E-COMMERCE & VOEDING: WAT BRENGT DE TOEKOMST?

PROF. GINO VAN OSSEL
AGENDA

1. the case for change
2. value proposition
3. the business case
4. packaging?
5. conclusion
retail sales vs. year ago
(Netherlands – Q1 2015 – CBS)

digitaal als een bedreiging
digitaal als een kans

retail sales vs. year ago
(Netherlands – Q1 2015 – CBS)
how about food?

MARKET GROWTH ONLINE GROCERIES (2014)

EFMI: NL: 25%

Source: The State of Online Grocery Retail in Europe, Syndy, 2015
store sales: $-10\%$

store sales: $??$

store sales: $???$

total sales: $+20\%$

total sales: $+21\%$
"BOUGHT ONLINE DURING PAST 12 MONTHS"

Penetration Online Groceries (2014)

Source: The State of Online Grocery Retail in Europe, Syndy, 2015
**PENETRATION ONLINE GROCERIES (2014)**

- **yes**: 87%
- **no**: 13%

Source: EFMI Shopper Study, June 2015

If not, how likely is it that you will do so in the next 12 months?

- (very) unlikely: 73%
- neutral: 21%
- (very) likely: 6%

**MARKET SHARE ONLINE GROCERIES (2014)**

- UK: 4.4%
- FR: 3.6%
- NL: 1.5%
- D: 0.8%

Source: The State of Online Grocery Retail in Europe, Syndy, 2015
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how about food?
convenience

< 0.0025 %
offer
“If you have 13,000 SKU’s, the last 1,300 will account for less than 1% of sale.”

Christian Wanner
founder & former CEO LeShop.ch
price
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LOGISTICS

value density (€/m³)

low

high

item & orderline density (#/m³)

high relative cost of transportation

LOGISTICS

value density (€/m³)

low

high

item & orderline density (#/m³)

high relative cost of handling
LOGISTICS

value density (€/m³)

low

item & orderline density (#/m³)

high

16/10/2015

cracking the code
CRACKING THE CODE?

- handling?

<table>
<thead>
<tr>
<th>Year</th>
<th>Units Processed per Labour Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>111</td>
</tr>
<tr>
<td>2012</td>
<td>121</td>
</tr>
<tr>
<td>2013</td>
<td>135</td>
</tr>
<tr>
<td>2014</td>
<td>145</td>
</tr>
</tbody>
</table>

units processed per labour hour
(Ocado)

2c. Supply chain
Our supply chain will make this profitable

CAPEX / Capacity

Automated (NJ, 2014)

Semi-automated
(Lake Zurich, IL)

Small
warehouse
(Amere, NL)

Efficiency / Customer service levels

Proprietary and Company Confidential

In-store pick
(1996)
CRACKING THE CODE?

- transportation?
- click & collect ⇔ home delivery?
FULFILLMENT ONLINE GROCERIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Pick-up</th>
<th>Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Belgium</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

pick-up delivery

CRACKING THE CODE?

- transportation ?
- click & collect ⇔ home delivery:
  - drops per kilometer ?
DENSITY OF THE POPULATION

<table>
<thead>
<tr>
<th>Country</th>
<th>NL</th>
<th>B</th>
<th>UK</th>
<th>D</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>406</td>
<td>342</td>
<td>263</td>
<td>226</td>
<td>103</td>
</tr>
</tbody>
</table>

PART-TIMERS

<table>
<thead>
<tr>
<th>Gender</th>
<th>EU</th>
<th>NL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>9%</td>
<td>27%</td>
</tr>
<tr>
<td>Women</td>
<td>77%</td>
<td>32%</td>
</tr>
</tbody>
</table>
Efficiency in the last mile

- Average load factor of delivery vans of 84%
- Optimal hub structure
- Average distance per order is decreasing: in our mature areas the number of orders have increased by 47% over the past 4 years.

© Ahold
Strong online brand with proven business model

2014E EBITDA of 2-3 % in mature home delivery markets

Amsterdam:
• 6% HH penetration

Rotterdam:
• 4% HH penetration

2014E EBITDA unprofitable including investments in growth
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“Products get unwrapped and sorted”
ITEM PICKING DC’S...

... serving both convenience stores & e-commerce? (just a thought)
LOGISTICS
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what if?
how much?
by when?
of which categories?
of which store formats?
with which supply chain?
‘Dit boek biedt een stevig conceptueel kader én heel concrete handvatten! Een echte must voor al wie begaan is met de toekomst van retail!’

Wouter Torfs, CEO Schoenen Torfs

‘Een echte aanrader voor zowel retailers als e-tailers!’

Bart Claes, CEO JBC

‘Een boek geschikt voor zowel professional als leek, voor de denker en de doener, de gelegenheidslezer en de alleslezer.’

Verslag van de Jury, Managementboek van het Jaar

“Inspiration exists, but it needs to find you working”

Pablo Picasso