


# E-commerce growth shakes up the logistics sector

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**The boom in e-commerce is continuing with logistics providers facing a quickly developing market. Solutions are required to satisfy increasing demands from the e-commerce market. Last mile deliveries need to be more flexible, transparent and cost-efficient. Same day deliveries are no longer an exception, but have become a standard service. Omnichannel is the latest development in the retail sector and online retailers are increasing their bricks and mortar presence.**

In recent years, the e-commerce sector has been growing strongly with continued growth expected. Global turnover in this segment is set to double by 2018 according to [statista.com](http://statista.com). Annual turnover increase in Slovakia is forecast to be around 10%. Consumer electronics currently has the highest market share in the e-commerce sector, which is unlikely to change in the near future.

Retailers are investing in e-commerce logistics to meet customer's expectations and be more competitive. Customers expect more services in the B2C sector without additional costs. More than 81% of customers expect free and fast (max. 2 days) deliveries, according to a recent survey on [deloitte.com](http://deloitte.com).

Logistics providers need to adapt their e-commerce solutions rapidly to keep pace with the rapidly developing e-commerce market. M-commerce, alternative payments, flexible transport routing, home deliveries, shorter lead times, pick & pack solutions, and reverse logistics are among the trends which retailers and logistics providers are now implementing. The related cost issues are currently of the greatest importance. Appropriate e-fulfillment solutions are needed to reach these targets. The graph below shows the evolution of retail logistics to include complex e-fulfillment centers over the years.

The hub of a successful logistics network is the e-fulfillment center connected with a variety of

different transport channels. Last mile deliveries are the focus for further improvement and retailers are using this service to increase customer satisfaction. Heavy shipments, pre-installations, and recycling of old goods are some of the services which are rapidly increasing in this segment. Home deliveries are on the increase and customers appreciate the additional services.

A new global trend is the development of omnichannel distribution. Rather than selling online or offline in a store this looks to meet customers' buying behaviors by combining the advantages of both models.

Many online shops companies such as Warby Parker and Bonobos are currently building up their own offline retail stores, called bricks and mortar locations, to increase their presence on the market. ([JLL.com](http://JLL.com))

Competitors (offline retailers) are moving into online shop solutions to increase their operating range. Solutions such as Click & Collect, which lets customers

order via an online shop and pick up the goods at a store, are becoming more popular. Bricks and mortar retailers are offering "online" services and, by bringing customers to their stores, they can strengthen the relationship with their customers and motivate them to make additional purchases in the bricks and mortar store.

The importance of full transparency and proactive information flows are increasing rapidly. Furthermore, the ability to react to unexpected situations in real time is now a must. Redirections of shipments are one of the new options to achieve a new level of flexibility as regards

last mile deliveries.

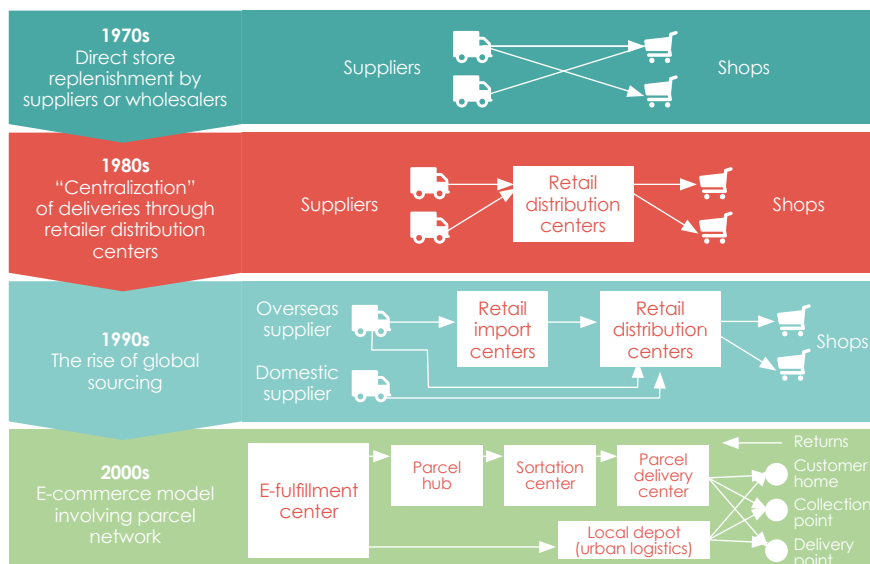
Flexibility and reliability are key for modern logistic providers. In the B2C segment, customers can be lost quickly if you don't deliver the right goods to the right place at the right time.

This brings us to the last part of the e-commerce supply chain-return management. This is a big part of costs for retailers. The Economic Times states that the return rate is around 50%. This factor directly influences the cost basis for sellers and minimizes their profits. Specialized logistics providers decrease the management of returns to a minimum and make products available again rapidly in online stores, which helps to keep costs low.

In summary, e-commerce is pushing the development of the logistics sector and forcing logistics providers to provide higher levels of flexibility.

Steve Jobs predicted in 1996 that the impact of e-commerce would be huge. It is certain that developments in this area will continue. ([transportintelligence.com](http://transportintelligence.com))

**The evolution of retail logistics**  
(based on non-food distribution in developed markets)



Source: JLL.com