Benchmark

The Netherlands as a logistics hotspot

Holland.

Conclusions

1. Excellent quality score for the Netherlands
2. The Netherlands is competitive
   on total supply chain cost

Summary of main results e-commerce RDC

Winning locations

- Cost perspective
  - Leipzig
  - Duisburg
  - Moerdijk
  - Zuid Limburg
- Quality perspective
  - Moerdijk
  - Tilburg
  - Venlo
  - Zuid Limburg
- Overall combined assessment Dutch locations:

  Very competitive with Quality lead

Future market challenges

- E-commerce companies must match capacity and capabilities with volatile volumes and service requirements
- Customers buy online from anywhere and demand high flexibility and an endless assortment of products
- The e-commerce operations require a high availability of labour in extended operational time windows to meet short term customer demand
- E-commerce companies require large XXL warehouse facilities
- E-commerce companies need to be close to integrator capacity and parcel delivery to be able to operate late cut off times and be responsive to daily changing market demands
- E-Commerce companies strive to reduce complexity and expenses of supply chain operations

Supply chain challenges

- The Dutch locations are well positioned to meet the demands of e-commerce RDC operation from a quality perspective. Market proximity and labor flexibility bring high value to e-commerce although labor costs are a strong point of attention

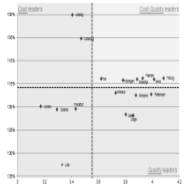
- Very competitive:
  - Proximity to the market
  - Connectivity to the network and flexibility in distribution solutions
  - IT knowledge and infrastructure
  - Labor flexibility

- Competitive:
  - Labor cost
  - Large sites for XXL warehouses
  - Competitive international parcel rates

Methodology and Scope

The objective of the benchmark is to review competitive Dutch logistics hot spot locations with the top logistics locations in the North West EU region.

The benchmark has been performed from a source-to-market business perspective based on real life cases in several industry segments based on a Cost-Quality review.



The results of the Cost-Quality review in the benchmark analyses have been reviewed against the supply chain drivers per industry segment.

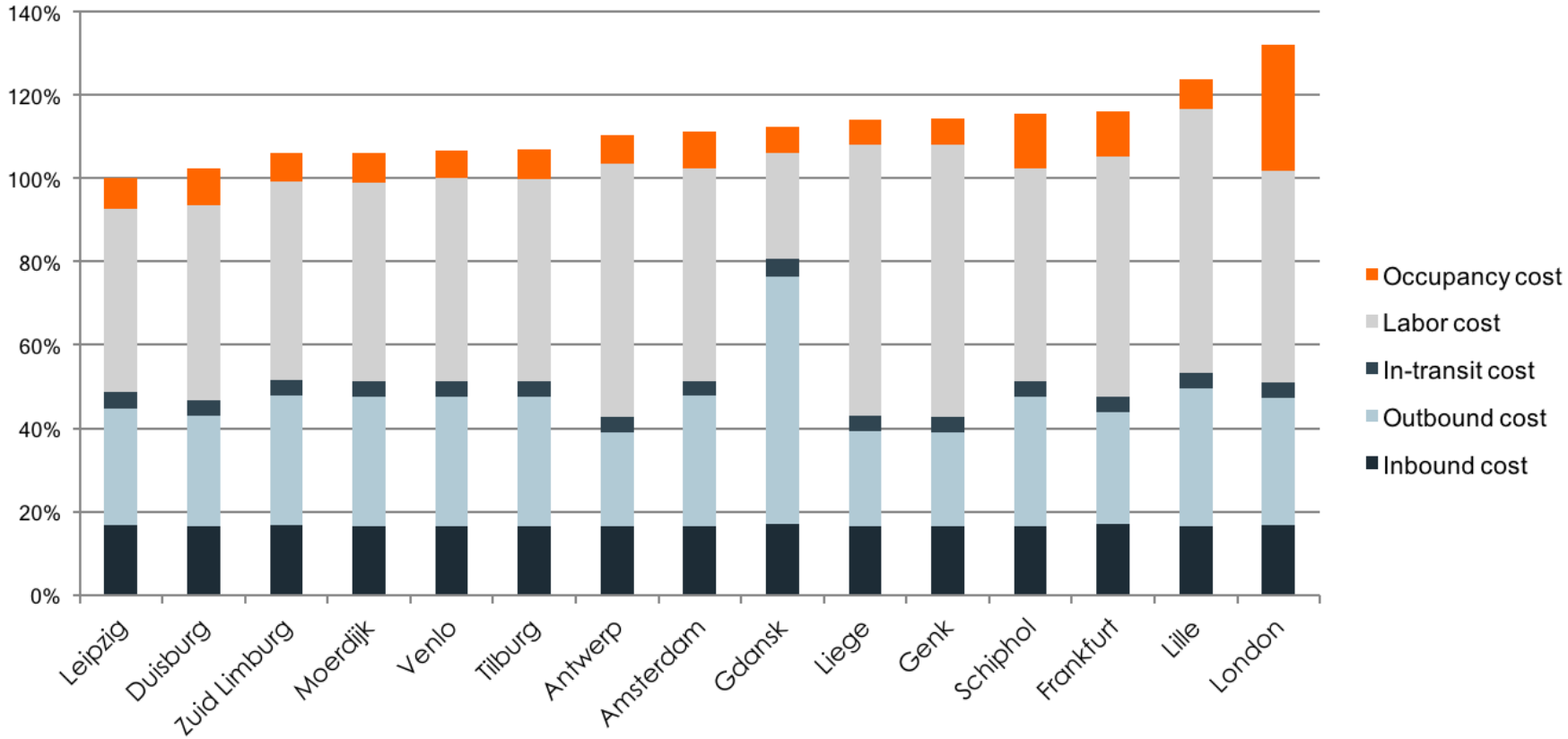
Industry case studies are by definition case specific. They do not represent all cases in a sector of industry. Some quality factors are difficult to assess in Euro's but still have an impact on the total costs as well.

Characteristics of the e-commerce case

- Regional operation of € 300 million sales/19.2 million units
- A mix of multi brand SKUs of high and low value retail product
- Sourcing regions are Far East (40%), North West EU (20%), Central Asia (15%), USA (10%) and the South East EU (10%) and South West EU (5%)
- In this case Far East, Central Asia and USA inbound ocean freight is 80% of the overseas volume with the remaining 20% shipped by air. South East and South West inbound volume is 100% FTL
- Main markets are Benelux, France, the UK & Germany (representing +80% of total market)
- Outbound shipments are mostly parcel (99%) and only limited LTL transport (1%)
- 25,000m2 warehouse operation along with 232 FTE staff (3 shift operation assumed)

Case e-commerce RDC

- Cost ranking



Source: Buck Consultants International

Case e-commerce RDC

- Quality ranking

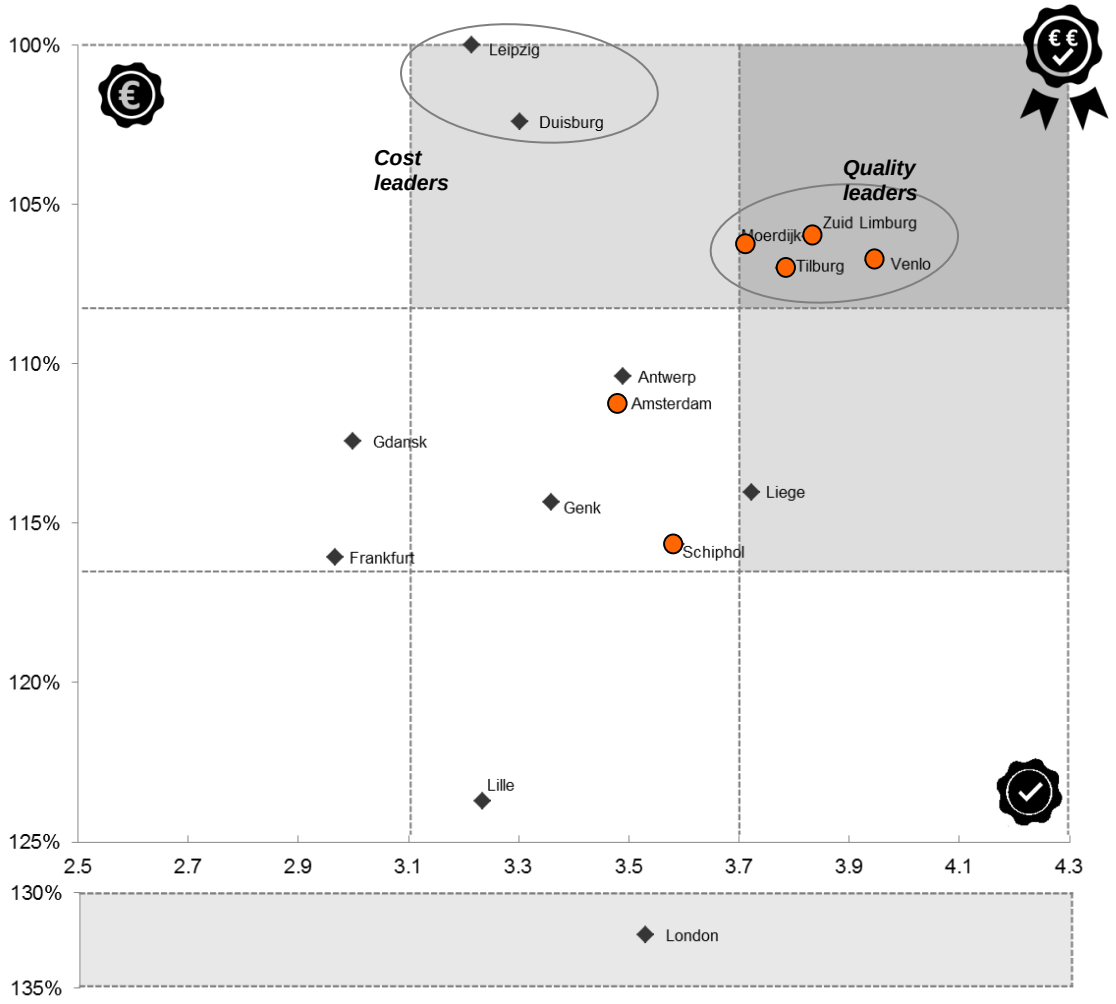
Rank	Location	Total weighted score 100%	A Infrastructure & Accessibility 10%	B Labor / Quality 15%	C Labor regulations 15%	D Availability of Transport hubs 15%	E Facilities and Sites 15%	F Proximity to the market 15%	G Customs and taxes 5%	H Incentives 10%
1	Venlo	3,94								
2	Zuid Limburg	3,83								
3	Tilburg	3,78								
4	Liège	3,72								
5	Moerdijk	3,71								
6	Schiphol	3,59								
7	Antwerp	3,50								
8	London	3,49								
9	Amsterdam	3,48								
10	Genk	3,36								
11	Duisburg	3,30								
12	Lille	3,23								
13	Leipzig	3,21								
14	Gdansk	3,00								
15	Frankfurt	2,97								

Source: Buck Consultants International

Holland.

Case e-commerce RDC

- Cost-Quality matrix



Source: Buck Consultants International

Cost & quality factors

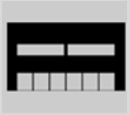
5 cost factors

1. Inbound freight costs
2. Outbound freight costs
3. Labor costs
4. Real estate costs
5. Inventory carrying costs

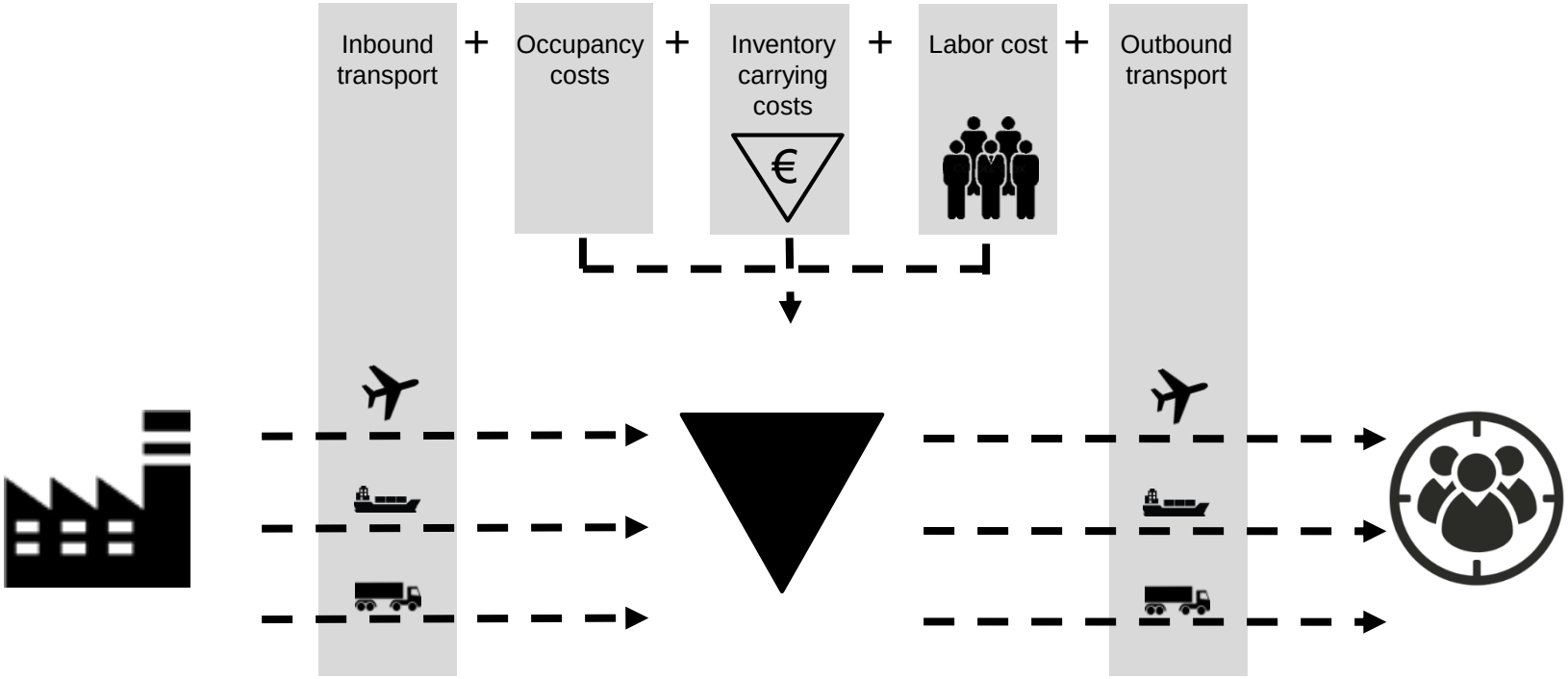
26 quality factors within
8 quality categories (A-H)

A. Infrastructure & accessibility
B. Labor availability and quality
C. Labor regulations
D. Availability of transport hubs
E. Facilities and sites
F. Proximity to the market
G. Customs and Taxes
H. Incentives

The 5 Cost factors

	Cost factor	Example
Transportation    	1 Inbound freight cost	Inbound transportation costs from supplier to DC Calculation: Freight rates x volume per sourcing region
	2 Outbound freight cost	Outbound transportation cost from DC to market (including road taxes, etc.) Calculation: Freight rates x volume per market
Warehouse, labor and inventory   €	3 Labor costs	Total labor cost of the working staff in the DC Calculation: Annual employer costs x FTE x available annual hours
	4 Real estate costs	Annual site costs based on prime market rent levels Calculation: Rent per m^2 x m^2
	5 Inventory carrying costs	In transit inventory costs based on actual interest costs Calculation: Pipeline inventory value x interest rate

The cost model

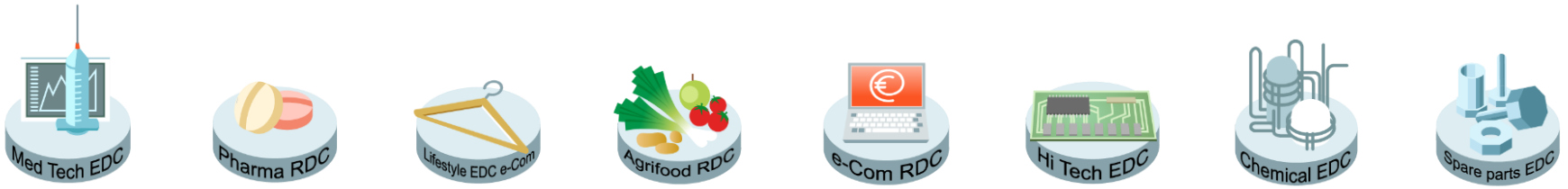


The 26 quality factors

Quality category	Quality factors	
A Infrastructure & accessibility	A1	Highway connections
	A2	Availability of multimodal transport
	A3	Proximity to airports
	A4	Proximity to seaports
B Labor availability and quality	B1	Labor availability
	B2	Flexible and temporary workforce
	B3	Productivity and loyalty
	B4	English language skills
C Labor regulations	C1	Hiring and firing regulations
	C2	Working schedule flexibility
	C3	Workers councils/unions
D Availability of transport hubs	D1	Availability of (dedicated) 3PLs
	D2	Proximity to integrator hubs
	D3	Market maturity
E Facilities and sites	E1	Availability of large sites
	E2	Building permits and timing
	E3	Availability of pre-built sites
	E4	Sustainable and innovative solutions
F Proximity to the market	F1	Weighted proximity to market
	F2	Lead time (inbound & outbound)
	F3	Congestion
G Customs and Taxes	G1	Bonded warehouse solutions & VAT deferment
	G2	Business orientation customs
	G3	Time to obtain licenses/rulings
	G4	Administrative burden
H Incentives	H1	Availability of incentives (on labor, land, real estate and taxes)

Holland.

The Quality model



Industry cases

per case/location

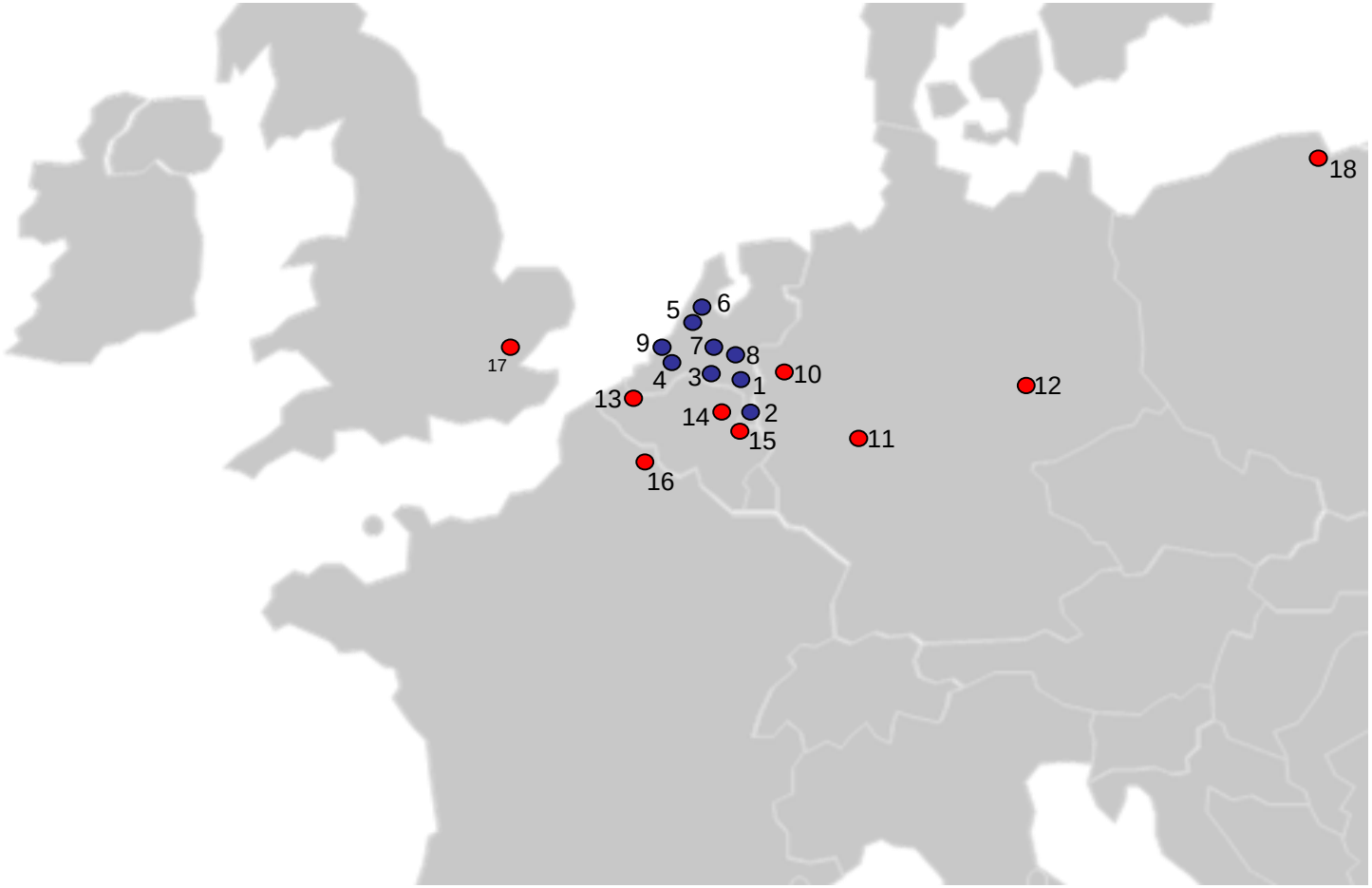
100%

%	%	%	%	%	%	%	%
Infrastructure & accessibility	Labor availability and quality	Labor regulations	Availability of transport hubs	Facilities and sites	Proximity to market	Customs and taxes	Incentives

Quality model

18 Benchmark locations

1 Venlo
2 Zuid Limburg
3 Tilburg
4 Moerdijk
5 Schiphol
6 Amsterdam
7 Tiel
8 Nijmegen
9 Rotterdam
10 Duisburg
11 Frankfurt
12 Leipzig
13 Antwerpen
14 Genk
15 Liège
16 Lille
17 London
18 Gdansk



The benchmark review logic

Business needs	Supply chain requirements	Example companies
Operational Excellence	Reliable supply chain services at competitive prices. Efficient processes delivered with minimal difficulty or inconvenience **Focus on cost , efficiency and volume**	ACTION, LIDL
Customer Intimacy	A hybrid supply chain with focus on tailored services offering to exactly match the customers demands **Focus on flexibility and quality of service**	bol.com, amazon
Product Leadership	A challenging supply chain, initiating change to grow and improve the supply chain performance ***Focus on cost, innovation and quality of service***	BMW, ASML

Positioning the benchmark case

Participants

Holland.