New research by GEODIS and Accenture Interactive reveals Ecommerce challenges facing global brands

October 8, 2020, Paris, FRANCE: Leading logistics operator GEODIS and Accenture Interactive, part of Accenture (NYSE: ACN), today unveiled a new study which found that while there are key logistics capabilities required to build and maintain successful ecommerce operations, few brands excel at any of them.

Findings highlight:
- **Acceleration of online sales**
- **Aims to reduce dependence on online marketplaces**
- **Pivotal nature of customer experience in growing sales**
- **Weaknesses in key logistics capabilities**
- **A lack of real-time supply chain visibility**

“This study takes stock of the ambitions and concerns of European and American companies facing the rapid increase in ecommerce. If they want to take advantage of the rise in online sales, they must develop omnichannel logistics strategies tailored to their maturity levels,” says Marie-Christine Lombard, chief executive officer of GEODIS.

200 European and American companies that operate multiple channel logistics were interviewed about their ecommerce-related expectations for growing their brands’ sales.

2020: The Acceleration of Ecommerce
First and foremost, the study confirms that the pandemic greatly accelerated online commerce growth. Brands estimate that ecommerce in 2020 will represent nearly half of their sales (compared to a third before COVID-19).

Before the crisis, companies were making 34% of their sales online (28% on average in marketplaces and 6% on their own websites).

During lockdown, 65% of sales were made online: 38% via marketplaces and 27% on brands’ online stores. The increase is even more marked in Europe than in the United States. European companies without online sales solutions were heavily penalized, with 40% of the brands surveyed estimating that sales lost due to COVID-19 will exceed 15% of their earnings on average.

A Desire for Greater Ecommerce Ownership
A second finding indicated that most companies (52%) felt that their ecommerce potential is limited by their logistical capabilities.

“Many brands use marketplaces as a one-stop shop for selling their products online. This allows them to reach a wide audience and compensate for a lack of resources and logistical infrastructures, all while providing an expected customer experience,” said Sohel Aziz, managing director, Accenture Interactive.

59% of European companies rely on marketplaces for their online sales, a number even higher than for American companies (46%). Marketplaces held a 28% market share in the pre-COVID-19 period, a number that has risen to 38% during the pandemic.

However, most of the brands surveyed believe that over-reliance on marketplaces is not sustainable and wish to shift more of that balance toward owned ecommerce channels. Nearly two-thirds (64%) state that reducing their dependence on marketplaces is their first or second priority for the next six months.

Within 3 years, 77% of American companies and 56% of European companies surveyed wish to sell directly to consumers via their own websites, aiming to make 20% of their total sales there.

“Direct sales from brands’ retail websites currently represent 5% to 8% of online sales. Brands would like to increase that to 20% or 30% in the next three to five years. The survey shows that brands are aware of the fact that improving their omnichannel logistics capabilities, such as customer experience – through customization of delivery options and tracking or customers’ ability to modify orders, for example, is essential and urgent if they are to reach this goal,” concludes Aziz.

Improving the Customer Experience, a Priority for Brands
76% of the companies surveyed state that improving the customer experience is their greatest long-term challenge.

“The customer experience includes the purchasing experience and the delivery experience,” notes Ashwani Nath, vice president and global head of e-channel solutions, GEODIS. “Brands strive to provide a delivery experience that equals the act of purchasing. Among other things, this means providing improved e-fulfillment, a range of flexible delivery options, more practical tracking visibility and simple returns,” explains Nath.

Currently, 38% of American brands offer two-to-three-day shipping nationwide, and 56% plan to do so within three years (25% and 57% for European brands).

For international (intercontinental) shipping, no American brands currently offer two-to-three-day shipping, although 17% plan to do so within the next three years; 15% offer four-to-five-day shipping, with 66% planning to do so within the next three years. As for European brands, none of them currently offer two-to-three-day international shipping, although 7% plan to do so within the next three years; 4% offer four-to-five-day shipping, with 76% hoping to do so within the next three years.

The study reveals the ambitious objectives of the brands to reduce shipping times to three-day shipping within a maximum of three years for the domestic market and four-to-five for intercontinental shipping.

Among the Challenges: The Lack of Real-Time Visibility
Other challenges are emerging. Although they differ between the United States and Europe, the actions taken are comparable: Brands have worked on offering greater shipping flexibility and simplifying returns (80% of the brands surveyed had recently made efforts to provide a more practical product return process).

However, the survey points to the fact that just 16% of the companies questioned are able to get real-time key performance indicators for their supply chain (only 25% of American brands and 10% of European brands say they have access to this information). In addition, 40% of European brands say that their analytical capabilities are too rudimentary, generating data in a fragmented way, often manually and without clear governance.

“Only a minority of them have real-time supply chain inventory visibility. However, this visibility is essential to ensuring product availability, offering a variety of shipping choices and informing the customer of the product’s shipping status. In short — satisfying the customer,” says Nath. “Behind the scenes, this means optimizing the logistics cost for each order and overcoming many logistical challenges: reconciling the physical with the digital, maintaining a real-time inventory, optimizing stock, managing transportation, orchestrating orders while dealing with a variety of processes and partners. This will help brands to better utilize their physical assets and gain a competitive advantage.”

“This calls for integrating stores with ecommerce networks to serve as order processing centers, collection points, shipping facilities and fulfillment centers. One thing is for certain: inventory will have to be closer to the end customer, no matter where they may be, to ensure agility and availability,” concludes Nath.

Whitepaper available for download on the GEODIS site
Available upon request from the press department.

Methodology

- Accenture Research surveyed 200 companies (60% in Europe and 40% in the United States) with an online presence and a network of stores.
- Sales revenue between $100 million and $20 billion.
- Nine lines of business: consumer electronics, fashion & sport, luxury, furnishings, body care, non-perishable food, home care, games & toys.
- Report is the result of in-depth telephone interviews in the United States and in Europe at the end of 2019, coupled with a study conducted online in the United States and Europe between May and June of 2020.

GEODIS - www.geodis.com
GEODIS is a top-rated, global supply chain operator recognized for its commitment to helping clients overcome their logistical constraints. GEODIS’ growth-focused offerings (Supply Chain Optimization, Freight Forwarding, Contract Logistics, Distribution & Express, and Road Transport) coupled with the company’s truly global reach thanks to a direct presence in 67 countries, and a global network spanning 120 countries, translates in top business rankings, #1 in France, #6 in Europe and #7 worldwide. In 2019, GEODIS accounted for over 41,000 employees globally and generated €8.2 billion in sales.

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