

Ecommerce Europe

Manifesto for a better parcel delivery market in Europe - April 2016



www.ecommerce-europe.eu



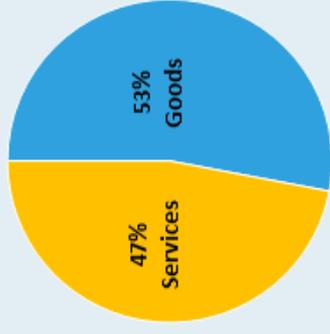


West €209.9 bn +13.3%
 Central €106.6 bn +12.9%
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817 million people live in Europe
 491 million* people use the Internet
 274 million* people are e-shoppers
 *excluding people aged 0-14

Forecast 2015
 €477 bn Turnover E-commerce Goods & Services



Average spending per e-shopper

6.4%

Europe

€423.0 bn 13.6%

EU28

€368.8 bn 13.4%



2.5% eGDP

€17.1 trn GDP 2014



2,475,000+

jobs directly or indirectly via E-commerce



715,000+

estimated online businesses



4 billion+

number of parcels annually (f)

UK, Germany, France, account for 61% of total E-commerce sales in Europe

Top 5 mature E-commerce countries in turnover (billion)

UK	€127,200
Germany	€71,200
France	€56,800
Netherlands	€13,961
Switzerland	€12,717

Top emerging countries	
Russia	€19,947
Spain	€16,900
Italy	€13,278
Poland	€6,541

Estimated share of online goods in total retail of goods



"457 million social media users"

Executed by: Ecommerce FOUNDATION

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Ecommerce Europe

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Digital changes the way consumers shop and the way consumers wish to receive their purchases. Nearly all growth in retail comes from e-commerce. The e-commerce sector is booming. However, the full potential of the European e-commerce market has not yet been reached. Today 65% of European internet users shop online, but only 16% of SMEs sell online - and less than half of those sell online across borders (7.5%). Also, only 16% of consumers shop online from another EU country¹.

Ecommerce Europe is the association representing 25,000+ companies selling goods and/or services online to consumers in Europe. Founded by leading national e-commerce associations, Ecommerce Europe is the voice of the e-commerce sector in Europe. Its mission is to stimulate cross-border e-commerce through lobbying for better or desired policy, tabling the e-commerce sectors' demands on the agenda of those designing the necessary standards and regulations, by offering a European platform bringing the European e-commerce sector and other stakeholders together, and by providing in-depth research data about European markets. Moreover, Ecommerce Europe provides more than 10,000 certified online companies across Europe with a European Trustmark label, with the aim of increasing consumers' trust in cross-border transactions.

E-COMMERCE AND PARCEL DELIVERY

E-commerce is fundamentally changing postal and parcel markets. Global commerce streams

revolutionize shopping, but the current parcel streams are ill-fitted to accommodate this.

Almost one out of five EU citizens mentions that cheaper delivery prices are the main improvement that would encourage more online shopping from sellers located in other EU Member States^[1]. Similarly, more than one third of online merchants consider higher costs of cross-border delivery compared to domestic delivery as an obstacle in online cross-border trade^[2]. In surveys done by Ecommerce Europe, inefficient cross-border delivery is consistently in the top three of biggest barriers for online merchants to sell in another EU Member State. Almost half of companies selling abroad (44%) view logistics and distribution as a difficult barrier to tackle when doing business abroad^[3]. The Ecommerce Europe survey "Barriers to Growth" also shows that 15% of companies not selling at the international level refrain from doing so because of excessive transportation costs^[4].

Concretely, merchants identify the following barriers which still remain:

- Lack of a global level playing field from service providers;
- Lack of standardized interface specification to exchange data and to harmonize labelling;
- Lack of information on differences in service and standards;

¹ European Commission's Digital Scoreboard 2016

^[1] Eurobarometer 398

^[2] WIK Consult, Initiatives to support the growth of e-commerce via better functioning parcel delivery systems, 31

^[3] Ecommerce Europe, Survey "Barriers to Growth", 2015

^[4] Ecommerce Europe, Survey "Barriers to Growth", 2015

- In some cases, lack of track and trace services: leading to consumers inquiring information with merchants or consumers unjustifiably claiming a package has not arrived;
- Too long delivery times throughout Europe: in particular, for non-express services;
- Customs and VAT administration: too complicated, rules vary greatly;
- Reverse logistics: especially problematic for small volumes.
- Lack of transparency in pricing.

Digitization is changing current delivery value chains with a direct impact on costs and business models. Online commerce shifts the focus of delivery to the demands and needs of the modern consumer:

- **The demand for quality** leads to measurable performance and customer service being at the heart of the business model.
- **The demand for speed** leads to customer retention via same-day or even immediate delivery options, financed via a flat fee model.
- **The demand for transparency** leads beyond traceability to proactive

messaging and real-time adjustments according to the preferences of the recipient.

- **The demand for convenience** leads to easy-to-use return solutions, scheduled drop-off and alternative delivery options, pick-up and recycling options.

The e-commerce sector has already internalized these principles: Now it is time for the delivery sector to adapt its business models and infrastructure as well. The distinction between “courier” “express” and “postal” has become irrelevant, and borders become obsolete. Delivery providers need to bridge the gap to the e-commerce merchants, their consumers.

MANIFESTO FOR BETTER PARCEL DELIVERY

Delivery providers need to bridge the gap to the e-commerce merchants, their consumers. It is time the delivery market is shaped from consumers’ - not senders’ - point of view. The European e-commerce sector is a stakeholder in the discussions and demands:

- ✓ **A global level playing field from service providers** (in postal: modernizing terminal dues and termination fees²)

² Termination fees: Currently there are several remuneration systems in place on UPU level (and the future will see a fundamental change (<http://www.communication-logistics.com/Integrated-Product-Plan.html>)). For letters up to 2 kg, (including commercial letter post items) the Terminal Dues systems; for parcels up to 30 kg, the Inward Land Rates

System. In the last months a new termination fee system was launched globally by the UPU, their ECOMPRO system, dedicated to x-border Ecommerce (the system currently is based on new service and product descriptions and new termination fees on bi-and multilateral level). In Europe multilateral termination fee systems, like REIMS V for letters, the EPG system for

- ✓ **More negotiating power on prices** through transparency and access
- ✓ **Open IT-standards for labelling**
- ✓ **Open IT-standards for interface and database**

Failure to meet these demands is not an option: enterprises who generate demand amongst consumers have already proven that they have the means and resources to facilitate delivery themselves. In turn, the e-commerce sector takes up its role in providing sustainable solutions in the supply chain to ensure consumer demand will continue to rise.

BREAKING DOWN BARRIERS ON ALL LEVELS

To harmonize the currently fragmented market and to diminish the distortion of the market, collaboration of all stakeholders in the sector (online merchants, delivery service providers, regulators, solution providers, customer organisations) on all levels is necessary. Open and interoperable standards should be the norm.

1.1 Global

There is a lack of a global playing field from service providers. Costs and subsidies should be tailored to current reality (i.e. not listing China as a developing country, leaving Europe to be flooded with cheaper parcels via Chinese post, and others currently benefitting from an outdated UPU termination fee system, granting development aid like subsidies to the disadvantage of online trade in Europe and

parcels and lately the INTERCONNECT system for x-border ecommerce items, add to

North-America). Combining this approach with speedier decision-making, a faster response to market demands, an integrated approach to product development and remuneration systems, and connecting wider postal sector players with products and services at all levels, is the recipe for successful, high quality postal services.

1.2 European Union

Ecommerce Europe is convinced that high European delivery performance is a key driver for success for web merchants and their business models. Merchants and consumers need a European-wide delivery system with open standards for labelling and data interfaces to carrier data in order to create more innovation and greater transparency in the logistic chain. Additionally, more options are needed, including different offers, alternative affordable delivery options, more flexibility, more information and transparency from delivery service providers.

1.3 Sector responsibility

Where the delivery sector has a responsibility to bring its business models up to speed, the e-commerce sector has a responsibility to ensure its business model is sustainable for the generations to come. Sustainable solutions can thereby enhance the efficiency in the supply chain. Merchants combining volumes can increase performance and decrease their ecological footprint. Efficient packaging can save distribution space and diminish waste streams. Online merchants are already

the lack of transparency and regulatory oversight.

developing sustainable solutions for the last mile to decrease the pressure on inner cities. It is important the e-commerce sector takes up its role in stimulating these initiatives and in helping create a more sustainable delivery value chain. Ecommerce Europe is an important facilitator in this process, providing the platform to design and foster sustainable, integrated e-logistics solutions.

ECOMMERCE EUROPE AS A DETERMINING STAKEHOLDER

By not just participating in all relevant institutional stakeholder groups but also tabling the e-commerce sectors' demands on the agenda (for example towards the Universal Postal Union³), Ecommerce Europe's voice should be clearly heard. Ecommerce Europe has taken an active role to determine how cross-border e-commerce should develop by assuming Chairmanship of several institutional committees (like the CEN Standardization Committee on Postal Services – TC331, its current Work Item 109 "Postal services – Harmonised label and Interfaces for cross border parcels"). Moreover, by actively contributing to the content of the next implementing decision of the European Commission on a standardization request to CEN under mandate of the EU⁴ Ecommerce Europe actively brings stakeholders together to

discuss and make changes on how to cater to the online merchants' needs and to achieve more innovation and greater transparency in the logistics chain.

³ With 192 member countries, the Universal Postal Union (UPU) is an international organization and the primary forum for cooperation between postal sector players. It sets the rules for international mail exchanges and makes recommendations to stimulate growth in mail, parcel and financial services volumes and improve quality of service for customers. Ecommerce Europe holds a seat in the Consultative Committee of the UPU.

⁴ COMMISSION IMPLEMENTING DECISION (EU) .../... of XXX on a standardisation request to the European Committee of Standardisation as regards postal services and the improvement of quality of service in support of Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997

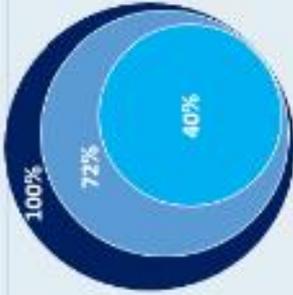


Ecommerce Europe Association Data at a Glance 2015

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Our mission:
 To unlock the potential of cross-border e-commerce in Europe



June 6-8 2016
 Barcelona



European E-commerce Awards
 • Entrepreneurial award
 • Disruptive award
 • Pure Player award

GOMSEC

Global Online Measurement Standard B2C E-Commerce

Round Tables

Meetings in 10 European cities for e-commerce experts and invitees

European Reports

Reports include country profiles, trends & infographics.



Reports include these countries:

- Eastern: Rom, Sla and Ukr
- Western: Belgium, Fra, Ire and UK
- Southern: Gre, It, Port, Spa and Turk
- Northern: Den, Fin, Ger, Nor and Swe
- Central: Aus, CH, Ger, Hun, Pol and Sw

18+ leading e-commerce associations



ECOMMERCE EUROPE member
 25,000+ members

ECOMMERCE EUROPE partner
 34+ preferred business partners

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