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Kathleen

‘We are aiming at the expansion of Belgian e-commerce, but of course we are also looking further.’

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2021 will be described as a strategic year in bpostgroup's history, say chairman Audrey Hanard and CEO Dirk Tirez. 'Our new strategic plan will give all employees a sustainable future.' bpostgroup's ambition is clear: to become a growth company as an e-commerce logistics player, in Belgium as well as in Europe and the United States.

Looking back on a special year for bpostgroup



‘We are building an ecosystem of e-commerce logistics services in Europe, with the ambition to become five times larger by 2026.’

Dirk Tirez,
CEO bpostgroup

‘We started an Ecozone in several Belgian cities, an area in which we deliver letters and parcels emission-free using electric vehicles.’

Audrey Hanard,
Chairman of the Board of Directors at bpostgroup

2021 will stay with Audrey Hanard and Dirk Tirez for a long time to come. Not so much because Audrey Hanard was appointed bpostgroup’s Chairperson of the Board of Directors or because Dirk Tirez took charge as CEO. It was rather because together they drew up a new strategic plan for the group’s future as a logistics services company in e-commerce. ‘An important moment in bpost’s history’, concludes Dirk Tirez. ‘Management and Board are fully aligned on a socially, ecologically and economically sustainable growth strategy.’

This strategy translates into clear ambitions. Audrey Hanard sums them up. ‘We want to transform things in Belgium, making our model future-proof and, moreover, economically and ecologically sustainable as well as socially responsible. In Europe, we will continue to expand our e-commerce logistics services and attract new customers. And in the US we want to keep growing.’

On which 2021 realizations do you look back with satisfaction?

Dirk Tirez: ‘First of all, it was important for me to restore the stakeholders’ trust and to calm things down again. In fact, we immediately set to work to determine the priorities for Belgium, Europe and the US. For me, the mother of all priorities was coping with the end-of-year peak. And it must be said, our focus enabled us to achieve good results, to which the entire group has contributed. For example, we ended 2021 with an operating profit of almost 350 million euros, an excellent result.’

We also started several leadership and development programs. In doing so, we are building a culture of empowerment. We no longer think in silos and departments, but we work together on projects and formulate joint solutions. There is simply a lot of talent in our group and we will continue to invest in it. bpostgroup must become an example of how to manage 36,000 people and how to train tomorrow’s leaders within a company in the field of sustainable business.’

Audrey Hanard: ‘I think we can look back with satisfaction on a lot of results. For example, the appointment of Dirk as CEO and the other appointments to the executive committee were crucial. We can be very proud of the talents we were able to attract.’

Another important achievement is setting up an ESG committee with a sustainability roadmap, including a number of ambitious objectives. Reduce our own emissions by 55 percent by 2030, for example. These initiatives are already translating into the first results. We started an Ecozone in several Belgian cities, an area in which we deliver letters and parcels emission-free using electric vehicles and with a dense network of pick-up points to make things easier for our customers. The aim is to roll out this model in other places as well.’

Are there any events you will specially remember?

Audrey Hanard: ‘The wave of solidarity during the floods in Belgium was astonishing. As astonishing as the way colleagues stood up for each other



Dirk

‘In Belgium we are facing a transformation. We are going to integrate letter and parcel delivery in order to be able to provide the best service to the Belgian population.’

© Frédéric Raevens



within bpostgroup. Affected colleagues immediately received shelter, food and clothes.

During the floods, bpost also fulfilled its social task, for example by allowing people who had to leave their home to register a new address quickly and free of charge. We should certainly also emphasize our postal workers' role, not only during the flood but also during the pandemic. For many people, during a lockdown, the postman or woman is the only person they see during the day, allowing them to have some kind of social contact. 2021 has, once again, pointed out to us how important bpost's social role is.'

Dirk Tirez: 'Anyone who needed some kind of service could count on bpost. Even in the most difficult circumstances, bpost is always present. Our postmen and women show great solidarity to ensure that newspapers, letters and parcels are continuously delivered. I also want to emphasize that our post offices never closed during the pandemic. We showed us as Belgium's logistics backbone. What's more, despite the many company closures and the problems in the supply chains, we were able to increase our footprint in e-commerce logistics. And not only in Belgium, but also elsewhere in Europe, for that matter.'

What have you personally invested a lot of energy in?

Audrey Hanard: 'First of all, it was important for me to get to know the company better. I went on rounds with postmen and women, and I helped out in sorting centers. With the directors, we did the important strategic exercise in the autumn. So we laid the foundation for continuing to work together in the coming years. During the exercise with the Board of Directors, for example, we especially emphasized how, as a company, we want to stand for sustainable jobs, which means that people can build their lives around bpost.'

Dirk Tirez: 'Our customers. But that doesn't require any energy. On the contrary, our customers give me energy. They are actually asking us to do even more. This applies to Belgian citizens when delivering parcels and letters as well as to major brands that want to grow. And as an e-commerce logistics player, we are in a unique position to help them. Not only in Belgium, but all over the world. Do not forget that already more than half of our turnover is generated abroad. In fact, we are a partner in our customers' growth. We are proud of their success. I have simply found that there is a huge demand for the services we can offer at bpostgroup.'

Audrey

‘As a company, we want to stand for sustainable jobs, which means that people can build their lives around bpost.’

What are 2022's major challenges?

Dirk Tirez: 'In Belgium we are facing a transformation. For example, we are going to integrate letter and parcel delivery in order to be able to provide the best service to the Belgian population. And in our support services we will save a third of the costs. The key is to explain why: our long-term strategy is to develop a sustainable future for the group. This strategy makes bpost a growth company. In 2022 we will take measures to be able to continue to grow and invest in that future.'

In Europe we are entrepreneurs. We already have 14 fulfilment centers, 8 depots for specialized deliveries in Belgium and the Netherlands and 3 hubs for international shipments, but we are still expanding our footprint. We are very active in countries such as Poland,

55%

bpostgroup aims to reduce its own CO₂ emissions by 55% by 2030.



Germany, the Netherlands and Italy. We are also making further progress in the United Kingdom. Europe is our main growth centre. We are building an ecosystem of e-commerce logistics services in Europe, with the ambition to become five times larger by 2026.

In the US, we are strategically very well positioned to provide e-commerce logistics services to major brands. This is a very forward-looking, growing market, in which we occupy a leadership position. We have succeeded in reaching a successful transformation. Now there are an incredible number of opportunities that can act as a growth engine for the group.

In short, because we are a growth company in Belgium, Europe and the US, we offer a sustainable future to all our employees.'

Audrey Hanard: 'An important challenge that I would like to mention is the creation of a level playing field in Belgium, so bpost can compete on an equal footing. We want to be a sustainable company. That is only possible if the same rules apply to everyone.'

bpostgroup wants to be a sustainable company. What exactly does it mean?

Audrey Hanard: 'Sustainability is part of how we run the business. It is not a separate program. It is integrated into the way we develop our vision.'

Dirk Tirez: 'Sustainability actually has three components. First, an economic one. bpost invests in the long term to ensure the future of the company. Second, an environmental one. We are going to invest heavily in it, including in the electrification of the fleet. And finally – and that's where we are really unique – a social one. We create sustainable employment for the low-skilled, because we believe in a future in which everyone should be able to expand their lives. In this way we are society's social elevator.'

Does the challenging environment of rising inflation and costs not thwart all those plans?

Audrey Hanard: 'The only constant is change. That is the world we live in. There were challenges last year and there will be this year as well. Today, inflation is a reality, and it affects the costs, but that applies to everyone. Above all, I am convinced that we now have a good team to tackle those challenges.'

Dirk Tirez: 'A number of market conditions such as inflation, rising energy prices, disrupted supply chains from Asia or the somewhat slower growth in e-commerce will continue to play a role. These circumstances lead to major challenges, but we always maintain our long-term vision. So we will take measures to be able to grow and invest.'

What will make you a happy woman and man at the end of the year?

Audrey Hanard: 'To achieve our goals in a sustainable way, responsible for people and the environment. Then we will have taken a huge step, because then the foundation has been laid for the coming years.'

Dirk Tirez: 'When our people say they get meaning from their work for bpost, I will be happy.'

**→ The panel****Daphne Smit**, CFO Coolblue**Roel Gevaers**, e-commerce professor at Antwerp University**Kathleen Van Beveren**, CEO e-Logistics Eurasia bpostgroup

'E-commerce growth is far from reaching its peak'

Which direction is e-commerce heading ? And how are key players evolving? Our panel members examine the most striking trends and explain how they respond to and anticipate them. 'An optimal service starts with perfectly understanding and accurately responding to the customers' needs and requirements.'

How has e-commerce evolved in recent years: what are the most important findings for Coolblue?

Daphne Smit (CFO Coolblue): 'Basically, we have seen a clear shift in customer behaviour, from offline to online, for several years now. The e-commerce market is growing all over the world, including in Belgium, the Netherlands and Germany, the three countries we focus on. Customer confidence is also growing. In the early days of online shopping, people were sometimes surprised when their order was actually delivered the next day. Today they expect fast service: at Coolblue, customers ordering before 11.59 pm receive their products at home the next day. In doing so, we also make things easier for our customers.'



Roel Gevaers (e-commerce professor at Antwerp University): 'In 2007, with my PhD, I was the only Belgian researcher who focused full-time on the so-called last mile linked to e-commerce. Today, when I tell my students about the times without online purchases, they are surprised. However, distance shopping is not new. 3 SUISES has been around for decades, only the services are different now. I dare say that Zalando is the 3 SUISES of the past, with a contemporary IT touch.'

What impact did corona have on online sales?

Kathleen Van Beveren (CEO e-Logistics Eurasia bpostgroup): 'The pandemic has further stimulated e-commerce growth.'

Many smaller shops and local traders have also found their way to e-commerce and that is not going to change. We simply cannot imagine a retailer without online activities anymore. Any merchant who does not bank on it, shoots himself in the foot.'

Roel Gevaers: 'Two to three years ago, Belgium lagged behind the Netherlands in terms of e-commerce use and parcel volumes. Since the corona pandemic we are now catching up. In fact, e-commerce growth rates during the lockdowns were often higher in Belgium than in



the Netherlands. Often also for unusual products and large items such as barbecues, garden furniture, trampolines: all items that Belgian consumers used to buy much less online.'

Daphne Smit: 'During the lockdowns, many people were forced to shop online. During that period, for example, we sold a lot of electronics to facilitate working at home, such as laptops, webcams and keyboards. And also training equipment to keep fit, such as sports watches, or devices to keep households running, such as bread makers and dishwashers. When the physical stores were allowed to open again, online sales continued. There is a structural change in customer behaviour.'

Corona has accelerated e-commerce, but the pandemic has also disrupted distribution and supply chains worldwide: what is the balance?

Daphne Smit: 'Everyone has become more aware of the existence of the underlying supply chain for products, and from which regions, countries and continents they come. Of course, certain shortages have also arisen worldwide, such as microchips for example. This slows down the production of cars, laptops, game consoles and other product groups. But so far, this temporary trend has in no way disrupted or slowed down e-commerce growth.'

Kathleen Van Beveren: 'The shipments – often with cheap products – from Asia have plummeted, because today containers from that region have become seven times more expensive. But also because since 1 July 2021 the VAT exemption has disappeared for the import of goods with a value below 22 euros. This means that consumers also have to pay VAT on all imported goods. The once cheaper parcels from China are significantly more expensive and now compete more strongly in price-quality with local products.'

Will e-commerce continue to grow in the coming years or has it almost reached its peak?

Kathleen Van Beveren: 'Belgians today make 15 percent of all their purchases online. In the Netherlands this is around 18 percent. There is still room for growth: in the US and China, for example, it is around 24 percent. In a country like France – today good for an average of 9 percent online purchases – e-commerce will continue to develop strongly. So bpost also expects that growth to continue in the coming years. There may be a stabilization or a minor setback, due to the geopolitical situation and inflation, but we continue to expect growth in the long run.'

Daphne Smit: 'We also think that we have not reached the peak yet: e-commerce will continue to increase in the coming years. European countries and regions will grow closer together. The differences between, say, Flanders, where today more people buy online than in Wallonia, will probably narrow. What also sets e-commerce apart in Belgium and the Netherlands is the density of the population. We



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Kathleen

'In the Netherlands specialized online shops for just about every conceivable product already exist.'

are countries, but also densely populated metropolises: this is ideal for e-commerce, because parcels can reach everyone quickly and easily. Ordered today, delivered tomorrow is perfectly possible in our countries.'

Roel Gevaers: 'Depending on the product group, e-commerce will absolutely continue to grow. In the food and fresh segment, for example, a lot of market growth is still possible, as well as in specific other niches. It is true that those lockdown growth percentages of sometimes more than 200 to 300 percent, are a thing of the past.'

How did online shopper behaviour and expectations change in recent years? And what is most important to the customer?

Roel

‘E-commerce will absolutely continue to grow. However, those lockdown growth percentages of sometimes more than 200 percent, are a thing of the past.’



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Roel Gevaers: ‘Today it is the consumer who chooses where, how and when he wants to buy and receive products. If online shop A cannot offer the product, a few clicks later it can be found at online shop B. The same applies to the logistics service provider. If parcel company A is unable to provide the correct service, the consumer will quickly switch to parcel company B. Online sales therefore put pressure on local merchants and on parcel companies and couriers. The consumer is in the driver’s seat. On the other hand, I still notice a lot of uniformity in parcel prices and services. As an economist, I find the fact that delivering a parcel in Antwerp or Brussels costs as much as delivering a parcel in the middle of the woods. And the fact that the consumer in that forest can receive it the next day at that price is even more remarkable. In other continents this is much less common and there are a lot more different service and choice options, at different prices.’

Daphne Smit: ‘We are a customer travel agency, and we offer people both online and offline options through our physical stores. The integration of e-commerce and stores is becoming increasingly important for customers. For some products, just seeing them on a screen and then ordering them is sufficient, while for other products - such as televisions and coffee machines - customers prefer to see, experience and try them out live. They often want to be able to ask their questions to a specialist, just like it happens in our stores. That is why we will continue to expand the number of physical stores in Belgium in the coming years.’

Kathleen Van Beveren: ‘bpost also sticks to the combination of the digital with the physical. We understand that customers also want to be guided in their purchasing choices with digital purchases. In the past, websites only had images of products. Today, there are also human and automated chatboxes that customers can turn to for advice. Within the cosmetics market, for example, there are tools available to analyse the skin type of customers via webcam. These are all solutions enabling online shops to create a more personal service and diversify their product range. People also expect the same high level of service after sales, with smooth return options and support in case of problems.’

Does the future belong to the large e-commerce players or will smaller, more specialized or local online shops become more important?

Kathleen Van Beveren: ‘We expect further progress from both. The major players are still gaining market share, but there is also an important market for niche players. In the Netherlands, for example, specialized online shops for just about every conceivable product already exist: from wood planks, over flowers to knitting needles. They often offer a unique range that you will find almost nowhere else. Their sales volumes may be smaller, but smaller players can also claim their place in the market.’

Daphne Smit: ‘Larger players can indeed reach a much larger audience, have more financial strength and can invest more intensively. But local players can offer a great customer experience in a smaller geographical playing field. A local washing machine dealer may not have such a nice online check-out as Coolblue, with a time slot for delivery and a route planner, but he may have an equally personal relationship with his customers, because he calls them, for example.’

Roel Gevaers: ‘This is where the power of large numbers and the power of volumes play a role. To think that small local players can be cheaper than large multinationals is utopic. But offering different and better services is something that small players can achieve.’

What role do service providers play in the e-commerce chain? Will online shops more often outsource these activities to companies such as bpostgroup or rather take them into their own hands?

Daphne

‘Basically, we have seen a clear shift in customer behaviour, from offline to online, for several years now. The e-commerce market is growing all over the world.’

Kathleen Van Beveren: ‘Our specialisation is why clients choose for us. We have many years of logistics experience and know-how that many companies do not have. Fast-growing companies often want to focus on their core business and their growth, and prefer to completely outsource logistics. Others, on the other hand, prefer to do their logistics or part of it themselves. The quality of logistics processes in e-commerce is directly linked to customer satisfaction and trust. A correct and on time delivery has a direct influence on the image of a company, and how customers view it.’

Daphne Smit: ‘Every step in the logistics chain is indeed important. We do a lot ourselves, also in areas other than logistics. For example, we have our own customer service in Belgium, where both Dutch and French-speaking people work. We do not outsource our customer service because we want to keep the feedback loop with the customer as short as possible, to better understand the customer and offer faster support. We learn a lot from it.’

Roel Gevaers: ‘Large multinationals strongly believe in price negotiations. Some large companies are looking at possibilities to supply certain volumes themselves – or through joint ventures – and use this as leverage to force better prices from parcel companies. That is a clear international trend. Amazon does it through several avenues. Bol.com took a stake in a bicycle courier and will install Budbee lockers in its own Ahold stores. Budbee in turn has shareholders such as H&M, and is also linked to Zalando through a structure. And so forth.’

Technology and innovation are two important e-commerce drivers. Does the initiative lie with the traders or with the logistics service providers?

Daphne Smit: ‘All players in the e-commerce market can bet on this. Of course, innovation for the sake of innovation offers little added value. First of all, technology has to add something extra. Coolblue, for example, has a valuable tool within the television customer journey. Customers can discover what a particular device looks like in their room via an



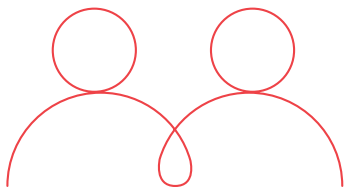
augmented reality application on their smartphone. This way they can order a TV that fits perfectly in terms of both looks and dimensions. This not only increases customer satisfaction, because people make the right choices for themselves, it also works more efficiently for us as the percentage of returns is smaller, which, in turn, makes logistics more sustainable.’

Roel Gevaers: ‘They both have to act. All parties in the chain must innovate and take initiatives themselves. And, in Europe, that is often where the shoe pinches as we often tend to look at each other and wait for another party to take the initiative. In the end, the boys and girls from Silicon Valley and Asia win the lion’s share, and build massive ecosystems. Everyone in the chain has to think along and not just wait for each other.’

Kathleen Van Beveren: ‘bpostgroup is also fully committed to innovation. Whether it concerns automated sorting processes, robotized steps within the logistics flow to last-mile deliveries with electric vehicles and ecological solutions such as parcel lockers: we focus on smart technology in our entire operation, across all departments.’

bpostgroup is Belgium’s leading postal operator and a partner for parcel delivery and e-commerce logistics in Europe, North America and Asia. It connects consumers, businesses and governments by delivering mail and parcels to millions of doorsteps and by providing logistics services for e-commerce. This translates in numbers as follows:

bpostgroup in numbers

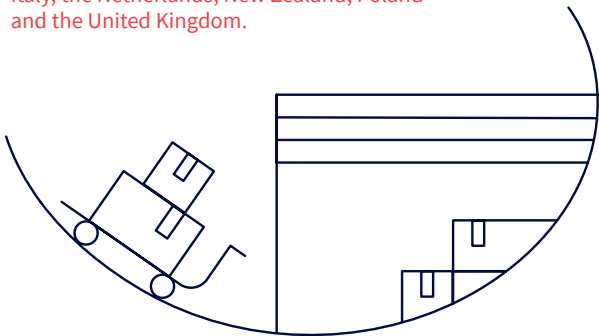


36,000

bpostgroup has 36,000 employees worldwide, representing more than 130 nationalities. 75 percent of all employees work in Belgium.

45

bpostgroup has 45 fulfilment centres worldwide, spread over various subsidiaries, where e-commerce orders are prepared and shipped. Most are in the United States, but also in Australia, Belgium, Canada, Germany, Italy, the Netherlands, New Zealand, Poland and the United Kingdom.



bpostgroup is active in 220 countries where it - itself or through local partners - offers its customers delivery services to the end consumer.

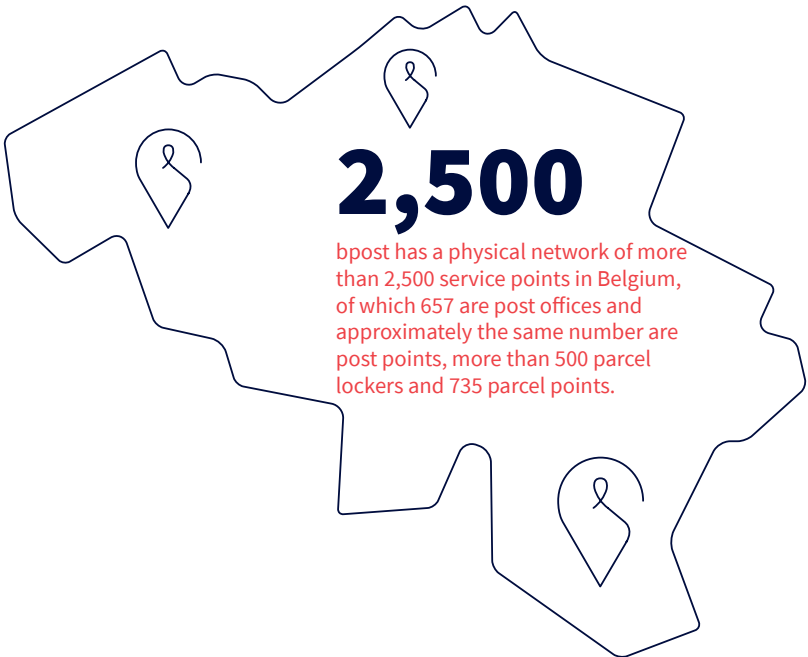
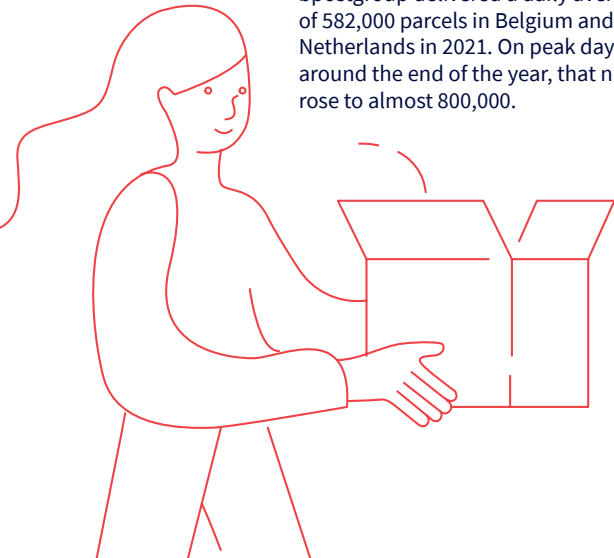


5,740,000

bpost delivered an average of 5.74 million letters per day in Belgium in 2021.

582,000

bpostgroup delivered a daily average of 582,000 parcels in Belgium and the Netherlands in 2021. On peak days around the end of the year, that number rose to almost 800,000.



bpost has a physical network of more than 2,500 service points in Belgium, of which 657 are post offices and approximately the same number are post points, more than 500 parcel lockers and 735 parcel points.



'Our greatest added value? A fully integrated solution!'

E-commerce is thriving and has experienced unprecedented growth in the last two years. At bpostgroup, this translates into a strong expansion of supporting logistics activities. Both in breadth and in depth, emphasize Kathleen Van Beveren, CEO e-Logistics Eurasia, and Bram Blondé, VP Strategic Development.

What are your e-commerce logistics' ambitions?

Kathleen Van Beveren: 'E-commerce has grown more than ten percent per year in recent years; our own fulfilment ambitions are even higher. We aim to fivefold increase our current turnover in Europe by 2026 through organic growth combined with targeted acquisitions. Radial Europe and Active Ants are our two brands providing fulfilment services. At the end of 2020 we already opened a new site for Active Ants in Roosendaal, the Netherlands. Two more were added in 2021: in Willebroek (Belgium) and in Dorsten (Germany). This year we are also planning an opening in the UK. We already have sites for Radial in the Netherlands, Belgium, Germany, the United Kingdom, Poland and Italy. We are also working on a major expansion and automation in Warsaw and Groningen.'

What do these different brands have to offer?

Kathleen Van Beveren: 'With Active Ants we mainly target SMEs. We offer them a plug-and-play solution, allowing us to take over or set up their logistics activities in one week. These logistics processes are fully automated and standardized. Radial, on the other hand, mainly offers a





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‘Online shops must be able to fully rely on our logistics services, otherwise consumer confidence in the online shop may also suffer.’

Bram Blondé,
VP Strategic Development

‘Our plug-and-play solution allows us to organize the logistics for an online shop within a week.’

Kathleen Van Beveren,
CEO e-Logistics Eurasia



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‘We can take care of all logistics activities tailored to each online shop.’

Bram Blondé,
VP Strategic Development

logistics solution for larger clients, with a set-up and automation adapted to their needs.’

Bram Blondé: ‘Radial targets clients who already have a longer experience in e-commerce and are in need of solutions outside the box. Based on an in-depth analysis of our client’s needs, we develop a tailor-made warehouse and customized processes. The IT system is also custom configured enabling customers to follow the entire order process - from order to delivery - online. In addition, we offer logistics services to create additional added value. Think of fancy packaging or personalized products, a trend in logistics definitely gaining in importance.’

bpostgroup can therefore offer a total solution for the logistics part of e-commerce?

Bram Blondé: ‘Indeed. We can offer all logistics activities tailored to each online shop, ranging from the storage of goods and the preparation of each order, up to and including delivery to the end consumer. In Belgium and partly in the Netherlands we deliver ourselves; in other countries we collaborate with logistics partners. Important and unique is the full integration of that process and the transparency we offer: on the one hand with the online shop itself, on the other with the consumer.’

Is that integration your main added value?

Bram Blondé: ‘The entire logistical process in e-commerce is based on a fast and correct exchange of information and on high-performance IT. In addition, quality of service is also very

‘Clients who outsource their logistics also outsource the entire quality management, except for the actual product.’

Kathleen Van Beveren,
CEO e-Logistics Eurasia

important. If I order something at home, and if I do not receive that order on time or if I receive something wrong, then I have a negative experience as a customer. Online shops must therefore be able to fully rely on our logistics services, otherwise consumer confidence in the online shop may also suffer. In this area, bpostgroup obviously has a strong lead: we have had direct contact with consumers since two hundred years.’

Can bpostgroup clients also count on this integrated service during the fulfilment process outside Belgium?

Bram Blondé: ‘Yes. We are already active in six European countries with Radial and Active Ants: Belgium, the Netherlands, Germany, Poland, Italy and the UK. We can deliver very efficiently in

those countries, but also in other markets, in part thanks to our very extensive network of integrated partners and carriers. So, the online shop does not have to look for other carriers for the delivery of a parcel in a specific country. The same goes for returns, by the way.

We can also support clients simply and efficiently in their international expansion. At Active Ants we work with an identical solution in every country, which means that all processes and IT systems are similar. At Radial we can also take care of the client's international logistics activities based on a single IT integration and with a similar experience. Few other companies can do that.'

You have invested heavily in new logistics centers. Can that be regarded as organic growth?

Kathleen Van Beveren: 'Compared to a few years ago, this is a completely new activity for us. Back then, bpostgroup was almost exclusively focused on the so-called last mile delivery, mainly within Belgium. Since 2017, bpostgroup has started investing in e-commerce fulfilment activities. The current exponential growth of e-commerce also allows us to grow organically within those fulfilment activities. In addition, constant - and targeted - diversification, as well as the search for as much added value as possible for the client, are important topics for us. Actually, clients who outsource their logistics also outsource the entire quality management, except for the actual product.'

What do you rely on to determine locations for new e-commerce logistics centers?

Kathleen Van Beveren: 'As a Belgian company, we naturally aim to support and further expand Belgian e-commerce, but we also look a lot further. We focus on markets that still have strong growth potential and where we prefer to be present, such as Germany, the Netherlands and Poland. At the same time, we are also trying to expand in those markets where we already have a firm foothold, because we can scale up quickly and guarantee very good quality immediately. Where necessary, we also follow our clients. If, for example, a large Dutch client wants to expand to the Czech Republic, we will help him in his effort.'

In which e-commerce domains is there still growth?

Kathleen Van Beveren: 'There are still various growth areas. For example, we see strong growth in the 'do it yourself' and the 'over the counter pharma', like the cosmetics sector. In addition, the market is also growing in breadth, because both the younger generations, who grew up with e-commerce, and the older generations, who discovered e-commerce during the Covid lockdowns, will make up an increasingly larger part of the market. Moreover, the online shops themselves respond better to their customers purchasing behaviour through personal marketing.'

Bram Blondé: 'We mainly start from already in-house or purchased competences. A not unimportant asset is the worldwide postal network and the extensive knowledge of, for example, international shipments that a company such as bpostgroup can rely on. We link the more commercial services to the postal system. When we send a parcel from Belgium to the US, different service providers are involved and it is of course very useful if we can fall back on existing agreements. This is also one of bpostgroup's important strongpoints: when clients grow, we can grow with them throughout the entire chain and on the various markets.'



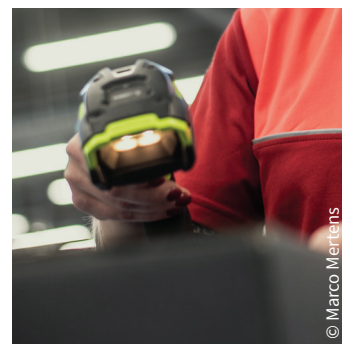
➤ Dynalogic, when you require something more

With DynaGroup, bpostgroup focuses on specialized logistics in Belgium and the Netherlands. 'For example, the delivery of a washing machine to someone's home, after which we also install it and take the old one back with us', says Kathleen Van Beveren. 'We are also diversifying our services further into the storage and delivery of refrigerated and frozen products. We do this under the brand name of Leen Menken. With this specific niche, we are mainly targeting new ecosystems in the food sector and the restaurants. We will soon be opening a new site in Zoetermeer for this purpose.' Bram Blondé continues. 'With Dynahealth, a new part of DynaGroup, we also benefit from the strong growth in home healthcare: from the supply and installation of a highly specialized bed for palliative care to the delivery and installation of medical equipment. In addition to delivery and installation, we also have a lot of know-how to carry out future repairs for this type of goods. And in our own training centre we train employees for this specialized service.'



'We can distinguish ourselves by the quality of our services'

They are bpost's representatives extraordinaire. Their tasks may have changed drastically in recent years, but the social aspect as well as a high-quality service remain the common thread in their work. 'Every day, I talk to customers who show their satisfaction about the fact that we do not just throw their parcels in front of the door.'



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➔ The panel (from left to right)

Francis Antoine, 26 years of experience as a postman in Forest

Jordy Zola, field team project officer in Brussels

Mira Henno, 2 years working as a postman in Ixelles

Marie Lemaître, co-founder and specialist internal communication at ECHO communication agency

How could the role of a postman in 2022 be described, and has it changed in recent years, for example due to the emergence of new technology?

Francis Antoine: 'When I started working as a postman over twenty years ago, there was a lot more letter mail and our daily rounds were a lot shorter. The postman's social role was also much more important at the time: customers were demanding more social contact and we had the time to chat here and there. Today the workload is higher, and the younger generations apparently have less need for a chat with the postman.'

Mira Henno: 'I do have the feeling that this social role remains important and is also appreciated. The conclusion is that the nature of the work has changed a lot; think of the exponential increase in parcels and registered mail. As a result, the postman has less time to take on that social

role. In the past, postmen only delivered the letters, the parcels came separately. Today, my colleagues and I have gradually become a kind of delivery service.'

Jordy Zola: 'Because there are fewer letters and more parcels, we also have to adapt the rounds. In addition, we want to offer our customers the best possible service: thanks to new options such as Sign for me, they no longer need to be at home to receive a registered mail. The same goes for parcels: our customers can choose to have them delivered in a safe place or dropped off at their neighbours. As a result, the number of direct contacts is decreasing and the role of the postman has evolved along the way.'

But the customer itself has also evolved. Does he seek less contact with the postman?

Francis Antoine: Indeed, although people are at home more often these days, they are usually working and therefore have less time for the postman. To be honest, I do miss that social contact. It was one of the aspects of the profession that particularly appealed to me.'

Mira Henno: 'The generation gap is particularly striking: the older generation still appreciates that chat with the postman, younger people have less need for it. Although I am still quite young, I think that is a regrettable evolution.'

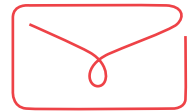
How will the profession evolve further?

Mira Henno: 'Automation will undoubtedly continue. In addition, the share of letter post will continue to decline, so postmen will gradually become real parcel deliverers. I regret that. Today we are still responsible for the entire process of a letter or a parcel: before starting the actual delivery, we do the preparatory work ourselves. It is precisely this variety that I find fascinating.'

Francis Antoine: 'I too have seen a sharp decline of the number of letters in recent years. In the long run, we will therefore have to compete with companies that only distribute parcels, whereby efficiency, speed and price are the main indicators. At the same time, I also see an opportunity for bpost: we can distinguish ourselves through the quality of our service. Every day, I talk to customers who show their satisfaction about the fact that we do not just throw their parcels in front of the door. That qualitative aspect is therefore important.'

bpost as a company that delivers quality and thus distinguishes itself from the competition. Does it offer perspective?

Jordy Zola: 'Absolutely, my colleagues are citing an important aspect. Just about all the major courier companies in this country are in



Jordy

'There is no boss who constantly keeps an eye on things and the postmen organize their day the way they want.'



Mira

'Postmen are well aware that they can make a difference and that their efforts are appreciated by the customer.'



Marie

'It starts with pride. Postmen are well aware that they can make a difference.'

the process of reorganizing themselves to accommodate the growth of e-commerce. In addition, customers are increasingly able to choose their own supplier when ordering a parcel. If we can guarantee customers a positive experience throughout the entire delivery process, there is a good chance that they will systematically choose bpost, even if our prices are slightly higher. Quality becomes a real spearhead for this company. Our environmental efforts also help us to make a difference. For example, we are now experimenting with Ecozones, and we are systematically greening our vehicle fleet. Here, too, there are opportunities to gradually reverse the current, rather negative perception of e-commerce.'

Mira Henno: 'I am convinced that we already have an advantage over the competition in that area. The fact that, during our round, our customers can give us parcels they need to send clearly illustrates the sustainable role we can play.'

Whether they deliver letters or parcels, the postmen are and will remain bpost's representatives extraordinaire.

How can the company ensure that they can fully take on that ambassadors role while also continuing to deliver quality?

Marie Lemaître: 'It starts with pride, and you can clearly hear that here today. Postmen themselves are well aware that they can make a difference and that their efforts are appreciated by the customer. Apart from that, it is important for a company to put together - at every level - a core team of ambassadors assigned to keep everyone within the company on board, including the sceptics. It is therefore extremely important that the management informs everyone about the company's course of business and keeps everyone involved as much as possible.'

Francis Antoine: 'I have the feeling that the management is well aware of it. When I started working here, we were supposed to be doing our job, and that was it. The whole system was also stricter and more hierarchical: an office manager then behaved more or less like an army sergeant (laughs). Today, as postmen, we can, for example, call on a confidential adviser who is responsible for the staff's well-being. bpost indeed takes care of its employees, making them more likely to behave as ambassadors.'

Jordy Zola: 'Nowadays, new postmen receive a three-day training course, which also pays a lot of attention to this ambassador's role. What exactly do they stand for, what is expected of them as the 'face' of the company? Newcomers are initially somewhat surprised that we focus so heavily on it, but in the long run it pays off.'

Making every employee an ambassador is of course also a double-edged sword. To what extent does a postman remain an ambassador outside working hours, for example if he posts something on social media?

Marie Lemaître: 'It is a difficult balance, because to what extent can we still completely separate work and private life today? Regardless of what they may post on social media, people are associated with the company they work for anyway. Even if they are not explicitly used as ambassadors. In my view, therefore, a company does not have much to lose when it emphatically plays out employees as ambassadors. Although everyone should realize that every statement or photo in 2022 can quickly take on a life of its own.'

For years now bpost is looking for additional postmen, and that search is not always smooth sailing. How can we make candidates interested in this profession today?

Francis Antoine: 'We have to be honest: wages play a key role in this matter, and today bpost got the message. Until a few years ago, the starting wage was barely higher than the average unemployment benefits, which of course made it difficult to motivate candidates to get up early



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and do their rounds through all kinds of weather. Today we are talking about a decent starting salary, supplemented with meal vouchers and an end-of-year bonus.'

Mira Henno: 'I think we should also continue to emphasize the social aspect of this work – and its charm. In any case, a postman plays an important social role, just like a police officer or a bus driver. And that also gives you a lot of job satisfaction; it does not hurt to emphasize this. Moreover, it is anything but a boring or monotonous profession: the range of tasks is extremely varied.'

Jordy Zola: 'That is absolutely right. During the training we often hear: 'I did not know that a postman did all this too.' This concerns, for example, the payment of pensions; many young candidates simply do not know that this is still part of the postman's duties. But I see another aspect that many people attach importance to: the great freedom that postal workers enjoy. There is no boss who constantly keeps an eye on things and the postmen organize their day the way they want. So they are largely their own boss.'

Marie Lemaître: 'I think it is also important for a company to present the employees with the bigger picture: what do they contribute to, how important is their role? On the one hand, postmen effectively enjoy a lot of personal freedom, on the other hand they are part of that gigantic team of 36,000 people. That sense of involvement, coupled with the respect they receive within the company, can automatically make them grow in their role as ambassadors.'

If you could brazenly advertise your job, what positive aspects would you emphasize?

Mira Henno: 'In addition to the social aspect mentioned earlier, there is certainly also the job security. When you work well, you should not worry about the future.'

Francis

'Novice postmen receive a decent starting wage, supplemented with meal vouchers and an end-of-year bonus.'

Jordy Zola: 'Today, quite a few colleagues are still somewhat concerned about the impact of advancing automation within this company. Personally, I'm not afraid of it. The automation will above all make the work lighter and easier. After all, it is precisely the employees, i.e. the people, who make the difference at bpost. Today any company can transport a parcel, but we can fall back on our very extensive network and on the service and expertise associated with it. This is also reflected in the company's personnel policy: the employees are the main focus and are being helped as much as possible through all kinds of training programs. Moreover, I know very few companies where you are offered so many career opportunities. Even people without a secondary education diploma are given full opportunities.'

Francis Antoine: 'If you have a somewhat social attitude and you like to spend a lot of time outside – in good and bad weather – this is the place for you. I have been doing this for 25 years now, and it strikes me how little I get ill compared to people who sit inside all day. This is physical work, but it also benefits your health.'

Since March 2022, bpost is bundling deliveries of seven major companies on the outskirts of Antwerp before delivering them to the city centre via green transport. 'It is a smart way to keep inner-city transport liveable,' says initiator Alex Van Breedam of Tri-Vizor.

Bundling deliveries first, then distributing them in the city

According to the World Economic Forum, by 2030, inner-city deliveries will increase by 78 percent. Much of this is due to e-commerce growth. 'It is therefore important to approach deliveries even more efficiently and environmentally friendly,' says Kris De Schepper, VP Sales and in charge of city logistics at bpost. This is the main reason why bpost has operationally joined the CULT initiative, Collaborative Urban Logistics & Transport.

'We aim to gather as many goods as possible on the outskirts of the city, in order to distribute them in the centre in a cost-efficient and sustainable way,' explains Alex Van Breedam, who, as CEO at Tri-Vizor, was one of CULT's founders. Seven large companies, including Delhaize, Telenet, Schoenen Torfs, Danone and Jacobs Douwe Egberts, are convinced of this approach. Since the beginning of this year they are bundling their orders and deliveries to shops and private individuals in Antwerp.

Efficient and sustainable

'Our sorting centre at the Noorderlaan became a city hub,' says De Schepper. 'We distribute the orders within the area bordered by the ring road using green transport like electric vans as well as cargo bicycles for parcels, and small trucks on biofuel for pallets.' It already means 25 percent less kilometres driven and 90 percent less CO₂ emissions each day. When the technology is ready, the pallet deliveries will also be fully electric.

'Five deliveries per street is more sustainable and efficient than one delivery every five streets.'

Alex Van Breedam,
CEO Tri-Vizor



'Five deliveries per street is much more sustainable and efficient than one delivery every five streets,' emphasizes Van Breedam. 'It also means less vehicles and less trips.' As an independent orchestrator, Tri-Vizor has set up a framework allowing companies and retailers to get on board quickly and easily. 'In our cooperative ecosystem, companies can work together transparently and fully in line with existing regulations in a sustainable and open way.'

A green future

The pilot phase in Antwerp is a great success. That is why there is already some serious reflection about scaling up to more companies and other cities. 'The next city will probably be Brussels,' says Van Breedam.

bpostgroup facilitates fair competition for European web shops

In the middle of last year, Europe abolished the VAT exemption for goods from outside the European Union of 22 euros or less. 'It often concerns products from Chinese web shops, usually low value small objects that postmen can just drop in the letterbox', say Jan Van Roey and Peter Smet. 'The new rule had enormous practical consequences. We had and have the important task of raising consumer awareness about it.'



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'We have to scan all parcels individually, check the contents and calculate the VAT. This obviously requires an enormous logistical and administrative investment.'

Peter Smet,
Landmark Global

➔ Parcels from outside the European Union

- Daily between 5,000 and 10,000 shipments
- Half of that goes through IOSS
- About three quarters of the non-IOSS shipments are paid, the rest is refused or not paid
- Total shipments (IOSS and non-IOSS paid) in January: 111,000

‘If the shopping cart of the non-European web shop indicates that VAT is included, the buyer is safe.’

Jan Van Roey,
Landmark Global

The rise of e-commerce has been an undeniable trend for years and the corona pandemic has only accelerated it. This has not gone unnoticed in Europe. ‘From now on - and in order to give European companies the opportunity to fight with equal arms - companies from outside the EU must also pay VAT on goods costing 22 euros or less,’ explains Jan Van Roey, Sr. Vice President of Landmark Global, one of bpostgroup’s international subsidiaries. ‘In concrete terms, since the first of July, VAT and possible import costs must be paid on all goods from non-EU web shops. By the way, not only on parcels delivered via bpostgroup, but also by other couriers and in other EU member states.’

‘Sellers from outside the EU no longer have a competitive advantage. On the other hand, from now on, online purchases are more expensive, as extra VAT and clearance costs have to be paid to cover the customs or courier services’ expenses to handle the new formalities,’ adds Peter Smet, Sr. Director Trade Services Europe, also at Landmark Global. ‘Fortunately, the European government facilitated some simplifications, the main one being the Import One-Stop Shop or IOSS.’

Extra costs for delivery

The IOSS one-stop system allows non-European web shops to register in one of the 27 EU member states, so they can charge VAT in advance in their web shop. ‘Most major web shops such as Amazon, AliExpress, E-bay and Wish have already registered. Such a registered web shop is easy to recognize: if the shopping cart indicates that VAT is included, the buyer is safe and does not have to pay any import costs, nor any other additional costs for customs formalities and VAT. Moreover, you no longer have to wait for your parcel,’ says Van Roey. ‘But, please note that you will still have to pay import costs for goods that are worth more than 150 euros, because you cannot pay them via the web shop.’

‘Unfortunately, many, especially smaller web shops, mostly from China, have not registered with IOSS,’ Smet continues. ‘As a postal company, we then have to collect the VAT and possibly the import costs from the addressee and then transfer it to the Belgian State. Of course we try to make this as simple as possible for the customer. We facilitate the payment process by informing the buyer via e-mail, SMS, a notification in the My bpost app or a letter with an invitation to pay. Payment can be done safely via our app or website. And once we have received the payment, the parcel will be delivered.’

A logistical and administrative investment

A concrete example. You buy a new case for your smartphone in a small Chinese web shop. If it is registered with IOSS, you immediately pay the VAT, the cover will be sent and it will arrive in your letterbox as usual. ‘If the web shop is not registered, that parcel will end up with us, as we have to scan all parcels individually, check the content and if information is missing, we have to request it from the seller or the buyer, and calculate the VAT. The parcel remains with us until the addressee has made the payment. This obviously requires an enormous logistical and administrative investment. The IT is done automatically, the processing is still semi-automatic. The entire investment costs us 3 million euros,’ says Smet.

In the meantime, it has become apparent that the most important international web shops – including those from the United Kingdom – are IOSS registered. ‘Currently, the ratio between IOSS and non-IOSS shipments is 50/50. So for half of the incoming shipments, we have to perform a lot of extra actions. Those costs are paid by the customer, who also has to wait a little longer for his parcel,’ continues Van Roey. ‘About 75 percent of our customers understand the extra costs and pay them on time. Of the remaining quarter, the vast majority did not know that they had to pay those extra costs. Some do not respond and then we have to send the parcel back to the sender. Since the introduction of the new regulations, we have had to return 5 to 10% more parcels. That is why we are of course committed to raising customer awareness.’

'Our large physical retail network is a unique asset in the market'

bpost's Belgian retail network, including post offices, parcel lockers and post points, is and will remain a fixed value for customers and employees in the coming years. Jan Smets clarifies its societal role, its ambitions and its future.



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➤ bpost's retail network consists of...

- 657 post offices
- 650 post points
- +500 parcel lockers
- 735 parcel points

More than 30 million transactions were realized in post offices last year.

In our rapidly changing world, banks and other service providers are continuously downsizing their branch network, switching to digital services. Although those are also becoming increasingly more important for bpost, the company continues to consciously focus on its physical retail network.

Why is bpost maintaining this strong physical presence?

Jan Smets, Director Retail and Customer Care at bpost: 'Because that is precisely what makes us unique and strong on the market. We have more than 2,500 physical points where everyone can be attended to. This makes bpost the most accessible and most widely distributed network in Belgium for mail and other services, with a key focus on post offices. Our management contract - the commitment with the Belgian State - guarantees that in the coming years there will still be a physical post office in each of the 589 Belgian municipalities. The fact that we made our post offices available as collection points for Ukraine relief goods, once again proves their societal importance, already demonstrated during the Covid-19 period. Moreover, our network includes 650 post points, hundreds of parcel lockers and more than 700 parcel points.'

bpost wants to further expand the Pick Up & Drop Off points (PUDO) – where customers pick up or submit their shipments themselves. What is the strategy behind this?

Jan Smets: 'The corona pandemic accelerated online shopping. On the one hand, customers want the freedom to collect or return their

parcels whenever it suits them. On the other hand, full home delivery services of all orders is not a sustainable solution. Several cities abroad are already taking initiatives to reduce non-ecological home deliveries. We also foresee a partial shift to PUDO points in Belgium in the coming years.'

Are you also making the shift from a postal company to an e-commerce company?

Jan Smets: 'When it comes to online purchases, we are indeed often at the beginning as well as at the end of the logistics chain: from acceptance to customer delivery. But our vision and our mission go much further and fit in a broader context. Thanks to our network, we remain the human face in an increasingly digital society. The fact that we are present all over the country, with our post offices and reliable staff, also opens up new forms of services in that regard.'

'Thanks to our retail network, we remain the human face in an increasingly digital society.'

Jan Smets,
Director Retail and Customer Care at bpost

Do you mean banking services? Because how will they evolve now that BNP Paribas Fortis has taken those over?

Jan Smets: 'Our post offices will continue to offer banking services for the next seven years, first for bpost bank, then for BNP Paribas Fortis. We signed an exclusivity contract with BNP Paribas Fortis for selling products. At the same time, and because it is possible and allowed, we are looking at which services we can also provide for other banks via our post offices, such as cash transactions or administrative counter transactions. Because it means providing an important societal added value, for example for customers who do not have the option or the desire to bank digitally. We can offer them a solution, with human contact and physically very close.'

Are there any other ways bpost wants to reduce the digital gap among citizens?

Jan Smets: 'Our agreement with the NMBS, for example, offers such an opportunity. At locations where the rail ticket office disappears, we can help people in our post offices to submit a dossier - under certain conditions - allowing them to obtain an advantageous train subscription. A pilot project is actually conducted for that. We recently had another pilot project in Charleroi, where an employee guided people through digital tasks, such as installing itsme on a smartphone.'

What impact does this have on the offices itself and the way in which they are furnished and organized?

Jan Smets: 'Many activities are categorized as counter transactions, communication or advice and could also take place in a post office. But we will only consider expanding our services and installing additional infrastructure if added value can be realized according to our operational model or our company's DNA. On the other hand, our offices are also evolving at lightning speed behind the scenes. Today we are investing heavily in new counter technology; this allows our people to work even more efficiently and to serve our customers even better.'



➤ **The panel (From top to bottom)**

Paul Vanwambeke, director Urban Logistics at bpostgroup

Heleen Buldeo Rai, expert in city logistics and e-commerce, author of 'Duurzaam online shoppen, praktijkgids voor e-commerce van morgen' (Sustainable online shopping, practical guide for tomorrow's e-commerce) and postdoctoral researcher at the Université Gustave Eiffel

Tanguy Baiwir, assistant at the Liege University's management school HEC École de Gestion - Logistics Department

About custom boxes, smart data and environmentally friendly transport

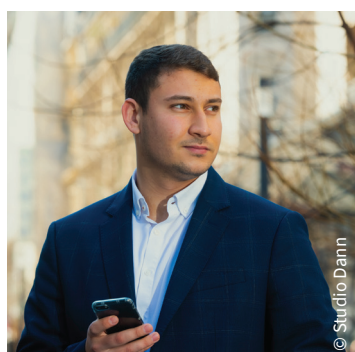
The postal companies' ecological footprint is undeniable, especially after the spectacular increase in e-commerce. There is definitely a growing demand for innovative, sustainable logistics models. Although the new technology is often already available, today bpostgroup's paramount goal is to implement it on a large scale. 'And this also requires real customization,' says Paul Vanwambeke, Urban Logistics director at bpost.





The spectacular growth of e-commerce massively increased the number of small vans in our towns and villages. Is it still the best option for parcel delivery in 2022, or are new, more ecological alternatives emerging?

Paul Vanwambeke: 'The most obvious solution – from a purely ecological point of view – is to replace all diesel cars with electric cars. Nevertheless, at bpostgroup, we are already looking further ahead, especially when it involves urban environment. At bpost, the bicycle played an important role for decades, but letters and parcels cannot simply be placed on the same line. Still, nowadays, a lot is happening; we strongly believe in the cargo bikes' potential. Together with the University of Liège, we are investigating, among other things, which means of transport are best suited for parcel deliveries in a city and which additional innovations are required.'





Paul

‘Active Ants, one of bpostgroup’s subsidiaries specializing in fulfilment, has just bought a robot to build cardboard boxes exactly to size.’



What has that research shown so far?

Tanguy Baiwir: ‘More than ever, the answer is multimodality. Each transport solution has different advantages. Cargo bicycles, for example, are slower than delivery vans, but they are more manoeuvrable and take up less space. They are therefore preferably used in densely populated areas. In rural areas, electric vans are better suited. At the same time, they require substantial investments in the necessary charging infrastructure.’

Heleen Buldeo Rai: ‘I also believe in cargo bikes. But they are more efficient if their starting point is closer to the city centres, with mapped out locations where they can resupply. Finding logistics locations in city centres is quite a challenge. I therefore advocate the necessary flexibility. In some cities, for example, underground car parks are already being converted, with the new city logistics in mind. That could be an interesting option.’

What role can consumers play in the development of innovative concepts?

Paul Vanwambeke: ‘Their role is crucial. It would be a mistake to focus solely on the vehicles, the problem is much broader. What choice do I make as a consumer when I buy something? Where and within what period do I want my order to be delivered? From a purely ecological point of view, we can use more environmentally friendly means of transport, but consumer behaviour is at least as important. At the same time, we - as bpost - also have to play a certain role in the matter. For example, by registering people’s delivery preferences. And by delivering the parcel where the customer wants it - at home, at the neighbours or at a pick-up point - we avoid unnecessary movements, while - at the same time - making things a lot easier for our customers.’

For rural areas, the van remains the most obvious choice. How can they be used as efficiently as possible – in other words as full as possible – every time?

Heleen Buldeo Rai: ‘The solution is a closer cooperation between all parties involved: the web shops or sellers, the logistics service providers

and the consumers. I see quite a bit of margin for progression, especially in the communication with those consumers. For example, can the standard promise of next day delivery be kept in less densely populated areas? Flows of goods also need to be more bundled, but this requires the parties involved to share their data more than is already the case today. If we can take into account as many parameters as possible on the basis of as much data as possible, much progress is still possible.'

Is the market ready for a model in which web shops and logistics players combine their flows of goods at a certain point, for example on the outskirts of the city, and then bundle transport from there?

Tanguy Baiwir: 'We see an increasing number of initiatives in that direction. In Wallonia, for example, the Région Wallonne today supports the City Line project, which aims to bring together all parties involved in the delivery process in order to evolve towards a more efficient and ecologically responsible approach.'

Paul Vanwambeke: 'At bpost, we also try to assume our responsibility. We have a dense network of about two hundred buildings throughout the country, certainly a great opportunity to optimize logistics flows. The major challenge lies in a closer cooperation between all actors and operators, because historically they often are competitors. But things are changing: for example, currently a number of pilot projects are launched in Namur, Malines and Antwerp to enable varying partners to work together. These projects are part of the broader Ecozone concept, in which we not only deliver all our goods emission-free, but also try to bring about behavioural changes among senders and recipients.'

Do you see any other purely technical innovations?

Heleen Buldeo Rai: 'We focus very strongly on alternatives to the classic van, but we must not lose sight of the trucks. We continue to need them, so we must also be able to deploy CO₂-neutral trucks.'

Paul Vanwambeke: 'Smart data will allow us to make better decisions. For example, if we notice that a customer is never home on Tuesday, we can proactively contact them to deliver on another day. At bpost, we also try to aim for such a change in mentality. Customers who are not sure whether they will be home on the delivery day can have their order delivered in a pick-up point. They can already do it using our app. I certainly feel that customers are open to change, provided they do not have to sacrifice user comfort.'

But also in terms of mobility, we are only at the beginning of a major evolution: new, sustainable vehicles are on the way, somewhere between the classic bicycle and the familiar delivery van. The semi-autonomous vehicles are also on the way.'

Another problem with parcel transport is the often absurdly large packaging, which means that useful space is lost in delivery vans. Are there already concrete innovations in that area?

Heleen

'Consumers appear to be perfectly prepared to wait a little longer for the delivery of their parcels. So there is profit to be made there.'

© Studio Dann





Tanguy

‘Cargo bicycles are slower than delivery vans, but they are more manoeuvrable and take up less space. Ideal for the city.’

Heleen Buldeo Rai: ‘There is still a lot of progress to be made, but fortunately there is also a lot of action going on. Think of the packaging machines that design boxes, perfectly tailored to the product to be shipped. Admittedly, the investment threshold for this may still be too high for SMEs, but for larger fulfilment specialists it saves them a lot of money. The problem, of course, is that a cardboard box is relatively cheap; companies therefore really have to be persuaded to invest in ecologically responsible packaging. Apart from that, I also believe in the potential of reusable packaging. Clothing is the most important category within e-commerce and lends itself perfectly to the use of such packaging. But precisely because cardboard and paper are so cheap and are already well recycled in our country, sustainable – and therefore usually also more expensive – reusable packaging only becomes profitable if it can last a minimum number of cycles. For most of the reusable boxes this varies between 30 and 80 times, for reusable bags the number of cycles to reach profitability is very low. The moral of the story is: there is no such thing as a uniform e-commerce and new solutions will have to be diversified as much as possible.’

Paul Vanwambeke: ‘That is right. Active Ants, one of bpostgroup’s subsidiaries specializing in fulfilment, has just bought a robot to build cardboard boxes exactly to the size of the item it needs to fit. Until now we worked with three fixed sizes of cardboard boxes, but this robot allows unlimited customization. At the same time, reusable plastic bags or parcels are also an interesting alternative; we are fully studying it.’

Is free shipping with e-commerce still viable?

Heleen Buldeo Rai: ‘Research shows that consumers are not prepared to give up free deliveries or returns for the time being. So the smaller players on the market certainly will have to follow the big boys. The good news is that the same consumers appear to be perfectly prepared to wait a little longer for the delivery of their parcels. So there is profit to be made there.’

Tanguy Baiwir: ‘Faster and faster delivery is not what the consumer initially asks. So there are opportunities for bpostgroup: consult the customers, ensure that they can choose from various sustainable options and further develop that offer. In the long run, we must evolve to a situation where customers pay more if they really want to receive that parcel the next day. That is also a matter of economic logic.’

Paul Vanwambeke: ‘I see it as our task to make the most sustainable choice as easy as possible for consumers. We must of course be properly compensated for this service. Because sustainability is not only about less transport or less fossil fuels, it is also about sustainable employment: we want to pay our employees correctly, employ them in good conditions and offer them perspective.’

'Drone delivery is promising and very fast'

bpostgroup is currently testing parcel drone delivery through its subsidiary Apple Express in Canada. As an early adopter, the organization will thus gain a technological head start. 'We will be ready and operational from day one, when drone delivery becomes mainstream.'

Earlier this year, the first test flight was already a great success: an unmanned Sparrow drone from Drone Delivery Canada (DDC), in collaboration with Air Canada, flew a parcel from Edmonton International Airport to a location a few kilometres away. 'It was the first time a drone was approved by Transport Canada to take off from and fly over a restricted airspace,' explains Nasser Syed, CEO at Apple Express specializing in last mile supply chain solutions in Canada, and part of bpostgroup since 2016.

'In the coming months we will also participate as a partner in a series of new test flights within this pilot project. After all, we believe this technology to be an important step towards tomorrow's supply chain.' First, Apple Express wants to contribute to the legal framework's expansion and modernization that

will make drone deliveries safe and regulatory.

Time and fuel

With this innovative project, bpostgroup and Apple Express are also focusing on generating new know-how. Nasser Syed: 'We are investing in the future and aim to be an early adopter. When drone delivery becomes mainstream, we want to be one step ahead of our competitors.' The potential is already promising. Drones are ideal for deliveries from larger cities to smaller, more remote areas that are more difficult to reach by road. That saves a lot of time and fuel.

'The drone deliveries' speed may also open up new sectors. Medical companies and hospitals - among others - are already showing interest in this mode of transport. Drones are, for example, an ideal solution for fast delivery of medicines or even donor organs from the airport to a hospital,' says Nasser Syed. 'I am not saying that we will start commercial flights right away, but when the time is right, we will be ready from day one.'

Drones are, for example, an ideal solution for fast delivery of medicines or even donor organs from the airport to a hospital.

Nasser Syed,
CEO at Apple Express

3 x drones

Currently Drone Delivery Canada has three different drones in its portfolio. The first delivery, in collaboration with Apple Express, was made with the Sparrow. Tests with other models will follow later.

Sparrow
Flight range: 20 km
Maximum speed: 80 km/h
Payload: 4 kg



Robin XL
Flight range: 60 km
Maximum speed: 105 km/h
Payload: 11.3kg



Condor
Flight range: 200 km
Maximum speed: 120 km/h
Payload: 180 kg



Over the next four to five years, Radial expects to open more than twelve additional locations in North America.

Radial US employs 5,500 full-time workers and 24,000 temporary workers during peak times.

Together, Radial's employees have 27 different nationalities.



North American e-logistics growth is one of bpostgroup's strategic pillars. The company aims to double its turnover by 2026. Subsidiary Radial has drawn up a growth plan with clear objectives and focus points. 'We consciously opt for geographically dispersed fulfilment centers.'

How bpostgroup aims to double its North American turnover in five years

With what kind of ambitions is Radial US preparing itself for tomorrow?

Henri de Romrée (CEO e-Logistics North America at bpostgroup): 'The e-logistics market is growing strongly. As a leading player, we aspire to grow accordingly. Year after year we are improving our financial performances and we now aim to double our turnover over the next five years. We will achieve our goal by striving for excellent customer experience across the board. With Radial US, we provide custom order fulfilment and shipping solutions for industry-leading e-commerce brands. The experience they provide to their customers stands or falls with that latter process. We are a crucial driver to provide our clients' customers with an excellent customer experience. In other words we are the company behind the brands' customer love.'

Gary Crowe (Executive Vice President and Chief Financial Officer at e-Logistics North America at bpostgroup): 'A great customer experience also leads to greater financial success. Those two elements are closely related. Of course, many other things are indispensable in a well-thought-out growth plan, for example the right focus on market developments and technology investments.'

Radial recently expanded its North American operations with new fulfilment centers. Which strategy do you use?

Laura Ritchey (Executive Vice President & Chief Operating Officer at Radial US): 'We are expanding with our client's growth.

Opening more fulfilment centers fits that vision and supports organic growth. Before opening additional sites, we thoroughly analyse how they cover the client's customers as well as how they fit in our existing network. In the US, for example, the East and West coast are geographically far apart. We know that many clients are looking for an ideal, strategic geographic spread between those two coasts in order to serve their customers and minimize transit times. Each time we open a new fulfilment center, we ensure that it can grow and expand in the future as our clients grow. And, of course, we keep a close eye

'There is no fulfilment without people. It is that simple. That is why we invest a lot in our employees.'

Laura Ritchey,
COO Radial US



→ From top to bottom

Laura Ritchey, Gary Crowe, Henri de Romrée



‘Radial US moves with its clients, whether they are established brands or digital native companies.’

Gary Crowe,
CEO e-Logistics North America at bpostgroup

‘We are a crucial driver to provide our clients’ customers with an outstanding customer experience.’

Henri de Romrée,
CEO e-Logistics North America at bpostgroup

on costs and check whether there is sufficient access to the right workforce in that region.’

Do you want to open even more fulfilment centers or expand the current ones in the near future?

Ritchey: ‘That is indeed our plan. New centers are planned in Phoenix, among others. We will continue to open additional centers to support our clients’ growth – and therefore our growth too – requires it. We have identified attractive markets and regions.’

Crowe: ‘Over the next four to five years, we expect to open more than twelve additional locations in North America. Not only do we look at building new centers, but we also keep an eye out for possible takeover of existing sites and to operate out of client’s owned sites. We have the expertise and the wherewithal to keep those options open, use them and make them work.’

What role do new technology and smart solutions play in Radial US’s operational functioning and growth?

de Romrée: ‘They are indispensable. Especially in the technology-driven e-commerce market. Automation, including robots and digital transportation management systems, and workplace technology solutions such as wireless scanners are critical to optimizing productivity, increasing job satisfaction for our people, remaining competitive, and ensuring the fast and excellent service our clients expect. For example, since the end of last year we have been using the Exotec Skypod system as a central order picking machine for our client Gymshark. That system seamlessly switches between batch picking and individual order picking. It supports an output of 240,000 units per day.’

Ritchey: ‘All our activities generate data streams. That is why data platforms are indispensable for detailed reports and data analysis. This allows us, for example, to exchange real-time data between our centers and the clients. And it permits us to learn or determine together how we can work even faster and more efficiently in collaboration with partners. Artificial intelligence and BI solutions are useful for gaining new insights and predicting future opportunities.’

What is Radial’s client approach: how do you convince new clients?

de Romrée: ‘A few years ago, leading brands and companies in the US only derived a low percentage of their turnover from online sales.

Many now derive 25 to 100 percent. They are looking for the right partner who can assist them in that growth in a fast, flexible and scalable way. As a pioneer in that industry, we can present an impressive client portfolio. We are not a starter: as an experienced party, we help define our industry’s path. The fact that we have built up extensive expertise in many market domains and can offer personalized solutions tailored to our clients and within their budget are strong evidence of our qualitative total approach.’

Crowe: ‘One of competitive advantages is that we have the capability in terms of geographic footprint, technology, resources and know how to support our clients as they grow their e-commerce business. Even if clients double or triple in size in a few years, Radial can support their growth. That is also an immense asset. We move with our clients: whether they are established brands or digital native companies.’

What is the role of employees in your growth story? How do you invest in talent?

Ritchey: ‘There is no fulfilment without people. It is that simple. That is why we invest a lot in our employees. We do this with extensive onboarding, so our new colleagues know exactly what Radial stands for and how we work. Later on, we continue to train our employees, for example in how to deal with new tools and technology. We also want to provide a workplace that emphasizes bpostgroup and Radial US values, including respecting each other and contributing to the success of our clients. In this way we also strengthen our employer brand, which is positive, because employees are a company’s best ambassadors.’

How important are diversity, equality and inclusion?

Ritchey: ‘We have the ambition to be and to remain a top employer. Our efforts in Diversity, Equity and Inclusion (DEI) are fully in line with that vision. Last year we set up an advisory group with a representative mix of our employees. The group makes recommendations and raises awareness. We use internal communications to spotlight our progress and provide training at all employee levels. We have hired a DEI director to oversee all of our efforts.’

de Romrée: ‘Our 5,500 full-time employees at Radial US and 24,000 temporary employees have 27 different nationalities. Many languages are spoken in the workplace. We offer people full access to the labour market, regardless of their life and educational background.’



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Cross-border: flexibility at the customer's service

We send a parcel and, a little later, it reaches its destination. That seems almost obvious. Yet there is more to it than you might think, especially when a shipment has to cross borders. Elke Segers, SVP Network & International Relations, and her team deal with all the intricacies of bpostgroup's cross-border network on a daily basis.

'To put it simply, our customers send goods from one country to another and we take care of the shipment. Those customers are often large e-commerce players, such as Alibaba and Amazon, but also intermediaries working for smaller web shops,' says Elke Segers.

For example, the European shipments of many Asian customers arrive in Liège, thanks to the strategically located cargo airport. Then, bpostgroup further distributes the parcels. Barely 10 percent of those parcels are intended for Belgium, the rest is sent to other countries. 'More so, we take care of a lot of shipments that don't even pass through Belgium.'

Strong partnerships

'Today bpostgroup offers services to most countries in the world. In order to ultimately deliver all those cross-border shipments to the end customer outside Belgium, the so-called last mile, we collaborate with other countries' national postal operators. Sometimes it is relevant to choose commercial couriers and customs agents, for example to offer the customer the option to pay all taxes and duties in advance. On the other hand, a postal partner has its advantages, such as an extensive delivery network. So it is especially important to have a choice. When selecting our commercial partners, we look

at price and quality. When we recently looked for a Chinese partner, we sent parcels using a variety of couriers as a test. This flexibility allows us to always offer the best solution to our customers.'

A green future

bpostgroup wants to play a pioneering role in the evolution towards sustainable transport, also in cross-border. 'We are greatly expanding our network of pick-up points in different destinations, so customers can choose a more environmentally friendly option. We also try to cooperate with other services of bpostgroup and our partners in order to bring different loads together and drive with full trucks. For several months now, we have been using three new hubs in France and Germany where our customers also deliver their pallets, so more pallets can be placed in one truck.'

'For delivery outside Belgium, we can choose national postal operators or commercial couriers, depending on price and quality.'

Elke Segers,
SVP Network & International Relations at bpostgroup

The one constant at bpost is that it is constantly changing. Because it has to adapt to the evolving market and ensure its future. The transformation from a postal to an e-commerce logistics company involves several aspects, such as the pursuit of a 100 percent customer-focused company. 'To achieve this goal we involve our people and get our inspiration from other large organizations such as Engie,' says Nicolas Baise.



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INTERVIEW



Off to 100 percent customer-focus

Why is this transformation necessary and what are the concrete objectives?

Nicolas Baise (Chief Strategy and Transformation Officer bpostgroup): 'The postal and e-commerce logistics market is changing drastically and rapidly. New competitors are emerging, customer expectations are evolving and technology is always on the move. To stay ahead, we need to adapt not only our products and services, but also the way we work. Where bpost used to start from a standard process for the whole of Belgium, we now want to start from the customer's demand - at individual business unit level as well as for our entire organization. Everyone in our company has to keep one question in mind - how

do I create added value for the customer? We are continuously looking for the best answers.'

Engie Belgium's marketing and sales entity has undergone such a transformation over the past two years. Was it for the same reasons?

Bruno Detavernier (Tribe lead operations B2C & small B2B at Marketing & Sales Engie Belgium): 'Absolutely. The energy market and its customers too are constantly changing. The need for products and services responding optimally and quickly is growing. Employees' expectations and motivations are also evolving: they would like more autonomy, for example. So you need an organization that responds optimally and in an



‘We offer our people the necessary freedom to create clear added value for our customers. This stimulates contentment, energy and job satisfaction.’

Nicolas Baise,
Chief Strategy and Transformation Officer
bpostgroup

agile manner – swift and flexible. A transformation does not only mean changes in an organization, but it also keeps it in constant motion. In that sense, a transformation is never complete. It is a process that must constantly be adjusted. It keeps an organization sharp, up-to-date and relevant. And it allows us now to respond much more quickly to the development and launch of new products.’

How do you get such a transformation rolling: what is the first step?

Bruno Detavernier: ‘Our start in March 2020 coincided somewhat unhappily with the first corona outbreak. But we were able to set out the general guidelines: why do we want this transformation, and how do we align everything and everyone. We then started a pilot phase. One business unit in which we

‘A transformation is never complete. It is a process that must constantly be adjusted. It keeps an organization sharp, up-to-date and relevant.’

Bruno Detavernier,
Marketing & sales B2C & small B2B Engie
Belgium

Bruno

‘At Engie, we deliberately kept the number of external consultants as small as possible, relying mainly on co-creation.’



© Studio Dann

Nicolas

‘To stay ahead, we need to adapt not only our products and service, but also the way we work.’

could test all facets of our transformation on a small scale. We opted for the agile approach - a multidisciplinary team working within a clear framework and with a certain autonomy. It allows teams to function more focused and faster, making them able to develop, test and market products more quickly. We learned a lot from that pilot. After some adjustments, we scaled up that approach to our entire entity. This happened in three phases in 2021. Today, the transformation is visible everywhere.’

Nicolas Baise: ‘We are in the first phase. We formulate answers to the question why we want this transformation, what the added value is for our customers, our people and our way of working. We will then go through similar steps as with Engie. Although we are setting up a pilot very early, very soon already. First we will test our new way of working in a team for our SME customers. This SME team will be end-to-end responsible, from product development to operations and sales, and will have to go to the market itself and ask customers whether it is creating added value. So we imme-

diately make the transformation very concrete and transversal. We aim for more volume within our network, strong customer satisfaction, high engagement among our people and experience that we can use to gradually expand to other parts of our organization.’

Change and transformation often evoke resistance. How do you get everyone involved?

Bruno Detavernier: ‘First, through repeated and clear internal communication. By telling employees why transformation is taking place, what the objectives are, what is expected of them, what new roles they will take on: as an organization you can never talk too much about this. And also by realizing that transformation in co-creation with the employees. Not only the management



has to shoulder its load. We deliberately kept the number of external consultants as small as possible, relying mainly on co-creation. That is how we eventually arrived at our current organizational model in which everyone has now found their place.'

Nicolas Baise: 'Communicating and inspiring a lot about transformation is indeed our way of approaching the subject. We focus on training and upskilling our managers and employees. In addition, we also offer the necessary freedom to create clear added value for our customers. This stimulates contentment, energy and job satisfaction. We will measure all of it regularly. So we know from our employees at all levels what effect this way of working has, what we can adjust and how we can adjust it along the way. We strongly believe that people work more efficiently when you bring them together around a clearly defined goal.'

Bruno Detavernier: 'At Engie we also hold regular pulse checks to measure employee satisfaction with our manner of working. So we can clearly see whether the progress we are striving for is also present in practice. And whether people experience a positive impact on, among other things, work speed, customer relationships and their motivation.'

Are there any examples of this agile way of working at bpost?

Nicolas Baise: 'The hundreds of employees with in our IT & digital department already work in an agile way, with short development cycles and a customer-oriented focus. Radial in the US also has experience with customer centricity, for example with one single point - or team - of contact for each customer, in which all competencies are united. And during the last year-end peak, many

teams in Belgium worked together to make a success of this important objective. These colleagues who already work in an agile way want to contribute and share their experiences to get the rest of our organization on board. Realizing this process will take several months or even two years. We will look for the right rhythm in which the entire organization can absorb these changes. At each step we will also validate the added value. And of course we will take into account the feedback we collect, including from customers. We only extend this approach within the domains where it makes sense. Transforming for the sake of transforming is meaningless.'

What are the biggest challenges and pitfalls of such a transformation?

Bruno Detavernier: 'Transforming involves much more than designing and rolling out a new organizational structure. It also requires a change of mentality among all employees. The way everybody gets on board is crucial. Managers also fulfil other roles in this regard. For example, 'what' and 'how' in a management function can be separated into two separate functions, for more focus. Furthermore, this is a fairly intensive process, for which the necessary time must of course be provided. But a transformation should not last for years either.'

When will the transformation at bpost be successful for you?

Nicolas Baise: 'When we create added value with our available resources, and can remain a front-runner in our rapidly changing world. And also when customers and colleagues tell us in two years' time that what we are starting today was the right decision for them. That would make me incredibly proud.'



➔ What is agile?

Agile is about structuring the organization in specific, permanent multidisciplinary teams focused on delivering the company's priority objectives, in which customer value always comes first. Within agile departments (tribes), for example, classic functions such as sales, marketing, IT and process management are gathered in small multidisciplinary teams (squads) with a relatively large autonomy. They then focus on, for example, the development of new products. This start-up mentality, in which new things are devised, tested and adjusted at team level, results in greater employee satisfaction at Engie.

For jewellery brand Paul Valentine, increased online sales lead to an explosive worldwide growth. Last year, bpostgroup subsidiary Radial shipped 942,000 items from its fulfilment center in Germany. 'We are extremely pleased with this exclusive partnership,' says Paul Franzreb, CEO of Paul Valentine.



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'Our e-commerce logistics partner thinks and grows with us'



→ About Paul Valentine

- Founded in 2015 by brother and sister Marlene and Paul Franzreb (photo)
- Stands for excellent design, quality and a touch of luxury
- Serves hundreds of thousands of customers worldwide
- Has grown from a duo to a team with more than 40 employees
- Marlene is the creative force, drawing inspiration from her travels, her love of fashion and design, and her dedication to empowering women around the world

For seven years now, Paul Valentine designs, produces and markets jewellery for Europe and far beyond out of its Mannheim headquarters. The jewellery is handmade from the best materials and meets high quality standards, making it last a lifetime. The brand realizes its entire turnover through online sales, directly to the consumer. 'We strongly believe in an online-only story,' emphasizes Paul Franzreb.

'We choose not to sell our products in physical stores and we hardly work with B2B partners.' The brand sells its products through its online shop and well-known online marketplaces such as Amazon. In its own words, the brand has found the perfect e-commerce logistics partner in Radial. 'We were looking for a company that could take care of the entire process after an online order, so that we can fully focus on our core activities: to create and sell jewellery.'

Fast and quality service

The customer experience comes first. And not just on the website or during the purchase process. Paul Valentine also requires customers to be notified of any status changes to their order after purchasing a product. That is, from when their jewel leaves the fulfilment center, when it's on its way, to updates on when it's delivered. The product must be packed and shipped as soon as possible. 'In times of online sales, customers expect not only an excellent, but also an ever faster shipping and delivery service. In more than 85 to 90 percent of the cases, our customers receive their order within 24 hours. That strengthens their experience and their loyalty,' says Franzreb.

Strong flexibility

Like many other businesses that rely on online sales, Paul Valentine's online orders fluctuate widely depending on the times of the year, like during the vacation periods and the public holi-

days. Some months there can be twice as many orders as the month before or vice versa. 'Radial follows us perfectly in this and offers us a lot of flexibility to deal with those peaks and troughs in our order flow,' says Franzreb. 'Radial's reliability and professionalism are also a major asset for the business.'

Radial's flexibility also proves to be a major strength in Paul Valentine's growth story. The jewellery brand knows that its e-commerce logistics partner has no problem in seamlessly adapt itself to this growth. 'Radial's scalability is reassuring. We know that our logistics partner can keep up with us effortlessly. We don't have to worry about handling larger volumes, more orders and deliveries to additional regions, countries and even additional continents.'

Personalized and sustainable

In addition to the fulfilment from A to Z, including receiving, inspecting and handling any returns up to 30 days after purchase, Radial also offers additional services. For example, orders are sometimes partly wrapped in silky paper or personalized flyers are added. 'The people at Radial are not only on the same wavelength, they also think actively about how to approach our customers in an even more personal or innovative way.'

Finally, sustainability is also important to Paul Valentine. Not only in terms of the designs and the choice of materials for the jewelry, but also in shipping. Paul Franzreb: 'We never use plastic, but only packaging made from sustainable and partly recycled materials. In this matter too, Radial is a logistics team player, working as climate neutrally as possible in the order processing and shipping - another asset for our brand and our customers. We certainly want to stick to that in the coming years.'

One of Radial's leading European fulfilment centers is situated close to the town of Halle (Saale), at the intersection of Germany's main traffic axes. This central location, with Leipzig airport just around the corner, is a great asset for sending e-commerce shipments around the world quickly and efficiently.

Behind the scenes of e-commerce logistics

With a floor area of 55,000 m² (including all building floors), it is not the largest, but certainly one of the most advanced Radial fulfilment centers in Europe. Since the opening in 2015, fulfilment has been provided for well-known fashion, travel bags, beauty articles and baby equipment online shops. 'And we can even add another 20,000 m² building,' emphasizes Ralf Thiesse, Chief Commercial Officer at Radial Europe. 'So there is room for new clients.'

30 nationalities

Inside it is bustling with activity. Thousands of shipments are sent out every day, from watches, shoes and suitcases to milk powder and diapers. Employees are busy at the 22 loading and unloading quays to input the supplied stock or to pick up the returned goods, of course never without the necessary quality checks. All is scanned into the system to keep stocks up-to-date and visible in real time.

What immediately stands out is the number of languages that are spoken. German of course, but also a lot of English, Polish and Hungarian. 'More than 30 nationalities work here,' acknowledges Ralf Thiesse. 'Our employees may be very diverse, but they understand both their task and each other very well. The site operates at full capacity Monday through Saturday between 5:30 am and 11:30 pm, in two shifts. And sometimes even around the clock, for example during the peak period at the end of the year.'

It is all about efficiency

We push open a few doors and end up in one of the gigantic halls full of conveyor belts and

busy employees. This is the fulfilment center's mission control. Although it looks very modern and automated, it is all about efficiency. 'Automation is only used where it makes sense and reduces the margin of error to a minimum,' explains Ralf Thiesse. 'But people often offer a lot of added value, especially if we offer tailor-made services. We strive for the ideal balance between the use of technology and the use of human intellect.'

Thousands of products per client are waiting for their future owner in long corridors on different floors, some in boxes, others on coat racks. The larger pieces are stocked on pallets that can only be reached with forklift trucks. The LED lighting only comes on when an employee walks through. 'Here, we stock 120,000 different products,' says Ralf. 'We prepare a shipment in several phases. First an employee collects or picks the goods for a whole series of orders, guided by his scanner. Then someone else does the so-called put to light, i.e. he divides all these goods per individual shipment. Five kilometres of conveyor belts ensure a constant procession of bins, the connection between those different steps in the process. It requires accurate planning to optimally coordinate all flows in function of the cut-off time when shipments have to be ready for transport.'

Personalization

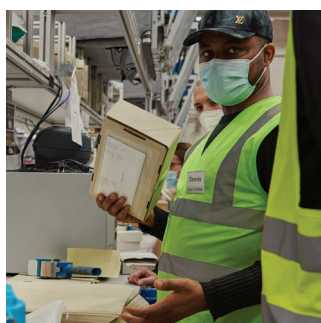
Fulfilment is more than boxing and sending things. At the request of the customer, suitcases can be personalized with the initials of the future owner, or trendy coloured wheels can be mounted underneath. There is even a real photo studio. 'Some online shops cannot take pictures of their products, as the stock



55,000 m²
of storage space

5 km
of conveyor belts

30
nationalities



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comes directly to us. We can do it for them', explains Ralf Thiesse.

In the last step of the process, all orders are packed. Packaging is also made personal, for example by using special gift boxes or by adding a flyer with a unique discount code. Everything is tailor-made and according to the client's wishes.

Ultimately, all those carefully prepared and packaged shipments leave for one of the couriers – depending on destination, dimensions or specific agreements with the client – who brings them to the consumer. 'All major courier companies have centers within a 30 km radius, which allows us to offer our clients later cut-off times. Although the majority of shipments are destined for Germany, the Benelux, France and the United Kingdom, we ship worldwide. If necessary, we can ship out orders we receive online in 2 hours', concludes Ralf Thiesse.



➤ **The panel (from left to right)**

Sébastien Scarmure, CIO - Group CDO and responsible for digital transformation at bpostgroup

Ender Scholtens, online content creator and presenter at news and media website TAGMAG

Tom Palmaerts, trend watcher and Trendwolves' managing partner

'A letter has acquired a completely different value in 2022'



Generation Z, born between the late 90s and 2010, may go through life as a digital native, but the idea that our youth can only be seduced by a purely digital offer is wrong. Speed and efficiency do take precedence, but at the same time the young generation has a weakness for authenticity, anti-trends and real social contacts.

How does Generation Z fundamentally differ from other generations and how can companies best respond to it?

Tom Palmaerts: 'Each generation has a cultural DNA, a combination of their parents' DNA and values, and of the world in which they grew up. Generation Z grew up realizing that just about anything is possible as long as you work hard enough for it. As a result, young people have a much more individualistic attitude and are prepared to make hard choices once in a while. The whole of the digital story is no longer a luxury for them, technology is only the basis.'



‘At bpost we realize the sentimental value of letters or postcards.’

Sébastien Scarmure,
CIO - Group CDO and responsible for digital transformation at bpostgroup

Ender Scholtens: ‘It is true, we grew up with technology and we use it functionally and knowingly. But the idea that every fifteen-year-old is a techie is of course incorrect. We realize that we just carry a lot of knowledge in our pocket and that - as a result of it - we have access to all necessary information anytime and anywhere.’

Sébastien Scarmure: ‘Mobile first is of course an important starting point at bpost, but for us the story goes much further than the purely technological aspect. We notice that Generation Z also attaches great importance to important values – like sustainability for example – so we try to put extra effort into them.’

If technology is only the basis, to what extent can you as a company still make a difference with a mobile-first approach or fast communication?

Ender Scholtens: ‘I myself only consume digital advertising. It implies that a company’s social media strategy has become extremely important. My generation no longer tolerates being kept on hold for minutes listening to some music, nor does it endure receiving standard answers when trying to contact a company. It seems important to me that companies put their social media and marketing in the hands of young people,

‘Companies should put their social media and marketing in the hands of young people, who know how it works and how to reach the young target group.’

Ender Scholtens,
online content creator and presenter at news and media website TAGMAG

‘In my opinion, bpost can distinguish itself by offering people in the post offices the opportunity to connect.’

Tom Palmaerts,
trend watcher and Trendwolves’ managing partner

who know how things work and with which posts or messages they can reach that young target group. This can range from funny messages about quick interaction to short and concise responses. For many peers, a flyer is already too much information, so to speak.'

Tom Palmaerts: 'Part of that is of course perception, although it is true that you can sometimes get something done faster via social media than via the traditional channels. At the same time, social media is a double-edged sword: if customers are really dissatisfied, such a strong social media presence can also turn against the company. Your communication must be short and powerful, that is true, but at the same time it is striking how many young people check meticulously whether the communication and the claims are actually correct. Not everything can be expressed in the length of a tweet. Companies also need



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Ender

'If I receive a letter or card today, it almost feels like I've received a parcel.'

Sébastien

'A post office that offers sufficient added value will also remain valuable for young people.'

to communicate openly and in-depth, even if they only reach a relatively limited target group in doing so.'

Sébastien Scarmure: 'This generation effectively expects immediate answers, and we were not ready for it at bpost. Today, we are better prepared for this, but it requires a major turnaround for many companies. At the same time, of course, we must ensure that we continue to reach all target groups, so physical offices remain important. And, we are also developing new mobile applications for those physical points or for the other services we offer. I do not see it as a black and white story: the younger generations do not only live or shop online. A post office that offers sufficient added value remains valuable for them too.'

What will the ideal post office of the future look like?

Tom Palmaerts: 'I think we can still work on the atmosphere and the looks. In my opinion, bpost can distinguish itself by offering people in the post offices the opportunity to connect. The social aspect has only gained in importance in recent years.'

What determines Generation Z's choice for or against a brand? Does Z distinguish herself from other generations because she attaches more importance to certain values, and can companies respond to this successfully and credibly?



Tom

'Sustainability is an important theme for many young people, but certainly not for all.'

Ender Scholtens: 'Values such as sustainability or extensive attention to our environment are important to my peers. On the other hand, fast delivery of online orders is the norm. While it would be a lot more sustainable to bundle certain shipments, which means that you would have to wait a few days longer. But I fear there is almost no turning back.'

Tom Palmaerts: 'I would be careful to generalize. Sustainability is an important theme for many young people, but certainly not for everyone. Witness to this are the long queues at certain clothing chains, where it is impossible to buy a sustainably produced t-shirt for a few euros. So some stores simply respond very successfully to an existing demand, and it is not nearly as uniform as we sometimes think.'

Sébastien Scarmure: 'Generation Z attaches great importance to authenticity. As a company you can no longer make empty promises. If marketing promises something, it has to keep that promise. And as for those lightning-fast deliveries, I have the feeling that their importance is gradually diminishing with the slightly younger generation, those under the age of fifteen.'

Digital, mobile first, ... does it also mean that Generation Z is no longer interested in the classic letter or never sends a nice postcard?

Ender Scholtens: 'No, not at all. I have the feeling that a letter in 2022 has acquired a completely different value. Today, when I receive a letter or a card, it almost feels like I receive a parcel. It takes more effort and is therefore highly appreciated.'

Sébastien Scarmure: 'At bpost we realize the sentimental value of letters or postcards, that is absolutely right. We also noticed this during the pandemic, when we gave our customers the opportunity to send digitally created cards as postcards, for example to grandparents who often felt lonely at the time. That campaign was an amazing success.'

If you respond well to it, does it create new possibilities?

Tom Palmaerts: 'The luxury lies in the anti-trend. If you offer consumers the opportunity to do or to buy something that goes against current trends, they experience it as pure luxury. A company that resolutely chooses not to jump on the e-commerce bandwagon, will probably open a trendy experience store, where a customer will also be offered a glass of bubbly. Otherwise you are just old fashioned. So, today, you can also market the postcard as something extremely valuable, yes even luxurious. Why not pay special attention to its texture or smell, or to the way you deliver the card? You can absolutely surprise young people with a different offer.'

Sébastien Scarmure: 'We are now consciously responding to it, for example with a wide range of options for parcel delivery. Young people naturally want to know exactly when that parcel will be delivered, they want to be able to monitor the delivery process in detail and they like to be able to indicate where they pick up their parcel via our app. Or they expect that they can have different parcels shipped and delivered together – because of that sustainability aspect. We are well aware that Generation Z is a lot more demanding, so we offer it a maximum of customization options and comfort.'



The urban distribution of the future is efficient and green

bpost works towards a more sustainable world using electric bicycle trailers and a smart network of parcel lockers. It delivers mail and parcels emission-free in various so-called Ecozones, where there is also a pick-up point within every 400 meter radius. How do the various stakeholders experience the project in Leuven, almost a year after it started?

The switch to sustainable city logistics

Leuven is a city with climate ambitions. That is why David Dessers, Alderman for Mobility, welcomed the Ecozone with open arms. 'Leuven is a very compact, but fast-growing city with increased transport. Only a well-considered and future-oriented policy can keep the city liveable. The Ecozone is a good example of sustainable city logistics and therefore fits very well with our ambitions.'

'An important initiative to make the city climate neutral.'

David Dessers,
Alderman for Mobility in Leuven

David receives many positive signals. 'The electric cars and bicycles stand out in the streets. Our citizens can see with their own eyes the efforts that are being made to keep the city healthy and sustainable. The parcel lockers are widely available and easily accessible. They are part of the mobi points, places in the city where we offer various forms of shared mobility and which become even more interesting thanks to the parcel lockers. So we limit inner-city traffic and make sure that it is environmentally friendly.'

Still, the alderman remains vigilant. 'Parcel lockers are taking up additional space in the public domain. So we have to watch out no to overcrowd the city. But overall we are very satisfied with the Ecozone. It is an essential part of the much-needed initiatives to really make the switch to sustainable city logistics and thus make the city climate neutral.'



Send and collect packages quickly and easily

Liselotte Strick has her own beauty shop in the centre of Leuven. She regularly sends and receives parcels for her online shop. The Ecozone has made her life a lot easier. 'Before I easily lost 45 minutes to get my parcels to the post office, but now I just walk to a parcel locker at the end of the street. The job is done in ten minutes. I no longer need a car, I do not have to take opening hours into account and at the same time I walk the dog,' she laughs. 'My Leuven customers too choose more often to have their parcel delivered in a locker, so they can pick it up whenever it suits them.'

'I take my parcels on foot to a parcel locker, I do not need a car anymore.'

Liselotte Strick,
shop owner

Not only the ease of use, but also the sustainability aspect appeals to Liselotte. 'My business stands for natural cosmetics and beauty products. So I am sustainably conscious and my customers too. The postmen's electric bicycle trailers are also very striking in their appearance. They are more compact and above all quiet. In other words, I think it is a very successful initiative.'

To drive smoothly through the centre with a bicycle trailer

For Leuven postmen such as Nico Hoobergs, the new way of working has a major impact. 'Back in the days, I had to get all the big parcels ready in time for a driver to distribute them. Now I take them with me in my electric bicycle trailer.'

'It is funny that you are a real attraction for many people on the street.'

Nico Hoobergs,
postman

Nico has been a postman for 31 years and has seen the profession change thoroughly over the years. Not only his job changed, so did the city. 'Leuven is a university city with a small centre. The traffic circulation plan has many ecological advantages, of course, but it is less easy to drive through it by car. If you had to deliver the mail by car, you would be completely stuck at 10 o'clock. Fortunately, our bicycle trailer has changed that. You can get through everywhere and everything is easily accessible.'

In the beginning, the switch from bicycle to bicycle trailer took some getting used to, although the advantages were very clear. Nico still learns things every day about the ideal way to fill the trailer, which is not an easy thing to do since the volume is different every day. 'It is funny that you are a real attraction for many people on the street. Because I appeared in the Leuven city magazine, the citizens of Leuven also recognize me. It often happens that people stop to see what such a bicycle trailer looks like from the inside.'



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