

# CROSS-BORDER MAGAZINES

native

All about cross-border commerce, edition 6, summer 2019



MYMUESLI  
BUILD YOUR  
OWN BREAKFAST:  
MASS CUSTOMI-  
SATION IN  
THE FOOD  
MARKET

**SUCCESS STORIES** MYMUESLI, ACE JEWELERS, LA MARTINA // **B2B CASE**  
WÜRTH // **Q&A'S** HIPVAN, LABORATORI FABRICI // **TIPS & INSIGHTS** IDEALO,  
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# FOREWORD

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## CULTURE IMPACTS CONSUMER RATINGS

“I never give a ten when rating a service. A ten means the service was perfect, and nothing can be perfect. There is always something that can be improved.”

The above answer is quite normal in the Netherlands when a customer is asked if they would give a perfect ten score for service. As an American expat working in cross-border roles in the Netherlands, I have always been so surprised by this perspective. In the US, it feels quite normal to give extreme scores.

We were recently able to investigate if my feelings about the impact of culture on customer ratings were in fact true. Anne van Vught, Data Scientists at Pretty Good Knowledge, accepted the challenge to interrogate a massive data-set of ratings to test this hypothesis. The data was provided by Olery and included over 380 million unique consumer rating records from multiple sources in the hospitality industry.

The initial feedback from Anne was not remarkable. Looking at the data which had a 10-point scale, the average score was 8.13 in the US and 8.10 in the Netherlands. How could this be possible?

We decided to use the Net Promotor Score calculation on the data to see if we could gain anything from that perspective. The data was a mash-up of many different ratings sources, so the raw data was not appropriate for the NPS approach, but it was still a revealing calculation. The score for the US was a 34.2 while it was only 28.9 in the Netherlands. This started to reflect what we heard on the streets, as the shape of the data for the Americans was teeming with perfect 10's.

However, things got awkward when we looked at the data which had a five-star rating instead of the 10-point scale. It turns out the Dutch really do not like giving top scores and if you are limited to only five options then the results are brutal. The calculation based on the five-star data in the US resulted in an NPS of 26.2, and in the Netherlands, it dove to 15.8. Most of the Dutch scores were a four out of five, and the Americans happily gave almost twice the number of five-stars than fours.

So, Anne was able to prove with the Olery data that it is indeed true that the Dutch are much less likely to give top scores than the Americans. If the Dutch only have five options to choose from, this cultural aspect will drive down your scores even more. We saw similar trends in other countries, such as the British giving more 10's on average than even the Americans, and the Nordic countries having the same allergy to giving top scores as the Dutch.

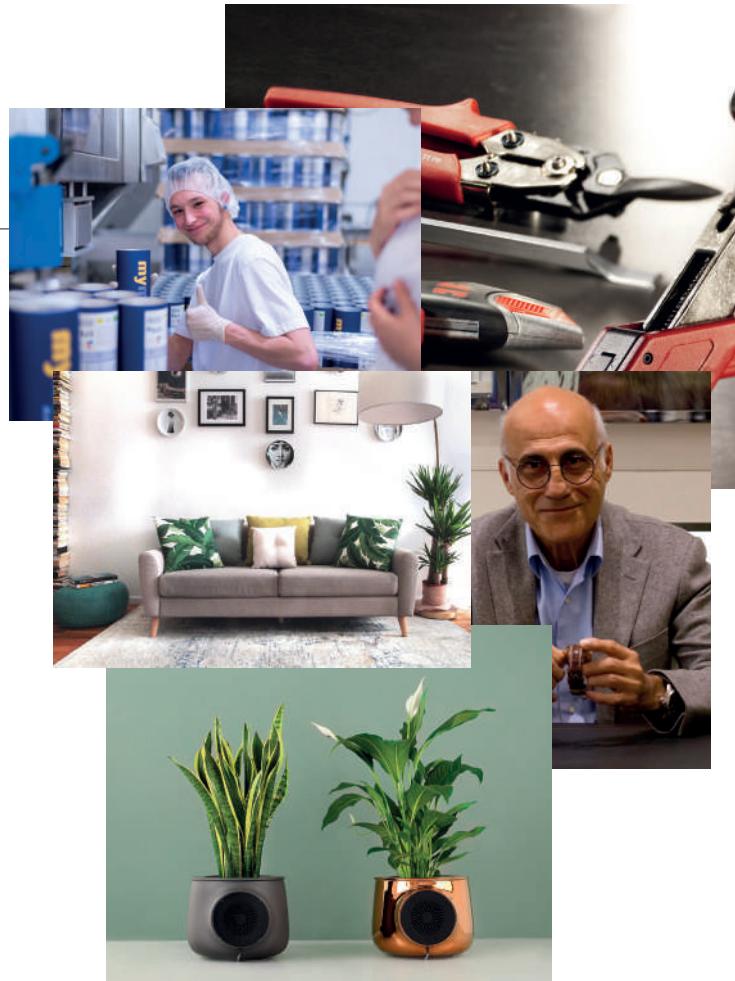
When you are looking at consumer ratings cross-border, you really need to take into account these cultural nuances and reconsider using a five-star scale in any market!

Yours,  
Chris Parker

*Chris Parker is the Customer Experience & Operations Director at Pretty Good Knowledge in Amsterdam. Contact him at chris.parker@prettygoodknowledge.eu for more information about the ratings study. Special thanks to Olery ([www.olery.com](http://www.olery.com)) for sharing their data for this research.*

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# COLUMN

What can we learn from the big fish?

**B**igger is better, right? At least, bigger is getting bigger. This is what I often hear in the world of online selling. Players like Amazon, AliExpress, Asos and Zalando seem to win more and more market share as time passes by. Whether we like it or not, there does not seem to be a way to 'stop' these companies at the moment. This actually makes sense, as people love to shop on these easy-to-go-to portals because of their enormous range of products, quick deliveries and, of course, the trust people have in these giants.

But what can we learn from internationally successful big online players? As I study these companies, I think they have a few things in common, which is interesting for SME's to be aware of and to try to copy. First of all, the big fish have a long-term vision and strategy which means that they are convinced of the path they are taking. When Zalando came to Holland and France in 2010, they had only one goal and that was to become the biggest in online fashion and to brand themselves fast in the Dutch and French markets. Result? Within three months, everybody in those countries knew Zalando. The second key to success is that they are able to raise money from investors to reach their goals and the investors know that they profit from a great ROI after five to ten years.

Furthermore, I see that all of the big online sellers have had an international focus from the very start. They see clearly that only selling in a domestic market will at some point be a dead end, so selling cross-border is a must to survive in the long-term. The big fish are also not afraid to split their inventory in local warehouses to be able to deliver faster in the local markets where they are operating. For an optimised customer experience, these companies work with local people who can support the shop in the local languages. Last but not least, those big fish are working with good local partners.

Bottom line, however: if you sell cross-border, do not forget about your customers abroad. Respect them and do not just see them as beneficial turnover. Provide them with the same experience and respect as you do in your domestic market. Do not forget that, as is stated in the interview with Tim Andrew of Localz, customers, more and more, buy with this idea in mind: "what I want, where I want, when I want it". It is not always necessary to invent the wheel; just take a good look at how others do things.

Enjoy reading!

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## COLOFON

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# mymuesli



# BUILD YOUR OWN BREAKFAST: MASS CUSTOMISATION IN THE FOOD MARKET

*Text: Nico Hoeijmans // Photos: mymuesli, Nico Hoeijmans*

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**Good morning! Another early wake-up call that asks for a decent shower and even better breakfast. The food market is enormous and the opportunities endless. Max Wittrock, co-founder of multi-channel brand mymuesli talks to us about the food market brand and what it means to set up a brand in six countries. Read on while you are enjoying your morning muesli.**

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## **L**isten to the radio

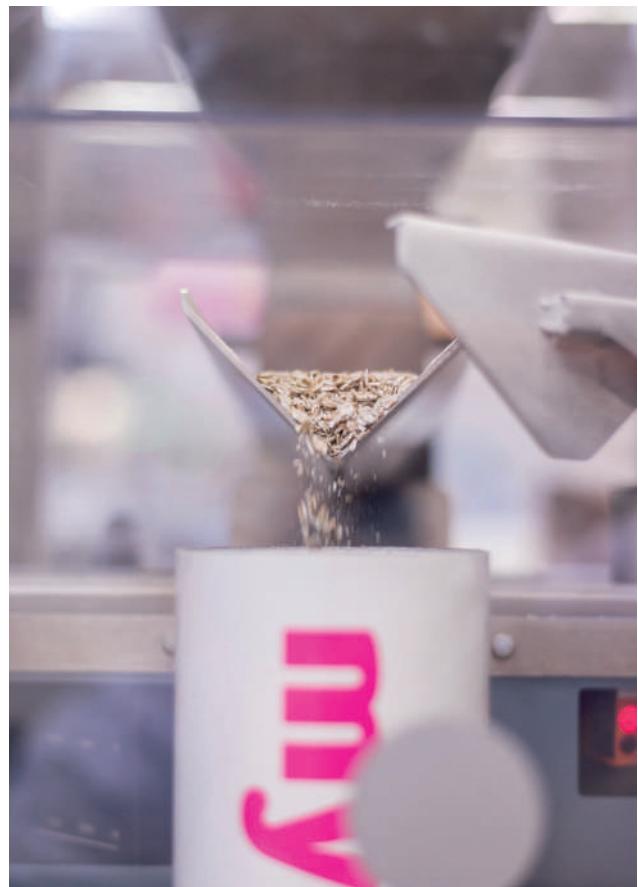
The German-based company mymuesli was founded in 2007 in the city of Passau by Max Wittrock, Hubertus Bessau and Philipp Kraiss. "We got the idea when we drove to a nearby lake. On the radio, we heard this commercial for muesli, presented by a big brand that had been around for quite a while. It turned out to be a decisive moment," Wittrock says. "We talked a lot about muesli as a product, realising that no one really did anything premium with it, and it was very hard to find an attractive, fashionable advert for muesli. Perhaps most important was that we concluded that, up to that moment, no one had leveraged the online market, as the business of food was quite new to the online platform. For us, premium became about mass customisation. The difficult part was developing the full concept around it."

Wittrock considers the concept of the business they wanted to start. Opportunities were not endless, as at that time, opening a store was too expensive. "Renting a truck or a spot in a supermarket was another idea, but we did not know anything about supermarkets at that time. The third idea was to go online, but for premium food it was pretty much untouched territory. To start, we had no idea whether people would buy muesli online," he explains.

## **Do not listen to the locals**

A survey among German inhabitants had to shed a light on this major question. "About a thousand people actually filled in our questionnaire. The shocking result: 0% said they would buy muesli online! The only time they would consider it was when it would be cheaper than buying muesli in the supermarket." It didn't give a lot of confidence to start their company, but their gut feeling told them otherwise. "It's like Henry Ford stated: people aren't aware of alternatives. In Ford's case, people would reply they wanted faster horses, not being able to imagine a car. We decided to go for it, and it taught us not to listen to locals all the time, but carefully weigh results with your gut feeling," Wittrock smiles.

On the 30th of April 2007, the mymuesli website was launched. "We did everything ourselves, mixing muesli with eighty ingredients in eighty Tupperware bowls, able to combine up to 566 million combinations; we counted every raisin!" Wittrock says. "E-commerce and social media were basically in the Stone Age at that point. Now, marketing possibilities are endless but back then, we did not even have a major social platform. Even Facebook was in its earliest stages. As we loved to write, we decided to make a blog, and that worked! We sold out in a few weeks,



which accelerated the talk around our business even more. Just do; that was our philosophy."

### Expanding the business

mymuesli was a hit and soon the expansion of the business started. A brick-and-mortar shop opened in Passau and cross-border activities started in Austria and Switzerland. "These two countries were close to us, and both spoke German. They were logical steps. We did learn that there is a lot more to running a cross-border business than just translating your website. Especially in Switzerland, we had to deal with customs and legalities. It provided us with the lessons to expand to the Netherlands, the UK and Sweden. Only recently, on a small basis, we started selling in France as well."

For mymuesli, the biggest problem is the product itself. Each culture has different tastes and may require a different kind of muesli. "In this aspect, we had one major advantage: our mass-customisation. When people prefer raisins more in one country, they can add them themselves. If not, they can leave them out. This way, the cultural differences you normally see in a market are solved by the consumers. In theory, cultural assimilation and adaptation processes happen within the customer."

### Cross-border challenges

"Of course, we had to deal with other challenges in our cross-border expansion, mostly in the legal department but also in terms of strategy," Wittrock adds to his previous statement. "I do not believe in a one-size-fits-all-perspective, which is why our strategy in, for example, Sweden and the Netherlands differed from our German strategy," he adds.

This raises the question what these differences are. He explains: "What I go by is a statement from Amin Maredia, CEO of Sprouts Farmers Market: 'If the future is foggy, stay to the facts'. Work with the things that you know. In Sweden, this meant we started with two channels, offline shops and online, because we had a higher chance to reach a bigger audience. The offline shops' purpose was to let the consumer get to know the brand. After a year or so, we closed them, as people knew who we were."

So how does this tweaking in the moment work when considering long-term strategy? "We work with a very dedicated, analytical team that creates long term strategies. The important part is to believe in these strategies and stick to this plan. Naturally, you can tweak and test small things, but don't panic if it does not immediately work out as you thought. For us, there is no need to be live in twenty markets by the end of the year. I believe it was Dietrich

Mateschitz from Red Bull who once said: it takes years to become an overnight success."

### Basic knowledge

mymuesli is working with partners to grow their business, as most (online) retailers do. However, Wittrock states the food company is doing most things in-house. "We believe it is important to work with partners or team members who know the local market. They do not necessarily need to live there, but they need to at least visit it regularly. It is the same in customer service. We provide international support in the native language from Berlin. This way, a French consumer gets native French responses and Dutch consumers get it in Dutch, which is essential for each respective market. I strongly believe it is important to have, at least, a basic experience of this knowledge yourself, so you can act on possible developments."

### People hate to customise

The food market is one of the biggest in the world and is always important. "We need to eat, but that doesn't mean that people don't care about good food. We do too and that is what makes us

passionate about it," Wittrock says. However, being passionate will not be enough to create a strong brand. "Here, our strategy comes in again. We try to create a love-brand and I strongly believe in a few core principles. First, you and every team member must be truly avid about what you do. Secondly, you must bring transparency into your organisation and decentralise decisions. You must make things as clear as possible. Lastly, you have to create a nice look and feel. This sounds easy, but nice packaging, for example, is something you still have to search for in supermarkets. For food, this is important as appeal and good food go very well together," explains Wittrock.

"It is the area where we test a lot as well. But, we are also quite nostalgic about certain things, which sometimes prevents change. It took us forever to decide that the tubes we use for muesli did not necessarily need to be all white. They used to be, but now almost all of them feature bold colours, which looks much cooler on a shelf and clearer for our customers. The same with our 360-degree packaging-feature, something we are very excited about, where our customers can not only mix their own muesli but design the tubes themselves as well. It started well and I see lots of the tubes on Instagram, but we heavily discussed if it could change the perspective of our brand. It was a big step for us to let customers in on our packaging and have them choose what kind of pattern they want."

Interesting is Wittrock's vision on customisation, as they heavily apply it to their product, both in mixing your own muesli as well

as the packaging design. "People love customised products, but they hate to customise. Customisation in general is a hassle, and people don't like to put too much effort in. However, they are happy when they get a customised present as a gift. That's why we tried to make it as convenient and simple as possible. So far, we've received real positive responses," he says. "People like to have their own personalised breakfast. If you can make them feel happy about their food, it creates a strong, emotional link with the product and brand."

### Do, and do it better next time.

E-commerce will keep on evolving quickly. "At mymuesli, we use our long-term strategy for three to five years. It helps us with developments and ideas we have and want to work on. With current rapid changes, it is not all up to us to decide what will happen. I

believe our strategy is what it used to be a strategy for ten years. Just look at what happens in offline shops; their role is changing. What they exactly will become, we don't know. I think we must look at them as we do to our e-commerce platforms. We are used to tweaking every sentence on our website on a daily basis but are hesitant to change our shops, as investments need to last multiple years. The combination of online and offline (multi-channel) will now become more important than ever. Shops can provide experiences that are not possible online, like tasting a certain ingredient of our muesli. We have to do and see what happens, and do it better next time, as we always learn something from our first try," Wittrock concludes. ..





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# HOW FREELANCERS CAN HELP YOU GROW YOUR BUSINESS GLOBALLY

*Text: Melissa O'Malley // Photos: iStock*

According to the EY Global Contingent Workforce Study<sup>1</sup>, the gig economy is growing and by 2020, almost one in five workers will be contingent (freelancer or contract) workers. The market is ripe for opportunity, including helping you grow your business internationally with a network of freelancers.

**A**ccording to PayPal's Global Freelancer Insights Report<sup>2</sup>, on average the businesses surveyed have been using freelancers for over six years, and 77% use freelancers at least monthly. 55% of businesses surveyed expect to be doing more work with freelancers, highlighting a shift in the traditional work structure as companies opt for staffing models which include a smaller number of core staff, with many other roles provided by the freelancer community.

In particular, small to mid-sized businesses should take advantage of the freelance revolution to remain competitive. Many are feeling the pressure of international competition and that pressure is not likely to decrease. The advancement of technology is not only helping to open cross-border and e-commerce opportunities for businesses, but it is also opening up opportunities for businesses to source both local and international talent. At PayPal, we believe it is critical for small businesses to integrate freelancers as core parts of its company's processes to ensure they are consistently achieving business objectives, growing profits and remaining competitive in the global market.

### Why small businesses should use freelancers

By using freelancers, businesses can access the skills they need, they can choose exactly who to work with and for the time that they need and it is cost effective, as they are not employing people full time they do not need. Ease of access to international talent via freelancer platforms is not only good for the economy, but it also paves the way for homegrown businesses to become international success stories.

While freelancers offer a range of unique and specialist skills, the research found that businesses are most likely to use freelancers for: web design (36%); programming (31%); graphic design/illustration (30%); web/mobile development (26%); web marketing and sales (24%); accounting (24%); data entry/internet research (23%).

### PayPal's top tips for businesses looking to tap into the freelance revolution to help them grow internationally

#### 1) Prioritise skills over fees

PayPal's research<sup>2</sup> shows that when it comes to selecting a freelancer, it is important to choose the right candidate for the job to ensure you are getting the most value out of your investment. As such, the businesses surveyed tend to prioritise skillset and project experience over fees and years of experience when selecting freelancers:

- Skillset (63%)
- Experience with similar projects (61%)
- Seeing examples of their work (52%)
- Years of experience (42%)
- Reviews, ratings or endorsements from the clients (41%)
- Fees (41%)

#### 2) Take advantage of freelance platforms to find the right fit for your business

Sometimes finding the right talent can be difficult, but PayPal's research<sup>2</sup> found that freelance platforms are most effective when it comes to finding contract workers – 59% of companies

surveyed use them to source freelance talent. New freelancer platforms allow businesses to advertise employment opportunities, promote themselves and access international markets that otherwise would not be readily accessible. Check out sites such as freelancer.com, Fivver, Upwork and Guru for fresh talent.

#### 3) Mobile compatibility is key

Mobile payments, mobile apps and mobile communication continue to grow in importance and usage for freelancers. The freelancers surveyed cited having mobile tools, as well as the ability to invoice and receive payments via mobile devices as crucial in their on-the-go world.

#### 4) Make your business attractive to freelancers by optimising your payment process

As jobs become increasingly agile, and freelancers expect more flexibility, it is important that your business matches this agility to ensure you can find the right talent. For businesses looking to tap into freelancers, considering how you are going to manage payments is a key factor to attracting (and in some cases retaining) the right talent.

When it comes to paying freelancers, the research found that the following factors are most important to them:

- Secure (47%)
- Fast to receive payment (33%)
- Easy to withdraw money when paid (31%)
- Offers fraud protection (22%)
- Not too expensive (22%)

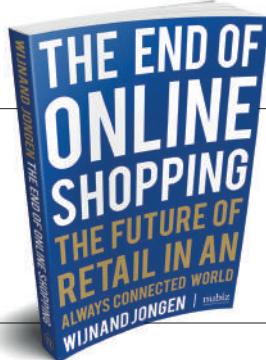
A staggering 58% of freelancers surveyed reported they have experienced not being paid by their clients. Non-payment or even delayed payments not only impact the quality of the freelancer's work, but can also damage your working relationship. Paying freelancers on time, just as you would a full-time employee, is a necessary foundation for growing your business with freelancers.

As technology breaks down the barriers of location and helps businesses find the right person for the job, it gives businesses access to a huge pool of potential employees and access experts from all over the globe. \*\*

1. An internet survey amongst workers who are in a supervisor role or above in a company with >US\$100m turnover and >1,000 employees. 202 respondents were sourced from a panel provider, and 12 respondents were sourced from EY's contact database. The surveys were completed between April 20 and June 27 2016.

2. Source: this data was from a survey commissioned by PayPal and independent research company Netfluent in October 2017. The online survey polled freelancers (and those about to become freelancers) and commissioners in local languages across twenty-two markets to understand what is important to freelancers and commissioners in general, the tools and brands they use and how they pay/get paid and move their money.

# COLUMN



## BIG DATA, THE CORNERSTONE OF THE SMART RETAIL ECONOMY

New technology has always been the catalyst of social and economic transitions. New energy sources, technologies and means of communication during the industrial revolutions brought true upheaval to society, the economy and individuals. The present day is no different. The new economic paradigm of the 'smart economy' now provides the foundation for onlife retail. We are witnessing the dawn of a new age of technology. This new 'smart economy' has unprecedented impact, something which is daunting and exhilarating at the same time.

### **B**ig data is making everything smart

Big data is the lifeblood behind all this technology.

Kenneth Cukier, the data expert for The Economist, and Viktor Mayer-Schönberg, Professor of Internet Governance and Regulation at the Oxford Internet Institute wrote that "big data refers to our burgeoning ability to crunch vast collections of information, analyses it instantly, and draw sometimes profoundly surprising conclusions from it."

The retail sector has much to benefit from big data, with producers improving their analysis of production methods, and retailers discovering better ways to serve their customers. The ultimate strength of big data is to use the analysis of consumer information to benefit individual customers. Any retailer will like the sound of that, right?

Intelligent algorithms, founded in big data, can now translate individual consumer preferences into the production of goods and services. Using machine and deep learning techniques, retailers can predict what consumers will be interested in next. Personality traits combined with recent buying patterns can provide useful information. It is nothing new in the world of retail. Google uses techniques like this to display its ads in the very best spot. Similarly, Amazon taps into algorithms to show consumers relevant items and Booking.com and Spotify do the same for hotel rooms and music, respectively. Ultimately, the individual consumer benefits from this analysis.

### **O**nlife retail

There are advocates of internet privacy, or critical voices out there, not in the least in the wake of the Facebook's recent privacy scandal, where the data of 87 million users was shared without consent. Regardless of these valid worries, the world will move on. We are seeing the dawn of a new revolution, of a data explosion. It will allow patterns and trends to be deduced for a whole range of business sectors, with retail as one of the most important ones. It will be up to the retail sector to earn and keep consumer's confidence and loyalty in the twenty-first century's big data battle. ••



In 'The end of online shopping', Wijnand Jongen describes the future of retail in a world that is always connected. This is the first of a series of columns for Cross-Border Magazine in 2018, where Wijnand will describe four global retail trends.

Wijnand Jongen (1959) is one of world's foremost authors, speakers and futurists on retail and e-commerce. His book was nominated best management (2016) and best marketing book (2017). He is founder and CEO of Thuiswinkel.org and Chairman of the Executive Committee of Ecommerce Europe.



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# CUSTOMER FIRST!

## AN OMNICHANNEL TRANSFORMATION FROM A B2B CUSTOMER'S PERSPECTIVE

*Text: Nico Hoeijmans // Photos: Würth and Femke Hoogland*

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Würth is a B2B market leader in the field of international trade of assembly and fixing materials, selling via more than 32.000 sales representatives and an advanced B2B commerce platform in more than eighty countries all over the world. This traditional family business has transformed itself into an omnichannel organisation, with the customer at the centre of all innovations. In this interview, Winfried Blum, Director at Würth Netherlands, and Gerard Scheffel, E-Commerce Manager at Würth Netherlands, talk to us about this transition and the challenges that come with the customer-centric alignment of digital commerce and sales.

---

**A** traditional family business becomes digital These days, all divisions and companies that belong to the Würth conglomerate serve over three million B2B customers. What all started as a small, traditional German business with only three employees has evolved into an innovative omnichannel B2B shopping platform. What makes Würth different from other B2B platforms is that it still focuses a lot on representatives that work in the field. "While many other companies might have chosen to, for a large part, replace them, here at Würth, the role of sales has evolved into a more value-added role to bind and further develop customer relationships. They

have become the face of our organisation, the people behind the digital environment," states Blum.

"Digital innovations in recent years made things less personal, but we have noticed that the role of contact manager, which our representatives now have, is highly valued," adds Scheffel. "This way, we have become a personal point of contact, available 24/7 through all of our sales channels," Blum concludes.

### Long-term relationship

There is a deeper meaning behind this internal structure of Würth,

Würth Netherlands in particular, who was recently one of only three companies nominated for the Dutch B2B Shopping Award. “We focus on a long-term relationship with our customers, in which digital plays an important role. It is great that customers want to buy something at a given point, but that is our cue to start building a trustworthy bond with that customer,” notes Blum, adding: “We don’t just sell products – that is something everybody can do. We provide the best possible service.” Scheffel confirms: “People tend to forget that as a B2B company, we are still dealing with people. It means there always is B2Person contact. Providing a personal service is how we can make our business really open and small.”

Würth Netherlands focuses on doing this, amongst others, with their representatives. “It’s about having the right people in the right place, full of relevant knowledge, at the right time. We have more than 125,000 products, making it impossible for one person to know all about it. That’s why we work with different Würth divisions, for example automotive, cargo, construction and the steel and metal industry. Each representative has its own discipline, being able to help his own customers as well as they possibly can. Behind these people, we have our division experts, who know most about their specialisation. This way, we can help our customers more efficiently, and more directly, compared to having them call a ‘generic’ customer service department,” says Scheffel.

### Integrating all channels

More than 400 companies in the Würth concept have an extensive amount of sales and service channels. “At Würth, we have got our shops, sales managers, pick-up locations, phone, back- and front office, Würth eShop, online platform and more. All channels are integrated to run as one smooth process. The best part is, however, that they are all tailor-made, in line with the customer’s wishes,” tells Scheffel, “It does not matter what kind of B2B customer you are, whether you are self-employed, an SME or a national or international player. Each channel has its own benefits while all combined and selected for you to provide a tailor-made solution for each company.” Blum adds: “All combined, our channels provide the opportunity to always be in touch with the company, whenever and wherever you need us.”

Research indicates that Würth customers appreciate this availability and flexibility. “Even though a sales manager might not always be available, for example when he is on holiday, there is always another way to stay in touch. Consumer contact that is more frequent, at least once every twelve months, shows less fluctuation, meaning the risk to lose this customer decreases a lot,” says Blum.

### Secret service

Naturally, the success is not all about being available. Another



key to the accomplishment of Würth is the service they provide to their customers. Gerard Scheffel provides us with an example: “Imagine yourself building a car. In that case you need A, B and C-category products. Our products, screws and rings to assemble the car, are qualified as C-category products. Usually, these products are the cheapest meaning that competing on price does not make much of a difference. However, each product has its own processing costs. Looking at this, about 80% of the total costs for C-category products consist of these costs. What we do, is try to reduce these costs, which is of high value to our customers. It can be the difference of an employee having to walk ten times as far to get new protective gloves in the warehouse and having them close by in his working space.” Blum adds: “It indicates the strength of the Würth service that we can provide these kind of things, reducing these kinds of cost. Everybody can deliver C-category products: to manage this well is our biggest strength.”

### **Processing**

All channels in the omnichannel environment correspond to each other. To make this happen, Würth benefits from the Inter-shop B2B Commerce platform, making the online- and offline order process as dynamic and convenient as possible for their customers. “Wherever an order is placed, it gets processed the same way: the way the customer wishes. That’s part of our tailor-

made solution. We can arrange all kind of services for companies to manage their orders, costs and budgets. If a company has mechanics who can order products themselves, managers can check this in their own web shop to see what is ordered. They can approve or decline certain purchases and much more,” Scheffel explains. “Everything we offer, in all of our sales channels and systems, but especially in e-business, is to make things more convenient for the customer, not necessarily for us. Every time we talk to a (new) customer, we discuss what works for them. Then, we can come up with a fitting, tailor-made solution in which our online offerings are very important. We did not start with the premise that we wanted to make things cheaper. We have aimed to provide transparency in all of our processes. I believe that this is highly valued by our customers.”

It is what has been made clear with adding new sales channels to Würth. “Representatives on the road have been getting used to their new role and turnover growth is seen in new channels. We see that our customers like to buy products outside our general opening hours, especially self-employed customers. As well as this, products they do not need at first notice get sold online. Suggestions help giving these products attention,” tells Blum. “It’s like B2C: when you buy a mobile phone, you immediately buy a cover,” adds Scheffel, “because of the convenience of doing it all at once.”





### Customer journey and user experience

Looking at all of the above, Würth is focusing on the user experience and customer journey from a customer-perspective, something Blum and Scheffel can't emphasise enough. "At Würth, it's all about what the customer wants and what they needs, and how we can provide that in the best way possible," says Blum. "In the end, it is about providing an excellent service, to strengthen the relationship with our customers, providing full integration and transparency that is of desire to the customer."

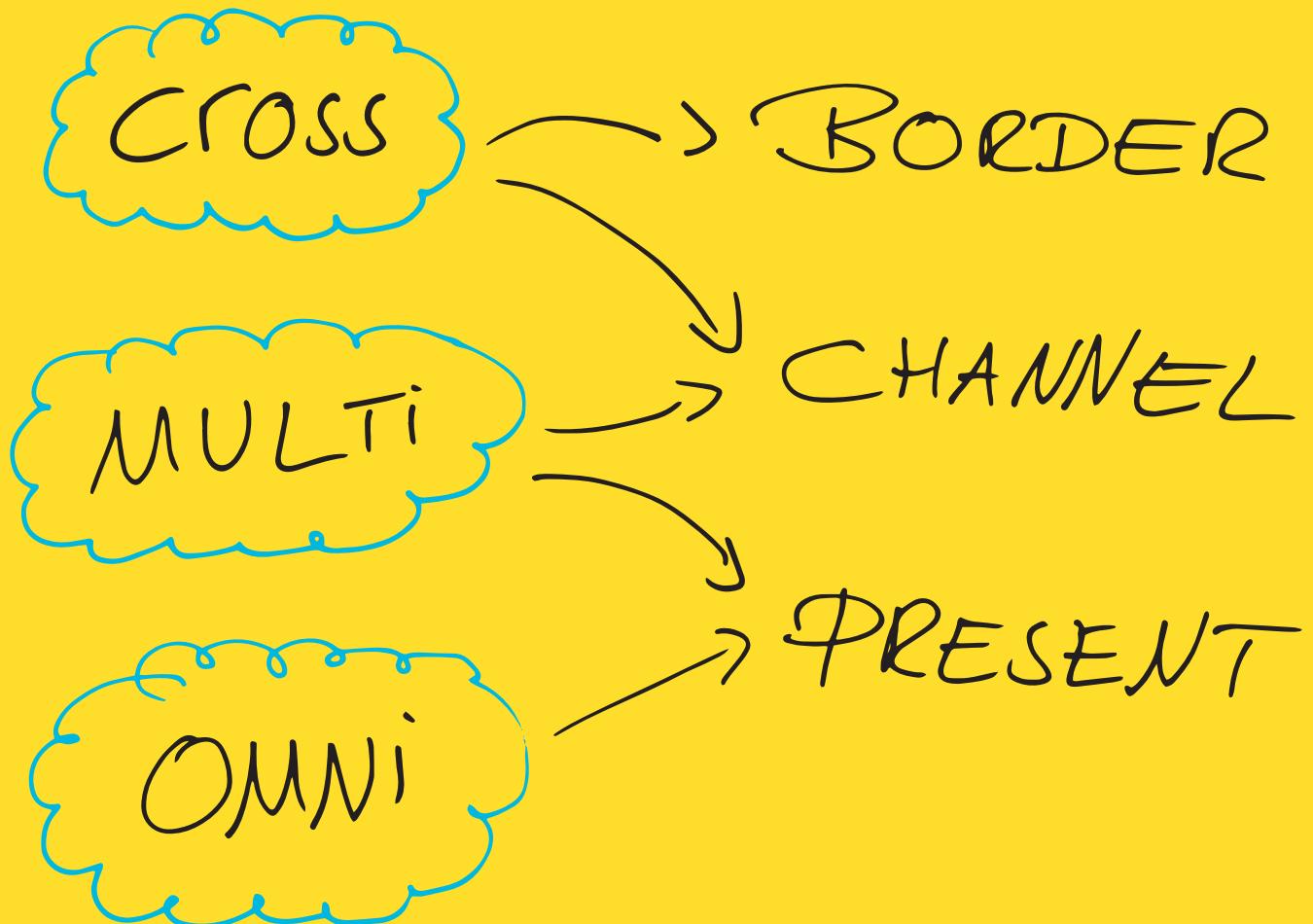
To remain **innovative**, Würth executes a lot of research, looking what the need in different countries is. This varies from simple A/B-tests to scientific research on consumer demands. "Our aim is to provide a platform that is as transparent and convenient as possible, showing all the data and tools the customer needs. What we actually sell, is our convenient service. That is what our customers choose," says Blum. "If, for example, a customer is

working with dangerous materials, we will provide him with the necessary safety sheets," adds Scheffel, "The Intershop platform gives us the opportunity to keep on creating these new, convenient tools and integrating all processes into just one platform for all companies, for every region, for every customer and containing all products to optimise things as much as possible."

In the end, it all comes down to the management of processes. Blum: "If a customer wishes, we can deliver accurately and speedily on a certain floor on a construction site. Whether you are in need of management tools, orders models, cost-centre models, workplace solutions or anything else, it all comes back to what we started with, process optimisation. The way we do that is still an eye-opener to our customers. Providing them with insights to save time and costs and getting more insights in their spending through our omnichannel solutions. That is what leads to a high-value customer relationship." ••

### ROELOF SWIERS, COUNTRY MANAGER BENELUX AT INTERSHOP

"Würth had many innovative and complex demands for their B2B-webshop. With more than 400 companies, selling over 125,000 products to more than a total of three million customers in eighty countries, it was a challenge to meet the demands of the projects. Now Würth really benefits from the extensive B2B-functionality of the Commerce Suite of Intershop, making it easy to manage centrally and expand to new countries."



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# DELIVERING A RETURNS EXPERIENCE FOR CONSUMERS ONE SIZE DOES NOT FIT ALL

*Text: Stephen Booth, Nico Hoeijmans // Photos: Bleckmann*

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**M**eeting the continuous and ever-growing expectations of online consumers - including the need to align your minimum proposition with online market leaders and their standards - remains a significant challenge, or rather, an "immense opportunity", for many organisations.

Reverse logistics is an evolving and critically important part of the supply chain management, with the Outbound service rapidly commoditising and leaving little room to make positive changes.

Various studies show that for 87% of the (worldwide) retailers, handling returns is a big challenge. Historically, the focus was Outbound, focused on delivering free and fast solutions, which unfortunately were accompanied by an increase in the volume of returned products, as consumer buying habits changed, resulting in an expensive and unpredictable overhead for many retailers.

This growing need for the 'on-demand' economy requires quicker processing and a hassle-free return policy in the supply chain\*. As the shelf life of products continues to decrease, the ability to retrieve, process and return the returned stock back into the sellable inventory quickly, can significantly impact the bottom line. In addition, with consumers starting to receive deliveries from multiple online retailers, there is a need for faster refunds. A 14 to 28 day refund policy just is not going to cut it in today's market.

A reliable and closely managed returns solution ensures a positive experience with the brand. It can make or break a sale; research shows that 92% of customers do not repeat purchases if the return process is too complicated\*\*.

Whilst many retailers are still trying to resolve the above, the market took another leap into the future: starting to provide consumers with refunds as soon as the return shipments was confirmed as being received into a local returns centre, such as Parcelshops. This requires an incredible amount of trust in their supply chain partners and IT systems, as it means supplying a refund without the goods being back with the retailer. Noting that these returns were not even in the hands of the Retailers and they have to trust their supply chain partners and data-feeds.

Bleckmann, on behalf of its customers, has been actively involved in these reverse logistic challenges for a number of years now. From humble beginnings, Bleckmann's reverse logistics platform is now on its 3rd generation, with the 4th and, as crazy as it sounds, the 5th version already in the minds of the developers.

This 3rd generation platform provides retailers with an ability to meet multiple needs, from directly connecting a retailer's own return web interface to retrieve personalised returns labels, to providing the same retailer's Customer Service Agents the ability to receive an incoming call from the consumers, and, whilst the conversation is in progress, to email the required return label directly to the same consumer.

The client determines how the consumer can use the portal and there are six different models for the client to choose from. This varies from an option where the consumer prints the return label themselves, to a customer-integrated website. In that case, the return portal is invisible, provided as a "White Label" and subsequently, designed to fit the look and feel of the retailer's brand.

This provides an optimal brand experience for the consumer.

Over many years, Bleckmann has developed strong working relationship with local carriers, experts in their own geography and recognised locally by your customers for accessibility and coverage. Therefore, Bleckmann can deploy a consistent global approach locally, using the term "Local Heroes" to describe their workforce. Currently, Bleckmann have access to over 150,000 unique Parcelshops across Europe.

For all models, Bleckmann, with the customer, determines which carrier it works with, depending on which country the customer is in. That may vary significantly - to fully optimise Local Heroes and local custom and practise. In addition, the client can also leave the choice to their end customer to choose which carrier they want to return the shipment with. All carriers are connected to the Local Hero network which Bleckmann manages.

Recognising the importance of transparency and data accuracy, Bleckmann has five key moments which are actively managed and monitored:

- Consumer goes online, alerts client of the need to send back a return and selects / retrieves the correct Local Hero Par-

celshop return label. As the use of QR codes and label-less solutions are developed, these will be supported.

- Consumer packages the return, applies the label to the outside and delivers the return into a nominated Parcelshop or has the return collected from home.
- The Local Hero transports these from the Parcelshop to their central hub in-country.
- Bleckmann collects from central hubs and takes physically possession.
- The return is then delivered to the retailer's Returns Processing Centre.
- All of the above is supported through integrated technical platforms and linehaul operations.

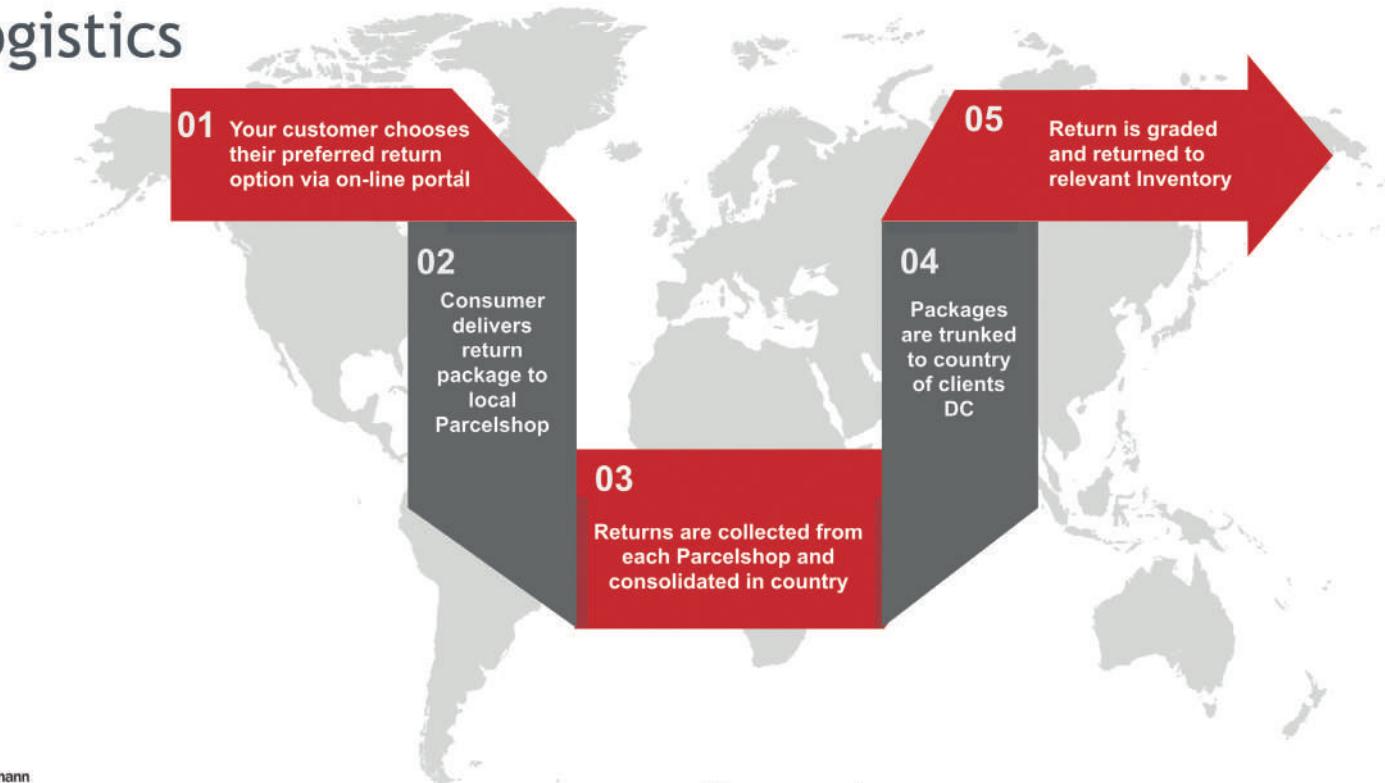
As a result, critically important communications can be managed by the retailer's marketing departments with their consumers, which is proven to enhance the whole end-to-end experience and encourage repeat business, which is the ultimate aim.

*Sources:*

\* Future of Fulfillment Vision Study, Zebra, 2018

\*\* Ecommerce Europe Foundation, 2016

## Local Hero Reverse Logistics





#UrbanPoloLife

[lamartina.com](http://lamartina.com)

LA MARTINA®

# INTERVIEW

# LA MARTINA

*Text: Nico Hoeijmans // Photos: La Martina*

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**La Martina** is a traditional family business founded by Lando Simonetti in Argentina, focusing on selling polo technical equipment, clothing, and accessories. Simonetti is the former owner of a polo team and a brand that started selling licenses to Europe to sell their gear and apparel to become an international brand and develop more collections around apparel for polo players and fans. Their targeted audience is the international, travelling, well-educated man and woman who care for good quality and design in their garments. Enrico Roselli, CEO at La Martina, tells us about the international cross-border challenge.

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## E uropean settlers

At first, La Martina, having established its business in Argentina, made the step to Europe by granting licenses to local companies in order to meet the local demand in the market.

"Shipping goods from Argentina to Europe was a hard thing to do, as politically, the country is not the most stable and works counter-season to Europe, meaning different product requirements," explains Roselli, "As demand grew, we decided we wanted an entity in Europe. We opened in Switzerland and still develop business there for the European, Middle-East, African and, recently, the Asian market. We decided to

open a warehouse in Germany as well, as it makes it easier to do business with other European countries."

The European division of the company was established in 2010-2011. "We operate on our own and four years ago, we decided it was the right time to step into e-commerce. For us, it was a big deal, because for a high-end luxury brand, there's this question whether e-commerce is a suitable sales channel. We have carefully weighted our options and made a well-thought decision to start online. We started with our own full-service platform."

"This meant we mostly had to deal with our own internal op-

erations, for example the customer service fulfilment. Our full cross-border operations focused on becoming the omni-channel platform we are today. It required, and still does, a perfect integration between all systems and different layers of the company, from the warehouse to the ERP-system to the retail software and other parts of e-commerce,” explains Roselli.

### **Integrating all channels**

Working with an enormous number of sales channels was a big challenge for La Martina. Therefore, it was essential to get a good overview of all the sales channels, whether it was an online channel, a shop, or a licensed company in a certain country.

“If all systems work together in a perfect way, with a suitable back-end, you can always find out when and where a product was sold, or what the stock of a reseller is. This is also the context for how our co-operation with eShopWorld began. Customers are not interested in all the background work that goes into creating seamless processes. They are only interested in hassle-free experiences. The eShopWorld platform helps us to deliver a hassle-free, local shopping experience to global customers. Then, with their technology we can also streamline all the behind the scenes complexity such as invoices, duties, credit notes and return processes,” says Roselli.

Setting up this infrastructure and focusing on changing demands in the market stresses the need to be creative, for example, in the logistic department. “At this moment, the demand in each market is different from what it was a year ago. In larger markets, we offer the opportunity to return items to a local hub; in lower-volume countries, we do not do that. To follow up on market developments, we look at the structure of the company every day and change the organisation accordingly. It requires a lot of analytical knowledge, to look where we should open local entities, organising logistic points of returns and more. Since our platform is omni-channel based, it is easy for us to add or change something in our workflow, like pick-up shops, which are being developed more and more recently.”

It is all about the service La Martina wishes to deliver. “For us, it will mostly be quite complex, but for our customers, it must be hassle-free. It is what is expected and what we strive to provide,” Roselli adds.

### **Delivery in Europe**

La Martina is transporting products all over the world. Being located in Switzerland had some advantages for La Martina as trade-agreements make it easy to ship goods to the European mainland. However, shipping from Switzerland to the rest of Europe is not as easy, due to regulations.

“It is because of these regulations that we were forced in some ways to implement Germany. From there, it was easy to ship to all over Europe. Regulations are pretty similar, despite

local laws and regulations in Poland, Finland or Germany may differ. Shipping to countries outside of Europe, for example China, Mexico and India, is way more difficult due to all export requirements. Think about the labelling of products, the required documents that need to be provided and more besides. As bureaucratic and difficult it may be, even boring, these cases may be preventing you from doing good business,” states Roselli.

For a traditional family business, one of the biggest challenges is the integration of this internationalisation into the company. “The best solution was looking for partners that can benefit us and help us move forward. For example, when we hired an e-commerce expert, we sped up our online channel faster than ever. It is not about reinventing the wheel. You do not have to do everything yourself. For us, eShopWorld helped a lot in getting this right. Their analytical approach helps us prioritise international markets according to where the business is, integrate local sellers and bring digital transparency into the organisation. Every business has its strengths and weaknesses. Their expertise in global e-commerce helps us identify what we can and can’t do. It’s a co-operation. Let me provide an example: our business model means we work with a lot of licensed partners, and we do not want to take away sales from our resellers. That means we must find a way to strengthen our business and help our partners without becoming competitors. eShopWorld’s platform flexibility helps us to do this,” smiles Roselli. ..

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# THE GREEN PHILOSOPHY OF LABORATORI FABRICI

*Text: Nico Hoeijmans // Photos: Laboratori Fabrici*



**Alessio D'Andrea is COO at Laboratori Fabrici, an Italian start-up, parent company of the American Clairy, Inc. Laboratori Fabrici is the result of a partnership between D'Andrea, Vincenzo Vitiello and Paolo Ganis, who developed Clairy, an indoor natural air purifier that combines real plants with technology and design. They aim to help people reduce indoor pollution, which is becoming more of a threat to the general health of the world's population.**

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**L**aboratori Fabrici has used a cross-border, global business approach from the start. **What made you decide to start with this business model?**

We've had this approach from the very beginning, as we want to use several of the possibilities to reach out to the global market, both to spread the brand as well as positioning ourselves worldwide. We presented Clairy at the CES (Consumer Electronics Show) in Las Vegas in 2016. Our project was spotted by investors of the Silicon Valley, Plug and Play Ventures. They helped us boost our company. We launched on Kickstarter and Indiegogo, two platforms that focus on a worldwide audience as well.

**What operational e-commerce business do you have?**

Right now, we sell across Europe, the United States and Canada. We have implemented the UPS APIs in our system by connecting the e-commerce directly to SAP, our ERP-software. This way, our e-commerce, warehouse and the logistics department are connected, and all processes are automated. This provides our customers with the best service. We provide two shipping services, standard and express, that allow us to reach the United States in two or three days. This is necessary, as these days consumers want to receive their purchases most of the times as soon as possible.

**What were the main challenges you came across?**

Well, starting from scratch has been complicated. For example, we had to build the whole supply chain, looking for suitable suppliers and developing the product together with them. It was a long journey in which we learned a lot. Along with this was designing a quality packaging and being able to guarantee door to door shipments for a complicated product like ours. It was a great challenge in which we had help from Ranpak. Their engineers have followed us in this path of packaging development.

Another thing is that our strategy of going cross-border requires having customer service with different profiles. Customer service is necessary to build a relationship of trust and credibility with your customers and audience. We see it is one of the most important parts of e-commerce.

**As Clairy is such a delicate product, how important was a tailor-made packaging solution for Laboratori Fabrici?**

Clairy is a ceramic product, made in Italy. This material makes it very fragile and delicate. As we follow a green philosophy, hence our Clairy, we wanted a sustainable packaging solution. Ranpak has designed our packaging in detail, trying to minimise material consumption and provide reliability and reducing overall dimensions to a minimum. Their solution increased the safety of products during shipping, allowing us to maintain competitive shipping prices and quality service.

**What's the role of packaging of the product in the complete user experience?**

Packaging affects the value perceived by the user. Besides, it helps us to define the brand identity. We wanted to maintain our green philosophy and created a simple, 100% paper packaging, including tape and avoiding any type of plastic or foam. As eco-friendly is at the core of our business, packaging that is just that, and is recyclable, helps us communicate that philosophy.

**What have the coming years in store for Laboratori Fabrici?**

We will launch our second product any moment now, with a new crowdfunding campaign on Kickstarter. It is called Natede and is the 2.0 version of Clairy. It has a new design, new purification stage and improves sensor and connectivity technology. With more projects in store, we aim to increase our presence in the United States and the Asian markets. That is the wonderful thing about the daily life of a start-up: every day is dynamic and there is always lots and lots of work to do. \*\*





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## A CUP OF COFFEE WITH....

Daniel Mayhew, Country Manager UK at Payoneer

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We like to have inspiring discussions about cross-border e-commerce over a nice cup of coffee (or tea). This time, we talk about the benefits of having a cross-border payment solution with Daniel Mayhew, Country Manager UK at Payoneer. He focusses on building a team in the United Kingdom, setting up an office and supporting Payoneer's growing UK customer base.

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### SUBJECTS' RIGHTS:

DON'T BE OVERWHELMED BY THE THOUGHT OF INTEGRATING EACH PAYMENT METHODS DIRECTLY; THE PAYMENT PROVIDERS DO THE HARD WORK FOR YOU, CONNECTING YOUR BUSINESS AND PAYMENTS THROUGH APIs.

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### Coffee or tea? When and how?

Depends on the time of day! I'm British, so always tea to start the day off, followed by a few flat whites and honey throughout the afternoon.

### What are the most used payment methods any cross-border merchant needs to offer?

The short answer is Visa, Mastercard, JCB, UnionPay, Amex and PayPal. However, like everything related to cross-border business, it is never that straight forward. When offering card schemes to overseas markets, it is critical that these payment methods are offered through a card that is adaptive to global charges via the right acquirers and payment gateways that offer IP address recognition technology. Without this, there will be increased card decline rates, unhappy cross-border shoppers, reduced repeat customers and lower revenue.

### What are the consequences of the GDPR?

In an increasingly data-driven world, the GDPR introduces a new set of rules which will undoubtedly affect all businesses that collect and process EU citizens' personal data – i.e. practically every company in the world. The GDPR requirements will force all companies to change the way they process, store, and protect customers' personal data. The regulation is undoubtedly set to form a new data protection landscape in Europe, one that seeks to strike a delicate balance between the necessity of protecting the individuals' rights and the challenges and opportunities introduced by the current digitally enriched environment.

### What are the risks and limitations of traditional payment methods?

Think of a recent overseas trip you have taken; for me, it was Israel. I visited the Carmel Market in Tel Aviv and ordered a coffee and kanafeh (a Middle Eastern dessert which was delicious). I also highly recommend tracking down a nice plate of hummus from the Jaffa Flea Market. I paid the street food vendor with local Israeli currency, shekels. Would you visit a street food market, in another country, and expect them to take your euros, or pounds? Probably not, because you would be met with a blank look on the vendor's face. Think of online shoppers in the same way. Not all 'traditional' payment methods follow the 'capture all' mantra, so you need to think locally.

When thinking of global expansion for your online business, there are several items to consider prior to launching, but localisation should be a priority. The most important aspects of your business strategy and decisions will circle back to that one word. Think it. Learn it. Do it. Lather, rinse, repeat.

### What are the main concerns merchants have when looking for a payment service provider?

We find that merchants are concerned about choosing a provider that is truly able to provide a smooth, localised buying experience for their overseas shoppers. He or she should ask, 'does that provider offer locally centric payment methods for the markets

I'm active in?' Capabilities of card services are another big concern and whether there is an international card acquiring capability that is up to scratch. Lastly, merchants are concerned with a provider that will help enable shopping cart conversions, using a technology or service that can reduce cart abandonment rates, increase sales and provide localised services.

### How can cross-border payments be made easier?

When entering new markets, start by strategising from the front end – the shopping cart. Clearly outline which markets you are targeting and then select the correct regionally centric payment providers accordingly, such as iDEAL in the Netherlands, Sofort in Germany or Qiwi in Russia. Don't be overwhelmed by the thought of integrating each payment method directly; the payment providers do the hard work for you, connecting your business and payments through APIs. Your focus should be on offering one commercial system that applies all payment integrations. Having cross-border payment capabilities will increase your sales, when offering regionally centric alternative payment methods.

The main objective for online ecommerce businesses will be to provide overseas shoppers with a domestic buying experience, therefore reducing cart abandonment and winning happy repeat shoppers for other countries. Don't worry: you do not have to go it alone.

### How can cross-border merchants get insights in currency fluctuations and all local taxes?

Always outsource the burden of taxes so you can concentrate on building your cross-border success story. Leave the rest to the experts! You do not need to be a FX market tax expert to trade globally. There are countless FX providers outside of traditional banks all eager to offer you advice on the best way to hedge your FX exposures. Also, a recent boom in VAT and tax specialists has evolved to meet the need of the growing ecommerce industry and the increase in cross-border sales. These companies understand the complexity of the sales tax and VAT around the world.

Quick hack: I don't know why but there seems to be a high concentration of VAT and tax companies based in Brighton, UK. You could easily go there to meet with a few main players, to speed up selecting a company.

### What is Payoneer's solution for cross-border selling?

Payoneer is the solution for cross-border selling! We are truly a global company, with over ten offices that span across the world. We're located globally to support our global clients and e-commerce marketplace partners. We offer local bank accounts in multiple currencies such as USD, GBP, AUD, EU, JPY, CNY, and CAD, with plans to add more by the end of the year. There's a growing need to get paid like a local, even though you're selling globally, and we continue to improve our services to cater to the needs of our AHs and partners. Our platform's also a great place to manage your business, bill clients, pay your VAT, or manage multiple shops. ••



# TAKE THE CHALLENGE: GREEN AND SOCIAL IN- NOVATION

*Text: Nico Hoeijmans // Photos: B2C Europe*

Rijk van Meekeren is all about pushing boundaries. His eyes start to sparkle whenever he sees an opportunity to do things a better way. It's part of his drive to develop and implement products and solutions for innovative organisations. A true entrepreneurial spirit, he founded B2C Europe together with Jose Vega in 2000. Following his career, he has always been working upfront of an organisation, starting new divisions, exploring new markets. "I'd rather be ahead of the wave than behind". We talk to him to learn more about current trends in green and social delivery.

**S**ustainable businesses are the future  
External pressure requires a new way of thinking for  
all companies.  
Even oil-giants like  
Shell are working on  
their sustainability these  
days. According to Van  
Meekeren, "not because  
they are green at heart,  
but because the market is  
demanding them to do so.  
Same for logistics. Both  
consumers and lawmakers  
ask for greener and more  
social delivery. You better  
be ready." B2C Europe

aims to be a frontrunner in this field, setting the standard in innovations. "Therefore, we focus on onboarding alternative

logistic solutions in Europe." Van Meekeren points out numerous alternatives of traditional delivery services, innovative solutions that are responsible and make use of society: couriers by bike, electric vans, delivery robots, drones, centralised locker systems or deliveries in the neighbourhood. "It's not innovation for the sake of innovation, it's a necessity," he states.

## Green myth

As there is a need to become greener, entrepreneurs are looking into environment friendly, sustainable delivery possibilities in a market where the demand for

"NOT EVERYONE IS  
AWARE OF THE EXTRA  
ENVIRONMENTAL IMPACT OF  
THEIR SHOPPING HABITS"

home-delivery is ever growing and online shopping is raising the service bars even more. "Everybody loves to shop online, but not everyone is aware of the extra environmental impact of their shopping habits," explains Van Meekeren, "It is what we call the green myth. Consumers think a package has to be delivered anyway and will cause less pollution as it gets delivered with a lot of other packages. The most common idea is that this is better for the environment than all trips downtown to buy something in a shop. What consumers forget, is that those trips were often combined with other purchases, grocery shopping and more. The amount of trips therefore does not decline, on the contrary, they increase. On top of that, home-delivery causes higher volumes of packing materials being used," says Van Meekeren. But initiatives are rising, he points out. "There are more and more drop-off points available. Couriers by bike then deliver the package in the last mile, making logistics more sustainable with only one trip to the drop-off point."

#### **Bringing green solutions to the global market**

At this time, it becomes clear that lots of service providers and logistic companies are exploring the possible changes and improvements. Innovation is all over the place in the search for more sustainable delivery solutions. "A lot is going on in the logistic field and I do not believe there is another industry where this many initiatives are explored," states Van Meekeren. "There are projects focusing on green delivery solutions, like electric bikes and robot delivery. Big data gives innovation another boost, gaining more insights in transport capacity and better use of supply chains. The industry creates technologies to raise the first-time delivery number or make use of other initiatives like in-home or in-car delivery and smart letterboxes. Have I mentioned the focus on sustainable packaging? It is changing the game as well, with more fitting boxes for products or the use of recyclable materials and deposit return options."

Governments, whether they are European, national or local, can play a vital role in the process to a more sustainable way of entrepreneurship. "I think it is their responsibility as well. They can guide companies, offer the solutions or stimulate the developments. In the past, we have seen this with the Kyoto treaty or banishment from cars in city centres or subsidies on electric cars," Van Meekeren continues: "Companies will follow the leading tendencies from both a governmental, as well as a consumer perspective. In one of our researches we undertook, we found that the consumer is ready to go green, and is will-

ing to pay more if it benefits the environment. Now it is up to the logistic service providers. They have to make green the norm, instead of something that makes you special. It's time to step up and that's why we at B2C Europe work on bringing together all initiatives so the global commerce market can benefit the most."

#### **Persuading the consumer: go green!**

Consumers demand a lot from businesses, like same-day or next-day delivery and free returns, not the greenest ways of doing business. "That's true, because the customer does not get informed. They aren't aware of the environmental costs of their choices. Every consumer will choose express delivery if they assume there's no difference in impact on the environment! However, I am convinced they will choose a more sustainable delivery when they are aware of the conse-

quences," says Van Meekeren. An important outcome of B2C Europe's latest research confirms his statement. "This is where e-tailers and entrepreneurs should take their responsibility. We are able to guide consumers, stimulate their 'green' awareness. It worked for cheaper delivery solutions, so why not for greener delivery solutions?" Van Meekeren is clear in his vision. "In the near future, there is no room to ignore environmental issues. National and European governments are firmly acting in form of environmental taxes, coming in the next few months. As B2C Europe, we like to share our vision on how the logistic industry can collaborate to create and implement well thought out sustainable solutions."

#### **Social society, social delivery?**

Aside from green deliveries, social delivery is an upcoming trend, focusing on the first-attempt-delivery. "There are multiple great initiatives like ViaTim and Nimber. It benefits both sides, both the person that accepts the package as well as the actual purchaser will be happy with it. It is about making contact, and this is an easy form to realise this. What would we want more in today's world where personal contact becomes less relevant with all available technology?" says Van Meekeren. "I believe this is the kind of services that e-commerce and society in general need. As e-commerce makes society more individualistic, social delivery can re-socialise this process, and make e-commerce as a whole more 'social'".

The benefits of social delivery are obvious. "One of the biggest advantages for e-tailers is that it lowers shipping costs and is more efficient, as the amount of delivery locations falls. Our society is aging and becomes more focused on the individual.

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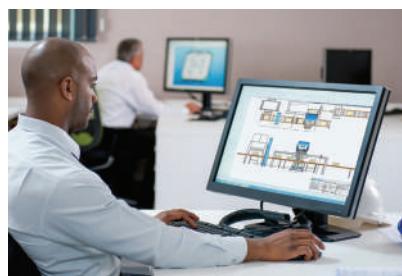
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I believe it is great that local residents stay in touch with each other, even if that is cursory. It is important for the industry to think of more ways to shape this kind of service, both for the receiver as well as the sender, shaping the social aspect.”

### **Making the small initiatives visible**

B2C Europe is a leading player, active in a world market and dealing with large companies that, in general, strive to be upfront on the innovation side. “As we think sustainable solutions are neces-

sary to remain competitive and future-proof, we help local initiatives to get the attention they need for their solution. Lots of them are still very small, making it almost impossible and unpayable for even the biggest companies to use. B2C Europe ensures these niche players get a spot on our platform so the big players, like some of the biggest marketplaces, can make use of their service. That way, we can help these initiatives on green and social delivery expand their footprint, which benefits all.”<sup>22</sup>



ECD 2018:

# ORGANISING AN EXPERT BUBBLE



*Text: Nico Hoeijmans // Photos: Tradebyte*

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A sunny day in May sets the stage for the 2018 edition of the ECD in Munich. Alexander Otto, Head of Events & PR at Tradebyte, takes the stage, introducing the next panel with non-stop enthusiasm. In the audience, we find e-tailers, brands and representatives of marketplaces. The topic of discussion: the dynamic e-commerce market and platform business.

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**A**s the platform trend comes up more and more, retail is reinventing and developing itself even faster. These days, marketplaces - as one aspect of driving platform business - are available in every kind of niche, each having their own interesting features. For digital vendors, it is easy to get lost in all the possibilities of finding a marketplace that suits your needs. At the ECD, online merchants have the chance to directly talk to these marketplaces, discussing business and bringing them a step closer to the decision making. It is an excellent way to learn more about Zalando, OTTO, Limango, eBay and more.

#### ECD18: Key moments

Alexander Otto is overwhelmed by this years' edition of the ECD. The event is growing with more marketplaces and more brands and vendors attending every year.

"People are truly interested in the event, as it offers them an opportunity to learn, as well as the opportunity to discuss business with people who are usually harder to get in touch with. We aim to create an event that can help them, whether they try to collect as much information as possible from our visionary, inspiring keynote speakers, or through our marketplace panellists who talk about multiple topics in their field. It creates a flow of doing-business. When I look back on the meeting-lounge, I saw people meeting marketplaces all day long. It was very satisfying for us as the host of this event. Hard work, but it never felt like it."

#### What did you see as the most important benefit for merchants attending ECD?

"It definitely is the meeting lounge, where we have seen over 300 one-to-one meetings in only one day. Prior to the event, attendees

can make an appointment reservation with a marketplace they would like to talk to. Reservations sky-rocketed and during the ECD, the meeting lounge was always fully booked. The lounge was a relaxed and informal way to talk to committed representatives of these marketplaces, who provide you with the best information, insights and tips regarding their platform. It helps brands gain information. What will, for example, be the consequences of starting to sell online through a marketplace platform? What will this do with your competitors and with your third-party sellers? Talking to these high-level attendees of marketplaces is normally hard to organise, but at the ECD, we again succeeded in providing this to brand and retailers. We see the platform business as people business."

#### And the marketplaces...?

"For marketplaces, the ECD is a way to get in touch with relevant players. During our panels, marketplaces provide insights on their business model; in our channel slots, they can present current developments and go into depth on specific topics. This year, presentations were of a very high level, with talks about innovations, technical improvements and so much more. It was really about sharing knowledge, revealing obstacles and contributing to the personal dialogue with their prospects."

#### ECD 2019

Next year, the ECD will have its fifth edition. Tradebyte, as host of the event, focuses on creating an environment for marketplace platform experts and bringing people together to exchange this knowledge. As the popularity of the event is rising every year, keep a close eye on their website ([www.ecd.de](http://www.ecd.de)) if you would like to become part of this bubble of experts. ••



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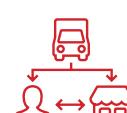
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# HOW DO ONLINE VENDORS MAKE THE LEAP FROM B2B TO B2C?

INTERVIEW WITH RONALD THOMAS, ECOMMERCE MANAGER AT ACTIVE NUTRITION INTERNATIONAL GMBH

*Text: Nico Hoeijmans // Photos: Stock*

**Q : Mr. Thomas, what makes PowerBar so special?**  
A: At PowerBar, we know what is important for optimal sports nutrition. PowerBar has been developing products for athletes since 1986. We only use the highest quality ingredients and rely on products that taste good. No matter if you are a top athlete or recreational athlete, everyone gets the right drive at the right time.

**Q: PowerBar is just one of several brands in your portfolio, right?**

A: Yes, that's right. In addition to PowerBar, we have two more sports nutrition brands in the portfolio - Dymatize and Premier Protein.

**Q: You have been live with the B2C shops for PowerBar and Dymatize since 2017. Why did you choose to run your own online shop in the B2C environment?**

A: Buyer behaviour has changed significantly in recent years. The trend is towards the use of online and multi-channel, and therefore our distribution channels play the most important role. With our B2C channel, we offer our consumers another way to purchase our products. In addition, our own shop strengthens the direct interaction with the end customer, which puts us closer to the consumer and provides insights into the buyer behaviour and the preferences of our target groups.

**Q: How did you make the leap from B2B to B2C?**

A: For several years, we have been successfully handling our complete B2B logistics through the fulfillment provider DIRKS Group. In the B2C area, DIRKS rely on the Descartes pixi\* WMS (warehouse management system). This means that at DIRKS, we have only one warehouse - for our B2B and our B2C goods. This combination brings real added value. pixi\* communicates seamlessly with our existing ERP and shop system, so if, for example, our B2C stocks fall, we can easily refill these from our B2B inventory thanks to pixi\*. This makes Descartes pixi\* fully automatic, so we rarely have to interact with the system.

**Q: So, you have minimal touchpoints with the WMS?**

A: Correct! We have an excellent 1A shipping and logistics process, without having to be active in the warehouse area. This shipping strength can also be seen in Same Day Shipping offer for our customers. If necessary I can export reports from the system. The rest is fully automatic and that is the most important thing for us! With this, we have our B2C business operation under control and the self-explanatory user interface makes it easy to use. I believe that with its features and capabilities, the

pixi\* WMS system offers everything needed to fulfill warehouse processes. We also appreciate the partnership and nice relationship with the Descartes pixi\* colleagues. Descartes has a whole range of very competent and experienced e-commerce specialists on board, which is why we remain a satisfied customer.

**Q: Why didn't you also handle your B2C business with the existing ERP System?**

A: For B2B our ERP system is very well suited. In the B2C area, however, there have been some logistical limitations. So, the system did not meet our new requirements here. For example, our B2C customers do not want to buy bars in B2B units such as pallets or boxes, but in much smaller numbers. We had to face this and many other challenges. The WMS solution meets these new requirements and our customers can buy just one bar - just as they want.

**Q: In conclusion: How does your B2C business work?**

A: We can already see successes. Therefore, we will continue to rely on the establishment of further brands and online shops in the future. Another aspect that we liked is the limitless possibility to grow. Another brand, another shop: with the multi-client capability of pixi\* as an e-commerce WMS, this is easily possible and immediate as Descartes pixi\* is scalable.

**Q: What is the plan for the future?**

A: So far, we only ship via our shops in Germany and Austria. In the future, further international shop rollouts are planned.

**Q: What do you think of online retailers when they decide to ship through a fulfillment provider?**

A: Those who want to send via a fulfillment provider should think very intensively about the processes in the fulfillment area: Which processes are there and how do I map them in the best possible way? If a shop is live, the logistical processes must run smoothly because the actual task for shop operators is the marketing and the creation of targeted campaigns. If the order processing does not fit, a trader will not succeed. In today's world, customer expectations are simply too high to allow faulty processes.

pixi\* supports online vendors in cooperation with an expertise in e-commerce, extensive range of services and a large partner network, as well as a long list of interfaces that pixi\* offers. ••

*Find out more about pixi\* – the WMS solution for e-commerce:  
[www.pixi.eu/en](http://www.pixi.eu/en)*

# COLUMN



## TRUST – WHAT IS ITS ROLE IN E-COMMERCE?

If we look at e-commerce as a whole, trust is the key that enables it to work. It is a combination of factors coming together to enable the buyer to have the confidence to make the transaction. For online marketplaces, trust is an even bigger factor for success – this is the defining feature of a marketplace and what they strive for.

Without trust no sales would be made. What are factors that contribute to it, and how can brands on a marketplace convey it to buyers that they don't know? At GS1 UK, we believe that it falls into four key areas:

### Brand

- Seller reviews – are essential to give buyers insight into what kind of business they are buying from. For this reason, most marketplaces will have a feedback system and penalise sellers that drop below the set levels. You can stay on top by having clear communications about orders, responding to queries and offering realistic delivery timescales.
- Consistency – make sure your brand looks and feels consistent across all channels you sell through. This can be challenging on marketplaces that don't use web pages you can personalise, but you can convey this through the tone of voice of descriptions and having consistent, accurate product data.
- Story – develop your brand story. How did your company start? Why do you exist, and how do you look to solve buyers' needs? This helps to build a connection with the buyer and gives your products more personality.

### Products

- Management – do you know the rules when you make changes to your product or its packaging, and how to communicate this to the supply chain and buyer? GS1 provide industry standards for this. We can help if you aren't sure.
- The physical item – does the packaging reflect your brand? Does it protect through the fulfilment process? Is the size optimized for a cost-effective shipping?
- Data – as mentioned, is your data consistent and accurate? Communicate your product consistently across all channels? Is it stored in a way that is easy to update and share with your trading partners?
- Product reviews – different to seller reviews but just as important. These directly reflect how the customer found the product. Look carefully at these to see how customers talk about the product. This can help tailor SEO and keywords, giving you terms that your customers are actually using.
- Quality – Test! Does it stand the test of time, even more important for high-end products. Does it reflect your brand?

### Platforms

- Data – is king and is what powers all marketplaces. Yes, I know I've mentioned it already but it will be what separates you from the rest! Make it thorough, accurate, structured and consistent.

- Choice of platform – which marketplace fits your brand? Is it a luxury item? Is it personalised? It makes a difference to which platform your product sells best on. Good news: there is a rise in niche marketplaces so there is a place for even the most specialist products. Be sure to spread your risk though.
- Payment – what payment options does the marketplace offer? Does it mean you have to have an account with them too? How do they transfer the payment to you? How often?
- Fulfilment – need help with shipping? This is likely the first physical interaction with the buyer so you need to make a good impression. Choose a company that will ensure your product is left securely and undamaged. A parcel thrown over the fence is not the way to win customers.
- Resolutions – what's your process when things go wrong? It is what customers remember about your business so make sure you are able to resolve things quickly. It will be reflected in your seller reviews!

### Borders

- Geography – Looking to sell internationally? Do you have product identifiers that will work in any country? If you have a GS1 GTIN then you do!
- Language – do you need to translate product data? Pay attention to localisations, for example 'flip flops' in the UK are 'thongs' in Australia!

In summary, it is easy to see why trust is king. The foundation of this is data so it's understandable marketplaces have so many processes to try and improve the accuracy of their data. A quote once said: if your product data online is inaccurate, it is the same as a faulty product. According to a study by TrueShip, 22% of returns are because there was a difference in the product appearance compared to what the website displayed. Imagine a reduction in returns by over a fifth, just by having the product data correct. As brand owner you should be able to represent the product in the best possible light. Trusted data is at the heart of what helps our GS1 UK members succeed; starting with the right product identifier and data management support. We are on a journey to make it easier for businesses to work together for the benefit of us all. •

Lorna is an experienced ecommerce professional working for GS1UK, the standards organisation behind the barcode. She managed multiple marketplaces for several global brands over the years giving a well rounded background in international and cross-border trading before moving to a non for profit to focus on helping SMEs to grow their businesses through online channels.



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# HIPVAN: DESIGNER FURNITURE IN SOUTH-EAST ASIA

*Text: Nico Hoetjmans // Photos: HipVan*

Proudly founded in Singapore, HipVan is creating affordable furniture and home decoration for its customers. Inspired by the problem that in Singapore, there were limited furnishing options, high retail mark-ups and (a lot of) low quality products, HipVan seeks to help their customers build a stylish home they will love every day. Currently, HipVan is accessible in Singapore, Malaysia and the United States, focusing mainly on serving the first two markets. Shobhit Datta, co-founder of HipVan, tells us about the challenges they faced.

## What are the key drivers in the success of HipVan?

We focus on providing affordable designer furniture for our customers. Previously, designer furniture was often only accessible for the fortunate people. Every day, our hard-working team is doing their very best to make designer furniture more accessible for everybody. One of the ways we decided to do that is by choosing a pure, cost-effective online business. We only work with one Experience Store in Singapore.

## What does HipVan do to improve its business?

To improve our business, we focus on multiple things. First is to consistently improve on our designs and to source better products. Our second key factor is the focus on our service levels; when we provide a good service to our customers, they will remain happy. An important aspect of this is optimising our channels and on-site performance to improve conversion rates.

## HipVan is expanding internationally, and currently has an online store in Malaysia, Singapore and the United States. What were the cross-border challenges in this expansion?

As furniture is often bulky, and normally requires assembly, our industry faces more logistical challenges than others. With over three thousand designs, it was necessary to establish a presence on the ground and have the resources to assemble furniture in the locations where we sell our products, for example in our current markets.

## What are the big differences in selling in these different countries?

In South East Asia, the online consumer is not yet used to buying furniture online. It requires a bond of trust, which we need to establish first, through our customer service. They are the main contact point, alongside the web shop, for our customers and can persuade them to buy online on our shop. They create the bond between web shop and consumer.

Another big difference is how we can set-up our logistics and fulfilment department. Singapore is compact, which makes it easy to serve the whole country. For other countries, expansion will be more deliberate. We will have to take a city-by-city approach to establish our brand and services.

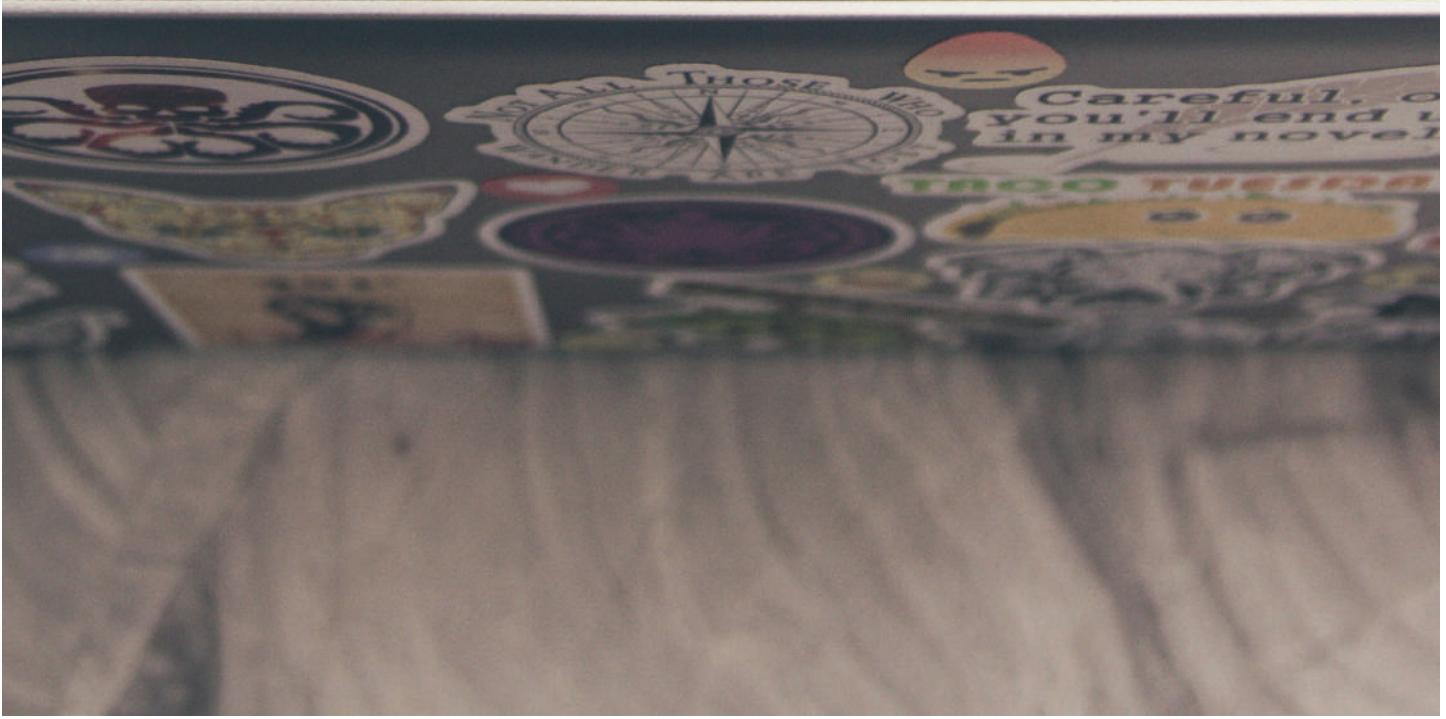
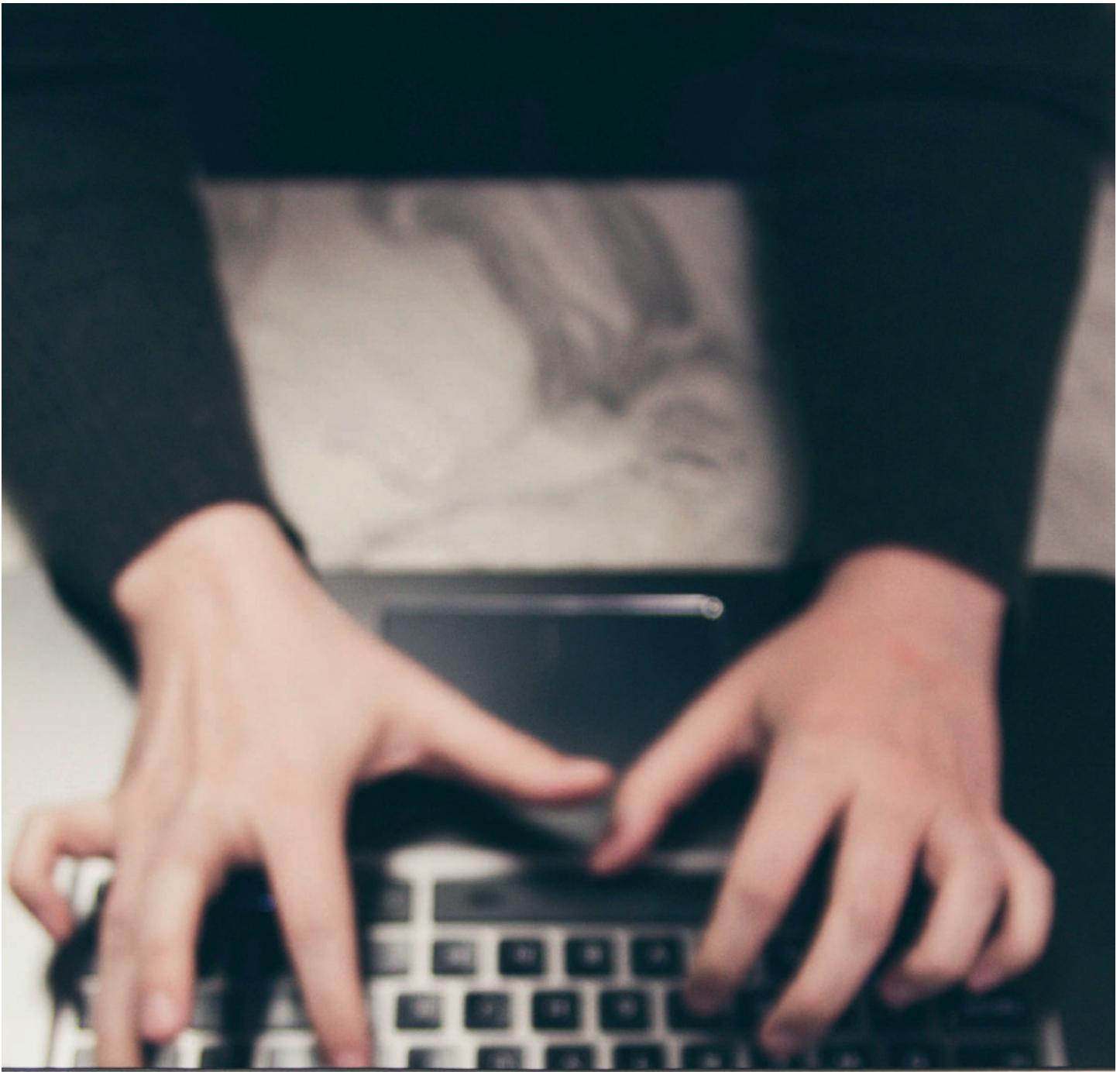
## The furniture market hasn't got the easiest products to ship in general. How does HipVan cope with selling furniture in the logistics department?

In Singapore we have an in-house team that has been especially trained to assemble all kinds of furniture. In other countries we use third-party partners.

## How is HipVan expanding into the future?

We will keep on introducing new products, new designer furniture at great value. This way, we are trying to become of even more interest to our customers. Another aspect we are focusing on is more technical; we would like to develop tech features like image search, and also look into AR to make it possible for all our customers to create a beautiful home. ••





# STRUGGLING IN THE LAST MILE: **IRRATIONAL CONSUMER DEMANDS!**

*Text: Nico Hoeijmans // Photos: Localz*



Consumers are used to getting what they want and increasing demands make (online) retailers, fulfilment service providers and logistic companies go crazy, requiring a continuous focus on innovation. Yet, with the extreme fast delivery methods provided by Amazon, that is not all the last mile requests. We talk to Tim Andrew, Co-Founder and CEO at Localz.

## **I**s B2C Fulfilment where it should be?

"In last mile delivery, there is room for improvement. Consumers are in control these days. It is what we call the 'Iconomy', shorthand for the Individual Economy. From a consumer expectation perspective this means: I buy 'what I want, where I want, when I want it'. It is an expectation of being in control and impacts retailers, both domestic and cross-border."

## **What can service providers and retailers do about it?**

"It is important to provide transparency in last mile delivery, letting consumers know when they can expect their purchase to arrive. Consumers like to narrow the timeframe a purchase can be delivered and don't want to wait at home all day. We know that some of our cross-border clients try to sell up their data so that they can more singularly track items cross-border and then be able to provide what they call a 'predict-service'. It helps them to tell retailers how long it will take to get a product overseas, and how long it will take to get it to the customer afterwards. It helps retailers to reveal more information regarding a specific delivery date. Finally, it helps the customer to feel more in control."

## **What about live tracking?**

"Live tracking goes hand in hand with getting continuous updates about a sending. Consumers only want to get informed actively when it suits them, not at every scanning point. The important part is that delivery services provide consumers with any sense of movement and progression. When companies can provide this information, they will come closer to the real delivery moment, whereas not doing this increases communication costs, both to retailers and delivery service providers, as the consumer will get in touch. Transparency in the delivery process is key. Providing it can raise a NPS score by multiple points and will lower communication volumes and costs."

## **So, transparency is most important?**

"I would say it is a great first step. At Localz, we think people need to deal with the fact that the customer is now in control. Sending a package is often accompanied by sending a message to the customer when it turns up. That's no longer convenient. Consumers want to decide when to receive their order. The text message is not designed that way. To survive, you need to let the consumer be in control. That requires a transition. Bringing

transparency into your processes is a great step, at least to satisfy a customer with the need for continuous verification.”

### **Shoppers are demanding cheaper and faster deliveries every day. What are current ‘standard’ delivery expectations?**

“We see that, especially for e-commerce customers, precision is more important than speed. While same-day fulfilment is growing, what people really want is to know when their order will be delivered. Delivery the same day, or in one hour, might not be convenient as I might be in a meeting. However, if I can choose to have it at 7.30 am tomorrow morning, before the kids go to school, that is what I need. It creates the sense of being in the position of knowing exactly where I want it, when I want it. This is far more important than flat-out speed. Research often points out speed as the most crucial factor, but we believe this research often does not take an additional offer into account. If you ask customers the question whether they want something today or tomorrow, they will choose today. But if you offer them a third option, when it is convenient for them, the amount of people that will choose delivery today – ergo speed – will drop in favour of delivery in my time, because precision is more important.”

### **Fulfilment service providers are innovative. What do you think they should focus working on in last mile delivery?**

“We see that the vast majority of the logistic service providers are currently focusing on improving their prediction services. A lot of these companies were traditionally B2B and recognised that the real growth is in B2C. They needed to change their operation, as in B2B there is almost always someone available to receive goods on a regular working day. Most important is the need to change their data centricity from parcel-centred to consumer-centred. If they do not do this, they will inevitably lose market share to those who are able

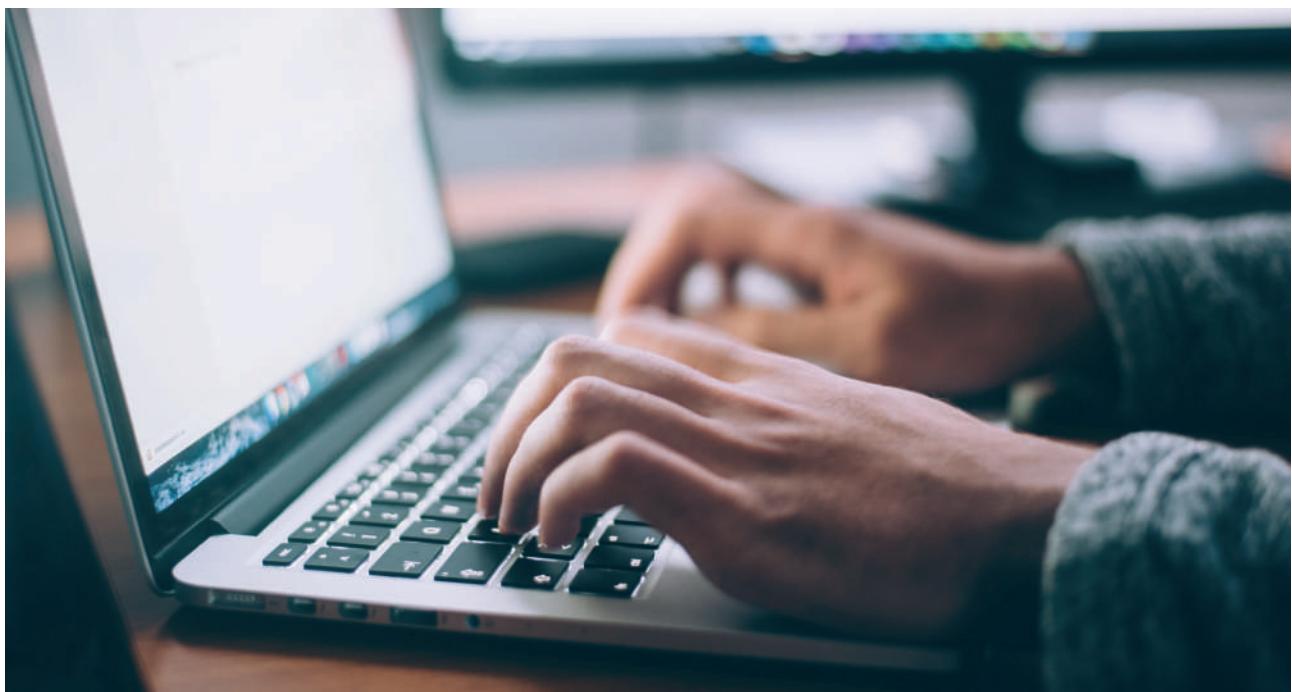
to provide this comfort for customer deliveries. The grocery market leads this transformation and are often more flexible in delivering in a given hour. That is a downfall for other markets, as consumers have the annoying habit to translate an experience in one industry to another. For example, if I can get my groceries within the hour, why can’t I get my perfume delivered where and when I want it? Consumers are very unreasonable and once they get new standards set by any industry, they apply it to others that are considered analogous. It is a battle between large existing, rational, economic businesses and irrational, emotional, and uneconomic consumers.”

### **Cross-border delivery asks for a different approach than local delivery. How can cross-border retailers take these challenges?**

“It is extremely important for everybody to focus on the end-consumer experience. Retailers are not looking for a one-time transaction. A delivery experience that feels like a delivery ‘thrown over the fence’ won’t result in repeat business. You need to take care of your customers. As logistic margins get squished, margins on the ‘extra’ services need to be better, which is advice based on customer’s experience.”

### **What can we expect in the near future?**

“One of the things that will come up is the willingness of consumers to give up privacy for precision. Will the customer share personal data and their location to make sure they get things delivered to them, first time, where and when they want them? Even with a named one-hour delivery, something can happen. Customers will expect the ability to change the delivery slot and location in real-time, last minute. Delivery drivers can see where the customer is and re-route accordingly. The delivery service of the future will revolve around the individual, delivering what they want, where they want and when they want it.”<sup>20</sup>





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# Ace & Dik



# SHINE ONLINE: CHALLENGES IN SELLING JEWEL- LERY ONLINE

*Text: Maximiliaan Koenen, Nico Hoeijmans // Photos: Ace Jewelers*

The jewellery market is a market with lots of brands and retailers trying to find their own niche to attract a target audience. One such brand is Ace Jewelers, a Dutch jewellery retailer which was founded in the seventies. CEO Alon Ben Joseph talks to us about what it is like to sell online as a jewellery retailer, and what the main challenges are in starting up and being successful online.

## **G**oing online with a boom

Founded in 1975, the family business Ace Jewelers Group has been online since 1998, becoming something of a pioneer, and although the firm was one of the first to do so, it did not sell digitally until ten years later. The reason behind this is mainly because the jeweller business had to receive approval from all of its brands to sell online. During this period, the business underwent significant changes, such as a reorganisation of management and the establishment of a separate store that emphasised the high services of Ace Jewelers Group.

It was in 2007 that the company was finally able to participate in e-commerce. A website was created within a year and was launched as the most "innovative and secure boutique on the Internet". Consumers found their way to the webpage, proving to its brands that online selling was, and still is, a very successful concept. Ace Jewelers became the first online luxury jewellery shop in the Netherlands and Western Europe, mostly because the firm launched, targeted, and operated globally from the very beginning. Along the way, it adjusted and improved the 'eBoutique' with the support of their own concierge team where necessary.

## **The key: trust & localisation**

These days, Ace Jewelers remains just as innovative within e-commerce as they had before. However, their strategy has changed, focusing different brands on different markets. For

example: some brands are primarily sold within the European Union while others, like Ace Jewelers' own brand, are sold all over the world.

"We have always been a member of trust marks, as consumer trust is essential, especially when you go cross-border with your business," says Alon Ben Joseph.

Currently, Ace Jewelers is using Safe.Shop as trust mark partner, as gaining trust from customers is of great importance. "It is half of our business. With an internationally known trust mark, we can enhance our business performance, especially for cross-border trade." He also mentions that gaining trust on a local scale is easier than it is on a global one and states that firms should localise more. For example, he suggests that businesses should work with domestic payment methods and currencies to maximise the potential to succeed and remain successful in that specific market.

## **Biggest challenges**

Although extremely successful now, Ace Jewelers had to face some challenges before it could sell online. As mentioned, the main challenge was to get all their brands' co-operation to start selling online (and cross-border). It took them nearly ten years before they had the brands on board. As well as this, understanding all the different customs and VAT-rates within the European Union proved tricky.

In the fulfilment department, it was delivery options that proved the most difficult to sort. A hideous phenomenon called "Fence Delivery" occurs regularly in some countries. It, as the name suggests, is the delivery of packages by simply throwing them over fences, without retrieving signatures. The reasoning for this is that houses and fences in some countries are large and far away from each other, and perhaps are too much for the delivery service in that country to go the extra mile. However, this is deeply problematic, as the packages remain property of the business, since the customers did not legally accept their order with a signature which, again, increases business expenses. This also leads to legal issues, the deterioration of customer satisfaction and a lower general brand reputation of the firm.

### **Delivering the future**

In order to overcome these challenges, Ace Jewelers Group is determined that the quality of delivery needs to be improved.

There must be a more personal approach, and perhaps delivering to the neighbours is a possible solution, as it is important that a reliable signature is received. Ben Joseph also states that the drone deliveries that contain a locker system could be another solution for this issue, although delivery services would need to invest in this method, which is unlikely for now.

Another goal for Ace Jewelers is to become more locally oriented in terms of phone number, return addresses and customer service, but this means that Ace Jewelers needs to enlarge its budget. For some markets, this might not be profitable, as native speakers and specialised accountants need to be hired for each market. Furthermore, Ben Joseph says, "many brands still prefer that companies do not use affiliate marketing or sell their products on external marketplaces like Amazon, which means that the jewellery branch is trying to innovate, but we are still far from comfortable with, and adapted to e-commerce yet." •



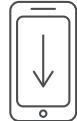
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# GREECE EMBRACES DIGITAL TRANSFORMATION

E-commerce is growing rapidly all over the world and while in some European countries like Germany, the UK and the Netherlands the market has greatly developed over the years, other countries are just picking up the online trail. One of them is Greece, where e-commerce is evolving fast, and both new players and traditional companies seem to be willing to embrace the digital ecosystem. Convert Group, a Greek e-business and e-commerce consulting firm, assists several European companies and brands to move forward with their digital transformation. **Manos Koumantakis, Head of Consulting, and Elena Chailazopoulou, Head of eRetail Audit at Convert Group, talk to us about the current challenges entailed in this process.**

*Text: Nico Hoeijmans // Photos: Convert Group*

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## **E**nabling brands and retailers

As a leading e-business and e-commerce consulting firm, Convert Group has set up four Business Units: eMarket Research, eConsulting, eTraining & eRecruiting. These work to enable European brands and retailers to make progress with their digital transformation, in a more holistic approach.

The eMarket Research BU has launched an innovative service that measures brands market shares in online grocery stores and online pharmacies in Greece, offering brands and retailers significant insights into their e-commerce presence. Convert Group's eConsulting services provide European companies and brands with a structured approach and a clear roadmap, either to set up their eBusiness or to develop their current one, in a much faster and more profitable way.

Convert Group is well aware of how important Human Resources are when it comes to digital transformation which is why the company has trained thousands of executives in digital & eBusiness domains and has repeatedly helped companies find and recruit professionals possessing digital skills.

## **Digital transformation**

So, what is digital transformation all about? According to Koumantakis, "Digital transformation is about businesses trying to add value for their customers by making proper use of digital technologies. In many organisations, there is lack of necessary

knowledge on how to digitally interact with consumers. However, the most important point of all is the lack of digital culture within an organisation."

Chailazopoulou notes something Convert Group experience when completing this digitalisation process. "Digital transformation is also a lot about the personnel inside a company, along with its willingness to accept the digital changes that will take place. One thing we find really interesting is that all companies we consult lack a certain kind of internal communication process to convey to their personnel the changes stemming from transformation. This is where our training comes in handy; it is the first step to making sure everyone in the company communicates using the same (digital) language. Once this notion has been embedded, employees become more open to the idea of digitally transforming the organisation."

## **Starting the process**

In order to launch this transformation process, company leaders must first be committed to it. Further on, the company (that is, its employees) needs to be prepared to work within a digital environment and embrace the transformation that comes with it. "Most of the time, once the process begins, there are those who fear they will become obsolete – by finding their job either replaced by technology or transformed into something they cannot meet the needs of," says Chailazopoulou. "Fear is the main reason why digital transformation within a company is not always met with cheer." To remove these boundaries, Convert

Group provides executives with customised trainings to help employees become more aware of what they can achieve by becoming digitally skilled.

### **Added value**

A newly-launched online channel may possibly intimidate online starters. "How will this affect my other sales channels? How will my third-party sellers react to reaching directly to my customers?" These are just some of the questions that a brand must take into serious consideration. "While they believe there is a conflict going on between B2B and B2C, in fact different channels can end up supplementing each other. It is up to us to show them that this is by all means possible" explains Chailazopoulou.

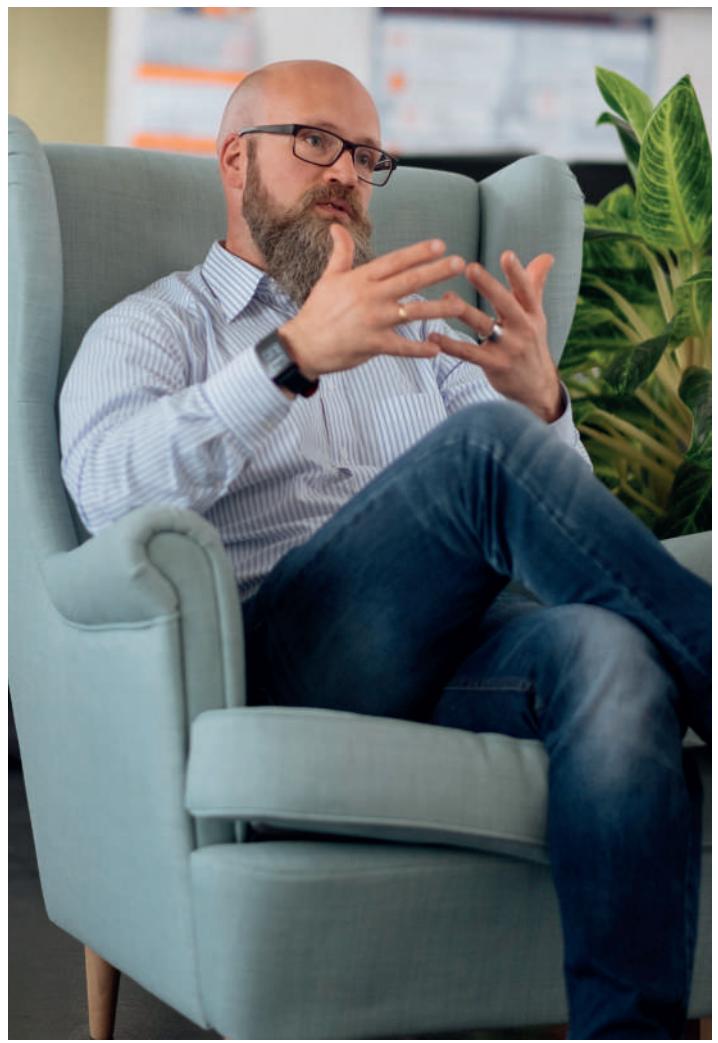
### **The most common challenges**

"There are two challenges that we regularly come across in many European brands and retailers," says Koumantakis. "To begin with, there are companies who have not yet planned their digital transformation. They have come to realise that they need it, but they lack the resources required; experienced personnel and the necessary strategic approach. Secondly, it appears that some companies end up hitting a plateau, following a period of

initial growth. This is where we jump in! We help them organise all their new e-businesses, by providing the following services: Digital, e-commerce & omni-channel strategy, P&L (business planning), vendors selections (platform specs, RFPs etc), e-commerce operations (logistics, ePayments, Customer Support) and competition analysis.

The lack of digital approach means that traditional companies will not be able to create a sustainable model for the future. "It is important for everyone to be present both online and offline. We can clearly identify a shift in the Greek market: even traditional companies are looking for new ways to bring value to their customers, by adopting digital technology." Koumantakis adds: "Unless you embrace digital transformation, digital disruption will soon prevail." //





# IDEALO: THE PRICE COM- PARISON PLAT- FORM THAT MAKES BUYING EASY

*Text: Nico Hoeijmans // Photos: idealo & Federico Stura*

**Shopping is comparing.** Consumers are always on the look for the best bargain. Whether it is a cheaper price, a faster delivery or even a more convenient shopping experience, they want to have what suits them best. All of this comes together in price comparison platform idealo, which has now opened its doors for cross-border retailers. We talk to Erik Meierhoff, Head of B2B Business and Sandra Nicht, Officer B2B Management at idealo.

**G**ermany idealo was founded in Germany in 2000, where it has a massive mark and started as a price comparison engine. At that time, there was a lot of competition in the market as price comparison was a new, hot topic in Germany as well as elsewhere in Europe. To compete, idealo developed a broader approach on this topic, enhancing the pure price comparison functionality with a lot of other features like extensive, qualitative product data and a product catalogue.

“I believe we were the first in Germany to start working so intensively on our product catalogue, even before everyone was talking about content marketing and product data,” says Meierhoff. These days, idealo is by far the biggest price comparison site in Germany and is active in Austria, Italy, Spain, the United Kingdom and France as well. “But our reach in the German market is by far the biggest, as is the actual price comparison market,” says Meierhoff.

## DNA

Erik Meierhoff talks all about the DNA of idealo, “We have a massive product catalogue in house, which is managed, maintained and developed. This improves our reputation as we do the

heavy lifting in generating, normalising and automating the best information for each product. We invest a lot in getting the right data in the right place, which is highly appreciated by the consumer. I think that for the best product reviews, German people will go to Amazon, but they go to idealo for the best product details in the market. When people visit idealo, they know two things for sure: they receive the best available product information and will always see the cheapest price, as it is not possible for merchants to buy a number one position on idealo. People know what they will find when looking on idealo; there is no heavy maths required. You see the product and the best price in the number one spot. The fact that there is no discussion about that, whatsoever, is the core of our DNA.”

## Standing out

The idealo-DNA makes it stand out when compared to platforms like Google Shopping or Amazon, something the company itself is strongly promoting. However, it does not mean that merchants aren’t able to sell their products directly through the platform.

“We started working on a tool we call Direktkauf (Direct Purchase) for our German platform a few years ago,” explains

Meierhoff, “idealo offers everything relevant for the shopping experience, which includes product data, descriptions, shipping costs, where I can buy my product and what the general market price is, everything that is relevant for the shopping decision. When we found that people wanted to buy something directly, rather than going to another website, platform, checkout section or whatever, we started working on this. Many people don’t care where they buy, they just want to buy now. Because they are looking on our platform and want to make the purchase, they are already convinced, and they want the shopping experience to be as convenient as possible. It always works, and it is easy.”

### Not quite a marketplace

The platform implemented the Direktkauf-feature together with its merchants. The feature makes idealo a shopping platform, but a different one than a marketplace.

“It functions as intermediary, giving consumers the opportunity to choose how they want to buy a product,” explains Meierhoff. The idealo-app offers even more convenience to the consumer, making it an accelerator for the Direktkauf-feature. As consumers do not want to install every shopping app from all different shops, having them together in one app is profitable for both consumers and merchants.

### Cross-Border merchants

In 2017, when idealo successfully implemented the Direktkauf-functionality, it started piloting with offering cross-border merchants access to this feature, making it possible for Italian merchants to offer their products to German consumers.

“We noticed that in the Italian market, which is less mature than the German, merchants were looking for ways to sell in Germany. For us, this issue was easy to address, as these merchants already had their products listed on idealo.it. It gave us the advantage of knowing the prices, the products and the merchants selling them. Taking this step with these familiar merchants was the right approach for us. Results are very promising, and we definitely will continue and expand the program,” tells Meierhoff, “There is a group of Austrian merchants selling in Germany now too.”

Don’t consumers want to know where their products are coming from? Meierhoff does not think it is too important at this moment. “In the markets where we are available, shipping times and price-ranges aren’t very extreme, and quality of products overall is good. Country of origin is more important for real marketplaces like Amazon, which focuses more on merchants from Asia and China as well. Here, there are bigger differences in shipping times, customer care and after sales and communications.”

Sandra Nicht emphasises that the trial with Italian merchants selling in Germany went well. “But that was also because they were merchants already selling in Germany, having well-translat-

ed German websites or online shops. They provided us with the possibility to find what changes were necessary and hurdles there were to get where we are now. Now, we can really start on the next phase, bringing on many more shops from other markets as well.”

### Crossing the border as a platform

idealo not only is working on getting merchants to make the step across the border, it is expanding its own boundaries as well. Being active in multiple countries asks for a decent cross-border strategy. “At this moment, we focus on bringing merchants cross-border to Germany, through our platform, and improve our position in the other markets even more. Over time, it is highly likely that we will use the Direktkauf-function in other European markets as well. Then, we have the opportunity for a full-blown cross-border expansion, a cross-border business. But we take things step-by-step. We want to be sure that the first step is done successfully before we start with the second one.”

### And other European markets...

“Technically it is possible, of course,” says Meierhoff, “but we are currently focusing on the markets we know. In these countries, we know how to do business. We know all about prices, products and the way merchants trade. That is our strength.” ••



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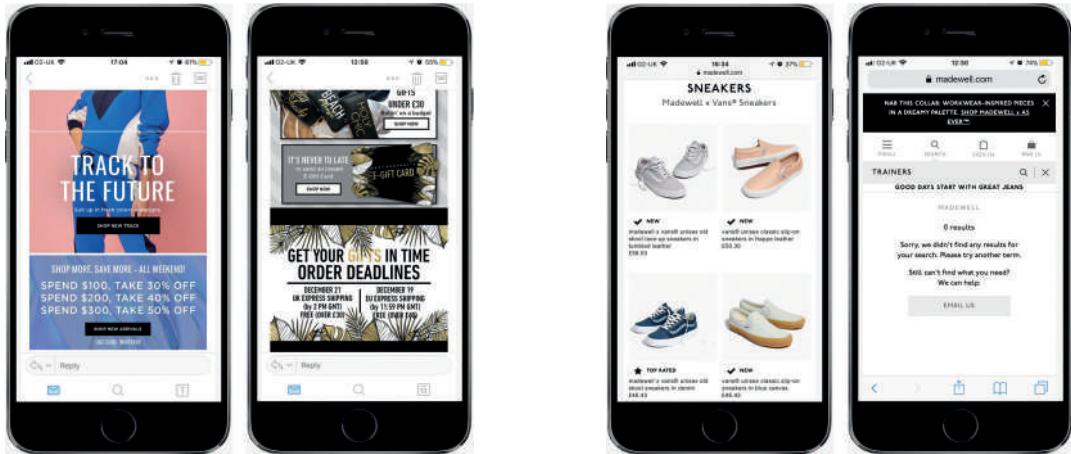
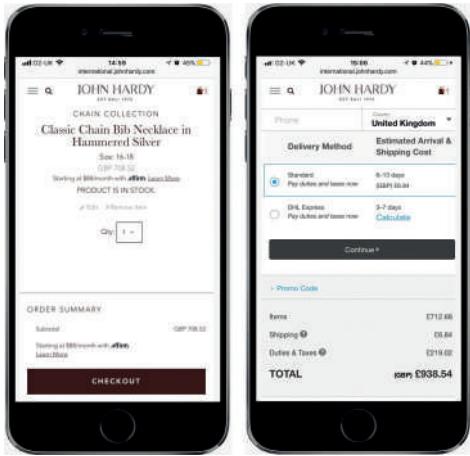
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# LOCALISING FOR THE UK

Practicology performed research among fifty North American-headquartered retail brands. It highlights where they could do better to localise for the UK market.

*Text: Sam Gaunt // Photos: Practicology*





**A**s a UK-based digital consultancy, who runs the European web operations of one of America's most well-known fashion brands, we were keen to explore how other North American retailers and brands approach the UK market.

While we share a common language, localisation is still necessary to compete in the highly competitive UK online market. Our report, 'Localising for The UK', assesses the UK mobile websites of fifty US and Canadian brands at different stages of internationalisation; some who have European and UK operations and shops, and others who are selling cross-border online into the UK.

The benchmarks and examples produced from the 25 key criteria we assessed should prove useful to any international brand who wants to improve the experience on their UK website.

### Localised language

Nuances in terminology and tone are important, even when full language translation is not required. In particular, it can complicate the purchasing journey for mobile device users. Womenswear retailer, Madewell, did not fully localise language on its mobile site, making it difficult to find products through search. An onsite search for "trainers" produced zero results, despite the retailer offering a wide range of sneakers.

### Duties and taxes

The experience of paying duties and taxes for US and UK online customers differs substantially. UK retailers are legally required to incorporate VAT into product prices, while in the US, taxes vary by state and can be determined by the origin of the seller or destination of the customer. Because of this, UK customers do not expect duties and taxes to be added at checkout and retailers that do this will experience increased levels of basket abandonment and lost revenue.

Jewellery retailer, John Hardy, added duties and taxes at checkout yet did not mention its policy on the product details pages or in the shopping basket. For a typical order, an unexpected £219.02 duties and taxes was suddenly added to the total at checkout.

### Relevant email marketing

Email remains an effective marketing tool and can deliver promotions at appropriate times, reiterate local delivery propositions and surface compelling content for overseas subscribers. Localised email marketing should use the correct language and tone, include the correct currency and feature relevant promotions. Non-localised content will lower click-through rates and increase unsubscribe levels.

Womenswear retailer, Juicy Couture, did not localise its email marketing. It used American language, listed products in \$USD and promoted its Martin Luther King Day sale – a holiday that will not resonate with UK customers. On the other hand, eyewear retailer, Quay Australia, localised well using the appropriate currency and language, promoting UK pre-Christmas gift ordering deadlines and pushing engaging, original content in all its emails.

To compete with their UK competitors, American retailers must strive to understand the local customer behaviour and adapt to the unique nuances of the market. This report provides the key customer experience recommendations that retailers will need to focus on to improve their conversion rates and drive growth in the UK. ••

*Download the full report at [www.practicology.com/LocalisingUK](http://www.practicology.com/LocalisingUK)*



# PANEL

**“Sketching the correct perception to merchants is the hardest thing in attracting sellers to cross-border sales channels – like marketplaces - for international brands”**





### Tophatter

Given our focus on mobile shopping, we gather insights into scrolls, taps, hover times, push notification open rates, and other lightweight actions. Our engineers and data scientists build code and write algorithms so that the next time that shopper comes back, they see items that make them think “I didn’t know I wanted this!”. This means our sellers have access to a great deal of data to help them better sell their products. As a consequence, we are always striving to help our sellers achieve more and more GTV through the application of data and knowledge gleaned from the habits of our shoppers.

**Malcolm Scovil – Director of Marketing at Tophatter.** Malcolm Scovil is an entrepreneurial leader with twelve years of experience in technology start-ups, venture capital and finance. He founded two revenue-generating companies, built a team of 25 and raised multiple rounds of capital. He is passionate about discovering and implementing innovative ways to help individuals and companies grow.

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### ePrice

Italy has always been an excellent market for online sellers, although we were slightly behind the curve in regards to opening our cross-border offerings to customers. The challenge now is to market how good the Italian market opportunity is as a whole. There have always been some traditional cross-border challenges of selling into Italy, like fulfilment, but over the past year the number of carriers offering competitive and credible solutions has dramatically increased. It is our job to show that, giving international sellers an opportunity to access the market.

**Anthony Meieruth – Sales Manager at ePrice.** As Sales Manager for ePrice’s Marketplace, Anthony Meieruth manages a team of more than ten direct reports. He takes care of all the commercial and operational aspects for the business unit. ePrice Marketplace was shaped in 2015 and is now growing to triple digits and rising.

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### TradeME

Perception is key, both in terms of geographical distance in regards to shipping as in the potential ROI given the population size. Example: people are always surprised to hear that New Zealand is not just about Hobbits and we have a thriving e-commerce industry worth over \$4.9 billion. The main reason Kiwis turn to online is the lack of domestic options available. Besides, some people in the UK expect the New Zealand market to be a smaller version of home, but it isn’t. We see similar confusion regarding shipping. People’s immediate reaction is that they won’t be competitive if they have to ship their goods half way around the world. However, when you factor in the high duty threshold (\$400NZD), the fact domestic goods are expensive and that there are some excellent logistics options from Britain, we’ve seen, for example, UK retailers thrive on our platform.

**David Swift – Global E-Commerce Manager at Trade Me.** Trade Me is New Zealand’s most popular online marketplace, focused on making life better for Kiwis through online experiences they love. David Swift works with international retailers providing integration, cross-border trade and specialist marketplace advice to ensure they maximise the growth potential of expanding into the New Zealand market.

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### Newegg

There are a growing number of new online marketplaces offering various solutions, claiming to be the next big hit. With so many options available, sellers have found it difficult navigating and understanding what platform works best for them. Sometimes, the luxury of choice becomes a burden, when trying to choose a retail partner that best complements a seller. There is more to consider than just the individual marketplace; think about the various opportunities, services, customer demographics, and business tools that each partnership would bring to the table. Sellers should carefully evaluate if what the marketplace offers, helps them reach their goals – short term and long term.

**Gareth Lloyd-Jones – Head of Europe Acquisition at Pivot.** Gareth Lloyd-Jones is a proven leader having been both a Sales and Publishing Director for two of the leading lifestyle publishers in the Middle East. He has worked for globally recognised brands such as Time Out, Hello, OK! and Women’s Health. Latterly he has moved towards a digital focus, showcasing his digital media, content marketing, e-commerce and project management skills, as well as being a Google partner with inbound marketing and AdWords certifications. He is now empowering the growth of Pivot as the Head of Acquisition across our Marketplace Channels.

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*Spotlight on ...*

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# WILL THE “TEMPORARY” EU DIGITAL SERVICE TAX HIT ONLINE MERCHANTS?

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*Text: Alan Rhode, Co-Founder Taxmen*

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To prevent a proliferation of new, patchy taxes by individual European states on the currently (almost) untaxed profits of the largest digital players in Europe, in late March, the European Commission advanced a proposal for a Directive establishing an interim Digital Service Tax.

The new levy is meant as a short-term solution enabling the concerned EU states to generate more public revenues with the

taxation of digital activities, while the EU and the OECD try to carry out a more comprehensive corporate income tax reform, at both the national and international level.

The Digital Service Tax would be adopted individually by each EU state in order to tax, at a 3% rate, the revenues generated with the provision of some digital services – not all, however.

Indeed, the Digital Service Tax would apply to revenues generated only with services “where users play a very active role in the value creation for the business”, namely:

1. Services consisting in the valorisation of user data, by means of making available advertisement (e.g., Facebook, Google Adwords, etc.) or the sale of such user data;
2. Services consisting in the making available of digital platforms/marketplaces to users (intermediation services) and where users supply products between themselves (e.g., Airbnb, Uber).

The Directive proposal clearly states that the Digital Service Tax would not apply to gaming, streaming of media content, cloud computing services, payment services, etc.

There are multiple underlying reasons for such exclusion, according to the European Commission: firstly, the Commission says that the latter services would not really rely on any active user role; secondly, there would be a need for simplicity in setting out the new levy; and last but not least, reducing the scope of the taxpayers would make the Digital Service Tax less controversial.

Moreover, based on the Directive proposal, the Digital Tax will only apply to businesses that are above both of the following thresholds:

1. Annual worldwide total revenue above €750 million at the multinational group level; and
2. EU annual digital revenues: €50 million.

While the group of taxpayers concerned still appears rather narrow (not more than 150 multinationals), we cannot rule out that some them will be tempted to increase their fees to “translate” the tax to their business customers. So, in the end, such increased taxation could make trading in the digital sector more expensive even for the smaller players.

For instance, if Amazon referral fees becomes subject to the Digital Service Tax, will Amazon increase the fees to the detriment of its marketplace sellers?

There are other critical aspects of the proposed levy that we should consider, including the following:

- It will apply on gross revenues, not on profits; so, theoretically, even if a business has incurred a loss, it may wind up paying it.
- It will be deductible from the Corporate Income Tax base, but not from the Corporate Income Tax itself, thus leading to a double taxation.
- It will apply to domestic transactions – e.g., a German business would be taxed on the revenues made by selling services to German users – leading to, again, double taxation.
- It could even apply to more digital supplies within the same production process, without the right for suppliers to claim any input digital tax: this is the opposite of how VAT works, and it is likely to create economic distortions.
- The DST will not be a withholding tax on payments; businesses will report and pay it under an electronic system

similar to the MOSS. But how to enforce taxation against non-EU businesses with no establishment in Europe?

According to the current proposal, the Digital Service Tax will be repealed once intra-EU long-term and comprehensive measures have been adopted and Double Taxation treaties with third country have been renegotiated for a fair taxation of digital activities.

Alongside the DST proposal, the EU Commission has also submitted a proposal aimed at setting out a comprehensive solution within the existing EU corporate tax systems to tax digital activities in the EU.

Firstly, the proposal lays down rules to determine a taxable nexus for digital businesses operating across borders in case of a non-physical commercial presence (a “significant digital presence”). Under the current international tax framework, a business established in Country A can be taxed on its profits in Country B only when the business holds a physical presence of some sort in Country B. Yet, digital businesses can generate profits and create value in multiple countries without the need of any physical presence in the latter countries.

The concept of “significant digital presence” is intended to create a taxable nexus in a jurisdiction where the digital business does not have any physical presence.

Secondly, the proposal sets out principles for attributing profits to a digital business. These principles should better capture the value creation of digital business models which highly rely on intangible assets.

Both the EU and the OECD are clearly endeavouring to create a new corporate tax framework able to be up to speed with the growth of the digital economy. However, such a reform takes time, and many EU member states have pressed for an interim, short-term tax measure – and it seems they are succeeding. ••

*Alan Rhode is a co-founder at Taxmen, the one-stop-shop for legal and tax services to the e-Commerce industry.*



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