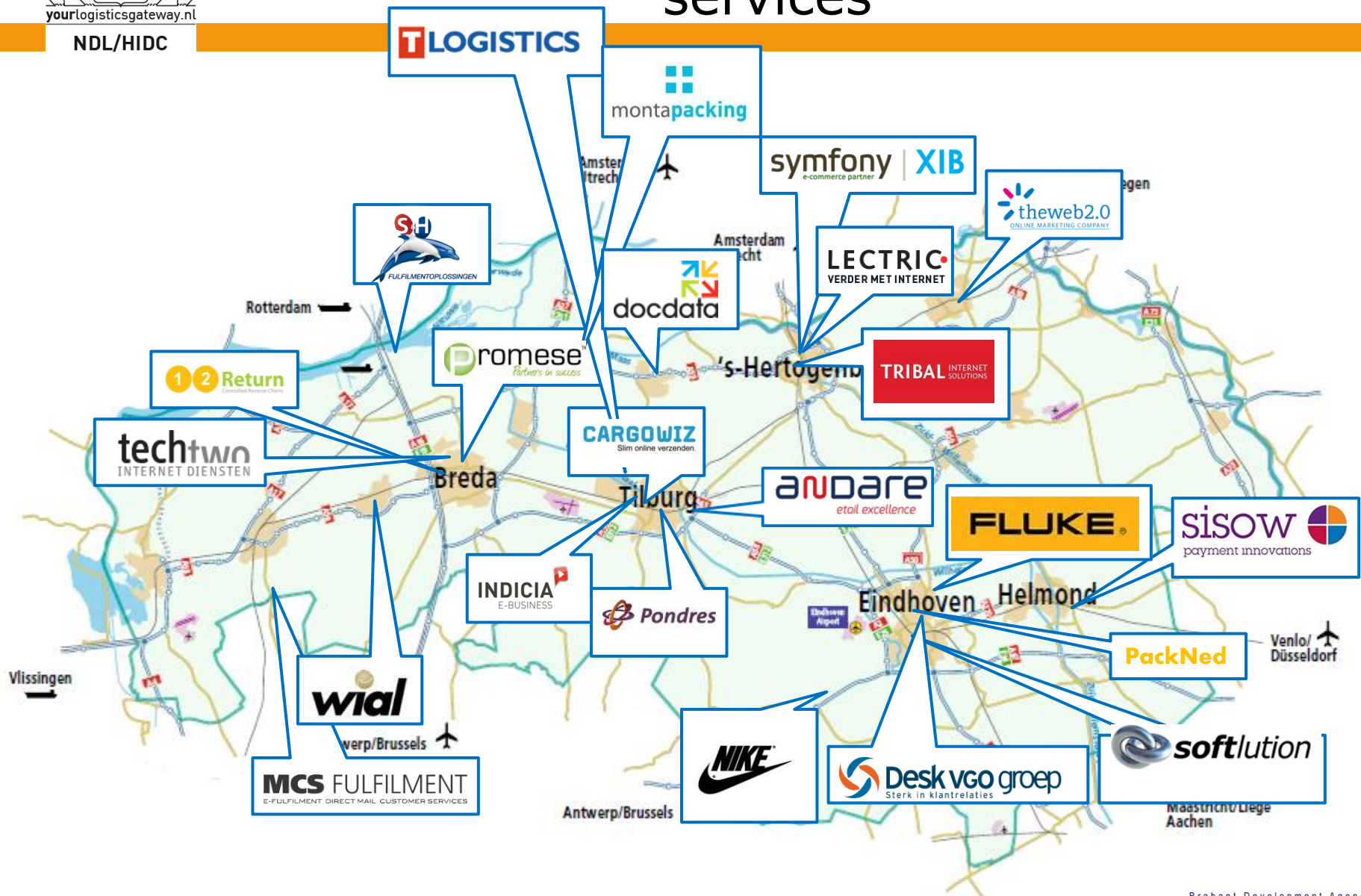






NDL/HIDC

## Players in Brabant: fulfilment & support services

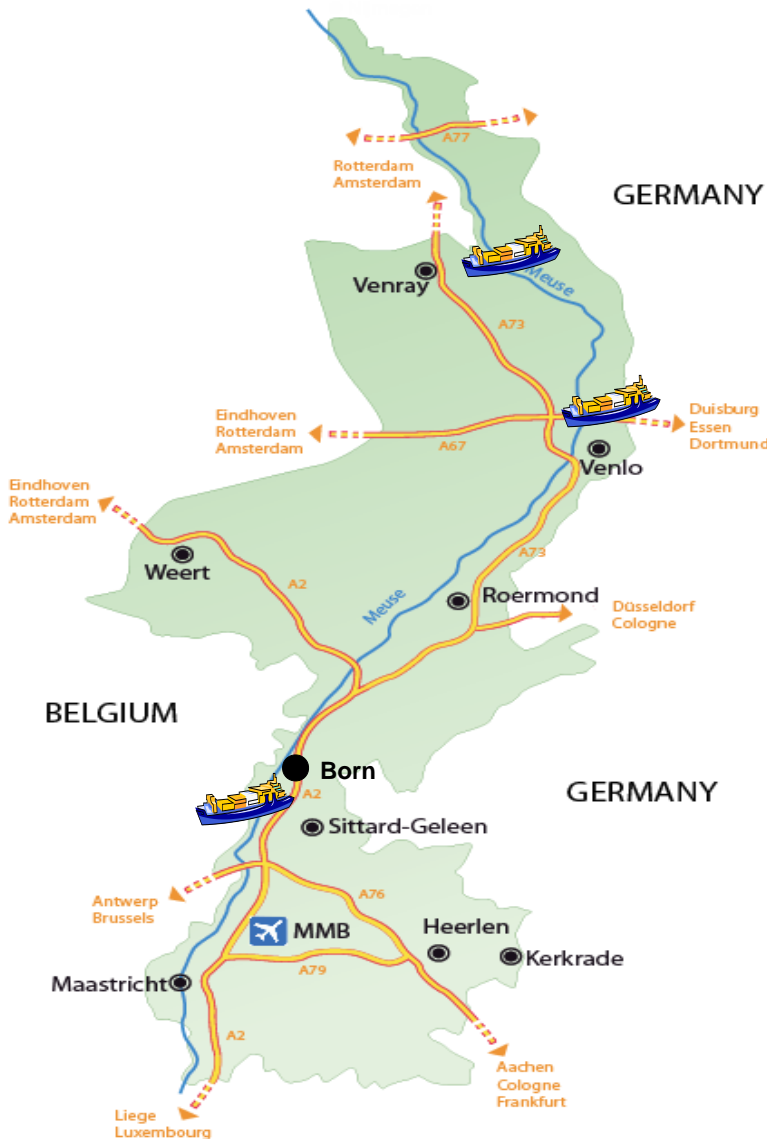


Brabant Development Agency

Source:



# Limburg: no. 1 logistics hotspot



Limburg, 3<sup>rd</sup> major logistics area after main ports Rotterdam and Amsterdam

Elected past years as the best NL logistics region

- ✓ 2 million m<sup>2</sup> warehouse space
- ✓ 300 ha greenfield area available logistic operations
- ✓ High concentration of 3PL's and European Distribution Centres
- ✓ > 1500 Transport & Logistics Companies
- ✓ 20,000 logistics professionals employed
- ✓ Specialized courier services & community of cell-tissue handling expertise

Unique feature -> located right at German border:

- ✓ saving distribution time + costs
- ✓ local post / freight tariffs possible
- ✓ proximity of road & air hubs of UPS, DHL, Fedex, TNT (within 30-60 min.) allows late cut off times
- ✓ Cross-border workforce potential



# Fashion & Lifestyle EDCs Limburg



TOMMY  HILFIGER



MICHAEL KORS



MARUTI



Vitabay



Reebok



# Limburg: E-fulfilment centers



art.com™



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.

# Lifestyle sector - Focus on sub-sectors

# Focus on sub-sectors

- Fashion
- Apparel
- Footwear



# Sub-sectors

- ✓ **Footwear:** production, in countries such as Morocco, Tunisia and Bosnia-Herzegovina, for instance, has shown double-digit growth recently. Meanwhile, some companies are attempting to solve the many issues by customizing their apparel in response to customer demands (i.e. the on-demand shortening of trousers) – *DSV Fashion Solutions*
- ✓ **Apparel:** Recent figures show that 50% of all computers and 40% of all books are sold on the internet, yet only 9% of clothing is currently sold online. Apparel is one of the most difficult categories to sell on the internet. To put the statistics in perspective: online computer sales represented a USD 30 billion market while 9% of apparel sales equals USD 31 billion in the US alone. Not only is it the largest category in value terms, but future growth for the online apparel market is poised to be quite dramatic too – *DSV Fashion Solutions*



# Different business models

new  
arrivals  
just in!

## American Eagle

- ✓ Opening many stores
- ✓ Closing stores with low sales volumes



## Forever 21 (in-house operations)

- ✓ Logistics management of different Forever 21 labels, accessories, shoes
- ✓ 10,000 m<sup>2</sup> distribution center in Bergen op Zoom
- ✓ Value added activities, like repacking, sorting, labeling and pricing
- ✓ European headquarters in Breda
- ✓ Distribution to own stores and web shop deliveries
- ✓ Starting with e-commerce
- ✓ Opening stores in areas with high sales volumes

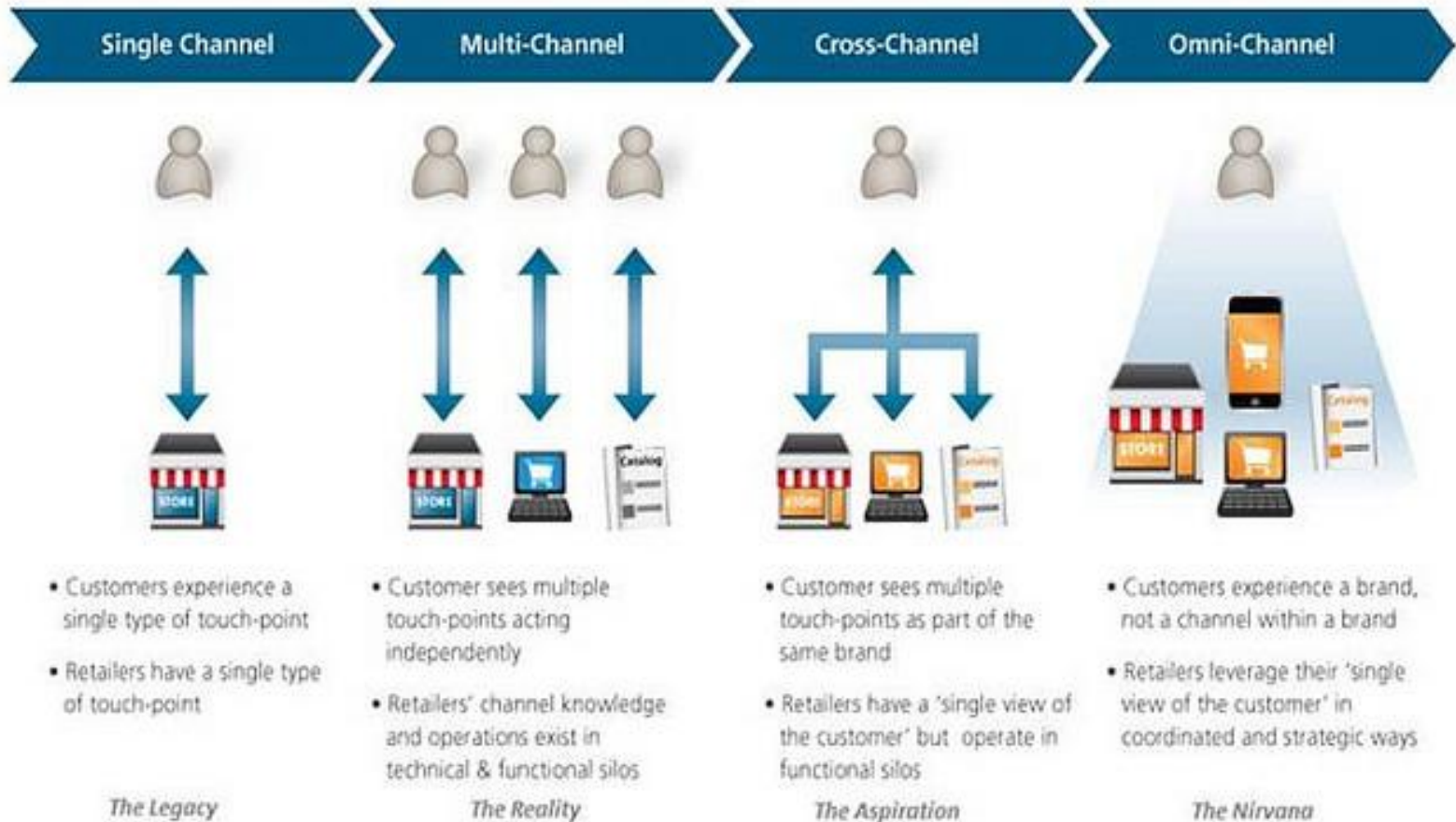




# Trends & developments

- ✓ Lifestyle is one of the sectors that has picked-up e-commerce fast
- ✓ Forecasts have short expiration dates, therefore near shoring gains in importance
- ✓ E-commerce is becoming more and more country-independent. Customers buy from the whole of Europe with the same ease. German and French retailers can easily set-up .nl webshops compliant with Dutch legislation
- ✓ E-commerce lifestyle does not only demand for logistics employees and knowledge. It also increasingly requires expertise in the fields of web design and digital media
- ✓ Large brands are becoming larger, smaller brands find it difficult to pick-up the necessary developments in B2C (economies of scale)
- ✓ Platforms like Amazon can fill in the gap for the brands without the necessary economies of scale; big data is a huge asset!
- ✓ Omni-channeling is hot: the supply chain should stay flexible as long as possible. Logistics infrastructure should adapt to that
- ✓ Lifestyle brands have the creativity, logistics service providers should have the supply chain brains
- ✓ Service logistics and returns policies are becoming more and more important; both in services as well as their costs

# Retail channel development



**Figure 1: Evolution of Customer-Retailer Touch Points**

# Multi- / Cross- / Omni-channel (definitions)

**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 buys 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.

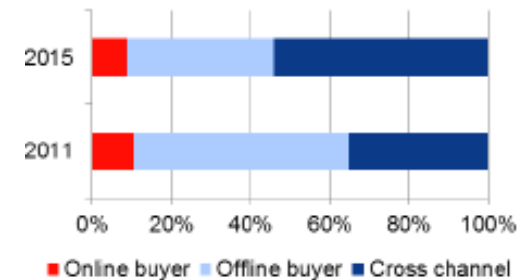
**Omni-channel** = the simultaneous use of two channels, like using a mobile phone while in-store, or a tablet while watching TV. The term is also used to describe the consistency between different channels that facilitates and streamlines customer interactions. This means that a customer's configurations and preferences saved on one channel must be memorized and accounted for on all other channels.



# 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

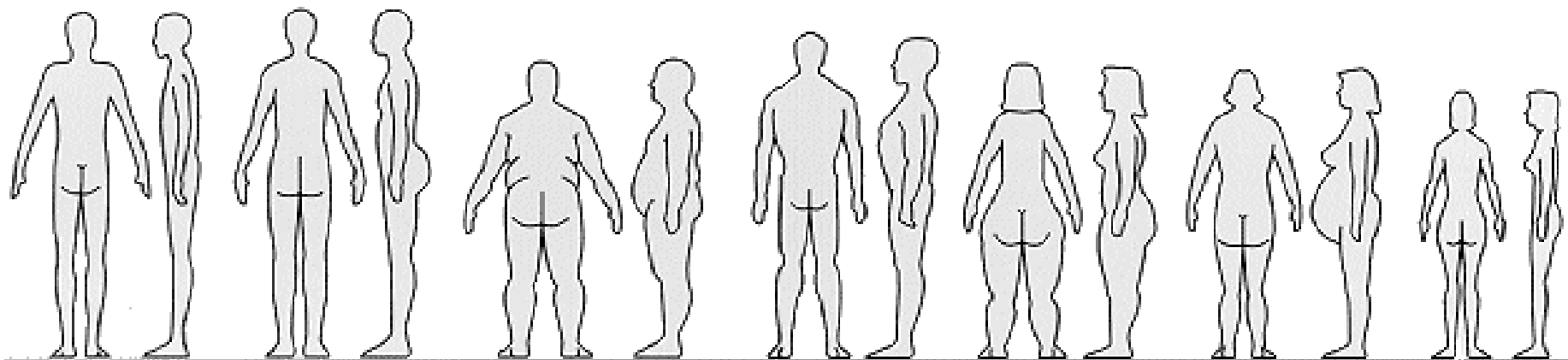


Customers in a retail store purchasing online



PanoPlaza: online shopping in real shops

# Omni-channel



**If no two customers are the same, then why do you have only one supply chain?**



# 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 (Facebook)
- ✓ ?



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



# Sharing online longtail stock levels – example Stockbase

## Stockbase

- ✓ Online independent platform initiated by six fashion retailers
- ✓ Suppliers give openness on their (free available) stock levels
- ✓ The participating retailers can sell the articles via (in-store) web shops or apps in addition to their own collections
- ✓ Results:
  - ✓ participating retailers can expand their basic assortment and can offer better services to their omni-channel consumers
  - ✓ generating better sales opportunities and less lost sales



# Opportunities & challenges

- ✓ On-time availability of stock
- ✓ Last mile distribution
- ✓ Outlet stores
- ✓ Time slot deliveries are becoming more and more important and are a real challenge for express networks
- ✓ IT-systems integration is necessary, middleware solutions are not yet available
- ✓ Cost-efficient solutions are gaining importance; not only for the delivery, but especially also for the returns



# **Lifestyle sector**

-

## **Government policy & fiscal climate**

# Government policy & fiscal climate

For centuries, the Netherlands has been a nation of traders. To ensure that this longstanding tradition endures, the Dutch government has created a competitive tax regime that stimulates entrepreneurship and foreign investment.

Not only the corporate tax rates are lower in relation to most of its European neighbors, there are also numerous features that make it attractive for foreign companies to locate operations in the Netherlands.

In comparison with other (EU) countries, the Netherlands is known for its very competitive tax climate resulting from its far-reaching tax treaty network, its system of bonded warehouses, and the possibility to conclude so-called advance tax rulings, in which certainty in advance is given to a company with respect to its future tax liability.

# Government policy & fiscal climate

## Attractive features of the Dutch tax regime include

- ✓ Relatively low statutory corporate income tax rate of 25% (20% for first 200,000 Euro)
- ✓ Possibility of obtaining advance tax rulings from the Dutch tax authorities giving certainty on future tax position
- ✓ Favorable participation exemption regime
- ✓ Fiscal unity regime to freely set off profits and losses among group members
- ✓ Transfer pricing practice in accordance with OECD Transfer Pricing Guidelines
- ✓ The possibility to carry forward losses for nine years and to carry them backward for one year
- ✓ Wide tax treaty network reducing withholding taxes on dividends, interests and royalties (for interest and royalties often to 0% )
- ✓ No statutory withholding tax on outgoing interest and royalty payments
- ✓ Favorable tax treatment for foreign employees (30% tax ruling)
- ✓ VAT deferment upon importation: no upfront payment of VAT

# 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





# Customs

## Dutch customs

Customs in the Netherlands is governed by EU legislation, which means that all customs formalities and procedures are generally the same in all EU Member States. There are variations, however, in a number of practical areas that have been left to the discretion of each Member State.

The activities of Dutch Customs include:

- ✓ Supervising the import, export and transport of goods
- ✓ Monitoring whether or not the taxes payable upon import are paid
- ✓ Monitoring whether or not exported goods meet the relevant requirements
- ✓ Supervising compliance with legislation concerning safety, health, economy and the environment

The advantages of dealing with Dutch Customs are:

- ✓ Experienced, specialized, proactive and flexible
- ✓ VAT deferment and Bonded Warehouse possibilities
- ✓ Beneficial regime: it's easier to obtain Customs licenses than in other EU countries
- ✓ Ruling policy: it's easier to obtain a ruling from Dutch Customs Authorities (e.g. on the customs valuation) than in other EU countries

For information about Dutch Customs, please visit the website: [www.douane.nl/english/](http://www.douane.nl/english/)

# 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?**

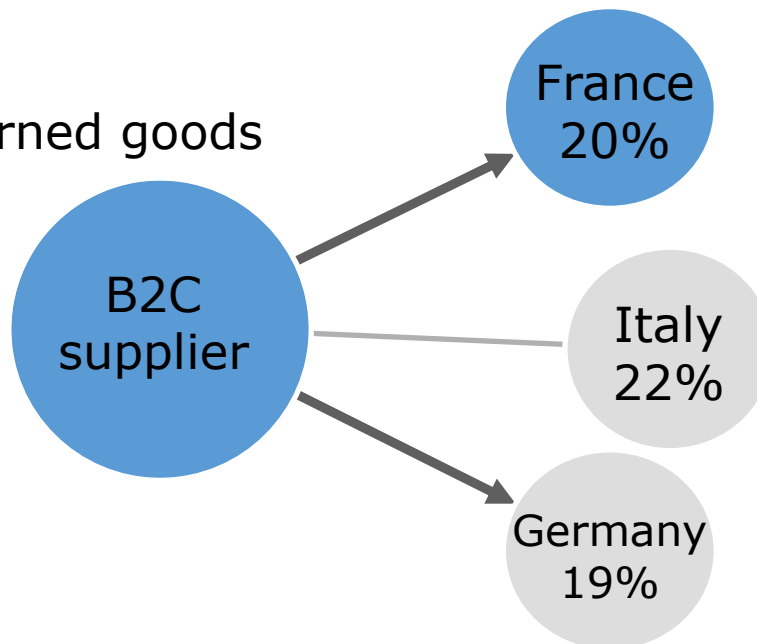
The above applies plus import VAT and custom duties.

# Value Added Tax

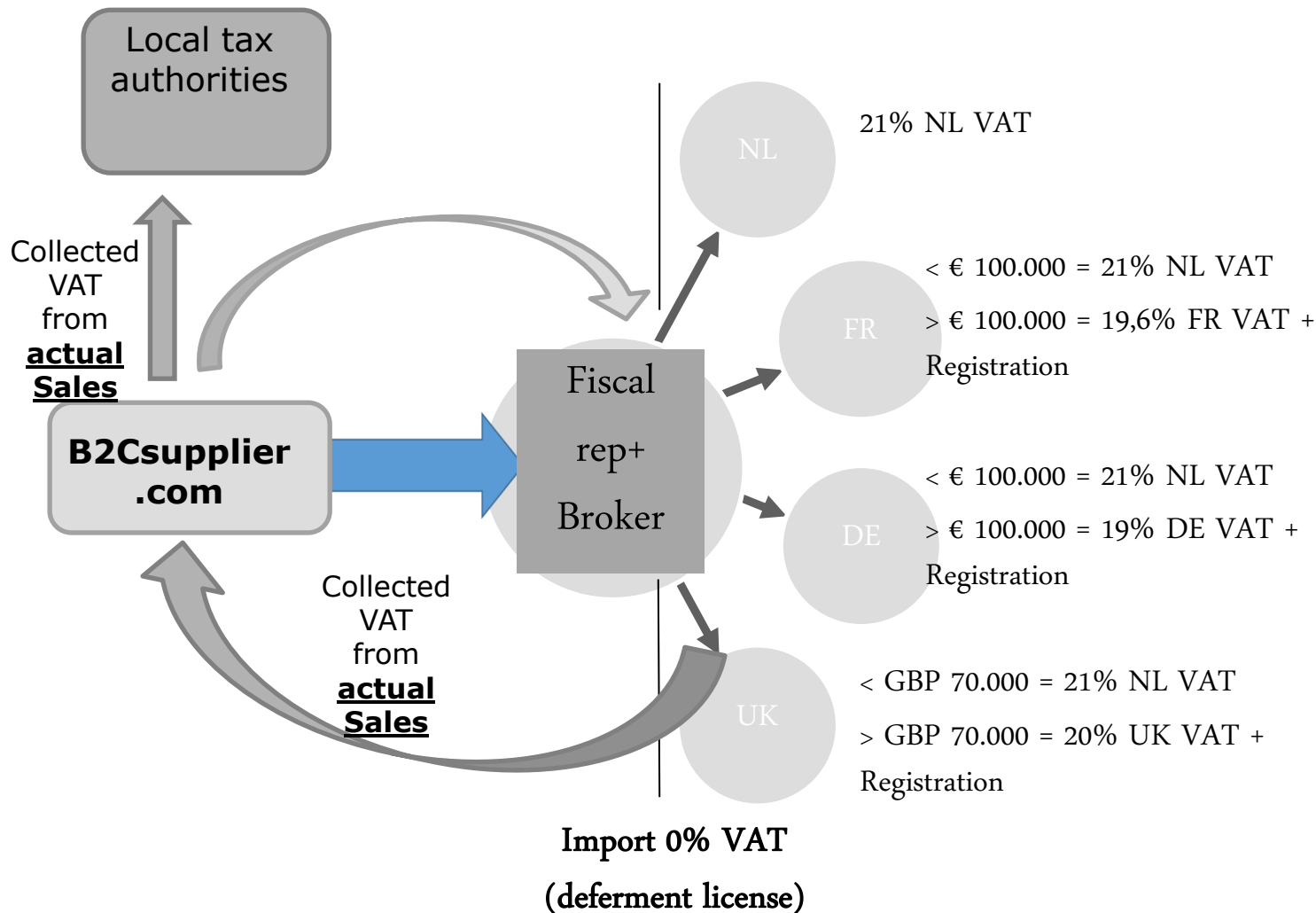
- ✓ Value Added Tax (VAT) is a broadly based tax on import and transactions (known as 'supplies') of both goods and services. The principles and structure of this tax are contained in EU law and national legislation of EU member states. However, EU Member States retain some discretion, such as the rates and certain specific regimes.
- ✓ VAT is levied at import and at each stage in the chain of production and on the distribution of goods and services. The tax base is the total amount charged for the transaction, excluding VAT.
- ✓ If the balance is positive, tax is payable to the Tax Administration; if it is negative, a refund will be given by the Tax Administration. The tax paid by the end-consumer being an individual or non VAT entrepreneur of the goods or services is not deductible. The amount of tax is based on the price of the goods or services received and on the applicable VAT rate.
- ✓ The difference between VAT and US sales tax is that VAT is levied on every transaction in the supply chain, whereas sales tax is only levied on retail transactions at the end of the supply chain.
- ✓ In the Netherlands, the standard rate of VAT is currently 21%, which applies to most goods and services. There is also a reduced rate of 6% which applies in principal to food, books and newspapers, newspaper advertisements, medicine, passenger transport, and hotel accommodation. Exports of goods and supplies from the Netherlands to other EU member states are zero-rated, as is the export of certain services.

# 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



# VAT structure



# VAT – Deferment System

- ✓ In principle VAT has to be paid at the time of the import declaration filing, but is not deducted until the filing of the VAT return. Normally, this creates a cash flow disadvantage for the importing company.
- ✓ In order to overcome this cash flow disadvantage, the Netherlands, unlike most other EU Member States, has implemented a VAT deferment system. This system allows a company to defer VAT payments due at import, until the filing of periodic VAT return. The company will have to declare the import VAT on the periodic return, but will also be able to deduct it at the same time — resulting in a zero cash flow payment of VAT at import.
- ✓ To use this deferment system, a company must be registered for VAT in the Netherlands as a domestic entrepreneur or as a foreign entrepreneur with a permanent establishment for VAT, and have regular imports into the Netherlands.
- ✓ If a foreign entrepreneur does not have a permanent establishment in the Netherlands, the company could choose to operate through a fiscal representative for VAT. This fiscal representative may also obtain such deferment system that can be used for imports by the foreign entrepreneur.



# VAT – Bonded Warehousing

- ✓ On general, when goods are imported into the free circulation of the European Union, VAT and customs duties should be paid before the goods can be stored, waiting to be sold.
- ✓ However, it is also possible to store the goods in a customs bonded warehouse, which results in a postponement for an indefinite period of customs duty/VAT at import. In this case, customs duties and VAT at import only need to be paid when the goods are actually imported into the free circulation of the EU.
- ✓ If the client is located in a non-EU country, the goods can be transported under customs bond from the warehouse to the country where the buyer is located. Then, customs duties and VAT at import are subsequently paid in the country of destination.
- ✓ Because the majority of the customs bonded warehouses in the Netherlands are administratively controlled, the number of physical checks by the Customs Department is reduced dramatically.
- ✓ While foreign companies can apply for a license to operate their own customs bonded warehouse, many companies outsource this type of storage to a logistics service provider.

# Lifestyle sector - Supply chain characteristics

# One size does not fit all

- ✓ The lifestyle supply chain is characterized by many different variables: brand type, high end / mid stream / low end, different channels and service offerings to the customer
- ✓ Sourcing is on the move
- ✓ Global hubing: customization and allocation to market / region as late as possible
- ✓ Large brands find it difficult to find a service provider able to deal with the huge volumes. In that case, they opt for insourcing, hybrid models
- ✓ In lifestyle working with licenses is rather common. These licenses have a large impact on the supply chain design, because license holders have their own stock and manage their own regional supply chains



# Trends & developments

1. Overall growth in retailing will come more and more from online retailing and less from physical stores alone. Cross-channel retailing will require greater and more cost effective supply chain management.
2. Strong growth opportunities in new geographic markets will require a different supply chain strategy to that of more developed markets.
3. Greater visibility within the supply chain will enable companies to make more informed business decisions related to routing, pick/pack and postponement decisions related to key customers and markets.
4. The ability to take new products to market faster than your competition requires speed and flexibility. Key is having an agile supply chain to support the business model to take advantage of opportunities and respond quickly.

# Trends & developments

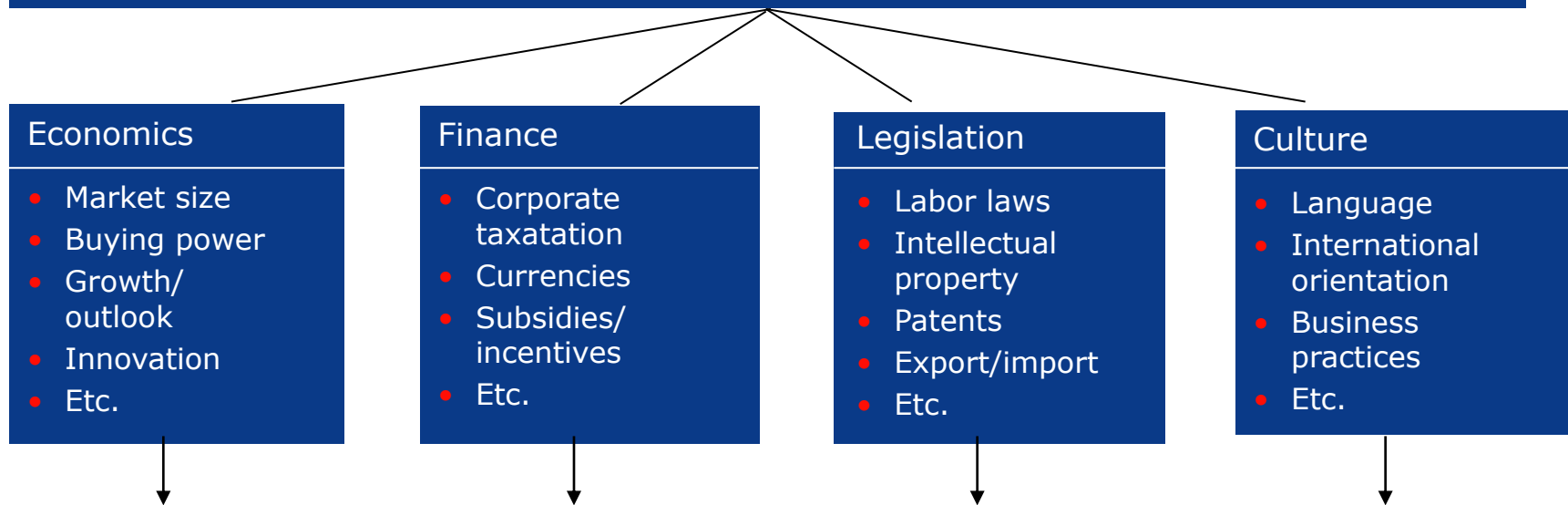
5. Improving speed to market, based on the total time to market cycle (including the design & manufacturing phase). Near sourcing raises in importance as traditional production sources in the Far East become more expensive. Also different combinations of transport modes are investigated.
6. The pick and pack process is moving upstream: directly from source to key market and/or customers; bypassing a European distribution warehouse.
7. The hanging garment business in Europe seems to be on the decline, from a logistics service offer perspective.
8. Migrating to a high speed end-to-end value chain demands an excellent organization, open to innovation and change. Horizontal and vertical collaboration ask for supply chain professionals playing an integral role.

*The future supply chain is becoming more and more a strategic asset*

# Europe is not an easy place to do business

## 48 countries, 24 languages and 15 currencies

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

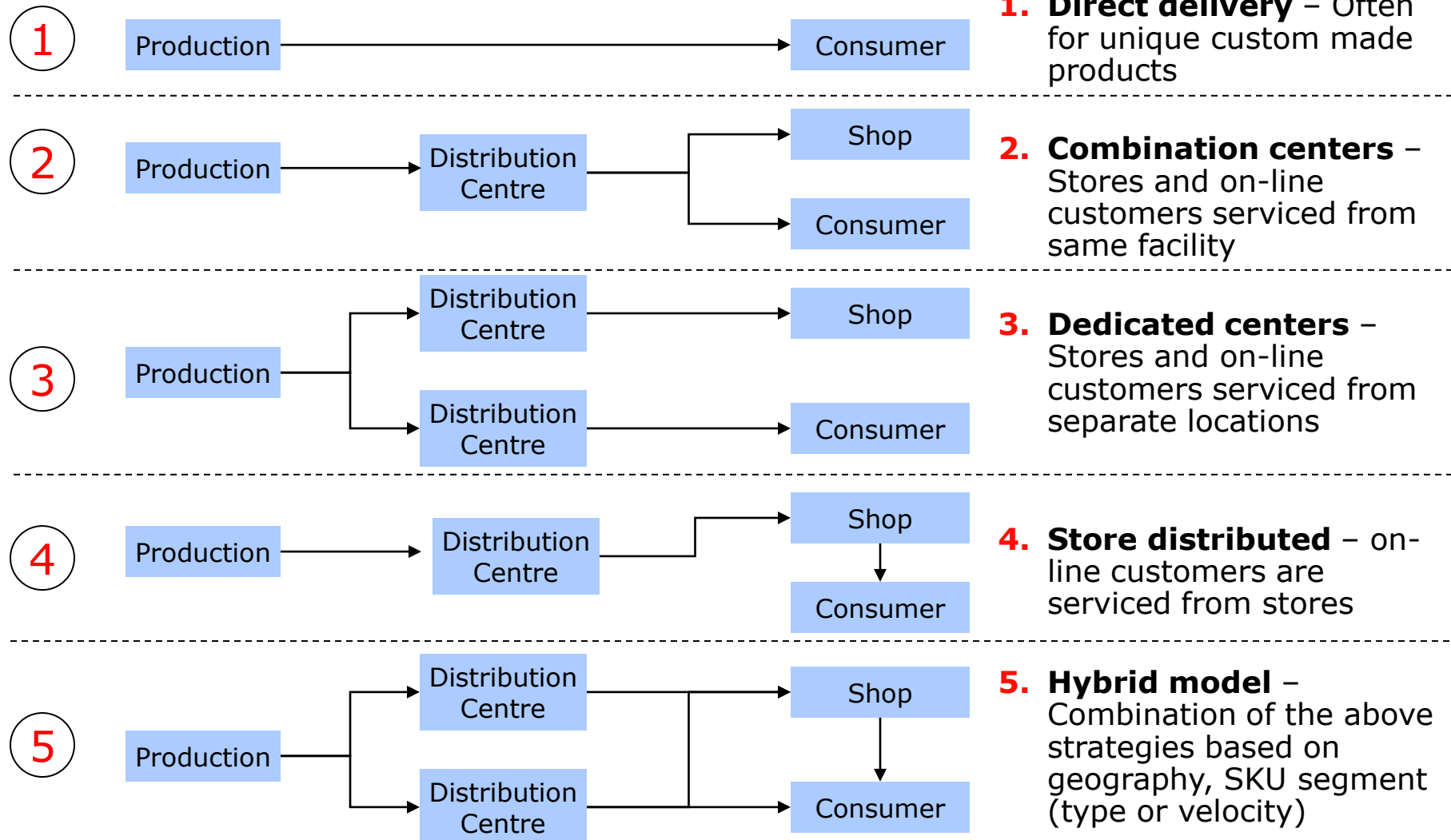


### From international companies this requires:

- 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



# Choose the fulfilment distribution model that works best for you



# Supply chain characteristics

Seasons getting shorter

Tight time-to-market schedules

Mixed consignments of garments

Customs operations

Fast changing sourcing countries

e-commerce  
m-commerce

International multiple supplier flows

Returns, reconditioning, rework

Transparency, visibility

RFID-tags, IT solutions



# Supply chain characteristics

Pffff, happy  
professional LSPs  
and facilitators do  
exist!!



# Value Added Logistics

## **Value Added Logistics has many faces**

- ✓ Store opening logistics
- ✓ Personalized orders and packaging
- ✓ Processing of garments-on-hanger flows
- ✓ Inventory control & vendor management
- ✓ Management of customs operations and fiscal representation services
- ✓ Quality control at various points in the supply chain, checks on:
  - ✓ initial outgoing dispatch platforms at dedicated stations (for instance in China and Vietnam)
  - ✓ product reception at port or airport
  - ✓ platform prior to delivery to store
  - ✓ piece check (style, size, color)
- ✓ Quota license support
- ✓ E-Webshop logistics and helpdesk
- ✓ 4C-concepts



# After sales services

- ✓ Return logistics:
  - ✓ price labeling and relabeling
  - ✓ product repackaging
  - ✓ product seam adjustments
  - ✓ special operations, such as rework, reconditioning
- ✓ 24/7 emergency operation
- ✓ *Same day delivery at subway stations*
- ✓ *Trunk deliveries for Audi and Volvo*



Enjoy Free Returns on eligible: CLOTHING SHOES BAGS ACCESSORIES SUNGLASSES dispatched and sold by Amazon

# Free Returns

**amazon.com**

1 Print label & authorization.



2 Prepare package.



3 Attach return label.



4 Ship it!



# Finding the right partner

## Reasons to outsource e-fulfilment

- ✓ Requires specialized warehouses and logistics system (large capital investment)
- ✓ Focus on core activities
- ✓ Requires extensive expertise
- ✓ 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



# Challenges for shippers demand Dutch solutions

## Challenges

- ✓ Collections are changing at a much higher speed
- ✓ Capital is tied up in stock and storage costs
- ✓ Multi-channel presence challenges companies in terms of order fulfillment, profit contributions, service expectations and return policies
- ✓ Short product-life-cycles add additional complexity to the supply chain. From the very moment a style is launched, it is only a matter of time before trends have been copied and price erosion wipes out the margin
- ✓ Emerging opportunities as a result of m-commerce (mobiles/smartphones) and s-commerce (social media) are merely in their initial stages

## Solutions, examples

- ✓ End-to-end, real-time visibility through an IT infrastructure, along with a mix of execution models to optimize costs. From consolidating orders in the Far East to running efficient and effective central European distribution centers
- ✓ Agile supply chains that enable to satisfy customers' needs
- ✓ Full integration of the LSP's IT systems with the shippers e-commerce platform, offering customers visibility into inventory, order status, and track & trace data

# Lessons learned

- ✓ Close cooperation between retailer and LSP is necessary
- ✓ Understanding of retailer's proposition is essential for logistics translation
- ✓ Near shoring is gaining importance – i.e. routes from Egypt to Turkey
- ✓ Deliver to promise – reliability
- ✓ Logistics is integral part of cross/omni-channel strategy
- ✓ Virtual fitting rooms will reduce the number of returns
- ✓ Large lifestyle brands combine fashion with fragrances and jewelry
- ✓ Small and large sizes are becoming geographically different markets
- ✓ Logistics: showcase & marketing tool

# Lifestyle sector — Testimonials

# Hennes & Mauritz AB - Tiel

H&M returned from Germany to the Netherlands, Tiel, operational May 2015:

- ✓ dc of 24,000 m<sup>2</sup>
- ✓ pick-to-voice
- ✓ approximately 170 jobs

Main drivers:

- ✓ shorter time-to-market
- ✓ reducing total logistics costs by simplifying the logistics activities resulting in a faster replenishment of the 124 stores
- ✓ higher sales volumes and better margins
- ✓ less out-of-stocks due to higher efficiencies in the goods flows
- ✓ less environmental impact
- ✓ motivated local work force

Sustainability:

- ✓ climate control system
- ✓ motion sensors
- ✓ LED lighting



# Michael Kors will soon break Dutch ground on EDC - Venlo

- ✓ Location of the state-of-the-art distribution center is Trade Port North in Venlo
- ✓ The new European Distribution Center (EDC) will service all of the luxury fashion brand's European and Middle Eastern retail, wholesale and, eventually, e-commerce needs
- ✓ Construction of the 1,000,000-square-foot distribution center, is anticipated to begin June 2015
- ✓ The center is the largest of such facility in Venlo, planned to accommodate Michael Kors' projected growth for the next 10 years
- ✓ Michael Kors' EDC will be a green building with a host of environmentally friendly features, including LED interior lighting and a solar-panel roof
- ✓ The new facility is expected to create approximately 400 jobs in the region going forward

*"The construction of a new, innovative distribution center is an important and exciting step in the evolution of Michael Kors. The scale and sophistication of the facility reflect our commitment to substantial growth across all channels of distribution in both Europe and the Middle East."*

**John D. Idol**

Chairman and CEO Michael Kors

Source: <http://www.marketwatch.com>, May 22, 2015



**MICHAEL**  
MICHAEL KORS





Started in 1998, headquartered in Atlanta, GA, SPANX® is available worldwide in more than 50 countries, offers more than 200 products ranging from slimming apparel and swimsuits, to bra's, active wear and men's undershirts.

March 2012, Founder Sara Blakely was named the world's youngest, self-made female billionaire by Forbes Magazine and one of TIME's 100 Most Influential People.

**2012:**

SPANX® has been shipping directly to distributors in Europe (Germany, Netherlands, Spain, the UK and Italy) for the past 8 years, who in turn ship to retailers in the EU.

DC in Germany, fulfilling e-commerce business; 25,000 SKUs

In need for a DC to fulfill retail business needs.

Business with el Corte Ingles, Galerie Kaufhof, Harrod's, Palmers and other retailers throughout Europe and want to expand this business.



## Transition of business in Europe in two stages



**SPANX®**  
BY SARA BLAKELY®

1. Ship direct to distributors- continuation of current model, where distributors in each country submit orders and warehouse would pack bulk and ship direct to distributors throughout Europe.
2. Ship direct to retail customers in the EU- this would involve shipping directly to retail customers in the EU.

## Requirements

- ✓ Verifiable inventory control methods
- ✓ Complete receipt process and order fulfillment process
- ✓ Additionally EDI or other file transfer method. Some customers who wish to order in a manual fashion, would like to be able to serve these customers as well
- ✓ Product will require rework prior to shipping to retail partners to the specifications of the retail partner in each country, so an understanding of retail routing guides and requirements would be required

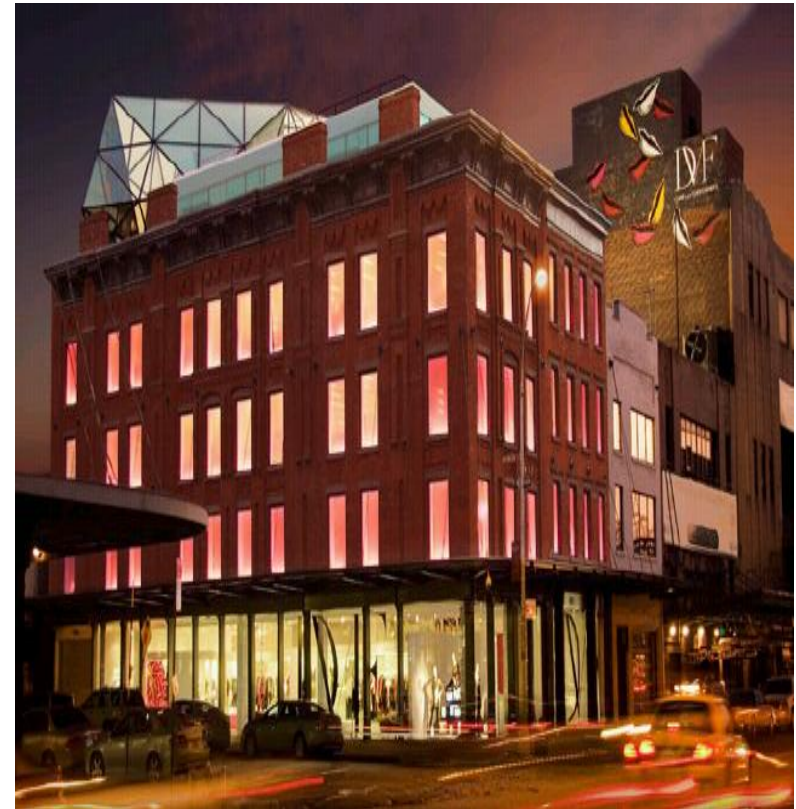
# Diane Von Furstenberg



## Diane Von Furstenberg (DVF)

One of the leading names in fashion. Founded by the designer in 1972 and re-launched in 1997, DVF has grown into a global luxury lifestyle brand with a complete collection of ready-to-wear, swimwear, accessories, footwear and handbags.

Headquartered in New York City, there are currently 26 freestanding DVF boutiques worldwide in major cities including New York, Los Angeles, London, Paris, Hong Kong, and Tokyo. DVF collections are also sold in select retail specialty stores in over 70 countries.



# Diane Von Furstenberg

## The Challenge

- ✓ DVF has to manage a constant flow of merchandise to fashion retailers around the world with very time-specific delivery windows. The company and its customers require real time visibility of product status in transit and throughout the receiving, picking, and shipping process.
- ✓ In order to meet constantly changing demand, high levels of reliability and flexibility must be maintained at all times.
- ✓ DVF's supply chain requirements include managing the accentuated seasonality inherent in the luxury fashion business as well as providing seamless integration of the information systems involved. In addition, swift and accurate receiving, handling and shipment are required to enable immediate turnaround to leading high fashion retailers.

## The Solution

- ✓ Panalpina supports DVF through its fashion distribution centers in Secaucus, USA, and Eindhoven, Netherlands.
- ✓ Panalpina receives both garments on hangers (GOH) and merchandise packed in cartons (flat packed) from DVF suppliers. While Panalpina checks each piece, the two companies' information systems maintain a constant dialogue, updating inventory, order and distribution status.
- ✓ DVF is informed on exactly how many units are at each stage of the receiving, picking, and shipping process, thus providing maximum visibility across the entire supply chain.
- ✓ By sharing forecasts with Panalpina, resources are adjusted and allocated to DVF to ensure that every order is shipped on time.
- ✓ Supplementing the electronic data exchange, Panalpina's dedicated Customer team provides relevant reports to help all parties plan their work.

# Diane Von Furstenberg

Customer Groups

## Customer Case Diane Von Furstenberg



55

### The customer

Diane Von Furstenberg (DVF) is one of the leading names in American fashion. Founded by the designer in 1972 and re-launched in 1997, DVF has grown into a global luxury lifestyle brand with a complete collection of ready-to-wear, swim, accessories, footwear and handbags. Headquartered in New York City, there are currently 26 freestanding Diane von Furstenberg boutiques worldwide in major cities including New York, Los Angeles, London, Paris, Hong Kong, and Tokyo. DVF collections are also sold in select retail specialty stores in over 70 countries.

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"We are very pleased with our partnership with Panalpina and look forward to continuous growth."

Fariba Jalili, Vice President of Global Logistics at DVF.



## BACKGROUND

Experts in manufacturing and exporting hair care products

## SOLUTION

- European warehouse for retail and wholesale
- Multiple carriers for special deliveries, including parcel service
- Dedicated customer service for coordination, order intake and advise
- Flexible solution for customer specific requirements
- Repacking facilities and a flexible workforce

## BENEFITS

- Cost effective and transactional pricing
- Daily pick pack and ship
- EMEA transport by multiple carriers from parcel to pallet
- Full electronic process, minimised paper and administration
- Flexibility in logistics handling & performing VAL activities
- Support in optimizing logistical process of the organisation through own operation excellence
- Flexibility for peak seasons through own temp agency



**VAL**  
**Co-packing, labelling, repacking**



## BACKGROUND

Steve Madden is America's most successful shoe designer. Madden has been responsible for the design and marketing of the company's trendsetting shoes for the past two decades, resulting in millions of customers worldwide

## SOLUTION

- Central European warehouse for wholesale and retail
- Reverse logistics programme (RMA)
- Daily run to chain stores
- Multiple carriers for special deliveries, including hand carriage and in weekend delivery
- Carpenter ERP system with dedicated service desk incl. invoicing
- Flexible solution due to season, special delivery (fashion shows and sales force) and retail specific requirements



## BENEFITS

- Cost effective and transactional pricing
- Daily pick pack and ship
- EMEA transport by multiple carriers from parcel to pallet
- Full electronic process, minimised paper and administration
- Flexibility in logistics handling
- Support in optimizing logistical process of the organisation through own operation excellence
- Flexibility for peak seasons through own temp agency

**Handling over 350,000 pairs per year**



# Case study H&M Hennes & Mauritz AB

Client H&M: *Fashion and quality at the best price*



H&M is a Swedish multinational (e-) retail-clothing company, known for its fast-fashion clothing for men, women, teenagers and children.

H&M exists in 57 countries with over 3,500 stores and as of 2015 employed around 132,000 people. The first store was opened on the high street of Västerås, Sweden in 1947.

Sales including VAT:  
21,4 billion USD

Profit after tax:  
2,4 billion USD

## REQUIREMENTS

- Distribution to the Netherlands
- Short leadtime
- Various services for their customers
- Sustainability: CO<sub>2</sub> reduction

## SOLUTION

- In the Netherlands delivery within 24 hours
- 2600 Retail locations
- Cash on Delivery
- Dedicated Customer Service
- Track & Trace for H&M and their customers
- Return solution -> within every 800m a retail location for consumers to return their parcels
- Weekly CO<sub>2</sub> report

## BENEFITS

- Delivery by Local Hero
- Next Day Delivery = 99% score
- Minimised delivery/shipping /specific handling times
- Focus on core business
- Relatively low percentage of cases at Customer Service
- Sustainable cooperation

# Lifestyle sector — References

Some name dropping....

MARCEL  
WANDELS  
BEHIND  
THE CEILING



FOREVER 21

droog



marlies | dekkers



SUPERTRASH



claire's



**BOSS**  
HUGO BOSS

*Brum Brum*

**LV**  
LOUIS VUITTON



**G-STAR**  
RAW DENIM



**GUCCI**



  
**CONVERSE®**



# CB Fashion

## VeldhovenGroup outsources warehousing activities

- ✓ As of January 1st, 2015, pan-European fashion company VeldhovenGroup assigned management of its warehousing activities to logistics company CB Fashion
- ✓ This enables to intensify focus on core activities of design, manufacture and marketing for the four established brands, Sandwich, Turnover, DEPT and Olsen
- ✓ The outsourcing includes the sale of a 9,000-square-meter fashion warehouse in Alphen a/d Rijn, near Amsterdam, featuring state-of-the-art reconditioning capabilities and a clothing sorter facility

*"We know we are getting the highest standards of professionalism and dedication from CB Fashion and its management team. CB Fashion brings to all of its distribution channels the deepest knowledge of fashion industry logistics, together with the ability to meet the sector's ever-changing demands. We are delighted to have CB Fashion as our logistics partner; this helps all of us at VeldhovenGroup to concentrate on what we do best – creating leading women's fashion."*

**Martijn Veldhoven**  
CEO VeldhovenGroup

sandwich\_ TURNOVER

DEPT



## Delivering the magic of fashion

“When shopping for fashion items, barely any customer entering these shops or ordering online thinks of the hard work and dedication that results in these beautiful items being available for the purchase. It is all simply there in a perfect shape, exactly as it needs to be. Invisible to the consumer stays the effort of a smoothly running supply chain behind the brand and the creation of the magic that fashion is”





# Nike



*"Our company has had a very positive experience in the Netherlands, and we plan to be here long-term. It is easy for people of various nationalities to navigate this country. The Netherlands feels like home"*

**Simon Kemmett**  
EMEA Chief Financial Officer



# DSV Fashion Solutions

## Increasingly complex global sourcing

- ✓ Fashion brands have been digitalized, the fashion industry requires hybrid business models to stay in the race
- ✓ Increase in production volumes from Europe and/or the Middle East in an effort to reduce capital tied up in stock and storage costs, and to minimize the risk of obsolete items

## Shortening product life cycles

*"DSV Solutions was able to adapt to the dynamics of our industry and continues to offer the level of flexibility which our volatile business requires, at competitive costs."*

**Martijn van Paradijs**  
Operations Manager EMEA  
K-Swiss

## Consumers' environmental awareness

- ✓ Sustainable fashion, also called 'eco fashion', is part of the growing design philosophy and sustainability trend emerging throughout the fashion industry

*"Our 20% annual growth requires a professional logistics partner. We trust DSV to be our representative and take care of our products and our customers as if they were its own, and that they can resolve the challenges as they arise."*

**Holger Bismann**  
Managing Director  
Patagonia



# Patagonia Inc.

As of July 2011 Patagonia Inc, an outdoor clothing brand, moved its distribution center from Chartres, France to 's-Heerenberg.

The new distribution center offers more capacity to meet the fast growing demand for Patagonia products in Europe. Patagonia cooperates with DSV Solutions

*"The capacity of the French distribution center was under pressure. With the new center in 's Heerenberg and the partnership with DSV Solutions the company is able to improve the service towards retailers and to anticipate future growth."*

**Holger Bismann**

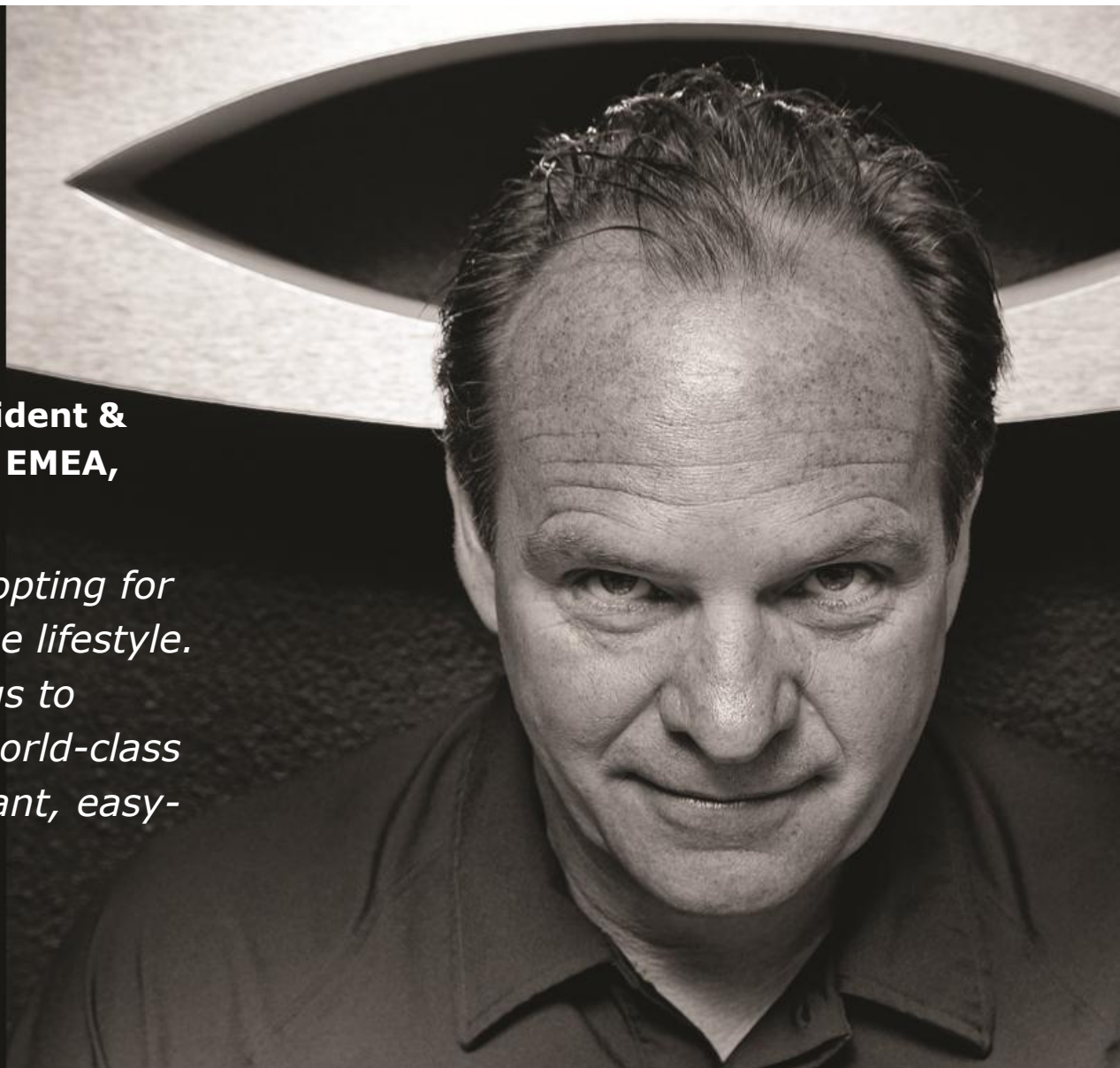
General Manager Patagonia  
Europe



# Under Armour

**Peter Mahrer, former President & Former Managing Director EMEA, Under Armour:**

*"The final key reason for opting for Amsterdam was simply the lifestyle. This environment allows us to combine hard work and world-class performance with a pleasant, easy-going way of life."*





*"For a real pan-European company, Amsterdam is a great place to establish a fashion company"*

**Fred Gehring**



**DENHAM**

*"Amsterdam is the personification of everything jeans represent. Slightly rebellious, adventurous, opinionated, never afraid to make a statement and always uniquely individual. It makes sense that many of the major modern denim brands are getting their start in Amsterdam or are moving here. This is the modern heart of the international denim industry."*

**Jason Denham**

CEO Denham the Jeansmaker



*"Thanks to the use of English in all business transactions, language and culture are not issues. As an added bonus, service levels anticipated by American companies are readily met or exceeded."*

**Jeff Chester**  
Logistics Manager at SPANX®



# Forever 21

## FOREVER 21

*"From our research we understood that Netherlands was one of the key countries where many international companies have settled their headquarters and logistics. It's a centralized location within the European community. Among other advantages, the Netherlands workforce is multi-lingual which is a key component in effective communication with the employees in the various retail locations throughout Europe, as well as ensuring that we provide quality service to our e-commerce customers as we continue to build our customer base in Europe."*

**Young Kwon**  
General Counsel, Forever 21

# Lifestyle sector — Knowledge development

# Dutch collaboration for economic competitiveness



Logistics is one of the nine priority sectors in Dutch economic policy. Government, business and academia work together to increase competitiveness, in business climate, education, infrastructure and innovation.



## Ambition logistics:

In 2020, the Netherlands holds an international top position:

1. in handling transport flows through the NL
2. as supply chain coordinator of international logistic activities and
3. as a country with an attractive innovation and business climate

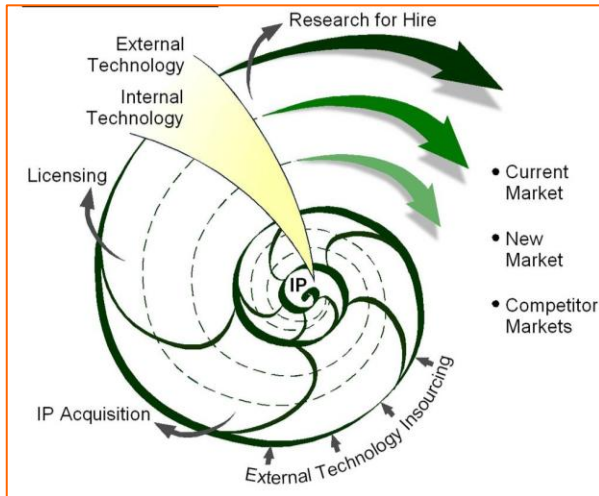


The Dutch National Innovation program of the economic priority sector Logistics focuses on six innovation roadmaps, in which innovation is driven and carried out by all partners in the supply chain.

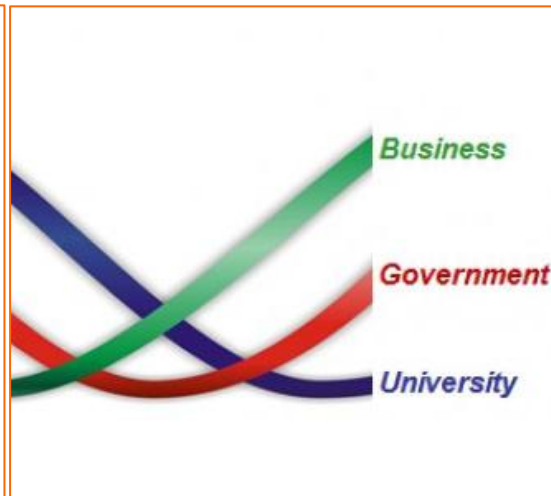
1. Neutral Logistics Information Platform
2. Trade compliance and border management
3. Synchromodality
4. Cross Chain Control Centers – 4C:
  - A 4C is a control center where several complex worldwide supply chains are coordinated and directed. This concerns the bundling and control of physical goods flows, information flows, financial flows and data management
5. Service Logistics
6. Supply Chain Finance:
  - Aims to optimize the financing of the total Supply Chain and integrating financial processes between shippers, suppliers, logistic service providers, financial partners and other relevant partners in and over the total value chain(s)



## 1. Open innovation



## 2. Public private partnerships: triple helix collaboration



## 3. Supply chain collaboration and coordination



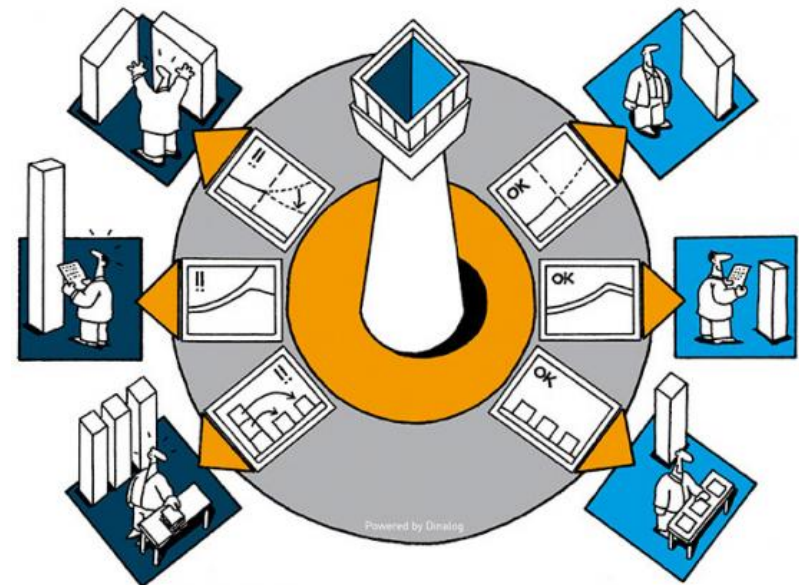
# Knowledge development – Dutch innovation in lifestyle logistics

## 4C: Cross Chain Control Centers

4C is one of Dinalog's central themes. The idea behind 4C is the creation of economies of scale thanks to cooperation across companies and chains.

A 4C is a control center where several complex worldwide supply chains are coordinated and directed. This concerns the bundling and control of physical goods flows, information flows, financial flows and data management. The realization of one or more 4Cs results in:

- ✓ improved overview, better harmonization and bundling of activities
- ✓ savings in costs by combining loads and decreased pressure on the environment
- ✓ new knowledge and new business activity with more jobs
- ✓ improved attraction of the Netherlands on foreign companies





# Knowledge development – Dutch innovation in lifestyle logistics

## Bundling at the source

Cities are more and more congested due to an overload of (freight) transport movements.

On a daily base, individual shops receive many small shipments of many different suppliers, each organizing their transport individually.

'Bundling at source location' aims to do this differently. In this project, multiple suppliers of fashion retail products collaborate horizontally to bundle volumes in Asia and prepare shipments of multiple suppliers sorted for individual stores.

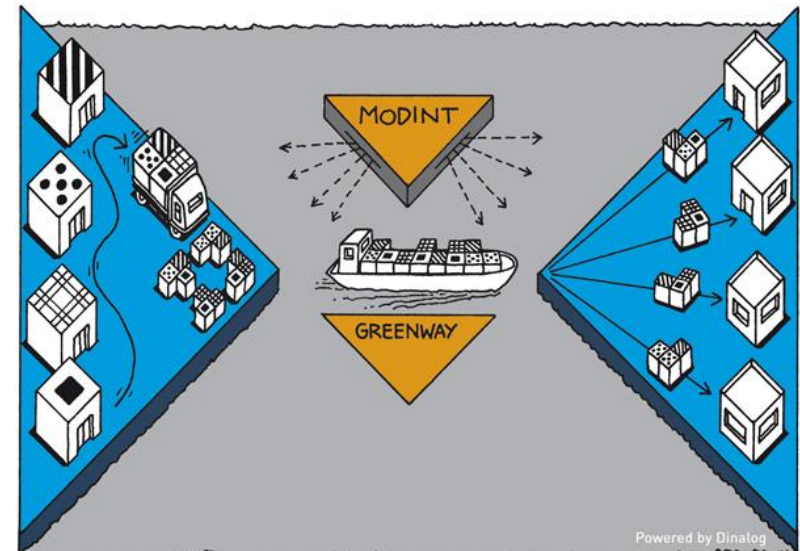
This means that shipments containing goods of multiple suppliers are delivered to shops in one go (as opposed to many different shipment deliveries).

## Collaboration:

ArgusI, Eyefreight, Greenway Logistics, Intersport, Livera, Modint, TMO, VIM

## Results:

- ✓ Lower transportation costs: savings of 30-40% on handling costs and 7% on distribution costs in the Netherlands
- ✓ Shorter lead times
- ✓ Bundled delivery with spreading possibility
- ✓ New customers in different sectors



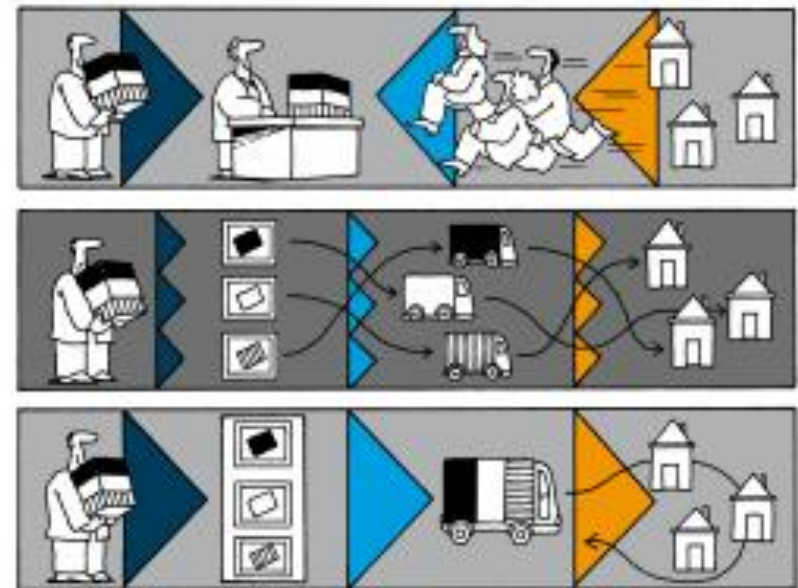
# Knowledge development – Dutch innovation in lifestyle logistics

## Harmonizing delivery times in fashion and lifestyle supply chains

Most sales in the fashion and lifestyle sector are generated on a pre-order basis. Production is only scheduled after order intake. It is often difficult for the individual shops to have accurate information on delivery times. The suppliers can create their own flexibility by this.

This project aims to improve the competitiveness of the Dutch fashion suppliers and retailers and uplifts the logistics awareness of the fashion business.

In order to make the harmonization of the lead-times of interest to all involved parties, the project aims to deliver additional services, such as electronic notification of the delivery, return flows of waste packing materials from the stores, buffering within the logistics processes of the logistics service providers, etc.



## Collaboration:

AMFI, Ewals Cargo Care, Eyefreight, Greenway Logistics, Modint, TU Eindhoven

# Knowledge development – Dutch innovation in lifestyle logistics

## Value creation by closing the loop

Monitored return chains ensure the retention of value of goods at the end of their lifecycle.

As a spin-off of this project the returns software service (for international returns) is being used by many webshops and retail companies nowadays.

Lifestyle and fashion related examples of users are: Neckermann, KAY Bodywear, WAMDenim, Nikkie, Spaanse Sloffen, POM-Amsterdam.



## Collaboration:

12Return, EVO, Logitech, PincVision, Rotterdam School of Management, Spring Global Mail, University of Tilbury

# Supply Chain Finance - example

## ChainBalance – In-season Margin Improvement

ChainBalance is specialized in the responsive supply chain for fashion retailers. Offering both Consultancy and Software as a Service to enable in-season margin improvement.

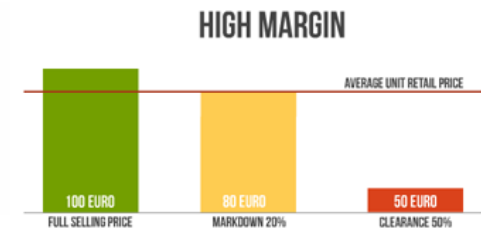
The software takes Sales Driven Inventory Decisions, to ensure that order quantities flow to those store locations with the highest sales potential. Which is especially important in current market conditions. Every item that is sold before a mark down will drive the average retail price to higher levels.



The inventory management software supported by a responsive supply chain will deliver in-season margin improvement.

The service is created for wholesale and retail organizations with a need for multi channel inventory management, and available worldwide via a software as a service model.

**SELL MORE OF YOUR  
EXISTING INVENTORY  
AT FULL PRICE OR  
CLOSER TO FULL PRICE**



# Lifestyle sector — Roadmap to the future

# Outlook & future expectations

- ✓ High value lifestyle will demand shorter supply chains, especially from manufacturing areas to sales areas. Silk Route is getting more and more an alternative as transit times door-to-door get shorter and security issues can be solved
- ✓ Value Added Logistics activities are moving upstream, leaving less to do in Europe
- ✓ Late order cut off times are a prerequisite for B2C, brands are looking for supply chain solutions close to integrators
- ✓ Also cross-dock operations are growing
- ✓ EDCs locations in Eastern Europe are under investigation, not many movements made yet; Polish EDCs are developing B2C solutions
- ✓ Sample distribution solutions will remain important, also in the near future
- ✓ First class networks are very important to high-end labels: security is a prerequisite!





# Roadmap to the future – Dutch logistics service offerings Lifestyle

## **Although the Netherlands holds a strong position, there is always room for improvement**

- ✓ Some LSPs take the integration of lifestyle & high tech into consideration, as they increasingly start to show an overlap (i.e. Apple)
- ✓ Integrated service offerings might include low quantity solutions for fragrances and high security solutions for luxury products
- ✓ Strong competitors are Germany and Belgium:
  - ✓ the Netherlands has a good position on indirect taxes, but in respect to e-commerce and B2C this is of less importance
  - ✓ both Belgium and the Netherlands hold a strong and differentiating position in customs rulings and tax deferment
  - ✓ Belgium has a language disadvantage
  - ✓ In Germany B2C shipments are much less expensive

**New models of supply chain integration??**  
**Next steps?**



# Additional input is needed

- ✓ SADC
- ✓ Testimonials:
  - ✓ check current versions (CB Fashion, Panalpina)
  - ✓ add additional testimonials (Case Janssen 1877 / Master & Dynamic; Ambro van Oosterhout)
  - ✓ via Brabantse Ontwikkelings Maatschappij (Abercrombie&Fitch, American Eagle, Mexx, Esprit, Lulu Lemon. outsourced operaties bij Bleckman; Foxhead zit bij Menlo Logistics; McGregor bij DHL in Waalwijk; Calvin Klein bij Warnaco.
  - ✓ Tilburg: Sting EDC, Bjorn Borg, Petrol Industries, Sacha.
  - ✓ Shoes & accessories: Van Haaren, Van Bommel, Van Lier, Fred de la Bretonière
  - ✓ Nieuwe loot aan de stam wordt natuurlijk Primark die haar Europese distributie in Roosendaal gaat opzetten
- ✓ Special topics: anti-dumping, quota

# Input from lifestyle companies

## **Also discuss the choices lifestyle organizations made for the final EU location:**

- ✓ if they have chosen for the Netherlands, what were the reasons and how satisfied are they?
- ✓ why did Nike choose for Laakdal, Belgium?
- ✓ why did Gant opt for Germany?
- ✓ why did Michael Kors vote for Venlo?

# U.S. Apparel companies established in the Netherlands

**NEEDS UPDATE!!**

Company	EHQ	EDC	M&S, SSC
Adidas Reebok	X		X
Nike	X	X	X
Warnaco Group	X	X	X
Keen			X
Timberland		X	X
Columbia Sportswear			X
Foot Locker	X	X	X
VF Corp.(North Face)		X	
Wolverine World Wide	X	X	X
Crocs	X	X	X
Carhartt	X	X	X
Under Armour	X	X	X
Warmbat Australia	X	X	X

# Lifestyle sector – Useful contacts

# Useful organizations within the Netherlands

## Websites:

- ✓ [www.hidc.nl](http://www.hidc.nl) - holland international distribution council - private, non-profit organization providing matchmaking services for logistics partnerships
- ✓ [www.modint.nl](http://www.modint.nl) - MODINT - textile and fashion industry organization
- ✓ [www.dutchfashionfoundation.com](http://www.dutchfashionfoundation.com) - Dutch Fashion Foundation (DFF) - fashion collective for fashion designers and intermediaries
- ✓ [www.dutchfashionawards.com](http://www.dutchfashionawards.com) - annual launch of up-and-coming Dutch fashion labels
- ✓ [www.premsele.org](http://www.premsele.org) - Premsele - Dutch platform for design and fashion
- ✓ [www.dutchdfa.nl](http://www.dutchdfa.nl) - DutchDFA, multi-year program for international positioning of the design, fashion and architecture sectors
- ✓ [www.sica.nl](http://www.sica.nl) - Foundation for International Cultural Activities
- ✓ [www.design.nl](http://www.design.nl) - News and background in Dutch design sector
- ✓ [www.dmci.hva.nl](http://www.dmci.hva.nl) - Amsterdam Fashion Institute
- ✓ [www.modearnhem.nl](http://www.modearnhem.nl) - ArtEZ, fashion degree program at the Academy of Fine Arts and Design, Arnhem
- ✓ [www.nfia.nl](http://www.nfia.nl): Netherlands Foreign Investment Agency (NFIA) is an operational unit of the Dutch Ministry of Economic Affairs. First port of call for foreign companies wishing to establish their business in the Netherlands



# About HIDC

Holland International Distribution Council (HIDC) – Dutch: Nederland Distributieland (NDL) – is a private, non-profit organization providing matchmaking services for logistics partnerships in Europe. HIDC represents the Dutch logistics sector, and helps international companies make a smooth entry into the European market through the region's leading gateway, the Netherlands.

HIDC provides the answers to European supply chain challenges. Regulatory compliance is an essential component of international trade. With that in mind, HIDC helps companies use their own strengths to maximize their benefits. A solid and transparent supply chain ensures hassle-free operations within the EU.

Furthermore, our experienced staff advises large and smaller companies on ways to minimize costs of supply chain operations in the European market. We can help you find the reliable logistics partner that suits your needs best, based on our extensive member base, years of experience and in-depth knowledge of European logistics. All advisory services are free of charge, totally confidential and without any obligation.

HIDC works closely together with the Netherlands Foreign Investment Agency, an operational unit of the Dutch Ministry of Economic Affairs, Agriculture and Innovation. Their offices are located in North America, Asia and Europe.