

# ‘Is B2B and B2C a thing of the past or should the sectors be treated differently?’

Carole Woodhead  
CEO, Hermes UK



Hermes are:

B2C specialists

## The masters of first time delivery

- Up to 94% delivered on 1<sup>st</sup> attempt vs IMRG industry average of 83%
- Exceptional local knowledge – delivery territories 3x smaller than industry average
- Unlimited delivery attempts



# Agenda outline

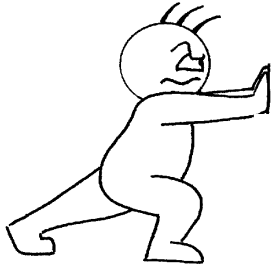
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1. The emergence of convergence
2. Key influences:
  - Customers
  - Service/price
  - Operations
3. Conclusions



# 1. The Emergence of convergence!

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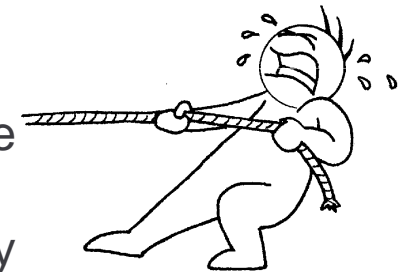


## Early 1990's

E-commerce early days  
Brand owners begin to sell direct to customers  
Incumbent B2B carriers begin to see B2C trickle

## Early 2000's

Broadband revolution fuels online growth  
Dual channel strategy full case to store, multiple items to home  
Secure card transactions sees a rise in high ticket items  
Incumbent B2B carriers begin to see a B2C market opportunity



## 2011

Multichannel. Mobile commerce. International. Social networking.  
Industry leaders divided on whether B&C are separate or now 1 market

## Postcomm's view

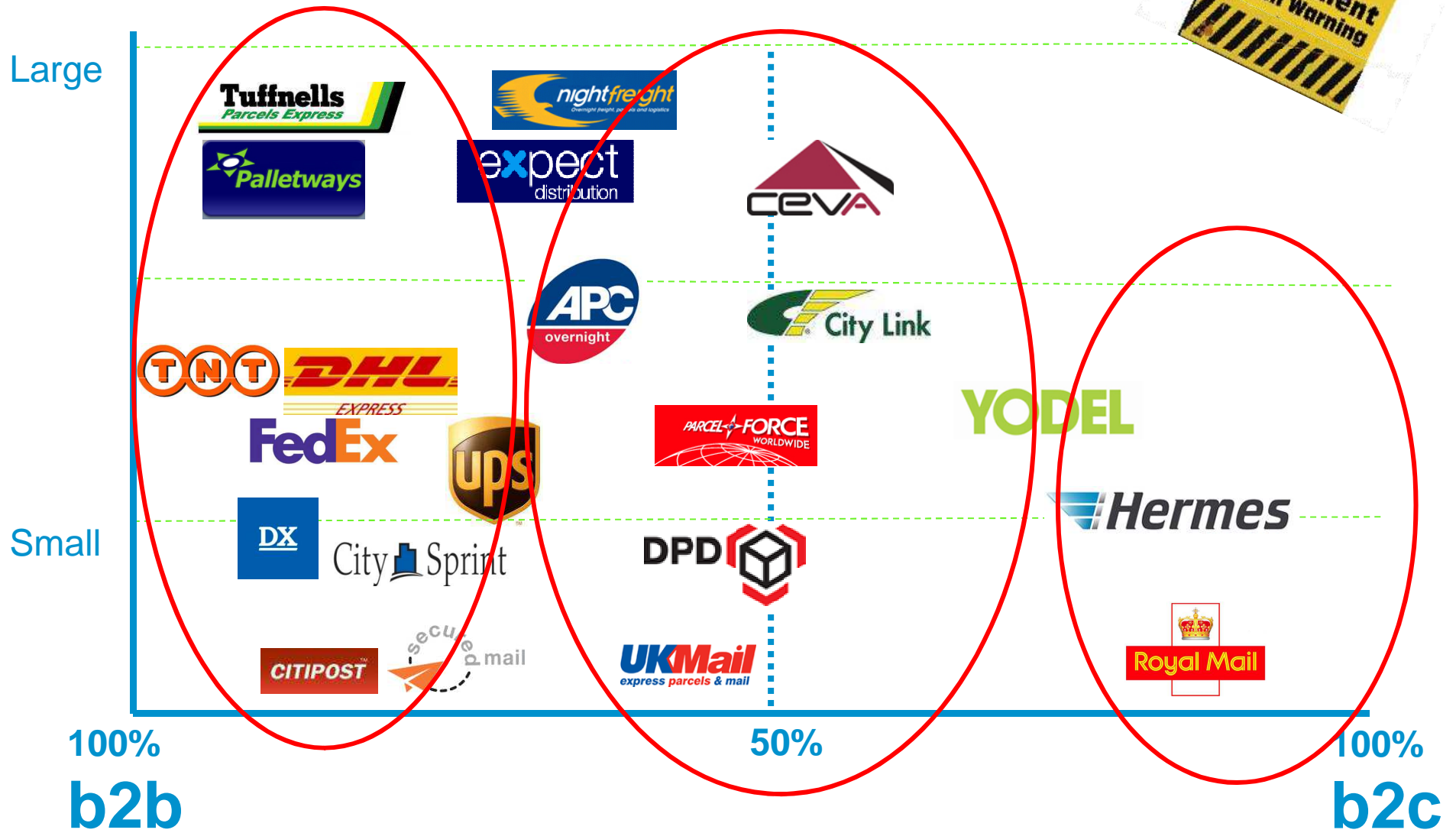
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“B2C vs B2B : Same market;  
despite network differences and  
failed first deliveries. Finely  
balanced argument”

Analysis of market workshop  
June 2010



# The Woodhead industry 'fag packet'



Industry opinion likely to be influenced by individual business positions

## 2. Key influences – customer

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Multichannel



Consumer pull  
Online & mobile commerce  
↑ International ↑ 2c

Volume



Habit clients  
Hi volume 2C → specialist  
Amazon effect

Best in class



↑ Trend of multi carrier strategies  
enabled by plug in interfaces  
“contingencies”

## Key influences - service/price

Differences	2B	2C
1 <sup>st</sup> delivery success	V High. Always attended	% unattended
Drop dynamics	Drop coincidence. Consignments	Single parcel drops
Service offer	Express	Standard & express
Time sensitivity	By 9, by 10, by 12	Less sensitive (but trend ↑)
Price	Higher	Lower

There is however absolute convergence between B2B and B2C in high quality, fully tracked, next day delivery services, with MI.



# Key influences - Operations

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Standard B2C prices demand lowest cost operations, which have prohibited B2B carriers from market entry. Successful B2C carriers needing to protect this lowest cost position unlikely to be able to service B2B successfully through same network.

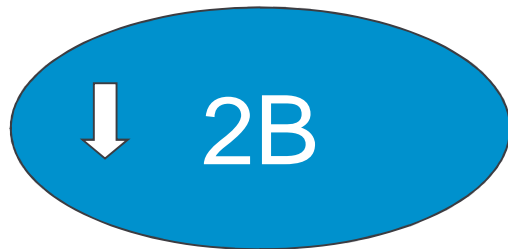
More carriers service 2B and 2C through 1 common infrastructure, including final mile, than have separate final miles specialising in 2C or 2B

- On dual runs B2B deliveries tend to predominate in AM due to their time sensitive nature, with more B2C deliveries towards the back end of the day.
- Some traditional B2B vehicle sizes are less economically and practically suited to B2C and can constrain % B2C take up. Alternatively higher B2C densities may enable separate B & C deliveries, possibly with separate fleet.
- The good old B2C Christmas peak is unique!

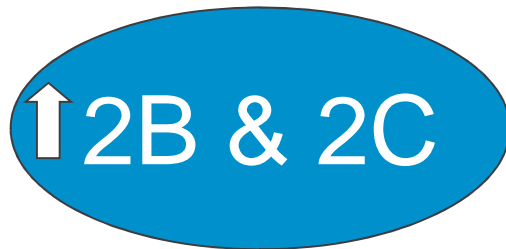
# Conclusion

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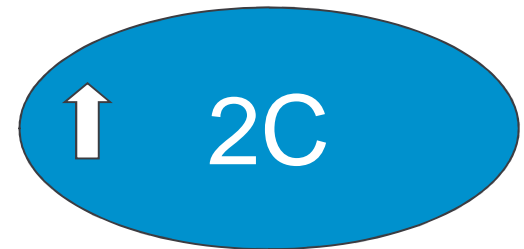
3 Customer types:



Express

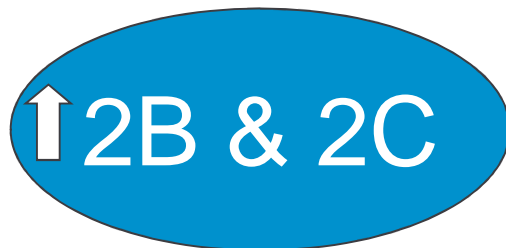
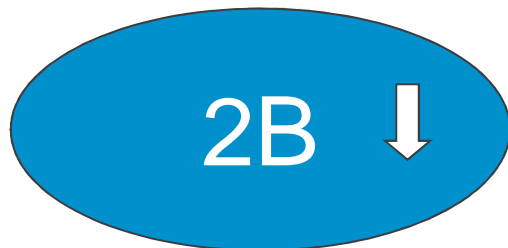


Express



Standard

3 Carrier types:



Market convergence

