

ECD Tag 03.05.2018

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Yeay: GenZ, Data, and Your Future

Melanie Mohr, Founder & CEO

- **YEAY:** Leading video platform providing teens with a space to share and stop styles and brands with a marketplace to reach them
- **Future of Commerce:** Mobile, Teenagers and Blockchain
- **Convenience:** Key to make it easy by a tap to sell, buy and share products
- **Market Size:** Teenagers are the largest single, fastest growing demographic, 40% of consumers by 2020 – “Ignore at your peril”
- **GenZ:** Age 13-23 (teen+), myth of living at home, moody and broke is not true
- **Differentiation:** 80% of value creative expression, 70% influence over family purchase decisions, 72% want to start their own business
- **Understanding GenZ:** Not contrarian, wedded to a style and rebellious, but gender agnostic, culture fluid and network native
- **Influences:** Automation, pervasive AR/VR and cryptocurrencies
- **Payments:** Teenagers don’t have credit cards, PayPal accounts etc. YEAY therefore created a point system to replace the need for GenZ to tap into parents’ bank accounts
- **Marketing:** Need to fix currently for both brands and consumers broken, over-mediated model, “ad blockers are natively implemented in teenage brains”
- **Trust Building:** Transition from centralized to distributed generation, Blockchain as mechanism to build trust and enable micro-payments for “blockchain native” GenZ
- **Recommendations:** Yeay built organic recommendation engine with a currency for GenZ – wom (word-of-mouth)
- **Yeay Values:** Advocacy, authenticity, collaboration. Embrace GenZ

Digitec Galaxus Marketplace: Biggest impact of market entry in Switzerland

Stefan Fraude, Head of Marketplace

- **Mission:** Comfortable, efficient shopping at low prices. Create a comprehensive platform for inspiration, communication and participation
- **History:** Founded 2001 with Digitec online shop, 2012 founding of Galaxus, 2015 70% ownership of Migros, today 10 physical shops and 1'000+ employees
- **Market Position:** #1 online seller in Switzerland with 27% online marketshare in Non-Food, CHF 860 million revenue in 2017, 1.7 million SKUs online, 2 million+ orders per year
- **Product Range:** Digitec offers „everything with a cable“, Galaxus „Nearly everything for nearly everybody“
- **USPs:** Broad offering at low prices, C2C interaction, customer service and return policies
- **Product Data:** Product data extremely important for search, filters, navigation etc.
- **Content Strategy:** High quality content marketing from independent editors & bloggers
- **Marketing:** Customer-focused and transparent, particular campaign with leveraging negative comments
- **Physical Stores:** Sales significantly increased on every location with a physical presence
- **Marketplace:** 2016 foundation of a selective marketplace (Händlerprogramm)
- **Internationalization:** 2017 launch of EU hub, market entry in DE
- **Ecosystem:** Merchant lists product on Digitec Galaxus via product data feed, customer orders, merchant confirms offer and physically ships products to customer
- **Customer Interaction:** Digitec Galaxus handles all customer-facing communication for orders and returns
- **UX:** Focus on products, only small indicator if marketplace product and product origin, guidance of customers on best alternative based on delivery time and price
- **Merchant Strategy:** Goal to onboard 4-5 great merchants for a certain product range
- **Why Selective:** High quality as USP, only collaboration with established E-Commerce players, focus on large players as similar efforts to onboard 1 vs. 100'000 SKUs
- **Automation:** Objective to automate processes wherever feasible
- **EU-Hub:** Digitec Galaxus offering to enable cross-border commerce for DE merchants. Merchant only needs to ship parcel to EU-Hub in Weil am Rhein (DE), logistics & customs are then fulfilled by Digitec Galaxus including Track & Trace, customs, re-labeling etc.
- **Cross-Border USP:** DE merchant does not require advanced knowledge on Swiss customs, VAT, import/export etc., only export trade documentation & EDI connection
- **Logistics:** Flat rate for orders (EUR 9) and returns (EUR 6-7), max. +1 day delivery time
- **Payments:** Complete payment process in EUR for DE merchant (even if in CHF in shop)
- **Delivery Time:** Needs to be as fast as possible, 5-6 days already too long for fashion

myToys: The MYTOYS GROUP Partner Programme: Partnership on equal terms

Regina Roeper, Head of Account Management

- **Origin:** 1999 founded as retailer for toys. After 2000 .com-bubble partial acquisition by OTTO. Today #1 in EU Family E-Commerce, 500'000+ products from 4'000+ brands
- **Development:** Besides toys (33%) expansion to Apparel & Fashion (37%) and other products such as slides, trampolines etc. (30%), 2016/17 600 million+ revenue
- **MyToys Group:** myToys (everything for children) mirapodo (shoes), Ambellis (fashion), yomonda (ideas for at home) + Limango (shopping community for young families)
- **Logistics:** 11 million parcels per year, 75'000 km² (ca. 11 soccer fields) warehousing space
- **Brand Awareness:** 1.9 million+ new customers per year, 95% brand awareness
- **KombiShopping:** "Mall concept" with myToys, mirapodo etc. as "shopping windows"
- **Business Model:** Relevant offering for 0-35 years old consumers enables high CLV (Customer Lifetime Value), low customer acquisition costs and high purchasing frequency
- **Awards:** Ranked as most family-friendly merchant before Ernsting's Family, IKEA, C&A
- **Authenticity:** Marketing campaign with a specific, real family (no actors) over one year
- **Marketing:** 360-degree marketing competence online & offline on all relevant channels such as blogs, apps, SEA/SEO, TV spots, physical catalogue
- **Product Strategy:** Extending into niches via newly established partner programme
- **Partners:** 50+ new partners onboarded in 2017, investing significantly into infrastructure
- **Partner Program:** Access to #1 online platform for family shopping in EU with sales on 4 online shops, benefitting from 360-degree marketing competence. Partnership on equal terms with technical integration fitting merchant capabilities including personal Account Manager
- **Partners/myToys:** Partners manages product data, delivery, return management / myToys manages article setup, traffic generation, payments, orders, customer service
- **Marketplace System:** Closed ecosystem, merchants and product range governed by myToys. Not desirable to have multiple offerings for identical products
- **Business Models:**
 - **A) Drop-Shipping** with B2C delivery to end-customer or
 - **B) Cross-Docking** (Just-in-time) with B2B delivery to myToys warehouse

La Redoute Marketplace: Leading Platform for Fashion and Home

Julien Pons, Head of Business Development & Carlos Cantoni, Head of Account Management

- **Categories:** 80% of La Redoute fashion and homeware collections are designed internally, collaboration with top designers and rising generations, acting as a brand selector
- **Digital Transformation:** From mail-order company to a “phygital” (physical + digital) player with new mobile app, website customization for each client and creation of data & AI department
- **Services Transformation:** New warehouse to deliver orders in <48h, increasing variety of delivery options, new openings of La Redoute Interieurs and AM.PM, new B2B offering
- **Key Figures:** 9 million unique visitors every month 90% women, 99% brand awareness, distribution in 26 countries, 3 million Facebook fans, 91% turnover from digital channels
- **La Redoute in France:** 6th largest e-commerce website, 20% of internet users made a purchase on La Redoute in 2017, #1 fashion/clothes/shoes internet seller
- **Merger:** Galeries Lafayette Group purchased 51% of La Redoute, now combined 20 million customers, EUR 4.5 billion+ turnover, 16'000 employees worldwide
- **Plan 2021:** Continue transformation of fashion product range, strengthen leadership in homeware & furniture, move towards a data-driven organization, expand store fleet, accelerate international development, reach EUR 1 billion in turnover
- **Marketplace:** 25% of overall turnover in France, +30% from 2016 to 2017, 550 carefully selected sellers, 100% pro sellers (no individuals), mixed model of wholesales + marketplace
- **Marketplace Workflow:** Catalogue listing (seller), payment & fraud management (La Redoute), order acceptance, delivery, invoicing and customer service management (seller), client payment to seller minus commission (La Redoute)
- **Catalogue Requirements**
 - **1) Administrative:** Account opening, marketplace contract, Mangopay contract
 - **2) Technical:** Feeds reception, quality control, order refund test, customer service
 - **3) Go-Live:** Catalogue published, intro to account manager, go-to-market plan
- **Partner Criteria**
 - **Offer:** Style, pricing, collections, availability, fit
 - **Business:** Brand awareness, GMV, delivery / return policy, trade marketing plan
 - **Quality:** HR pictures, complete products descriptions & customer service in French
 - **Online Maturity:** Technical (fee / EAN, logistics, online visibility (web, marketplace))
- **Catalogue Listing:** Product variants, title, attributes (high requirements) etc.
- **Commercial Proposal:** Pricing, promotions, delivery & return fees/policies/times
- **Customer Service:** Delay for answers, order processing, acceptance rate, language
- **Brand Visibility:** 50% boost of brand traffic with +20% direct sales on average
- **Market Positioning:** Curated, high-quality market offering with active partnerships with sellers, enabler to target the French fashion & homeware market

- **Seller Demographics:** About 60% French sellers, but focus on great brands worldwide

MS Direct: Grüezi - E-Commerce in Switzerland

Peter Egger, Senior Solution Sales Manager

- **Swiss (CH) Market:** 8.4 million inhabitants, 4 languages (DE, EN, IT, Romansh), 19th largest GDP 4th highest GDP per person worldwide
- **Market Volume:** CHF 8.6 billion trade value in 2017 (+70% to 2010), thereof 1.6 billion B2C online trade in Switzerland from abroad. 2.0 billion home electronics (29%), 1.7 billion fashion & shoes (24%), 1.7 billion food (23%), 0.9 billion living (13%), 0.7 billion audio & books (10%)
- **Shipping:** Parcel delivery towards increased speed, same-day delivery and click & collect. Shipping in CH in 51% shops never free, 33% free from x CHF and 16% always free
- **Return Rates:** About 45% on fashion, 22% on general goods, 5% on living, 4% on media
- **Payment Methods:** 80% of B2C via invoicing, 15% credit card, 5% cash on delivery
- **Market Outlook:** Continuous 10% online growth, abroad even 20%
- **Logistics:** New main discipline, online price pressure eliminates price differences
- **Digitec Galaxus:** #1 CH online marketplace, Migros is majority shareholder
- **Siroop:** More regional approach, integration into microspot.ch, closure on 31.12.2018
- **Zalando:** Largest fashion marketplace in CH, 25% of DE revenue on 8% DE population
- **About You:** Launched 2015 in CH, only selling own items, no marketplace (yet)
- **Amazon:** Market entry in Q3/Q4 2018, CHF 500 million sales in via .de, .fr and .it shops
- **Market Entry Requirements:** Increase and maintain master data, VAT and ZAZ registration in CH, parcel carrier integration, plan and synchronize logistics processes
- **Delivery:** Merchant receives customer order and conducts pick & pack. Seven Senders than takes over the group shipment with MS Direct taking over for the export from Germany and the import into Switzerland. The delivery to the parcel carrier & final delivery is then fulfilled by the Swiss Post - all within 48h.
- **Carriers:** Seven Senders: Collective transport, CH Post: Delivery, Päckli Punkt: Returns
- **Customs Regulations:** Everything is importable to CH. Special requirements for Food, Jewelry, VOC (volatile organic compounds such as perfumes) and dietary supplements
- **Bureaucratic Procedures:** Important VAT law change in 2019 with new minimum revenue of CHF 100'000 per year, elimination of lower parcel limit of CHF 65
- **VAT & Customs:** MS Direct takes care of setting up registrations, processes and documentation for clients, aiming for scalable, simple business & technical processes
- **MS Direct:** Founded 1978 in CH, offering various E-Commerce services and solutions with 260+ employees to 130+ active clients