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e-Commerce & Logistics:
The Evolving Journey

The current and future industry trends that
will forever reshape the way we do business

In partnership with:

Internet Retailing

PackagingNews

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The current and future industry trends that
will forever reshape the way we do business

The e-commerce and logistics industry is undergoing remarkable
change: in the way we do business; in our response to unprecedented
challenges; and in our understanding of the industry's role in the
future of our planet.

This period of evolution and upheaval presents our industry with an
extraordinary opportunity for innovation, collaboration and progress.
At DELIVER 2022, 8+9 June, Amsterdam, some of the most influential
thought leaders in e-commerce and logistics will be presenting and
discussing their ideas about the subjects that will define the industry's
future:

- The global impetus towards greater diversity,
  equity and inclusion;

- The myriad ways in which digitisation and
  automation continue to revolutionise our business
  methodologies;

- The thrilling new frontier of technological innovation,
  driven by AI, VR and AR; and

- The importance of viable sustainability, and its
  centrality in our understanding of climate crisis
  solutions.

This report examines these content pillars in detail, cites important
additional insights from industry leaders at the forefront of solutional
transformation, and provides an invaluable starting point for
productive discussions about the exciting journey ahead.

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CONTENTS

Internet Retailing

InternetRetailing represents the board-level conversation in multichannel and ecommerce, with a focus on commercial outcomes and connection with the digital, demanding customer. Via our web portal, events, podcast and research we combine practitioner knowledge of retailing with journalistic analysis and primary research into leading practice.

PackagingNews

Packaging News is at the heart of the UK packaging supply chain, offering news, expert analysis and insight on every aspect of the packaging supply chain, from brands and retailers through to design agencies, suppliers of glass, metal, plastic, corrugated and cartonboard packaging, label printers, contract packers and waste management businesses.

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Diversity, Equity and Inclusion (DEI): the Goal of a Fair Future

The ILO (International Labour Organisation) warns that "promoting diversity alone does not deliver benefits of higher productivity, increased innovation and creativity and better decision-making." Calls-to-action must be supported by measures which encourage and facilitate empowerment, because "diversity needs to be firmly paired with inclusion... It is inclusion that drives equality of outcomes for people at work from all backgrounds."[1]

Of the over 12,000 respondents surveyed in 75 countries by the ILO in 2021, only half felt included in the workplace all the time. Their research concluded that the benefits of full inclusion, such as increased productivity, innovation and well-being, "are predominantly being realised for employees at the most senior levels." This suggests that while organisations are endeavouring to make significant changes in their DEI perspectives, the outcomes of these changes are often not fully experienced by the workforce in its entirety.

These global trends across industries are likely mirrored in retail, e-commerce and logistics organisations. According to the BRC (British Retail Consortium), "89% of companies either have or are forming a D&I (Diversity & Inclusion) strategy, but only 47% of employees feel that D&I is sufficiently communicated."

This data is striking, and points to the wider issue of a lack of representation for specific groups in positions of seniority, who would arguably feel more inspired to communicate positive and authentic strategies to their employees if they were equitably represented. For example, "one in five retailers have all-male Boards, and 15% have no women on their executive committees," while "81% of retailers have no NEDs from ethnic minority backgrounds, and 68% have all-white executive committees." A further problem is embedded in some organisations' understanding of what DEI strategies should be examining. While 100% of surveyed D&I strategies examined gender, 90% looked at race and ethnicity, and 68% at LGBTQ+. The percentages dropped significantly for focuses on disability (less than 50%), social mobility and age.[2]

RETAILERS BOARD MEMBERS:

20%
All male boards

15%
No women on executive committees

81%
No NEDs from ethnic minority backgrounds

68%
All-white executive committees

1 ilo.org
2 brc.org.uk

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These figures demonstrate that there is a danger businesses can appear to be paying lip-service to the idea of DEI strategies, rather than making the wide-reaching organisational changes necessary for their effective implementation. A 2021 survey revealed that "over half of supply chain organisations have improving DEI as an objective or goal, but only a quarter have formal targets." [3]

Daniela Dorner, Group eCommerce Director of Mondi Group, told us a commitment to DEI is important not only for an organisation's internal well-being, but also an essential perspective from which to understand the needs of its customers. "Taking into consideration a very diverse set of opinions – being able to understand your customer group and the ability to put yourself into the shoes of your consumers – requires a diverse and inclusive mindset," she says. "And this in turn requires companies to take this seriously, and diversify their teams internally in order to be best equipped to really understand their consumers."

A deeper appreciation of the things that matter to customers, outside of their more granular buying preferences, can make a significant difference to how an organisation is perceived, since "fifty-two percent of global shoppers are more likely to purchase from a company with shared values." [4]

Proactive leadership is thus key in ensuring that the DEI conversation begins within a business and then extends outwards as an expression of organisational values – employees are consumers too, after all. "The onus is on leaders within the profession to find out how they can help staff," says one UK D&I report, "and encourage them to get the best out of themselves. Respect and authenticity are essential in any mutually beneficial business relationship. Trust is also key, particularly in the logistics space, where companies rely on 3PLs (third-party logistics) for mission-critical operations." [5]

52%
of global shoppers are more likely to purchase from a company with shared values

3 gartner.com
4 shopify.co.uk
5 ciltuk.org.uk

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Digitisation, Automation, and the Next Frontier of Technological Innovation

A 2019, pre-pandemic, pre-supply chain crisis white paper urged that "leadership in the constantly changing world of e-commerce calls for innovative solutions that challenge conventional business models." [6] Three years later, our industry's ability to react swiftly and coherently to global shifts in consumer needs and behaviour has never been under greater scrutiny. A recent Wired article asserted that "the supply chain is too complex, interconnected, and fragile to be made completely immune to shocks, especially ones as seismic as a global pandemic or a major war. But a new reality is forcing companies to adopt new strategies to keep goods moving." [7] In order to ensure that levels of demand are predicted with accuracy and satisfied with alacrity, AI-driven data analysis and optimisation, goods-to-person automation, and AR (augmented reality) warehouse solutions are all being integrated into, or replacing, traditional delivery pathways, as we enter the dynamic new era of Logistics 4.0. [8]

These fluctuating levels of demand for different delivery services mean that companies must be fleet-footed with their immediate response, while at the same time making astute predictions that will safeguard against consumer disappointment in the future. Fulfilment measured successfully against one metric may be offset by a failure to meet expectations on another. For example, "the annual volume of parcel shipments in the UK jumped from 3.8bn to 5bn" in 2020, but "the number of retailers

3.8bn TO 5bn
the annual volume of parcel shipments in the UK

8% FALL
the number of retailers offering next-day delivery
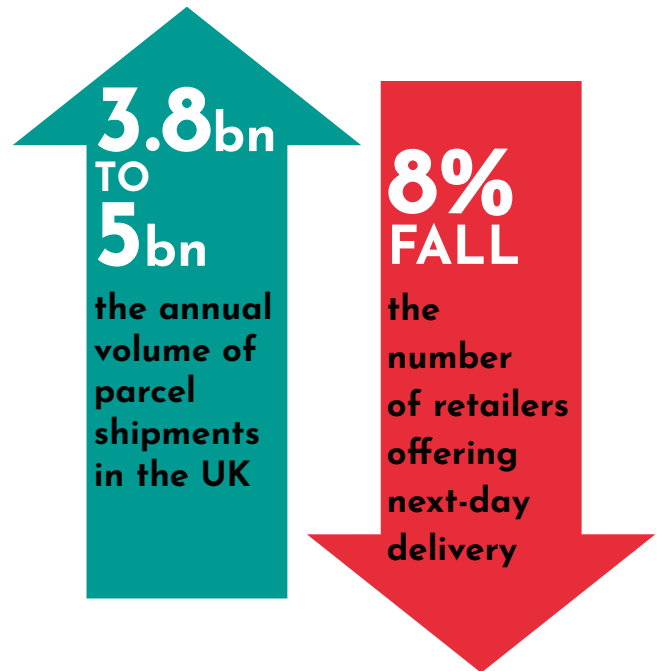
offering next-day delivery has decreased by 8 percentage points" since February of the same year. [9]

"Our industry has a history of non-stop improvement and optimisation – driven by decades of being a 'cost centre' that needs to be squeezed, optimised and reduced," says Ian Jindal, Editor in Chief of DeliveryX and CEO of RetailX Research. "When we interviewed the top 50 grocers across Europe, their consensus was that the pace of innovation will not let up. 'This is what we do,' said one, reflecting the truism that innovation is not a one-off effort, but truly a cultural, non-stop activity within the best businesses."

6 dhl.com
7 wired.com
8 dhl-freight-connections.com
9 internetretailing.net

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Prior apprehensions about a potential conflict between job security and the utilisation of new technologies are evolving into a broader examination of how technology can augment, rather than replace, human workplace activity. A European report from 2021 presents a positive outlook, explaining that the "available data show that digitalisation in EU establishments coincides with innovation, internationalisation and job creation" and that "changes to task profiles within jobs" are a more probable outcome than widespread redundancies. [10]

Regardless, these new technologies are here to stay, and are swiftly being embraced by an expanding user base. For example, "over 20 million active users will leverage Artificial Intelligence for augmented reality usage in 2022… the increased data flowing from and through AR/VR devices, combined with AI/ML (Machine Learning), create a hotbed for both prediction and automation of worker-facing and backend systems." [11] Shopify recommends that for suppliers, "using data and technology to make smarter inventory management decisions should be your priority in the immediate future" and that cloud-based supply chain management software is now an indispensable tool companies need to be using to future-proof their supply chains. [12]

Seb Robert, CEO and Founder of Gophr, believes the way companies collect and utilise data is more important, for the time being, than automation, particularly in the context of the 'last mile' challenge. "I think it's better connecting local supply to local demand, and really putting all of the infrastructure and elements in place for local suppliers to be able to better serve their local communities," he says. "One of the things that often gets overlooked is just the amount of fragmentation that's currently in this space - the amount of wasted journeys when you see the number of couriers doing similar work along similar vectors. If you're thinking about supply and demand at a local level, it's really about gathering accurate data, and optimising it, so that you're constantly delivering against the outcomes that the customer wants, and have the ability to provide flexibility in real time."

Georgia Leybourne, Senior Director of International Marketing at Manhattan Associates, says that AI, machine learning and "that innovative technological spirit" will continue to have the biggest impact on the industry in the years to come. "It is imperative that we continue to grow and evolve the scientific capability within these solutions, which is driving productivity," she says. "The one thing that I would caution is let's keep the human element ever-present, because it's very, very important for that to stay, from a connectivity perspective."

parcelLab Founder and CTO Julian Krenge agrees that we must never lose sight of the humanity at the heart of this rapid technological escalation. "In five years, I believe we'll see that brands that managed to create a personal connection with their customers, despite operational complexity, will be the ones that have succeeded," he says. "Retail and e-commerce, from our perspective, are clearly moving into what we call 'hyper-complexity'. You have more warehouses, and overnight, same day, green delivery options. Customers expect more from their brands – a personal touch, a close connection, while the operational complexity of fulfilment from different warehouses and multiple carriers just rises and rises."

Such complexity will also allow further integration between foreign markets, allowing for smooth intercontinental trade at an unprecedented scale. "In Africa, for

10 eurofound.europa.eu
11 prnewswire.co.uk
12 shopify.co.uk

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Global drone package deliveries to grow

from $0.68 billion
to $0.99 billion

example, shopping online is now established, and it's going to remain the same for the foreseeable future," says Rokhaya Sy, COO & Co-founder of Paps. "In five years' time, we are expecting to have a unique e-commerce village where African, American, Asian and European consumers can trade easily with the same delivery time and fair delivery prices."

The cutting edge of this Fourth Industrial Revolution – Industry 4.0 – is propelling businesses towards previously unimagined technological frontiers. Advancements in robotics and drone technology will create lasting change in the way supply chains function: "self-configuring modular robots", and soft robotics "capable of moving in fluid ways, adapting to their surroundings, and sensing more effectively than traditional robots", will revolutionise the role automation plays in the delivery network. The utilisation of drone fleets, and a new generation of underwater drones, is expected to nudge governments towards adapting existing regulation "as the technology continues to make a case for its utility at scale." [13] The pandemic has significantly accelerated the growth of drone-based delivery solutions,

and "demand for contactless deliveries stemming from the impacts of COVID-19 have caused projections for global drone package deliveries to grow from $0.68 billion to $0.99 billion… with the market expected to raise to $4.4 billion by 2025." [14]

In a wider context, the technological changes impacting human life are creating a new kind of consumer with a sophisticated and uncompromising vision regarding the right to nurture and express their agency and identity. The advertising and public relations company Dentsu contends that alternate realities, new financial models of ownership, a 'conscious decoupling' of economic growth from environmental impact, and a radical re-imagining of the self as a shifting multitude defying categorisation are all generational sea-changes carrying an irresistible momentum. "What we see most profoundly is a great decentralisation, powered by virtual economies, crypto-currency, climate anxiety and distributed workforces," they explain. "A shift towards networks of choice, passion, collective ownership and mutual reward." [15]

13 futuretodayinstitute.com
14 futuretodayinstitute.com
15 info.dentsu.com

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The Urgency of Sustainability

In 2021, the UNEP (United Nations Environment Programme) issued a stark warning: "There is a fifty-fifty chance that global warming will exceed 1.5°C in the next two decades, and unless there are immediate, rapid and largescale reductions in GHG (Greenhouse Gas) emissions, limiting warming to 1.5°C or even 2°C by the end of the century will be beyond reach." [16] UNEP has also identified "a growing threat in all ecosystems", with plastic accounting for 85 per cent of marine litter; they caution that "by 2040, volumes of plastic pollution flowing into marine areas will nearly triple." [17]

The e-commerce and logistics industries have a crucial role to play in not only reducing GHG emissions, but also by providing innovative and sustainable solutions that support the circular economy, reduce the waste of resources and packaging materials, and prevent harmful, non-biodegradable substances entering the environment.

There is widespread consumer frustration not only about waste management practices, but also regarding the lack of provision for enabling the customer to prolong the life of their purchases: "78% of EU citizens think manufacturers should make it easier to repair products, especially digital devices… Sentimental value may reprieve an item from the bin or council recycling facility but, for many items, end of useful life means landfill." [18]

The association Ecommerce Europe advises that in addition to addressing the existential threat facing the planet, investment in viable, innovative solutions can have positive, long-term economic impacts: "The growth of e-commerce should be considered an opportunity to structurally shift to more sustainable retail and consumption practices, as well as an opportunity to use the digitalisation of our society to make the transition to a more sustainable economy." [19]

There is a fifty-fifty chance that global warming will *exceed* 1.5°C in the next two decades

If GHG are not reduced now, limiting warming to even 2°C by the end of the century will be beyond reach

By 2040, volumes of plastic pollution flowing into marine areas will increase by 300%

16 wedocs.unep.org
17 unep.org
18 internetretailing.net
19 ecommerce-europe.eu

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Individual retailers will need to make carefully considered choices when it comes to allocating investment in their preferred channels, but from an environmental standpoint there are already encouraging trends in the context of the shift from 'brick-and-mortar' retail to e-commerce: "Offline shopping results in between 1.5 and 2.9 times more greenhouse gas emissions than online shopping. While e-commerce needs delivery vans to circulate, these reduce car traffic by between four and nine times the amount they generate. Land use for e-commerce is lower than for physical retail, when logistics, selling space, and related parking space are included." [20]

This transformation of the retail landscape may in turn lead to a re-evaluation of what the consumer now requires, or desires, when they do decide to visit a 'brick-and-mortar' outlet. "I think we're going to see a shift in how physical retail stores are being utilised by brands," says Otto de Werd, VP Sales at Cycleon. "It's going to be more about an experience than just a purchasing activity. There's going to be a huge movement in that direction – doing more than what we do now with physical stores."

Retail brands will therefore be faced with increasingly important decisions about where

their investment can be most judiciously targeted. "The main challenge is to actually orchestrate the omnichannel environment well," says Damien Buirette, Founder of Supply / E-Logistics Agency. "I'm not talking about just being present online and then on the brick-and-mortar side. I'm really talking about the smart combination of efficient ubiquity from a merchant standpoint and qualitative data management for the businesses, so that they can actually allocate the cost in the right manner. And that's very, very tricky. The Holy Grail, for the e-commerce and retail industry, is to get real acquisition cost evaluation, and clear operational charges allocation."

Businesses in the e-commerce and logistics space can therefore be seen as operating at the vanguard of sustainability measures in the omnichannel arena, with operational decisions driven by a combination of internal initiative within the organisation, and external trends and pressures in the market. "E-commerce, and maybe to a lesser extent, e-fulfilment, is a (positive) work-in-progress as far as sustainability goes," says Waqas Qureshi, News Editor at Packaging News. "There is a big shift away from plastic tapes on corrugated boxes – the amount of waste that cannot be recycled due to plastic tapes disrupting the recycling

28% of consumers have stopped buying certain products due to ethical or environmental concerns

45% have stopped purchasing certain brands because of ethical or sustainability concerns

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streams is a problem. That being said, e-commerce and e-fulfilment use corrugated and paper packaging solutions to a huge extent – material that is recyclable and recycled. Brands and packaging providers must continue to work on more sustainable packaging materials and accessories in the e-commerce and e-fulfilment sectors, as well as assess their overall carbon footprint, be it transport emissions, energy use or general recycling initiatives. These are non-negotiables – the consumer will not accept poor sustainability credentials."

The importance of consumer attitudes towards sustainability cannot be overstated. A 2021 survey found that "28% of consumers have stopped buying certain products due to ethical or environmental concerns" and "45% stopped purchasing certain brands because of ethical or sustainability concerns." Some of the sustainable brand practices regarded as most valued by the consumer include "waste reduction, reducing carbon footprint, and providing sustainable packaging." [21]

Reducing CO2 emissions, particularly in the 'last mile' segment, is one of the most pressing and complex challenges facing the industry. "There are companies that are able to do final mile delivery in the big cities from a sustainable, environmentally-friendly perspective," says Mark van Enckevort, Carrier Manager at PVH Corp. "But that's normally just 50% of the country. I'm curious how companies are going to go for the other 50%. In Germany, it's easy to make a green delivery in Berlin. But how are you going to make those green deliveries in the small villages or remote areas? Because I think they need to be included."

The British Retail Consortium has set out a range of measures that businesses should embrace if net zero targets are to be met. As the widespread electrification of Heavy Goods Vehicles (HGVs) is probably still years away, "diesel replacements like biomethane or sustainable Hydrotreated Vegetable Oil (HVO) should be considered as viable alternatives." In the meantime, the electrification of Light Goods Vehicles (LGVs) at scale is recommended for implementation by fleet operators at the earliest opportunity, and the use of green fuelled vehicles should be complimented with "route planning, improvement of vehicle fill, procurement of vehicles with eco technology, shared journeys and resources, and backhauling." [22]

As our industry embarks on this rapidly evolving journey, it will need to meticulously prepare for new challenges ahead, while welcoming the opportunities that an exhilarating new frontier promises to offer. The World Economic Forum urges that instead of addressing digital transformation and sustainability challenges separately, businesses should adopt a more holistic approach, using the former to respond to the latter by a) integrating sustainability strategies "across multiple dimensions of their digital transformation roadmaps", b) using data-sharing and tracking platforms to "reduce environmental impacts before they are magnified", and c) becoming more aware of the pressure that can be exerted by prospective hirees and consumers on companies "to do their best in this domain, or risk losing out." [23]

21   deloitte.com
22   brc.org.uk
23   weforum.org

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Continue the Conversation

Interested in more discussions on the future of our industry? You can be a part of 52 content sessions around these subject areas by attending DELIVER 2022, 8+9 June, TAETS, Amsterdam.

For more information, please go to deliver.events.

About DELIVER

Founded in 2015, DELIVER is Europe's premier community for e-commerce and logistics. With our unique hosted buyer platform and audience of C-suite executives, we deliver matchmaking opportunities to the highest quality players in the industry.

We offer two unmissable ways to meet and make deals: DELIVER, our flagship in-person event, our innovative digital networking event providing year-round insight.

We deliver connections.

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