

**News**

## Corona accelerates revenue through E-Commerce showing the enormous and still unexplored potential for the industry

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In these times where the pandemic brings massive change within customer buying behavior, it has never been more clear, which companies have the right mindset, leadership and supply chain to meet the changing consumer needs and which companies continues to think in ownership rather than partnership. If the companies do not pay attention and meet the demand from the consumers, they will be on the direct path towards extinction.

Ever since the first corona lockdown in March, the online shopping behavior from Danes have increased radically in the first half of 2020 and sat a record of DKK 74,7Bn according to the Danish E-Commerce Rapport developed by FDIH (Foreningen for Dansk Internethandel). And not only do existing customers purchase more – new consumers not usually buying online have also seen the online benefits of convenience, variety, and price.

The increased number of new customer segments combined with a change in behavior, where people are becoming increasingly comfortable and confident with online shopping indicates that the growth in E-Commerce is here to stay – also after the pandemic goes away.

### Companies should focus on partnership rather than ownership

The whole purchase process, including everything from supply chain, collecting and packing to the shipping part is metaphorically seen exactly as a referee in a football match: You primarily notices when something is not working satisfactorily. Ideally, both the buying process and the match runs so smoothly that you do not notice the supply chain or referee, respectively. And there is really nothing new in the fact that consumers are continuously more impatient and do not care to wait significantly long for their item. The challenge in the industry is therefore the same as always: To sell the right goods through the right sales channels with the right service and deliver at the right time and place.

The need to become a better fulfillment/full-service provider with increased agility and integration as well as outsourcing the supply chain will not match an old-fashioned way of thinking regarding physical storage units. Those days are gone. Instead, you must accept and embrace that the (new) digital era leads towards a need for modern leadership that recognizes the necessity of a certain loss of control in order to precisely gain the required agility and integration.

Many smaller companies are still practicing the idea that a good price on their shipments is the main factor for good business. And they might not know better, which is okay – just as we do not know the slightest about design or art. However, the fact that it is increasingly a competitive parameter to enter into partnerships and focus on knowledge sharing and common interests in the optimal process rather than on the traditional logistics ownership mindset. You will simply miss out on a huge potential if you do not have complete control of your supply chain – from storage to delivery!

### An existing development is accelerated by corona

In the first half of 2020, the Danes' online consumption have increased by 5% or DKK 3.5Bn. in turnover compared with the first half of 2019. Especially purchases within housing & garden as well as daily groceries has gained solid ground, whereas the travel & culture industry is not surprisingly struggling due to the corona crisis. However, this does not change the fact that the corona crisis has not put a stop to the rise in E-Commerce, only the opposite. In fact, during the corona period, no less than 52% of the Danes have shopped online, and we Danes have spent DKK 14.7Bn. on internet subscriptions in the 6 months of 2020. And according to the same study, we have seen an explosive increase in e.g. sales of groceries, protective equipment and materials for hobby projects, while the physical retail stores has experienced a historic decline.

### A look into the future

The habits that consumers amplify or learn during the pandemic are here to stay. 25% of the consumers expect to increase their shopping pattern next year, while only 6% expect to purchase less online. For businesses, this means that they really have to think in holistic, efficient and frictionless partnerships and supply chains, and that there is a solid profit to collect by remembering that "the client is king" while the companies who are trapped in the naïve past mindset will find themselves on thin ice. Consumers are increasingly impatient, and when selling products online, you must constantly be able to increase delivery speed, variety and, above all, convenience.

An example is the shoe retailer, that not only send the ordered pair of shoes, but also send a pair in one size larger and one pair in one size smaller – simply to ensure that the consumer gets the pair that fit perfectly and can be used immediately while the spare shoes are returned without further hassle. A satisfied customer is a customer who comes again. And let us agree on that there is nothing satisfying in a sold-out product, a slow delivery, or a wrong size. Logistics may not be the sexiest thing in the world, but it is completely and utterly crucial for the profitable business you have today to also become profitable tomorrow. A fact that has only been accelerated here in 2020.

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