

Parcel lockers are transforming e-commerce

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A new network of parcel lockers is transforming last-mile delivery in South Africa as e-commerce continues to grow in the country.

Hyper-competition, globalization and technological disruptors have had the South African market on the edge of its seat for the last 10 years, and it's unlikely to change soon. It's no longer about who has the biggest fleet of vehicles, warehouses, or the best price – now it's about the availability of accurate forward-thinking intelligence and the ability to successfully act on that intelligence in a localized context.

"The retail market is volatile and will remain so," says Brett Sauerman, general manager, e-commerce at DSV South Africa. "More than ever, successful purchasing decisions and repeat sales are driven by brand experience, brand equity and price. Logistically, the industry is under pressure to deliver consistency and differentiation, while the commoditization of services continues to drive cost reduction. Today, a successful client partnership is as much influenced by the ability of the logistics provider to demonstrate new value-adding technologies without the client having to ask."

According to Sauerman, DSV South Africa recognized and prepared early for the migration of traditional B2B volumes (such as freight and parcel) to B2C. Back in 2013, the company invested in smart lockers, knowing it would take time for the service to become marketable, but understanding that the consumer would ultimately drive adoption.

In early 2018, after considerable due diligence, DSV entered into a supply partnership with TZ Limited and Ricoh South Africa to upgrade and expand its locker network. With extensive track records of effective deployments across the globe, TZ and Ricoh successfully demonstrated a technology and service innovation offering capable of supporting DSV's aggressive expansion and service objectives, according to Sauerman.

He continues, "By applying innovative thinking throughout the organization, DSV has been able to

commercialize its consumer-focused solutions over a very short period of time. The important balance between consistently delivering basic services, coupled with investment into emerging technologies, has proven to be a fruitful strategy for DSV and its customers."

Sauerman believes that the market adoption rate of parcel lockers is directly tied to the customers' ability to understand the value proposition and communicate that

value to their consumers. "To speed up adoption rates, a focused effort is needed to educate the public about the service – to communicate that the online retail service has been extended and now offers every consumer uncomplicated and uncompromised access to courier related services via the DSV Locker," he explains.

Future plans By December 2018, some 200 smart lockers had been deployed – with the goal being countrywide expansion by the end of 2019. The majority of DSV's lockers are located within residential zones.

New services are already under development and due for launch in early 2019, according to Sauerman. "Various industries will benefit greatly from these new developments and we are incredibly excited to demonstrate our progress and share the benefits with our customers and their consumers alike," he explains.

For DSV to sustain its position in South Africa, the current momentum must be maintained – an ever-easier task as the market becomes aware of the benefits offered by DSV Smart Lockers. "We also realize, however, that by sensitizing the market to smart lockers we also create opportunities for competitors in this space," Sauerman adds.

"We are committed to staying ahead of market demands by innovating and continuously developing and delivering services based on forward-thinking intelligence. It is the convergence of that intelligence with our proven operational know-how and capability that will keep us ahead of the competition."

KEY FACTS

- Logistics service providers must offer value-adding technologies to remain competitive
- DSV South Africa invested in smart lockers from 2013
- There were 200 DSV smart lockers installed by December 2018

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