

HOW TO WIN WITH E-COMMERCE LOGISTICS?

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LOOKING FURTHER

AGENDA

- Background
- Order fulfillment
- Cross border retail
- Repair flows
- Impact on materials handling



KEY FACTS, NEED TO INVEST IN R&D

- Last year web-generated sales in Europe amounted to €97 bln. In four years time online sales in Europe will amount to €172 bln.
- Currently, about 262 mln parcels are sent cross-border in Europe with an average sales value of €69 per parcel.
- Almost 15% of Dutch active on internet do not (yet) shop online; 20% shops online using a mobile

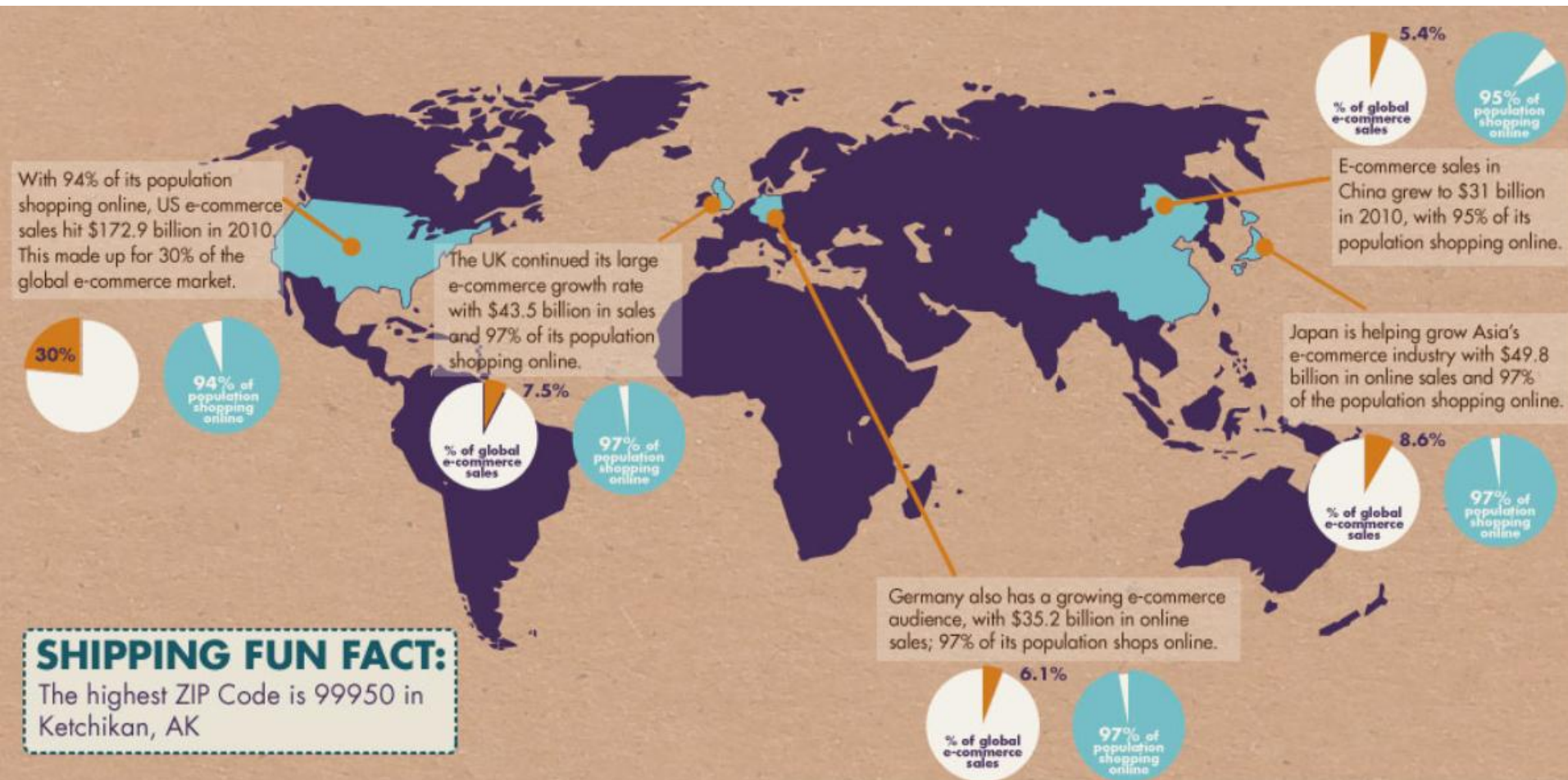
Sources:

<http://www.ecommerce-europe.eu/news/2012/06/e-commerce-doubled-in-2016>;

Essential Facts online winkelen, April 2012, Thuiswinkel.org;

http://ec.europa.eu/internal_market/post/doc/studies/2011-parcel-delivery-study_en.pdf.

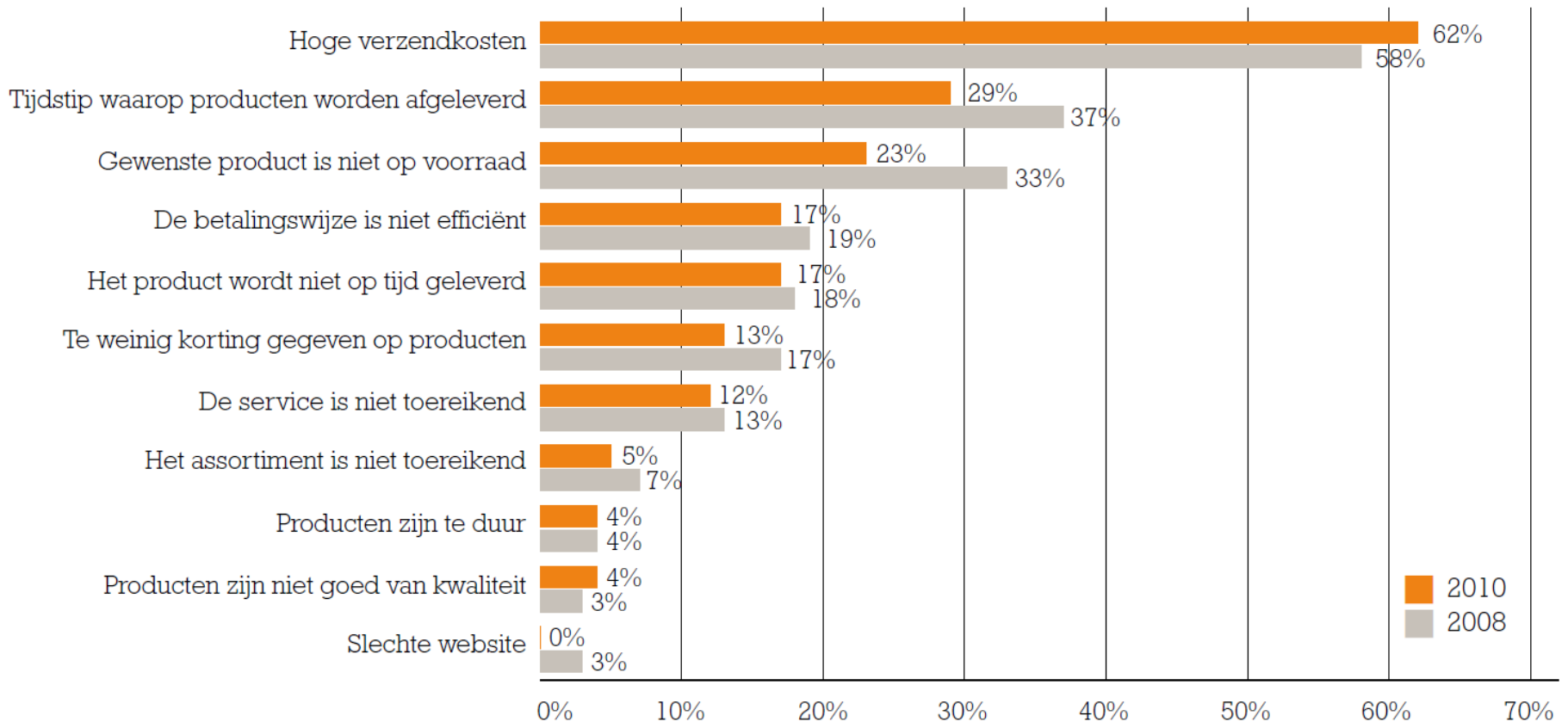
AS E-COMMERCE GROWS, MERCHANTS MUST THINK GLOBALLY



Source: <http://assets.econsultancy.com/images/0001/1391/shipping-ecommerce-conversion.jpg>

LOGISTICS KEY BARRIER TO FURTHER GROWTH

Figuur 3.2 Grootste ergernissen bij online winkelen



Source:

http://www.ing.nl/Images/ING-distributie-en-e-commerce-publicatie_tcm7-89778.pdf;

ICT barometer voor online winkelen, Ernst & Young.

LOGISTICS KEY BARRIER TO FURTHER GROWTH

- 36% of online buyers say they will buy more online if webshop logistics improve
- Late cut-off times for next day delivery for some webshops are logistics challenge
 - bol.com offers in-day delivery to Albert Heijn collection point
 - Shutl delivers in London within 90 minutes
- In the UK only 40% of the orders get delivered in 2 days; B2B performs better at 50% in 1 day

Source:

http://www.ing.nl/Images/ING-distributie-en-e-commerce-publicatie_tcm7-89778.pdf;

Micros online delivery report 2012, Micros, UK.

ORDER FULFILLMENT

- Delivery costs compose key decision parameter for consumers
- Other business models?
 - VANCL: combination of owned logistics and outsourced logistics
 - Alternative city distribution
 - Better understanding of what drives consumers to buy



Sources: <http://www.wantchinatimes.com/news-subclass-cnt.aspx?cid=1102&MainCatID=&id=20120904000087>; team research

SUSTAINABILITY AND INNOVATION IN ORDER FULFILLMENT



Sustainability and the last green mile

international ▶ e-commerce ▶ logistics

Floating depots in Amsterdam



Sustainable distribution partners



Source:
http://www.ecommerce-europe.eu/%2Fstream%2Fpre-conference-2012-minutes-e-logistics-dim-baars&ei=DNRuUMqNL8a00QWw7oCwBg&usg=AFQjCNGUalvFxfEwCkFhIkDnHf8_BoBbA

OPPORTUNITIES IN ORDER FULFILLMENT

- Order glitches are detrimental to customer satisfaction, so:
 - More accurate information on inventory availability – and live up to promises!
 - Managing multi-firm supplier relationships effectively
 - Efforts to deliver late orders as quickly as possible
 - Innovation in the last mile

CROSS BORDER RETAIL

- Only 8.8 % of European consumers buy from retailers located in other countries
- Amazon reported that international (non-US) sales were up 40% in the first 9 months of 2011
- Multi-channel consumers are bigger spenders than pure-play consumers

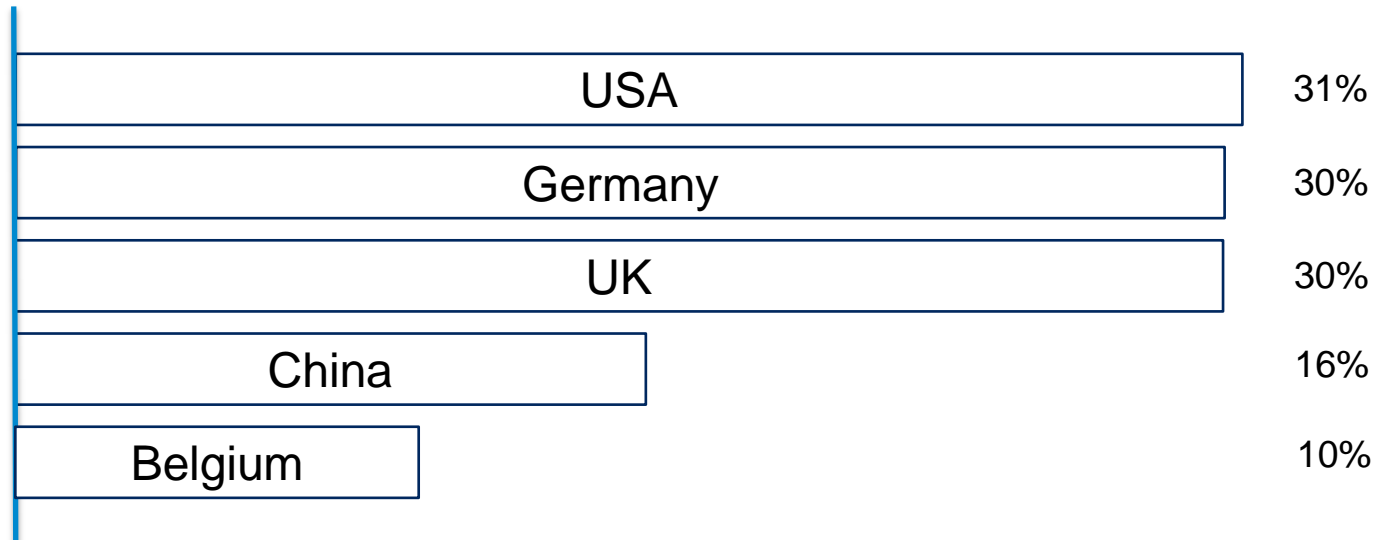
Source:

Home Retail Group annual report, 2011

Amazon.com, 3rd quarter trading statement, 25 Oct 2011

Accenture, European Cross-border E-commerce: The Challenge of Achieving Profitable Growth (2011)

20% OF THE DUTCH SHOP INTERNATIONALLY – BUT WHERE?



Consumer reasons for shopping internationally:

- Price
- Product availability

Source:
PostNL via youtube: <http://www.youtube.com/watch?v=8QONtvZsrso>

OPPORTUNITIES IN CROSS BORDER RETAIL?

Dutch websites more competitive than German?

- Order cut-off times in Netherlands are later than in Germany
- Dutch webshops offer track & trace more than their German counterparts

German websites more competitive than Dutch?

- German webshops offer more delivery methods than their Dutch counterparts

Source: Master thesis research Jeroen de Mik (a joint VU – Delivery Match project)

CHALLENGES IN CROSS BORDER RETAIL

- Understanding consumer behavior
 - Delivery requirements (e.g. delivery at neighbors acceptable?)
 - Required assortment?
 - How are trade-offs made?
- Gaining confidence of consumers!
 - Delays in deliveries or no deliveries at all when purchasing internationally are unfortunately common
- Information processing
- Parcel delivery
 - Transit times, time-slot deliveries
- Organizing the returns process
 - Physical flows
 - Information & Financial flows

Source: EU report on cross border retail; team analysis

RETURN FLOWS BECOMING PROBLEMATIC?

Zappos' Best Customers Are Also the Ones Who Return the Most Orders

AMSTERDAM, 23 februari 2012 08:00

Zalando maakt nog steeds geen winst

De Duitse online schoenen- en kledingretailer Zalando heeft in de eerste helft van het boekjaar 2011 een omzet geboekt van 200 miljoen euro.

Retouren

De hoge kosten van de e-tailer worden onder meer veroorzaakt door het grote aantal retouren, dat op 66 tot 70 procent geschat wordt.

<http://www.schoenvisie.nl/nieuws/algemeen/nid2286-zalando-maakt-nog-steeds-geen-winst-.html>



Retail fraud

Return to vendor: a dress on loan

How retailers can deal with customers who "de-shop"

Mar 3rd 2012 | from the print edition

<http://www.fastcompany.com/1614648/zappos-best-customers-are-also-ones-who-return-most-orders>
<http://www.economist.com/node/21548928>

Zalando online in Sweden – returns problem is growing

Tuesday 17 April 2012

<http://www.e-commercefacts.com/news/2012/04/zalando-sweden-returns/index.xml>

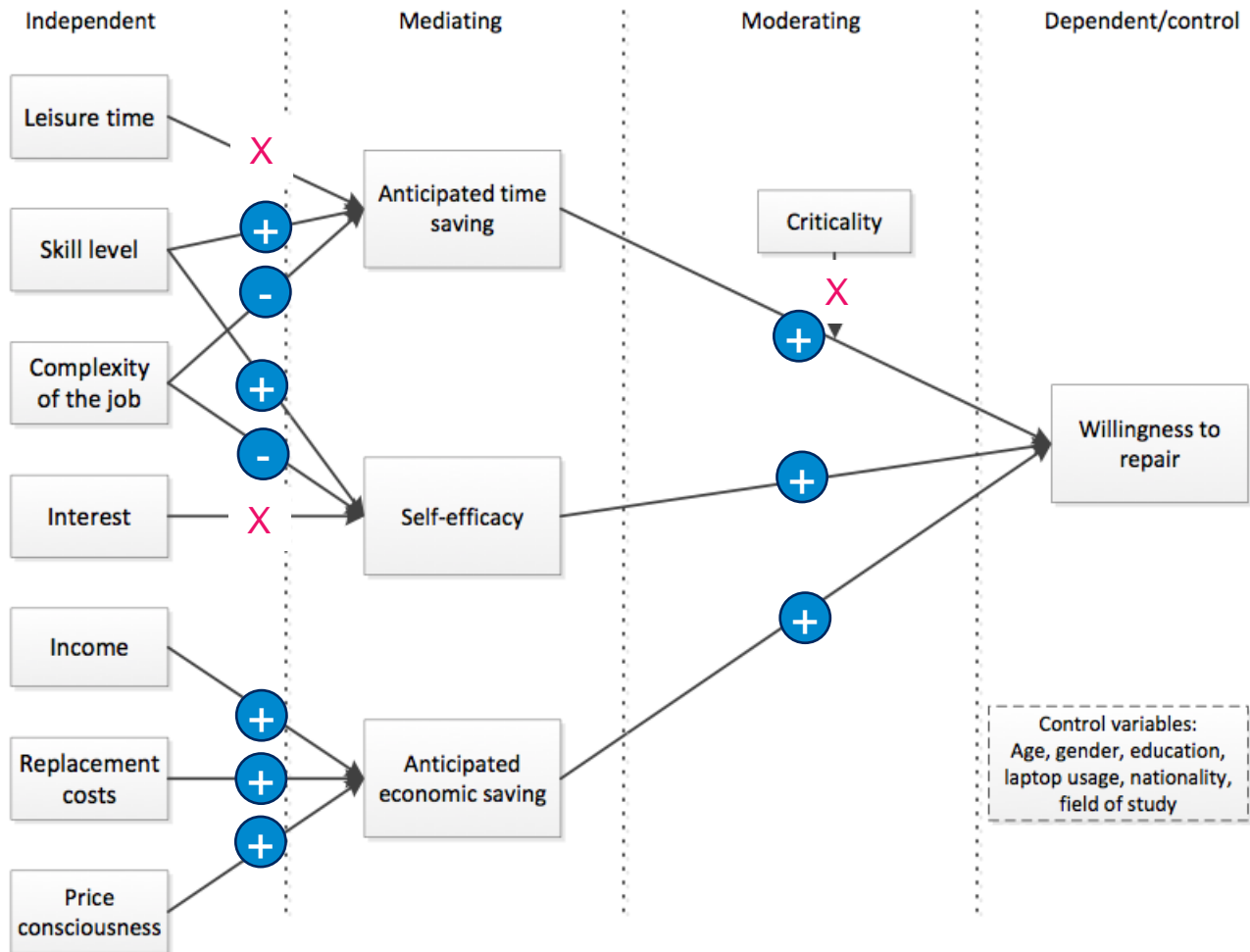
ONE SPECIFIC ISSUE IN RETURNS: REPAIRS

- There are several products where parts breakdown may not necessarily lead to throwing a product away (electronics, appliances, cars)
- Getting products repaired is becoming more and more expensive
- Many products can be repaired at home by the 'willing and able consumer'

SPARE PARTS STORES ARE ON THE RISE

The screenshot shows a website interface. At the top, there is a navigation bar with the Logitech logo, "Producten", and "Support". Below this is a "lenovo" logo with the tagline "Winkel voor reserveonderdelen". To the right, there are social media sharing buttons for "Share", "Like", and "Twitter", each with a "0" next to it. Below the navigation is a "FixYa Solutions for Everything" widget. It features a search bar with the placeholder text "What's your problem?" and a blue "Ask" button. To the right of the widget is a photograph of a smiling woman holding a white megaphone. Below the widget, there is an "About Us" section with the following text: "FixYa is a community based trouble-shooting resource that provides consumer-generated, practical product tips to help consumers solve problems on 8 million products. FixYa is a place where individuals can share real world experiences and connect to provide each other practical advice." and "From fixing cars, to cameras, to mobile devices, FixYa empowers over 20 million monthly visitors to repair and improve upon products they already own via its website and on mobile devices around the globe. FixYa is a venture-funded company with offices in San Mateo, California." Below this is a link to "http://www.fixya.com/contact" and a mention of "twitter.com/FixYa". At the bottom of the screenshot, there is a product listing for a "Logitech" carrying case. The product image shows a grey carrying case. To the right of the image, the text reads: "Draagtasje, Logitech Cube", "PN 993-000593", and "5.00 EUR". Below the product image and text is a blue "Kopen" button.

ONDERZOEKSMODEL



SOME LEARNINGS

- Supporting Do It Yourself (DIY) repair is not a job for a retailer
- Consumer self-efficacy is key -> if you believe you can do it you are willing to do it
 - Marketing efforts, manuals, guides!
- Obviously related to complexity of the job
 - Tests for baby strollers and laptops showed similar patterns
- Requirements for OEMS:
 - Attention to design of the product (modularity!)
 - Easy access to information (guides) -> internet!
 - Easy order to delivery process -> e-commerce!

IF OEMS DON'T TACKLE THIS OTHERS WILL

iFixit is the free repair manual that you can edit.

Search iFixit 



Parts and tools

Get the repair parts and upgrades you need.

Service parts and tools for Macs, iPods, iPhones, iPads, and Game Consoles.



Repair Manuals

Fix it yourself with step-by-step repair guides.

Learn how to repair electronics the easy way—one step at a time.

Troubleshooting

Diagnose what's wrong with your device.

Answers is a community of people helping each other fix things.



www.ifixit.com

News

iPhone 5

Manufacturer: Apple

OVERALL RANKING
2.8



• Button	• Circuit Board	• Processor	• Case
Bromine: 179 ppm Chlorine: 2,681 ppm Lead: 122 ppm Mercury: 24 ppm	Bromine: 118 ppm Chlorine: 20,498 ppm Lead: Not detected Mercury: 12 ppm	Bromine: 1 ppm Chlorine: 1,444 ppm Lead: Not detected Mercury: 50 ppm	Bromine: 40 ppm Chlorine: 2,425 ppm Lead: 159 ppm Mercury: 10 ppm

Note: Concentration values for each component are the maximum values from multiple component tests.

Mother Jones Profiles iFixit 10/03

Chemical Analysis Reveals that New Phones Have Fewer Toxics 10/02

Repair Still Rules in India. Can America Bring It Back? 10/02

Hang out with iFixit 09/26

[Discover new repair guides »](#)

IMPACT ON MATERIALS HANDLING

- Be ready for an increase in delivery channels, specific requirements and more stringent requirements
 - National AND international!
- Accommodate a variety of order cut-off times – that are pushed back constantly
 - Pre-staging, front loading
- “The first mile”: focus on returns
 - Increase in diversity return channels and in quantity of returns
 - There is market potential in consumer direct spare parts fulfillment for DIY repair

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