Ministry of Foreign Affairs

Market Research Finding e-commerce opportunities for Dutch companies in Italy

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MARKET RESEARCH

Finding e-commerce opportunities for Dutch companies in Italy.

COLOPHON

INDEX

INTRODUCTION

The e-commerce market is continuously developing and shows every year steady growth rates. The pandemic in the year 2020 accelerated this significantly. While governments obliged brick and mortar stores to close, consumers in especially fast growing e-commerce markets like Italy were forced to buy online.

The Netherlands was one of the first European countries that embraced the e-commerce market early on. This advantage of 'early adapters' is still visible today as the country has one of the highest online customer penetration rates in Europe. Italy is categorized as a developing online market as prices are not stabilized and growth rates are high.

This research will present specific opportunities for Dutch companies to expand their businesses to Italy. The Dutch embassy and consulate in Italy asked one of the top market experts in the field, Businessexpansion.it to conduct it.

In chapter one we look at the developments of the worldwide and European e-commerce markets. Followed by the Dutch and Italian markets in particular, including their most notable growth rates per sector. Important online e-commerce trends will be discussed in chapter two. Here we will also highlight various interviews with top players in the field. Specific opportunities that lay open for Dutch companies will be explained and placed in a SWOT-analysis in chapter three. This preliminary research will be completed with interesting e-commerce events in the near future and suggestions for further research.

1. CONTEXT E-COMMERCE MARKETS

In this chapter we will have a look at the turnover of the worldwide and European e-commerce markets first and then zoom in on the Dutch and Italian markets and their most important sectors online.

The e-commerce world has become a serious part of society and is changing into a demand driven online market[1]. Sales rates are still high and accelerated further in the year 2020. Even the most reluctant physical international stores expanded their businesses online. International retail chain stores are closing a big part of their physical stores and invest heavily in their online markets. At the same time specialized online retailers are opening their first brick and mortar stores after years of mainly online presence[2].

The turnover of the worldwide e-commerce market in 2020 is estimated at € 2.582 billion. This is an increase of 16% compared to 2019. The strongest growth continents are North America and Europe with both 18% growth, followed by Asia with 16%.

Zooming in on Europe we see that the United Kingdom, Germany and France are the biggest e-commerce markets. Italy and Spain are the fastest growing countries. The best selling online market sectors in Europe are: clothing, electronic goods and books.[3]

The European union protects online consumer rights with the legislation of 'Distance Selling'.[4] [5] [6] This law protects consumers against hidden costs, pre-ticket boxes and introduces a 14-day right to return and a 2-step payment verification (SCA). Moreover the EU stimulates online competition as much as possible.

A total of 90% of all European e-commerce consumers are situated in a radius of 1000 km from the Netherlands. This makes it one of the countries with the best logistic positions in Europe. In chapter 2.3 E-fulfillment, we will dive into the meaning of this location for warehousing and fulfilment of online orders. The growth of the Dutch e-commerce market is in line with the worldwide and European trend. In 2019 the online spending in the Netherlands was € 25,7 billion. This is an increase of 8% compared to 2018.[7] The Dutch population embraced and adopted the online e-commerce world very early on. The market penetration is very high and consumers of all ages are active online.

The e-commerce market in Italy is an example of an emerging market, especially when it comes to the sales of products online. Characteristics of emerging markets are that they are not fully developed, have high growth rates and that sales prices of services and products are the most decisive factor to buy. Italy is one of the fastest growing online markets of Europe with an average growth between 10% and 19% in

[1] Netcomm consorzio (October 2020). *Research consumer behaviour in 2020.* Presentation R. Liscia - Netcomm Fair

[2] Politecnico Milano & Osservatori.net (October 2020): *Ecommerce B2C: La chiave per ripartire.* Presentation research results

[3] Politecnico Milano & Osservatori.net (October 2020): *Ecommerce B2C: La chiave per ripartire.* Presentation research results

[4] Nederland Distributie Land (HIDC)(June 2019). *European Supply Chain Overview E-commerce*. Report

[5] Nu.nl (October 2020). *EU stelt lijst op om macht van grote techbedrijven in te perken.* Article

[6] Your Europe (2020). *E-commerce, distance and off-premises selling.* Report

[7] Thuiswinkel.org (July 2019). Nederlandse e-commercemarkt stevent af op jaaromzet van 25,7 miljard in 2019. Article

the years 2015 till 2019 [8] [9]. The online Italian market consists mainly of the sale of products and in a smaller way of the selling and offering of services.[10] [11]

GRAPHIC QUANTITY OF THE ITALIAN ONLINE CUSTOMERS
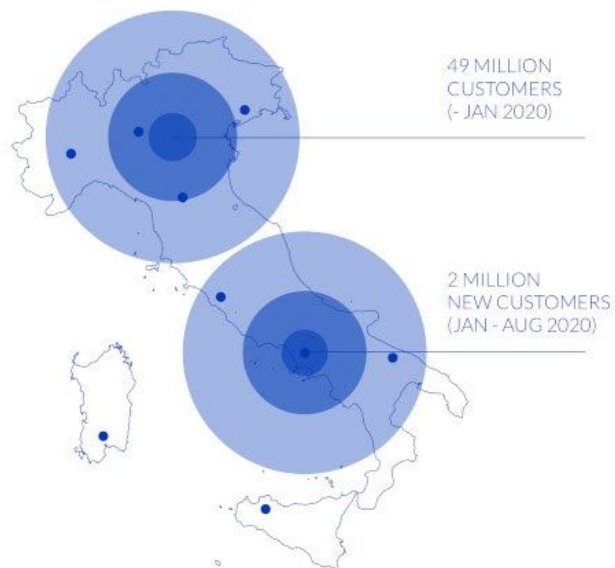
(Source: Google Italia, presentation S. Zucca at Netcomm Fair - October 2020)

The most important segments of the e-commerce markets in Italy between 2017 and 2018 were 'Leisure' (41,3%), 'Tourism' (28%) followed by product sales on 'Online marketplaces' (14,5%). The market
penetration is a bit lower compared to other European online markets, yet these numbers are increasing rapidly and during the year 2020 over two million new Italian customers entered the online market as seen in a recent study by McKinsey[12] [13].

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[8] Casaleggio Associati (April 2019). *E-commerce in Italy 2019.* Report

[9] Politecnico & Osservatori (October 2020). *E-commerce market Italy 2020.* Presentation V. Pontiggia - Netcomm Fair

[10] Statista (October 2020). *E-commerce in Italy.* Report, p.11

[11] Osservatorio (January 2019) *Il mercato della logistica conto terzi in Italia: numeri e trend.* Article

[12] Casaleggio Associati (April 2019). *E-commerce in Italy 2019.* Report

[13] Google Italia (October 2020). *Consumer behaviour online in 2020.* Presentation S. Zucca - Netcomm Fair

2. TRENDS

This chapter will discuss the most interesting trends that the e-commerce market is offering. We will look more in detail at the Dutch and Italian online markets. We have divided the chapters into the most notable sectors; Online marketplaces, Digital payment solutions, E-fulfilment, Customer experience, Digital platform strategy, Corporate responsibility and Last-mile deliveries.

2.1 ONLINE MARKETPLACES

The use of online marketplaces has increased rapidly worldwide due to the wide offer, safety and convenience, low prices and often free shipping. World players such as eBay, Zalando, Amazon and Aliexpress are dominating the international market. However in the Netherlands the biggest online marketplaces are local companies such as Bol.com, Coolblue, Wehkamp and Albert Heijn Online.[14]

GRAPHIC MARKET SHARES OF ONLINE MARKETPLACES
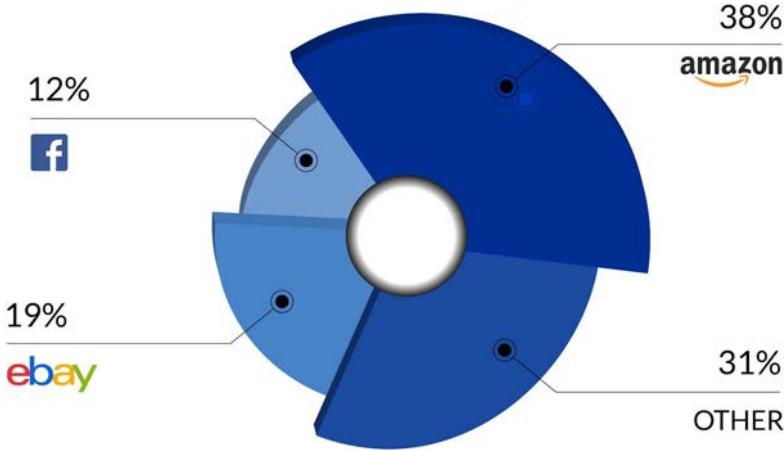
(Source: E-commerce market research Politecnico University Milano - October 2020)

In Italy 98% of all e-commerce users have ordered at least every now and then at an online marketplace within the last month. The most significant marketplaces in Italy are Amazon (38% of the market share), eBay (19%), Facebook marketplace (12%) and other smaller marketplaces (31% together) for example Alibaba, Zalando, ePrice and Tmall.[15]

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[14] Nederland Distributie Land (HIDC)(June 2019). *European Supply Chain Overview E-commerce*. Report

[15] Politecnico Milano & Osservatori.net (October 2020): *Ecommerce B2C: La chiave per ripartire.* Presentation research results

2.2 ONLINE PAYMENT SOLUTIONS

Worldwide new digital payment wallets arise on the market and are adopted by the online consumer. Examples are: Apple Pay, Google Wallet, Samsung Pay, Cryptocurrency, Tikkie (Dutch) and Satispay (Italian). It is fundamental for the consumer experience to offer user-friendly and a various range of payment options.[16] Alipay already introduced face recognition for online payments, the 'Internet of Things' is connecting devices like smartwatches with smartphones and Google assistant can be used to recharge your phone credits, to name just a few of the many new possibilities. These developments will continue and payment methods will become more consumer friendly.[17]

Due to the early adoption of the e-commerce world in the Netherlands, Dutch companies needed to find a fitting solution for the online payments, seeing that internationally there was little offer. Several companies started offering online payment gateway solutions that today are very well developed and have a high
focus on customer experience. Besides the several payment gateway providers there is mainly one most popular single payment method at this moment, namely; iDeal. iDeal is an online payment solution that offers a direct bank transfer from one side to another. During the Pandemic in 2020 their market share increased even more from 59% to a stunning 68% of the total Dutch market.[18]

The offer of online payment gateway solutions is very limited in Italy. Stripe is one of the international providers that has a significant market share in Italy. Also Paypal is very popular and Nexi.it has just entered the online market in Italy. In 2019 more than half of all Italian e-commerce clients (55%) used PayPal as the prefered payment method and 29% of the online consumers used Stripe.com.[19] [20]

In Italy online customers have the advantage due to the European legislation that they could get a refund in case of a returned order. While in brick and mortar stores they often get a coupon.[21]

> S. DE LOLLIS (INTERNATIONAL BRAND DIRECTOR) SATISPAY
> INTERVIEW
> - "The key for online payment methids is ease of use, preferable payments in just one click.

According to the Italian start-up single payment solution Satispay customers prefer easy to use digital payment solutions. Satispay is one of the few local single payment solutions in Italy that can be used on- and offline. They are growing rapidly and expanded internationally to Germany and Luxembourg. When an online store offers the preferred payment solution to a customer, the likelihood of a successful purchase will increase significantly.[22] [23] In Italy 'pay-later'' and payment in different milestones are getting more popular recently. Credit Cards and cash payments at the moment of delivery are decreasing in popularity.[24]

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[16] Nederland Distributie Land (HIDC)(June 2019). *European Supply Chain Overview E-commerce.* Report

[17] Casaleggio Associati (2020). *E-commerce in Italy 2020 (B2C).* Report p37

[18] Emerce.nl (July 2020). *Corona raakt ook e-commerce Nederland: omzet daalt met 4 procent.* Article

[19] Statista (October 2020). *E-commerce in Italy.* Report, p.28

[20] Casaleggio Associati (May 2020). *E-commerce in Italy 2020.* Report, p.38

[21] Your Europe (2020). *E-commerce, distance and off-premises selling.* Report

[22] Satispay (November 2020). *Interview Stefano de Lollis - international brand director.* Interview

[23] Netcomm consorzio (October 2020). *Research consumer behaviour in 2020.* Presentation R. Liscia - Netcomm Fair

[24] Human Highway (October 2020). *Research Net Retail.* Presentation R. Liscia - Netcomm Fair

2.3 E-FULFILMENT

Directly connected with the e-commerce market is the physical foundation of e-fulfilment with the warehouse activities, process of shipping, handling of returns and customer service.

Cross border online sales will be a fundamental part of e-commerce. In 2018, a good 23% of all EU E-commerce purchases were cross-border. Following this trend, we can expect that in 2022 almost 50% of all European e-commerce purchases will be cross border. The main reason to buy in another country is to purchase products at a lower price.[25]

Another important trend within e-fulfillment is that online customers give great value to fast delivery of their online orders. In 2019 the majority part of EU e-commerce consumers expect their online order to arrive between 3 to 5 days.[26] In the Netherlands customers expect their orders to arrive even faster. Moreover, customers like to follow the process of their order, track the shipping and have an expected delivery date. More info about the opportunities of tracking orders and the 'Last Mile' delivery in paragraph 2.7.

In 2018 the Netherlands scored outstandingly good on e-commerce logistics, according to E-commerce Europe, and was ranked the fourth in overall Europe.[27] The Netherlands has one of the most ideal geographical locations for e-commerce deliveries. Within a radius of 1000 km the Netherlands can deliver in the United Kingdom, Germany, France and several other European countries and so serve over 244 million customers, this is 90% of all the European e-commerce sales. In addition, the Netherlands has a huge trade history and stable political climate that stimulate trade, a good infrastructure and taxation advantages for international companies.[28]

- "INTERNATIONAL E-COMMERCE PLAYERS CHOOSE THE NETHERLANDS TO PLACE THEIR LOGISTIC WAREHOUSES."
  J DE ROOIJ (SR. MANAGER SUPPLY CHAIN SOLUTIONS) NDL

In the south of the Netherlands international online market leaders placed their e-fulfilment business due to earlier named advantages. Examples of these players are H&M, HP, Dell, Decathlon, Puma, Bol.com, Nespresso, Ferrari, Zooplus, Coolblue, Unicef, Michael Kors and Abercrombie & Fitch.[29] All these companies handle their own logistics or work together with specialist e-fulfilment companies in the Netherlands.

Most e-commerce customers are located in the north of Italy. More precisely 54% of the total distribution takes place in the north, 25% in the middle and 21% in the south and on the islands.[30] This is mainly due to the economic differences in the regions and also the population density, because most people live in the northern part of Italy. A good example is that the biggest online merchant Amazon.it has located 5 of

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[25] Nederland Distributie Land (HIDC)(June 2019). *European Supply Chain Overview E-commerce*. Report

[26] Netcomm consorzio (October 2020). *Research consumer behaviour in 2020*. Presentation R. Liscia - Netcomm Fair

[27] Nederland Distributie Land (HIDC)(June 2019). *European Supply Chain Overview E-commerce*. Report

[28] Nederland Distributie Land (HIDC)(June 2019). *European Supply Chain Overview E-commerce*. Report

[29] Nederland Distributie Land (HIDC)(June 2019). *European Supply Chain Overview E-commerce*. Report

[30] Politecnico Milano & Osservatori.net (October 2020): *Ecommerce B2C: La chiave per ripartire.* Presentation research results

their 6 Italian national hubs in the north.[31]

- **"ROBOTIZATION IS THE FUTURE FOR E-FULFILMENT AND COURIERS."**
  M. BAGLI (CCO AND BOARD MEMBER) NEXIVE INTERVIEW

Examples of e-fulfilment companies active in Italy are XPO Logistics, Amazon.it FBA (Fulfilment by Amazon), PVS Services Italia, Autotrasporti Delledonne and Farosped. They offer warehousing, order fulfillment, returns and customer service.

In Italy the most significant couriers are The Italian Post (Poste Italiane), Amazon, and Bartolini (BRT).[32] Of all deliveries 88,4% is delivered at home or in the office and 11,6% is delivered at a pick-up point.[33]

GRAPHIC E-COMMERCE WAREHOUSING
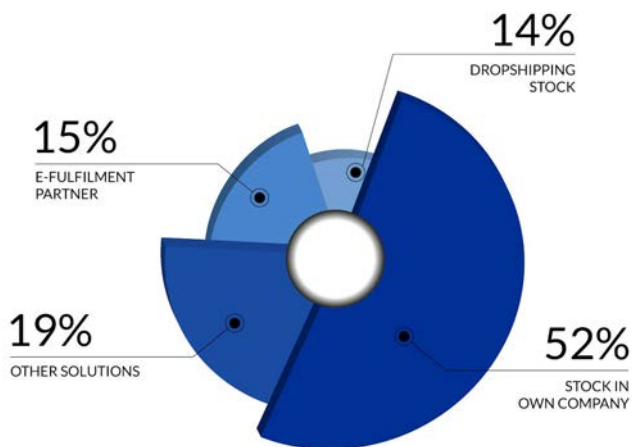
(Source: E-commerce market research Casaleggio Associati - May 2020)

Over half of the Italian e-commerce companies have their own stock within their company, 15% has it in an external partner for e-fulfilment, 14% is working with the drop-shipping method and 11% has other solutions.[34] The process of handling and shipping e-commerce products can be more effective and customer orientated if online merchants use an e-fulfilment partner.

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[31] Corcom (October 2020). *Logistica ultimo miglio: fattore critico di successo dell'eCommerce*. Article

[32] Casaleggio Associati (May 2020). *E-commerce in Italy 2020*. Report, p.37

[33] Human Highway (October 2020). *Research Net Retail*. Presentation R. Liscia - Netcomm Fair

[34] Casaleggio Associati (May 2020). *E-commerce in Italy 2020*. Report, p.36

2.4 CUSTOMER EXPERIENCE

Customer experience is an immense topic to cover in a single report. At the same time it is an important aspect where online merchants can still make a big difference. A great customer experience strategy is vital to the satisfaction and loyalty of a company's customer base. We will focus on the three most important trends in the e-commerce market, namely; artificial intelligence (AI), customer personalization and full service solutions.

2.4.1 ARTIFICIAL INTELLIGENCE (AI)

Online technology will play a much more important role in the near future. Artificial intelligence (AI) makes it possible for machines to perform human-like taks, adjust to new inputs and learn from experience. Examples for e-commerce are; voice shopping, digital assistance, virtual reality, personalized (email) marketing, advanced search machines and chat robots.[35] In the United States and the Netherlands this trend is already ongoing, Italy is lagging behind.

During the year 2020 physical retail shops were often obliged to close during lockdown. To have a more direct and personal contact with the customers, merchants started to sell their products through social media, live streaming, chat, phone and other online channels. This extended moment of personal contact was highly appreciated by the final consumer and improved the customer experience.[36] This trend will continue and AI can support and scale this process.

Artificial intelligence can also support the process of a personalized online shopping. In the next paragraph we will discuss personalization to the level of an individual customer with help of technology.

2.4.2 PERSONALIZATION

Of all the Italian online merchants, 73% have started with the omni channel strategy, although the majority of them have not implemented this strategy to the fullest.[37] This is remarkable as 92% of the Italian online customers indicated that they use several channels online before they purchase a product, therefore the offer of the online merchants is lagging behind.[38] Many e-commerce users (86%) in Italy think that a personalized website can lead to better consumer experience and sales. Artificial Intelligence (AI) and Machine Learning are the best ways for online retailers to reach these goals.[39] However, only a very small group of online merchants in Italy is using these tools.[40]

- "BIG INTERNATIONAL RETAILERS HAVE FULLY IMPLEMENTED OMNI CHANNEL STRATEGIES. ITALIAN COMPANIES ARE LAGGING BEHIND."
  M. BAGLI (CCO AND BOARD MEMBER) NEXIVE INTERVIEW

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[35] Ecommerce Foundation (2019). *Ecommerce repost: The Netherlands 2019*. Report

[36] Emerce.nl (August 2020). *De coronacrisis heeft e-commerce voorgoed veranderd, en hoe*. Article

[37] L'Oréal Group Italia (October 2020). *Gabriele Visentin - Brand Manager Professional Line*. Interview

[38] Casaleggio Associati (May 2020). *E-commerce in Italy 2020*. Report, p.26

[39] Ecommerce Foundation (2019). *Ecommerce repost: The Netherlands 2019*. Report

[40] Casaleggio Associati (May 2020). *E-commerce in Italy 2020*. Report, p.26

For example L'Oréal has an omni channel sales strategy. Besides selling their products on their own webshop, they also sell through the most important online marketplaces (such as Amazon, Douglas, Sephora). In addition they sell their products through influencers on social media. Sales by social commerce is growing every year and is expected to be a very important channel in the future. Another example of AI in social commerce is the new innovation from L'Oreal which enables customers to test their products online by using an avatar.[41]

- **"THE ONLINE MARKET HAS NO SEGMENTS ANYMORE, EVERY CUSTOMER IS UNIQUE."**
  K. WESTRA (CORPORATE STRATEGY & BUSINESS INNOVATION EXPERT) INTERVIEW

Just five to ten years ago Dutch online merchants focused on omni-channel strategies and using different customer segments was their main focus. Nowadays customers are approached with a one-by-one method of customer personalization. This is based on detailed data analytics, former purchases, location, time spent on certain pages and preferences. It is proven that customers are spending more time on a website when personalization applies and over 90% of the online marketeers think personalization will be the standard for the future to optimize the customer experience.[42] There will be no difference between on- and offline activities, now customer experience is the key to success. [43] [44] [45]

- **"E-COMMERCE IS THE NEW NAME OF THE GAME."**
  G. VISENTIN (BRAND MANAGER PROFESSIONAL LINE) L'OREAL ITALY INTERVIEW

L'Oreal worldwide wants to transform their market strategy to 50% in physical stores and 50% online. At least 50% of the sales should be generated online and equally important; e-commerce should support and stimulate brick and mortar stores. By doing so the on- and offline world is becoming one market, there should be no difference anymore for the customer where and how they purchase the products.[46]

A good example of personalization is Netflix: the homepage of the customer is regularly updated based on former interest of movies, series and documentaries and also the suggested videos will change. This strategy can also be used for more direct e-commerce pages as they are considering your former purchases, location, season, age, gender, time spent on pages and general interest. Based on this they will suggest you to view certain products or add certain products to your basket that are correlated based on your profile.

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[41] L'Oréal Group Italia (October 2020). *Gabriele Visentin - Brand Manager Professional Line*. Interview
[42] Nederland Distributie Land (HIDC)(June 2019). *European Supply Chain Overview E-commerce*. Report
[43] Netcomm consorzio (October 2020). *Research consumer behaviour in 2020*. Presentation R. Liscia - Netcomm Fair
[44] Ecommerce Foundation (2019). *Ecommerce repost: The Netherlands 2019*. Report
[45] Karst Westra - Corporate strategy & business innovation expert (November 2020). Interview
[46] L'Oréal Group Italia (October 2020). *Gabriele Visentin - Brand Manager Professional Line*. Interview

2.4.3 FULL SERVICE SOLUTIONS

A full service strategy provides the customer with a total package of all the connected services when they buy a certain product or service. It gives practical solutions and makes sure the customer is only dealing with one company instead of many. It can be a bit expensive but it is the most efficient solution for the consumer. A full service strategy focuses on a complete customer experience.

One example of a full service solution is Coolblue. They offer a full service solution that takes care of the delivery of the product and installation of the new product as well as of the retrieval of the old one. Another example is Shopify; their services include professional templates, hosting, purchase of domains, connection with suppliers and ready to use online payment gateways. With this service their customers can focus on their main business activities. Many businesses have used their services which resulted in a growth of Shopify, especially during the lockdowns in 2020.[47]

2.5 DIGITAL PLATFORM STRATEGY

Online merchants, small and big alike, want to broaden their business model as the market is getting mature and sales margins are dropping. That is why they are searching for customer service focused strategies such as the digital platform strategy. This is an online environment that connects different groups of people and companies and by letting them interact with each other adds value to the customer experience. The environment is mostly built around a specific task or function and is the main meeting place within the industry. Examples of world known digital platform strategies are companies as Amazon, eBay, Uber and Airbnb.[48]

- "EVEN BIG AND WELL-ESTABLISHED CORPORATE ORGANISATIONS ARE TRYING TO APPLY THE DIGITAL PLATFORM STRATEGY."
  K. WESTRA (CORPORATE STRATEGY & BUSINESS INNOVATION EXPERT) INTERVIEW

Dutch companies apply this strategy also on a more local level. For example during important life changing moments. Such as getting married, buying a house, getting pregnant or the passing of a family member. During this process several businesses combine their services on one platform to optimize the different needs of the customer and focus on their journey and experience.[49]

2.6 CORPORATE RESPONSIBILITY

Of all worldwide e-commerce consumers four out of five is taking into consideration their corporate responsibility. This business model helps a company to be socially accountable. The online consumer wants to relate with companies that have their same values. Remarkable is that 75% of these customers will actually check if companies are fulfilling their promises.[50]

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[47] Emerce.nl (August 2020). *De coronacrisis heeft e-commerce voorgoed veranderd, en hoe.* Article
[48] MIT Management School (June 2017). *Platform strategy, explained.* Article.
[49] Karst Westra - Corporate strategy & business innovation expert (November 2020). Interview
[50] GfK.com (August 2020). How to position your brand for success during COVID-19. Report

In the Netherlands ethical commerce will become more important in the short future. Online customers want to feel good about the product they just bought. Product information, the packaging material, the distance the product has to travel, sustainability and the social responsibility of the online merchant will be important to build a trusted brand relationship with the customers.[51]

In 2018 many Italian e-consumers (86%) indicated that they are worried about sustainability and 79% prefers sustainable packages for their e-commerce orders. Interestingly, only 21% is willing to pay extra for sustainable packaging.[52]

Until recently corporate responsibilities, such as sustainability, was not a very big point of focus for online merchants. However some international companies have started working to be more sustainable in the last two years as online customers value this very much. For example they work with recycled packing materials and recycled products which is part of the trend of pre-owned products. Another example is to ask customers for a sustainability fee such as using an electric car for delivery or delayed bicycle delivery or by using a pickup point. Already some important online corporations such as Yoox, Amazon, Sephora, and DHL are working on implementing corporate responsibility.

- **"WE WANT TO HAVE ZERO EMISSIONS BY THE YEAR 2050."**
  M. BLOK (VP NL/IT), O. JANSEN (HEAD CROSS-BORDER E-COMMERCE) AND M. ADAMO
  (E-COMMERCE STRATEGY MANAGER) DHL EXPRESS INTERVIEW

DHL Express has started working with electric cars, they are testing bicycle deliveries for the last miles and they strive to have zero emissions by the year 2050 for the complete organisation. DHL wants to be the first and the most important sector benchmark for a sustainable future of the transport sector.[53]

- **"CORPORATE RESPONSIBILITY IS OUR CORE BUSINESS."**
  A. COPINI (CREATIVE DIRECTOR) SAVE THE DUCK INTERVIEW

There is much room for improvement for online Italian merchants to focus on their corporate responsibility. There are a few exceptions, such as the start-up Cortilia and Save the Duck. Cortilia delivers online local, fresh and natural groceries to their Italian customers. The Italian clothing manufacturer Save the Duck creates animal free puffer jackets and one clothing line is even 100% made of recycled materials.[54]

At this moment many online merchants are still figuring out how to implement this strategy into their businesses. Examples of these possibilities are using green energy for warehousing, recycling of materials, CO_2 neutral delivery, the use of biodegradable products, recycled packaging and sponsoring green and sustainable local projects.

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[51] Ecommerce Foundation (2019). *Ecommerce repost: The Netherlands 2019*. Report
[52] Casaleggio Associati (April 2019). *E-commerce in Italy 2019*. Report
[53] DHL Express (November 2020) *Interview with 3 key-holders within the organisation in The Netherlands and Italy*. Interview
[54] Save the Duck (November 2020). *Anais Copini - Creative brand consultant*. Interview

2.7 LAST MILE

The last mile is often called 'the last smile', because it is the last part of the shipping process from the warehouse to the final customer. It is one of the very few contact moments with the final customer, automatically this is a crucial moment to make a final and good impression.

- "YOU HAVE ONLY ONE OPPORTUNITY TO MAKE AN OPTIMAL IMPRESSION."
  M. BLOK (VP NL/IT), O. JANSEN (HEAD CROSS-BORDER E-COMMERCE) AND M. ADAMO (E-COMMERCE STRATEGY MANAGER) DHL EXPRESS INTERVIEW

Informing the customer about the last mile is fundamental as European consumers, including Italian customers, are becoming more demanding. The customer experience will be highly rated when you are able to deliver the package at the first attempt.[55] [56]

An interesting start-up company in Italy that specializes in last-mile delivery is Milkman. Their service is used by Zara, Ikea, Nespresso and others. They inform the customer continuously about the final delivery process by e-mail or SMS and offer possibilities of last minute changes.

Sustainable delivery methods are becoming more important. In the Netherlands two out of five consumers are willing to wait for the delivery if it is done in an environmentally friendly way.[57] All over Europe companies have planned or started implementing sustainable delivery solutions such as electric cars and bicycle couriers.

New independent bicycle courier companies have entered the market in Europe and disrupted the courier delivery market occupied by companies such as DPD, DHL, FedEx, UPS and others. Examples of these bicycle couriers are: Glovo, Uber, JustEat and Foodora that offer city deliveries of small orders.[58]

The demand for shipping software is increasing by small and medium sized e-commerce companies (SME) as more companies are starting their e-commerce activities[59]. This software offers different economical options to ship their products with various couriers. Examples of these in Italy are Shippy Pro and Packlink.

The world of last-mile deliveries is adapting to the ever changing customer demands and latest technologies. Delivery options by self-driving electric cars and drones will soon be reality. The European legislation and technology branch organisations must work closely together to make these new innovations part of the e-commerce future.[60] [61]

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[55] DHL Express (November 2020) *Interview with 3 key-holders within the organisation in The Netherlands and Italy*. Interview

[56] Logisticanews.it (September 2020). *Logistica ultimo miglio: fattore critico di successo dell'eCommerce*. Article

[57] Shopping Tomorrow (September 2020). *The future of shopping according to consumers*. Report

[58] Casaleggio Associati (May 2020). *E-commerce in Italy 2020*. Report, p.37

[59] Politecnico Milano & Osservatori.net (October 2020): *Ecommerce B2C: La chiave per ripartire*. Presentation research results

[60] Economymagazine.it (Nov 2020). *L'ultimo miglio si attrezza per la logistica del futuro*. Article

[61] Trasporti-italia.com (October 2020). *Logistica: Amazon presenta il suo primo veicolo elettrico per le consegne dell'ultimo miglio*. Article

3. OPPORTUNITIES

There are many great opportunities for Dutch companies in Italy. In this chapter we will analyze the aforementioned trends that offer opportunities for Dutch companies and make suggestions on how they can enter the Italian e-commerce market best. Also we will mention specific companies that are active in Italy per sector and with all this information we will finally conduct in a SWOT-analysis divided per trend.

3.1 ONLINE MARKETPLACES

It is very appealing for Italian online consumers to make use of online marketplaces due to their ease of use, broad offer, trustable services and low or free shipping. It can be a great opportunity for Dutch SME online companies to enter the Italian market by offering their products on an existing platform, such as eBay.it or Amazon.it. The advantages are the low entry prices, large range of potential customers and little to no product translations needed.

As a second opportunity, it is possible for Dutch leading online marketplaces to expand to Italy and offer their services and to create more local solutions. In the Netherlands there are several local marketplaces dominating the market due to their local orientated services and high quality customer service. They can expand their business successfully cross border to Italy.

SWOT ONLINE MARKETPLACES OPPORTUNITIES

Here are the results of the two specific opportunities that we see for Dutch online marketplaces and merchants presented in a SWOT analysis

Strengths [S]

Low entry costs for SME online merchants with great reach

Limited to no translations needed

Well developed and specialized marketplace software

Weaknesses [W]

High shipping costs to Italy

Little knowledge of Italian market

Little knowledge of Italian language and culture

Opportunities [O]

High demand for online marketplaces

Fast growing online market

Threats [T]

Possibility for price competition

eBay.it and Amazon.it have a strong position in the market

Other international marketplaces can enter the market

3.2 ONLINE PAYMENT SOLUTIONS

There are only a few online payment gateway providers active in Italy. Nexi.it (IT), Stripe (USA) and PayPal (USA) are examples of the most important companies currently active in Italy. Since the market is still growing rapidly and lagging behind compared to the North European markets, there are many opportunities for Dutch gateway providers. They can offer more local solutions adapted to appeal to the Italian customers as done before in the Netherlands. The Italian customers have a strong preference to use trusted and well known online companies and to have a possibility to easily contact the companies by phone, email or chat.

We see many opportunities for single online payment solutions in Italy. The number of online payments is growing very fast every year and customers are looking for their preferred and easy to use payment option. Digital wallets and pay-later solutions are some examples of realistic opportunities in Italy.
In both fields Dutch companies already have very strong solutions which can be implemented very well in Italy. The younger generation of Italians is looking for ease of use by using the digital payment wallets. The Italians with a lower budget or who are suspicious of online companies will be attracted to the option of pay-later. Pay-later solutions will be also very interesting cultural wise as Italians prefer to see the product at home before they buy it.

SWOT ONLINE PAYMENT SOLUTION OPPORTUNITIES

Here are the results of the specific opportunities that we see for Dutch online providers of payment solution gateways and single payment solutions in a SWOT-analysis

Strengths S	Weaknesses W
Years of experience Well developed and customer focused	Little knowledge of Italian market Little knowledge of Italian language and culture
Opportunities O	**Threats T**
Few competitors on the market Italian e-commerce market is big and growing fast	Competition can develop new solutions International competitors can step in anytime

3.3 E-FULFILMENT

Most of the Italian merchants handle their own warehouses for their online business. They can scale-up easily and offer more services to their customers such as later cut-off times, use of different couriers, be operative more days a year and use the more developed Warehouse Management Solutions (WMS) software by using external e-fulfilment partners. Dutch companies are much experienced when it comes to e-fulfilment and can support Italian merchants with their warehousing, shipping process, handling of returns and customer service.

We can see three specific opportunities for Dutch companies, such as: to offer and implement advanced WMS software, to expand their physical location and services to Italy and to offer Italian merchants to place their stock in the Netherlands for an efficient distribution to Europe.

SWOT E-FULFILMENT OPPORTUNITIES

Looking more closely at these three opportunities, we come to the following SWOT-analysis

Strengths S

- International experience
- Customer focused
- Efficient and advanced WMS software
- Good software connection between WMS and e-shops

Weaknesses W

- Little knowledge of Italian market
- Little knowledge of Italian language and culture

Opportunities O

- Warehouse possible in the Netherlands and Italy
- Offer better services adjusted to local demands
- Lots of potential companies can transfer their warehouses

Threats T

- Marketplaces that offer warehousing can be a threat
- Italian merchants are to be informed about the advantages

3.4 FULL SERVICE SOLUTIONS

Solutions that offer a full online service are getting more and more popular. The goal of this strategy is to offer the customer a full service, giving extra benefits besides the purchase only. Recently there are even more opportunities for Dutch online companies since the pandemic pushed a lot of Italian companies to go online.

There are several international players that are already active in Italy, such as Shopify, Ecwid and Wix. They have a good offer with nice templates, good plug-in software options and are customer friendly. There are still plenty of opportunities left, because Dutch companies can meet the quality of these players on the market and even exceed this. They have experience with adapting to local demands and have a more European style of design. Last but not least, the number of online merchants in Italy is growing fast and the request for full service websites is growing.

We see opportunities for other full service online companies beside website based only. Quite a lot Dutch companies are well advanced in this and the local offer in Italy is lagging behind.

SWOT OPPORTUNITIES FOR FULL SERVICE SOLUTIONS

Here are the most specific opportunities for Dutch companies that offer full service solution in a SWOT-analysis

Strengths S	Weaknesses W
User friendly software Well developed systems European feel and beautiful templates Highly experienced with full service online solutions	Little knowledge of Italian market Little knowledge of Italian language and culture
Opportunities O	Threats T
Increasing number of online merchants Increasing number of customers	Other international players can enter the market too Basic concepts can be copied easily

3.5 LAST MILE

Within the last mile we see several specific opportunities for Dutch companies. One opportunity is within the city logistics; bicycle couriers. The other two are within the shipping software solutions.

There are already several bicycle delivery courier companies in Italian cities such as Glovo, Urban Bike Messenger, Ecopony, PonyZero and yet there are great opportunities for Dutch bicycle couriers in Italy. Many Dutch companies have lots of experience with bicycle deliveries over the years and know how to implement these services most efficiently.

Within the shipping software we see two specific opportunities, price comparison shipping software and courier efficiency route software.
We see opportunities for Dutch companies specialists in price comparison shipping software. These comparison software platforms offer different couriers with different services and prices for the same shipment. The online merchant can choose the best service and price for their product shipping. Italian online merchants can connect their e-commerce store with this software so the shipping can be created automatically. Dutch companies have years of experience dealing with couriers and customer service.

The second opportunity lies within route software. Dutch companies have very well developed and efficient last-mile courier route software available to program the most optimal route for every single driver. To follow a specific route or sequence of deliveries and pick-ups, every individual driver can perform more efficiently and courier companies will save time significantly.

SWOT LAST MILE OPPORTUNITIES

Here are the three specific opportunities in a SWOT analysis

Strengths S

Strong Dutch cycling culture
Experience with bicycle couriers
Well tested and efficient software

Weaknesses W

Little reach of every bicycle courier
Limited load for every bicycle courier
Software needs to be adapted to local systems

Opportunities O

Strong customers preference for green delivery
Italian government stimulates the use of bicycles
Courier companies can save a lot by working more efficient
The number of shipments is increasing

Threats T

Bicycle couriers only advantageous within the city
Already strong player on the market

4. WHAT'S NEXT

Every year there are interesting events organized by stakeholders within the Italian market. In 4.1 these events will be listed, including a small description with a URL link for more information. We will close with suggestions for future research.

4.1 E-COMMERCE EVENTS

The following annual events will be held in Italy.

- **NETCOMM FORUM**
  National fair organized by Consorzio Netcomm at Milan. This event attracts over 15.000 e-commerce related company participants and has presentations of research, expert speakers, round table discussions, 200+ business stands and much more. Duch companies participate in this fair or can open a stand on this event to establish valuable contacts within the Italian e-commerce market. More information: www.netcommforum.it/eng

- **ECOMMERCEDAY**
  International fair with the focus on innovation, trends and partnerships within the e-commerce world. Last event had 5 km^2 conference space, 155 speakers and over 5000 participants. The fair is organized in Milan or Turin. More information: www.ecommerceday.it

- **ECOMMERCE HUB**
  E-commerce fair in Salerno, the south of Italy. The last edition had over 4000 participants and 120 stands of e-commerce companies. The focus of this event is innovation, trends, education and making connections. For more information: www.ecommercehub.it

- **MARKET RESEARCH BY POLITECNICO UNIVERSITY**
  Annual e-commerce market research conducted by the Politecnico university Milan with the latest numbers, trends and details in Italy and worldwide. More information: www.osservatori.net/en/home

4.2 SUGGESTION FOR FURTHER RESEARCH

Many questions arise when studying the e-commerce market in Italy with her ongoing growth and interesting trends.

- **EXTENSIVE MARKET RESEARCH**
  Of all these specific opportunities more research is needed to clarify the most important players within these sectors and validate the options to expand their business to Italy.

- **E-FULFILMENT SOLUTIONS**
  Why do most Italian online merchants work from their own indoor warehouse instead of using an external e-fulfillment warehouse partner? Is this related to the difficulty of finding potential partners, are the merchants not informed about the benefits, is the current offer on the market coming up short to the current requests or are there other reasons for this mismatch?

- **CUSTOMER SERVICE AND AI**
  AI and machine learning are hot topics. How can this best be implemented for the optimal customer experience? More research is needed to investigate this upcoming market more profoundly, clarify the most important players and look for opportunities for Dutch companies.

- **CORPORATE RESPONSIBILITY (INCLUDING SUSTAINABILITY)**
  The subject is becoming more important every year. Online customers would like to feel connected with the brands and companies they purchase from. More research is needed to see how they would like to feel connected. Would they like to be involved? Do they want to donate to the projects, pay an extra fee or is recycled packaging material enough to 'feel connected'?

- **LAST MILE DELIVERY**
  There are still some open questions such as: How to best offer green and fast last mile delivery options for rural places in Italy? What are the latest developments with innovative delivery solutions such as self-driving electric car delivery and drone delivery for the future and can Dutch companies be a part of this?

- **B2B E-COMMERCE**
  There is little known about the B2B e-commerce market and it is lagging behind compared to the B2C e-commerce. Estimations are that this business is double the size of the B2C e-commerce. What are the opportunities for Dutch merchants in the B2B e-commerce in Italy?

GLOSSARY

ARTIFICIAL INTELLIGENCE (AI)
The concept of software solutions that are capable of executing tasks that typically require human intelligence and learn by doing so.

CORPORATE RESPONSIBILITY
This is a business model that helps a company be socially accountable to itself, its stakeholders and the public. The goal is to be sustainable and inclusive.

CRM SOFTWARE
Customer Relationship Management software is most of the time the organisational software of a business to work more efficiently. Marketing, customer information and orders are mostly managed from the CRM software.

DIGITAL INFLUENCERS
A digital influencer is someone with a social media following who encourages fans and followers to take action.

DIGITAL PLATFORM STRATEGY
This is an online environment that connects different groups of people and companies.

E-COMMERCE MARKET
Stands for electronic commerce, this is a model that lets firms and individuals buy and sell things over the internet.

E-FULFILMENT
The complete process of stock management of the products in the warehouse, processing orders, shipping to the customer, optional customer service and handling the returns of the online orders.

INTERNET OF THINGS (IoT)
This is the network of physical objects (things) that are embedded with technologies to connect and exchange data with other devices and systems over the Internet.

LAST MILE DELIVERY
The last mile delivery is defined as the movement of goods from a transportation hub to the final delivery destination, the customer that ordered the service or product.

ONLINE MARKETPLACES
These are e-commerce websites where products and/or services are offered and purchased by multiple third parties.

ONLINE MERCHANTS
Private or professional persons or companies that offer their services or products online for sale.

ONLINE PAYMENT SOLUTIONS
The payment transaction between the customer and the online merchants in exchange for the service or product.

PAYMENT GATEWAY PROVIDERS
Companies that provide merchants different online payment solutions for the final customer on one central platform.

PERSONALIZATION ONLINE
Website personalization is the process of creating unique content for every online visitor based on the interest and characteristics of the visitor.

OMNI CHANNEL STRATEGY
This is an online marketing strategy for selling online through different channels. For example the normal e-commerce website, online marketplaces, social media and/or influencers.

SINGLE PAYMENT SOLUTIONS
One individual payment method that the final customer can use to pay for their purchases online.

SUSTAINABILITY
It is focused on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept is composed of three pillars: economic, environmental, and social, or profits, planet, and people.

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Interview S. de Lollis (International brand director) of Satispay. They are an Italian company that offers a digital wallet single payment solution for their customers including e-commerce businesses.

Interview J. de Rooij (Sr. Manager Supply Chain Solutions) of Nederland Distributie Land (NDL). They are a semi-profit organisation to stimulate Dutch logistic solutions worldwide including e-commerce.

Interview M. Bagli (CCO and board member) of Nexive. They are an Italian post and courier company. They offer package deliveries for e-commerce companies.

Interview K. Westra (Corporate strategy & business innovation expert). He specializes in strategy and innovation for corporations with years of experience in the biggest consultancy and banking firms in the Netherlands.

Interview G. Visentin (Brand manager professional line) of L'Oreal. L'Oreal offers their cosmetics and beauty care products in Italy and worldwide in their own stores, through franchisers and e-commerce.

Interview A. Copini (Creative director) of Save the Duck. They are an Italian sustainable clothing brand that manufactures sustainable and recycled puffer jackets worldwide.

Interview M. Blok (VP NL/IT), O. Jansen (Head cross-border e-commerce) and M. Adamo (E-commerce strategy manager.) of DHL Express. International shipping company of goods including e-commerce packages.

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