

Trends & Expectations: E-commerce & Logistics



February 6th, 2013

Radisson Blu Hotel Amsterdam Airport

Logicon | Supply Chain Management Conference for Retail & FMCG

Take aways..

Collaboration is the key for online success

Define an optimal network per
product/market combination

**Without a solid plan for logistics,
Cross channel will not succeed**

**Warehousing solutions do not have to be
fancy, they have to work**



GROENEWOUT

45 years history

Logistics

5 year e-commerce projects

International logistics consultancy

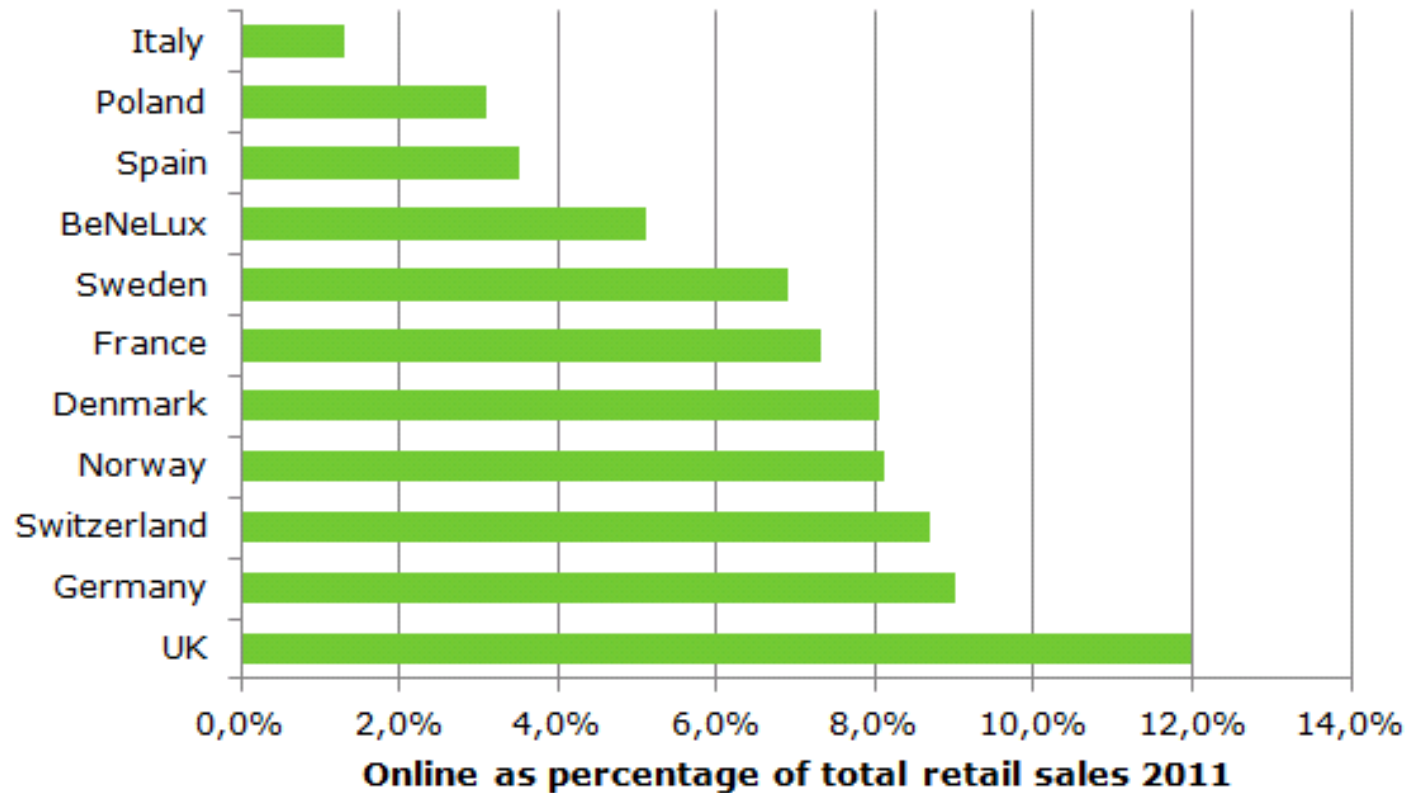
Supply Chain Management

Construction Management & Engineering

Trends within E-commerce & Logistics

SIGNIFICANT DIFFERENCE IN RETAIL SPLIT ONLINE/OFFLINE BETWEEN COUNTRIES

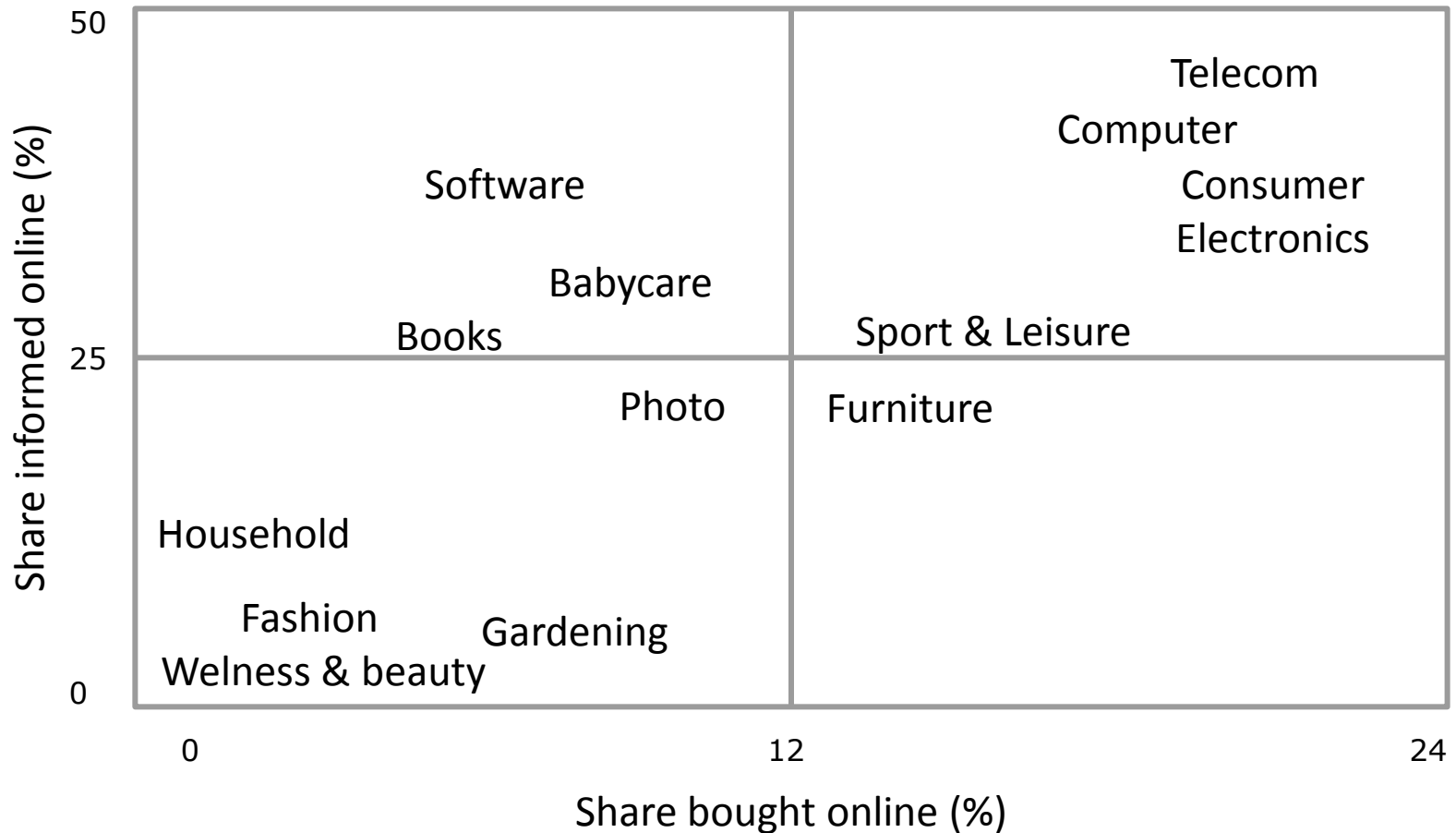
Online Share of Retail Trade 2011



Source: Centre of Retail Research


Trends within E-commerce & Logistics

INTERNET USAGE DIFFERS BY PRODUCT GROUP



Source: GfK, based on Germany

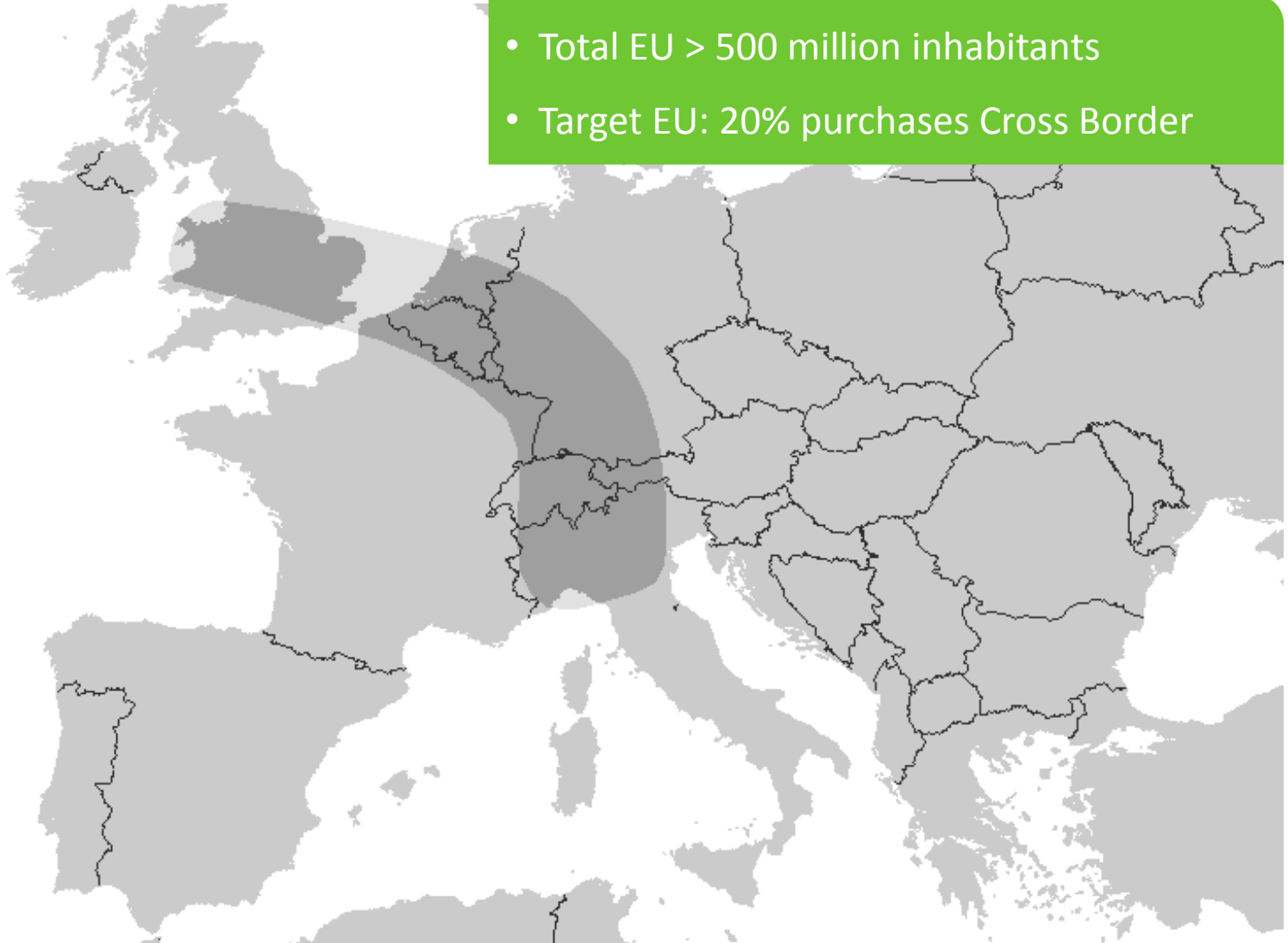
Customers want choice



In product
Returns handling
Delivery speed
Delivery location
Payment method

The future is in Europe

- Total EU > 500 million inhabitants
- Target EU: 20% purchases Cross Border



Current E-commerce network structures

Short lead time perceived valuable

Yes

No

**Commodity
sellers**



Nootbooksbilliger / Coolblue



Zalando / Amazon / Pixmania

**Branded
sites**



Zara / H&M



Some major changes are just starting up

MID-TERM: STOCK CLOSER TO CUSTOMER & STOCK FURTHER UP IN SUPPLY CHAIN

CURRENT

DIRECTION NEXT YEARS

EFFECT

Commodity sellers



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

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

Branded sites



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

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

Supply Chain Demand Network

END STATE: SUPPLY CHAIN DEMAND NETWORK

CURRENT

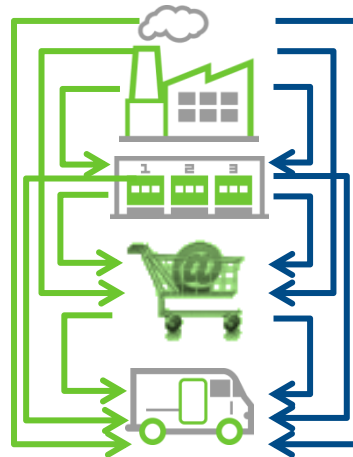
MID TERM SOLUTION

END STATE

**Commodity
sellers**



**Branded
sites**



Supply Chain Demand Network

END STATE: SUPPLY CHAIN DEMAND NETWORK

END STATE

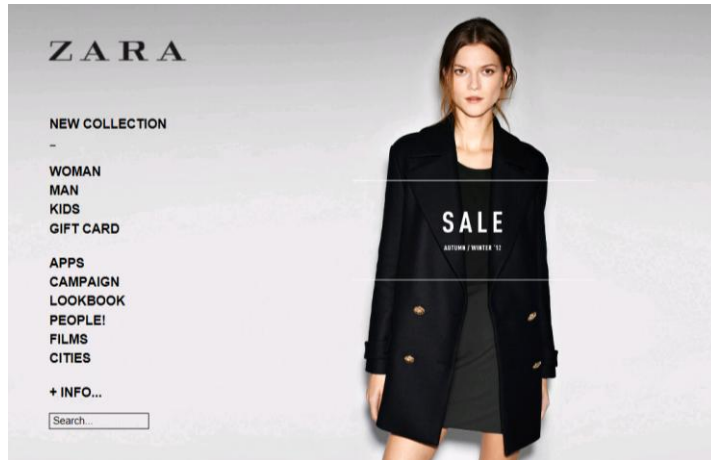
Collaboration is king **Network far more complex than** **current typical Supply Chain**

- @ E-tailers increase assortment, both in depth and width
- @ E-tailers expand to other countries/markets
- @ Inventory sharing, both horizontal and vertical
- @ Piece picking at all levels of the network (including producers!!)



Optimal network per product/market combination,
NOT by company

Cross channel is the future



Cross channel impact differs by company type

PRODUCER

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

RETAILER

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

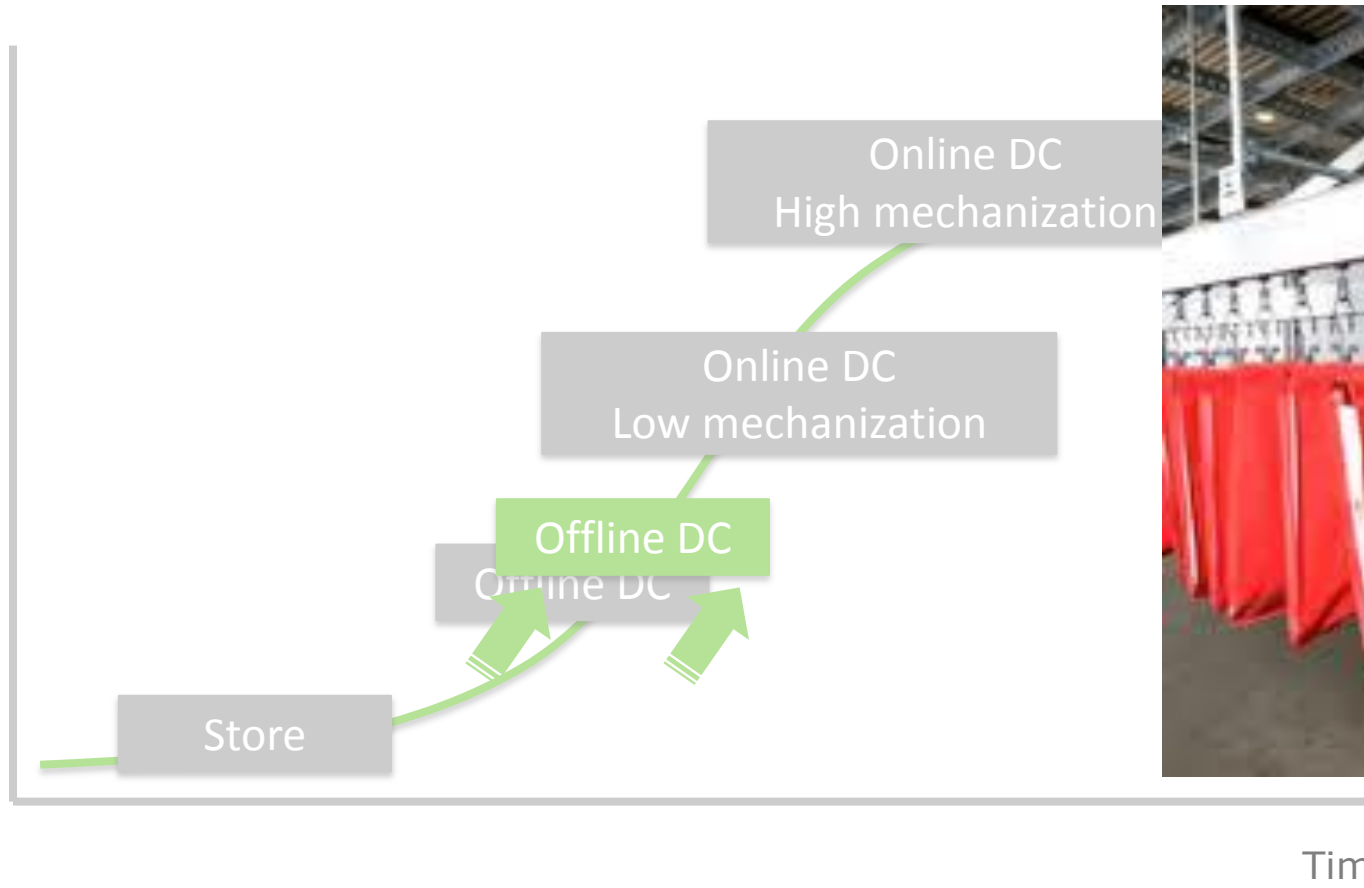
Orders for Business \neq Orders for Consumers

	B2B	B2C
Lines per order	50 - 100	1 - 3
Pcs per line	5 - 100	1 - 2
Complexity	Lower	Higher
Returned goods	Very minor	Up to 30%
Consolidation	Pallet	Shipping box

Where are online orders handled?

- New developments facilitate integration B2B & B2C

Sales
online



Where are online orders handled?

- New developments facilitate integration B2B & B2C
- New specific e-fulfillment solutions are being developed

Sales
online



Summary

Customers

@ Choice, choice, choice

Geography

@ From domestic to Cross border

Supply chain

- @ Collaboration is king
 - @ Inventory sharing, both vertical and horizontal
 - @ Piece picking at all levels of the supply chain
- @ Optimal network per product/market combination

Fulfillment

- @ “Traditional” logistic solutions are mostly sufficient
- @ Specific solutions for E-fulfillment are being developed

Think big, act scalable and GROW



Thank
you for
your attention



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DRIVEN BY KNOWLEDGE