

WHITE PAPER

Profitable One-Stop eCommerce Solution for entry into European Markets

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Describing a proven low risk, high profit, eCommerce solution for companies entering the international market, including: the design and build of an online storefront with links to search engines and shopping comparison sites, web sales & auction managed from start to finish; the logistics of delivery from the manufacturer; warehousing in the UK with packaging and despatch of goods to customer on a Pay by Use basis. This cost effective one-stop route to deliver, market and sell products has been adopted and proven by renowned companies such as Vodafone, 3M and Olympus.

Profitable One-Stop eCommerce Solution for entry into European Markets

In the past, breaking into a new international market has been an expensive and time consuming process, requiring considerable market research, finding and maintaining distributors or setting up a regional branch as well as expensive local product placement and advertising. The rise of the eConsumer has dramatically changed the landscape, with online sales rising dramatically and expected to reach \$200bn in 2007 for the US alone. eCommerce is still very national with little or no cross border activity. A new one stop solution by Delivery Management in partnership with Royal Mail now allows companies to enter the most developed European eConsumer market, the UK, profitably, quickly and cost effectively. The UK can then be used as a springboard into Europe. The solution includes three key areas:

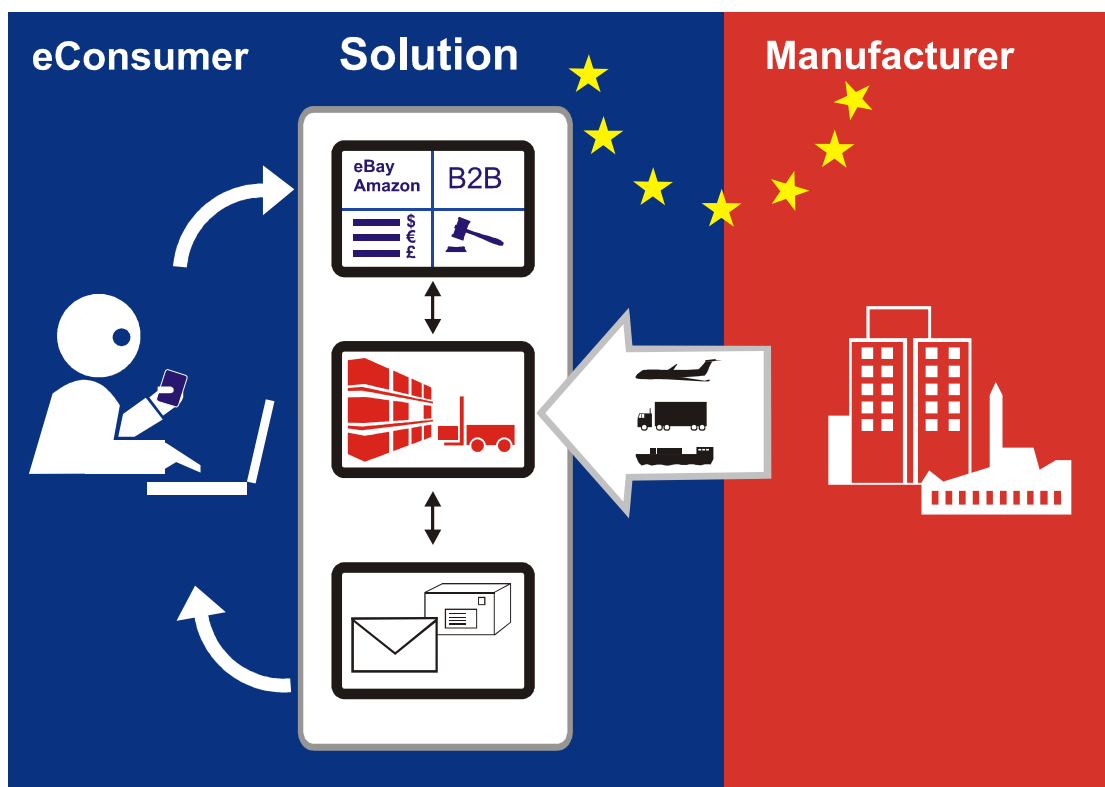


Figure 1. Profitable and cost effective one stop solution to entry into the UK/EU eCommerce market. The solution includes the set-up of multisales channels, affordable warehousing and UK delivery by the largest UK mail provider, Royal Mail. The eConsumer buys and receives goods from a highly efficient UK based presence. The Manufacturer provides goods on a Pay for use basis to a central UK warehouse that is part of the solution.

1. Multiple Sales Channels

In partnership with the client, a multiple sales channel is designed and built on the web. The client decides which channels to use and whether search engine, shopping comparison site or eBay are the best way forward. Key parameters, e.g. minimum sales prices or length of auction, are also be established.

The storefront includes links to search engines and shopping comparison sites to ensure widespread consumer awareness. The web sales and auctions are managed from start to finish, including payment clearance and customer services.

Clients receives a sophisticated sales report informed and funds are deposited in their account.

2. Warehousing, Packaging and despatch to customer

The products stored in the secure Royal Mail Warehouse are packed and despatched to customers on a Pay for Use basis. This allows the client to store and deliver as few or as many items as desired. Because of this, costs can be covered within the client's operational budget rather than as a capital investment.

3. UK Delivery

Items purchased by the eConsumer are delivered via Royal Mail. Royal Mail is the dominant UK delivery provider with an annual revenue of £3.3bn (\$6bn). It delivers 83 million items to

27 million addresses every day. With 70 mail centres, 1400 delivery offices, 30000 vehicles, 33000 bicycles and 170000 employees, more than 94% of items are successfully delivered on time with their next day service; the 3 day delivery service has a 99% quality service. Royal Mail's vision is "...to be demonstrably the best and most trusted postal services company in the world".

A Proven Solution

UK and international companies are already seeing the benefits of the new sales channel and a few examples are given below:

3M, a global technology company with well known brands such as Scotch and Post-It, has increased its transactions at a rate of 20% per month and is able to generate awareness and demand for new products within a month instead of the traditional 6 – 9 month cycle.

Vodafone has been able to target a whole new customer segment and is gaining an additional 2000 customers a month

Olympus has been able to scale a new sales channel.

Viking Direct, a leading international supplier of office products for home and small businesses turned their excess stock into an asset with this solution.

With the rise of eCommerce and the eConsumer averaging 20% per year, companies that do not adapt to the rapidly changing marketplace will not be able to compete effectively. This is especially true of companies that have to break into new, competitive and saturated markets internationally.

This proven one stop solution, aimed at the eConsumer, is a cost effective route to deliver, market and sell products for companies wishing to enter new international market areas and countries. With Pay for Use and a minimum set up fuss, it's low cost and high profitability allows the introduction of new products, testing the market and even the sale of end of the line products with a better financial return.

For further information on how companies can tap into new markets, please contact Richard Wishart, Director of Delivery Management by e-mail richard.wishart@del-mgt.com.