



E-Commerce Emerging Markets

SECURITY & LOSS PREVENTION CHALLENGES

Transformation of Retail

A Historical Perspective

- ▶ Late 1990's E-Commerce was centered on **B2B**
- ▶ Service-Oriented retailers were first in the game (Office Supplies)
- ▶ Companies had their own Transportation Fleets
 - Very Expensive (Fuel, Salaries, WC)
- ▶ 2000-2005 Experienced a major shift with online ordering: **B2C**
- ▶ 2007 Smart Phone - Ordering anytime, anywhere

2010 – 2020

Decade of Hypersonic Growth

- ▶ Regional & Final Mile Carriers became a backbone in the Transportation Industry for Ecommerce orders.
- ▶ USPS shifting its model to accommodate Ecommerce.
- ▶ The Amazon Effect – **Scale that is Unimaginable** !
- ▶ The Alibaba Effect – Heading off Amazon outside the U.S.
- ▶ Retailers now scrambling to match and stay competitive.
- ▶ Small Ecom Fulfillment Companies Growing
 - Dollar Shave Club Story (2011 start up, 2016 sold for \$1B)

The Future....

- ▶ Ecommerce sales will reach \$4.5 Trillion by 2021 .
 - For perspective; 190 countries would rank #4 in GDP
- ▶ Parcels without Borders
- ▶ Any Company or Person can now Ship Anywhere
- ▶ Traditional Ecom Platforms reinventing themselves (EBay)
- ▶ ECom start-ups striving to get into major markets.
 - 2019 China was leading this initiative (U.S. and Europe)

Cost of Transportation

Retailers, Start-Ups & Individuals are looking at two things when shipping....

#1 Cost

#2 Speed

PROPRIETARY FLEET

Have their own DC's, Airplanes, Trucks

HYBRID SOLUTION

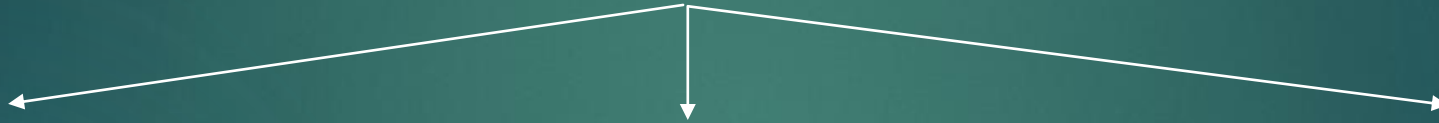
Distribution Centers but using a host of contracted Transportation Providers

The Hybrid Solution



Benefits of a Hybrid Solution

- ▶ **RETAILER** has one company to deal/communicate with – **HYBRID PROVIDER**
- ▶ **HYBRID PROVIDER** has one company to deal with – **THIRD PARTY TRANSP**
- ▶ **THIRD PARTY TRANSP** has **responsibility** to manage its network



Negatives of a Hybrid Solution

▶ RETAILER - HYBRID PROVIDER

- Customer Complaint Escalation
- Claims Exposure once you scan the parcel

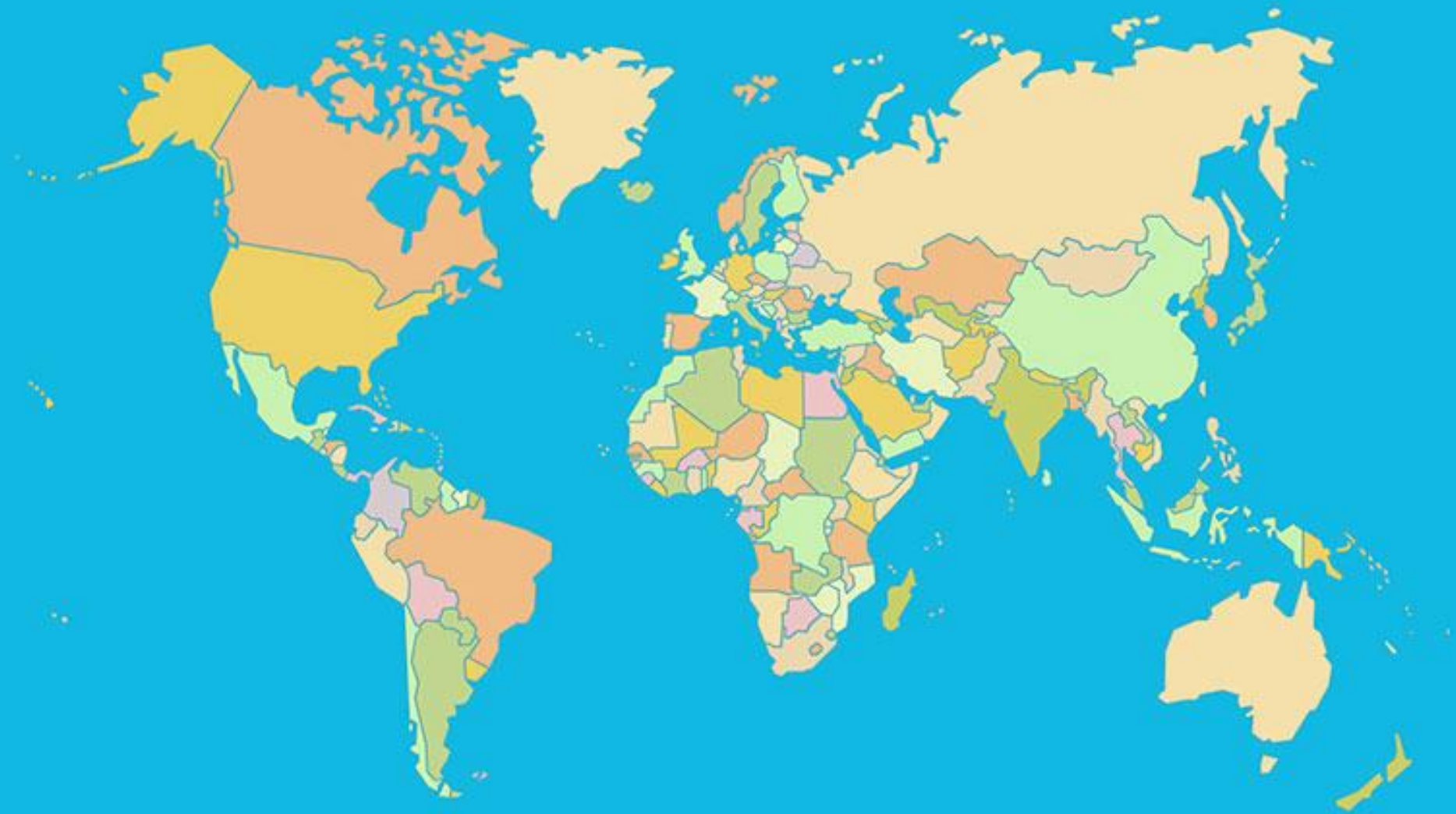
▶ HYBRID PROVIDER – THIRD PARTY TRANSP

- Claims verbiage may not make you whole – **Montreal Convention**

The Montreal Convention (formally, the Convention for the Unification of Certain Rules for International Carriage by Air) is a multilateral treaty adopted by a diplomatic meeting of member states in 1999. The Convention attempts to re-establish uniformity and predictability of rules relating to the international carriage of passengers, baggage and cargo.

- Relying on them to manage their network and not from a Cubicle!

Hybrid Model - Developing a Plan



Security & Loss Prevention 101

- ▶ STEP 1 – Understand the network and all its touch points.
- ▶ STEP 2 – What are actual dollar losses? CLAIMS DATA
- ▶ STEP 3 – Scan data availability. More important...is it worth using?
- ▶ STEP 4 – Read transportation contracts (Security & Claims Verbiage).
- ▶ STEP 5 – **Educate and Partner** internal Procurement and Transportation.
- ▶ STEP 6 – Boots on the Ground/ Meet and Greet..... **Educate and Partner**
- ▶ STEP 7 – Go back to Home Base, Tie Everything Together
- ▶ STEP 8 – *Repeat Steps 1 – 7 and don't stop until it becomes culture!!!*

Why is this Important...The Consumer!

The screenshot shows an Amazon tracking page for a package delivered to Glenn Master at 367 CR 4679, BOYD, TX 76023. The package was delivered on Monday, February 24, at 12:18 PM. The tracking ID is 9374889670090457692988. The tracking history shows the package leaving the carrier facility in Dallas at 2:02 AM, departing an Amazon facility in Irving at 3:44 AM, being transferred to a local postal carrier at 4:56 AM, arriving at a carrier facility at 5:06 AM, and being out for delivery at 7:10 AM.

Shipped with USPS
Tracking ID: 9374889670090457692988

Monday, February 24

12:18 PM	Delivered <i>Boyd, TX US</i>
7:10 AM	Out for delivery <i>Boyd, TX US</i>
5:06 AM	Package arrived at a carrier facility <i>Boyd, TX US</i>
4:56 AM	Package transferred to local postal carrier for final delivery <i>Boyd, TX US</i>
3:44 AM	Package departed an Amazon facility <i>Irving, TX US</i>
2:02 AM	Package has left the carrier facility <i>Dallas, TX US</i>

Delivered
Glenn Master
367 CR 4679
BOYD, TX 76023
See all updates

International ECommerce Expansion

▶ FACTORS THAT ARE DRIVING GROWTH

- Consumer wants Choices
- Population and accessibility to Internet/Smart Phones
- Relaxation of Government Regulations
- Increase in Disposable Income
- Transportation Networks Expanding

CASE STUDY 1 – United Arab Emirates (UAE)



UAE - Dubai

- ▶ Countries economy is diversified (Tourism & Retail)
- ▶ UAE Geo location between London and Hong Kong
- ▶ Abu Dhabi is the Capital...Dubai is the center of commerce
- ▶ Dubai is a major supply chain hub (Aviation, Shipping, Logistics)
- ▶ **Population 3.2 million – 50% foreign nationals from 170 countries**
- ▶ Government Policies and Communication of Tolerance
- ▶ Clean, Friendly and Safe Environment
- ▶ How does Tourism and Retail Meet?
 - (Dubai Mall 5.9 mil sqft, 170 retailers, 5-Star Restaurants)
 - Omni Channel on Steroids

UAE - Dubai



UAE - Dubai



Carrier Overview - Aramex

- ▶ Saed Marji – Security & Safety Manager
- ▶ Largest Transportation Provider in the Middle East
- ▶ Dubai is the hub for Middle East and Africa countries.
- ▶ Uses a mix of proprietary and contracted transportation/final mile.
- ▶ Security program derived from explosive detection in Supply Chain.
- ▶ Theft Detection/Prevention came naturally.
- ▶ Over 75% of their work force is foreign nationals.
- ▶ Increase of Theft has been experienced.
- ▶ Investigation, Prosecution, Visa Revoked, Banned from re-entry.

Case Study 2 - Russia



Russian History Lesson 1917 - 1991

Communist State – Developed by Karl Marx, advocating class war and leading to a society in which all property is publicly owned and each person works and is paid according to their abilities and needs.

KGB – Intelligent Agency and Secret Police whose roll was to keep the public in check.

Results: All facets of life were directed and dictated by the government. Do not comply = work camp in Siberia

Russian History Lesson 1991 - 2004



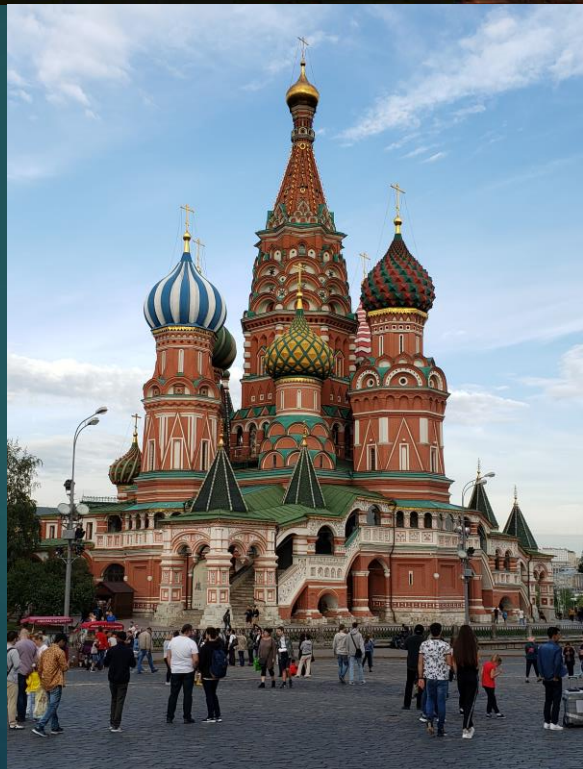
Post-Communist Era

Economy was driven by:

- Government Corruption
- Organized Crime
- Population Fish out of Water

2004 – Present

- Progressive Stability
- Entrepreneurial Spirit
- Free Market Enterprise
- Technology & Business Savvy
- **145 Million Consumers**



Supply Chain in Russia

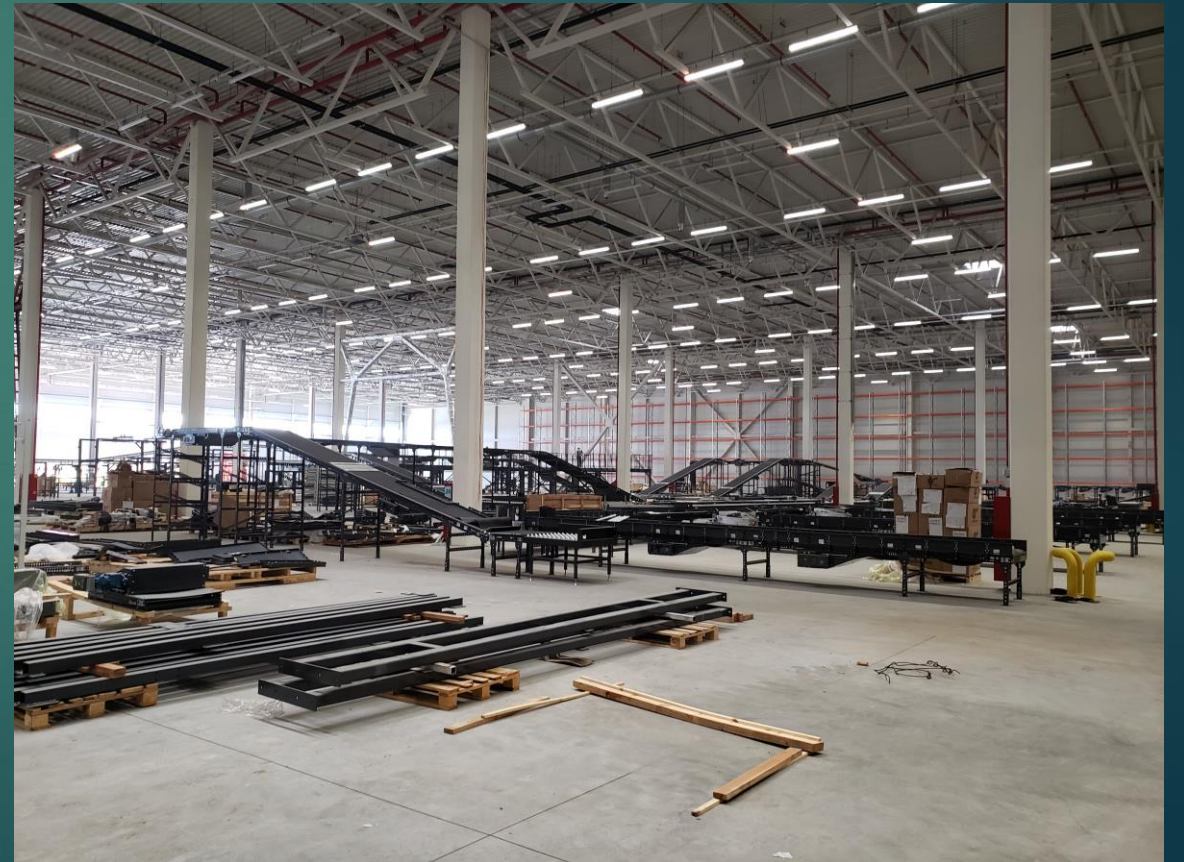


Russia – Ecommerce Growth

- ▶ U.S. & Euro retailers surging in but not with their own Warehouses.
- ▶ North Moscow becoming a Logistics Hub for the country.
- ▶ Transportation Companies re-inventing themselves.
- ▶ Executives who worked for the Big Boys. American Educated.
- ▶ Bringing Best Practices (Operations and Security)
- ▶ Eager to learn and understand Industry Standards.
- ▶ Adjacent developing countries becoming supply chain spokes: Kazakhstan, Ukraine, Belarus

Nuances & Challenges

- ▶ Alibaba ahead of Amazon – ‘The Train from China’
- ▶ Transportation Companies Building to Scale



Nuances & Challenges

- ▶ PUDO's (Pick up and Delivery) centers
- ▶ Company owned and/or franchised
- ▶ Staffed, Physical Security, Dressing Rooms Onsite



Nuances & Challenges

- ▶ Customs Clearance – Banned Items
- ▶ Tax ID Collection
- ▶ Can be held up for weeks at the airport
- ▶ On average -10 day transit time across the country
- ▶ Lack of Communication between Transp Parties
- ▶ Consumer Fraud

RESULTS: Customer Complaints, Credit/Re-ships,
Domino Affect, Claims

Q & A

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