

E-commerce logistics: a sector which is still feeling its way

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Concentration, modernisation of processes, fluidity and interactivity in IT systems, e-commerce logistics is innovating to be in line with the market, which is characterised by cross channel retailing and real time demands.

Since the acquisitions of Orium (September 2012) and Morin Logistic (2013), La Poste reigns supreme over e-commerce logistics “a large number of actors are joining forces on the market and we will mostly likely witness a sort of plate tectonic movement in the coming months which will in result in mixed quality service levels” announces Olivier Moreau, CEO of Orium.



Driven by the rise in the number of online transactions, e-commerce logistics is in good health and whets the appetite. Following 20% growth in 2012 the turnover of e-commerce logistics specialists should continue to progress but at a slower rate. Xerfi-Precepta targets a growth rate of 17% in 2013, 15% in 2014 and 14% in 2015 in a study dedicated to the sector, “The last mile in e-commerce logistics –from flows consolidation to customer service” (September 2013).

The new stakes in the sector are thus resumed according to the authors as an improvement of cost and environmental impact in delivery, and therefore of the last mile. In order to be optimised, the study points towards several ideas: educate customers in order to make delivery a paid service, put into place alternative solutions such as delivery at pick up points or click and collect in order to consolidate flows.



Olivier Moreau, Orium

The first solution seems difficult to defend while ever free delivery remains such a norm. Even if certain strategies such as Showroomprive.com – who offer delivery in 24 hours on a market where normal delivery times are 3 to 4 weeks- easily find their audience.

Xerfi-Precepta believes that the second solution, via web-to-store and click and collect solutions, is a good way to deploy e-commerce throughout independent networks but does not solve the question of the last mile. In all truth, **actors on the market are looking permanently to optimise the efficiency of the last mile and reduce the costs** which are either paid for by the retailer or the customer.

Interactive delivery is the new standard

This is how the **principal of interactive delivery** has come about. This service, launched by Chronopost in February 2013 is **aimed both at online retailers and customers and changes the customer experience.** “Comments are very positive and more and more internet users are using the service and adapting it to their needs” observes Guillaume Guersing, market and enterprise services Manager.

A message is sent the day before delivery to the recipient to inform them that the delivery agent will call by between 8am and 1pm the next day. If the recipient is not available they are able to leave instructions (new delivery time or parcel to be left at a pick-up point). “The challenge is to improve the 1st time delivery rate and this is working since the service was launched, the 1st time delivery rate has increased by 30% adds Guillaume Guersing.

The service should be further improved in 2014 and offer even more delivery options. One success never being on its own, in 2014 Exapaq launched the **Predict service.** “With Predict the recipient automatically receives a text message which allows him to choose between several dates and delivery times. If these are not convenient, he can chose another type of delivery via the recipient area” adds Gildas du Retail, B2C Product Manager for Exapaq. Others will follow.



Guillaume Guersing, Chronopost

This service respond to market requests. **Information and interactivity are becoming increasingly market winning factors.** A recent study carried out by Comscore for UPS in six

European countries about customer online habits, confirms that parcel tracking is an essential service for 50% of buyers. Italians (61%), French (58%) buyers being particularly sensitive compared to British buyers (32%). Online shoppers wait for notifications by e-mail with a tracking number and alerts informing them about the delivery status and the possibility to track their parcel directly from the website of the online retailer.

Information and reporting

Orium was following the same target by launching **Sentinelle** in September 2013. **This SaaS tool allows the retailer to manage product flows from a customer service point of view, to be proactive and to master the logistics chain from A to Z by tracking every parcel up to the point of delivery to the customer. .**

With this tool the client is kept informed at every stage (order fulfilment, SMS or e-mail to indicate pick up by the carrier, alert in case of a problem). The online retailer has detailed reports to manage the process. According to Emmanuel Kowalski of Shipleader, “online retailers are asking for more and more supply change management tools”.

It would appear that the high level of demand which characterises small parcel delivery (pick up point, delivery on appointment) are taking market shares from the large parcel sector. However “while postal services bring a broad response to the first market, we have to construct a case by case response for large parcel” adds Emmanuel Kowalski. Shipleader therefore works with local service providers and manages the process using their platform. “The volume of large and heavy parcels is growing and our clients need specific help, particularly in their international development as the returns problem is not sorted” adds Emmanuel Kowalski.

Shipleader develops both international partnerships and simple tools which allow retailers to follow the returns status. **The service provider offers an IT system which facilitates the management and reimbursement of products returned from receipt of the parcel in the country of the buyer. Three to four days are gained in reimbursement time.**

Retailers are becoming logistics providers

Another trend to reduce the costs, **online retailers develop their own logistics.** Priceminister (Rakuten group) launched a logistics service last spring which is dedicated to their market place professional sellers. The service includes assistance with storage and despatch.

Even better, **the 3SI Group created Dispeo in 2012 and opened the largest e-commerce fulfilment center in France, near to Lille.** Covering four warehouses Dispeo has 145 000 m² and employees over 1000 employees.

The e-fulfilment provider is able to manage 400 000 parcels per day. The center is innovative thanks to its size and its industrial scale equipment (automatic sorting thanks to two machines which can manage up to 1024 parcels simultaneously). “We cover the length of the supply chain and in order to avoid breaks in the chain, we have located the main building back to back with the sorting hub of Mondial Relay” explains Bernard Avril, CEO of Dispeo.



Bernard Avril, Dispeo

This grouped organisation means that order preparation and delivery activities are linked by a simple platform which is equipped with conveyors on which the parcels are transported.

“This organisation is unique in Europe and allows us to prepare orders in 2 hours, an order placed before midday can therefore be delivered at a delivery point as of the next day in France and in Belgium, according to the availability of the products” explains Bernard Avril.

Dispeo manages orders for the all companies of the 3 SI Group including 3 Suisses since February 2013 and will progressively integrate order for Blanche Porte, Becquet and Vitrine Magique before opening its offer to market.

Towards omni-logistics

In response to omni-channel order and in order to optimise costs, omni-logistics appears on the scene. “This is characterised by a very high level of agility with a plug and play service with extended networks which integrate online stores, their suppliers and logistics platform with a homogenous customer experience” indicates Olivier Moreau. For this specialist of e-commerce logistics “online retail without a warehouse, following the marketplace model should reach 20% of e-commerce sales in 2020”.

In terms of organisation, this new type of logistics will do without storage and inventory in order to be re-

concentrated on the IT system. “We are developing a tool in Saas which will be sold by subscription and which will integrate the suppliers of the online retailers allowing the retail to manage products without a warehouse” explains Olivier Moreau. The service should be available in 2014. The cost level will be calculated according to volumes, the location of the suppliers, the product characteristics (price, size, weight) via an estimate calculated case by case.