

Internet adds to growth potential

The trend of purchasing goods on the internet will play an increasingly significant role in boosting the demand for express courier delivery.

Aramex, a global express delivery and logistics company that recently acquired local company Berco Express, has invested in this area.

Aramex has created Shop and Ship, an e-commerce portal to purchase, ship and deliver consumer products from UK, US and China websites, including books, electronic goods, clothes, pet products and vehicle parts.

Andy van der Velde, MD of Berco Express, says it opens opportunities for Berco to use Aramex's e-commerce technology to create a similar portal through which anyone in the world can purchase South African goods.

Aramex originally created its e-commerce portal to give consumers in the Middle East easy access to US and UK products.

Graeme Lazarus, joint MD of RAM Hand-to-Hand Couriers, says e-commerce holds huge growth potential for suppliers to deal directly with end users and courier companies are playing a major role in this.

"We have seen a 10% to 12% increase in e-commerce business over the past year."

However, he says, e-commerce business generates less revenue per delivery and at the same time requires a larger distribution network.

Ken Light, executive head for SkyNet Worldwide Express, says the volumes of courier deliveries for e-commerce fulfilment are growing daily, especially for goods ordered from the UK, China, India and Pakistan. "We handle 7000 to 10000 e-commerce deliveries a month from China alone."

He says often when goods are purchased from UK or US websites the products have come from China.

From the courier company's perspective, the downside of e-commerce is that deliveries are widespread, which makes aggregation difficult. Also, consumers do not see the value in the delivery service and expect to pay as little as possible, says Light. At the same time they expect to get regular updates and be informed about when they can expect delivery.

He says that although there is elaborate integration and interaction between online retailers and courier companies, their systems generally do not allow for two-way electronic interaction with consumers.

"Interaction with the end customer is still passive."

This is frustrating for consumers and, with the growth in e-commerce, will need to be addressed, he says.

Gary Marshall, CEO and chairman of the SA Express Parcel Association, says there is a significant increase in the demand for the express delivery of goods purchased online and for the delivery of chronic medicine. "This type of business did not exist 10 years ago."

He says the delivery of these goods is synonymous with speed and reliability. It requires a large distribution network and a fast and consistent level of service nationally.

"Consumers expect that orders be fulfilled no matter where you are situated in the country."

He says the same applies to the delivery of chronic medicine, which is time sensitive and needs to be kept at a certain temperature.

Other high demand goods for express delivery include electronic components, credit cards and automotive components. Some vehicle manufacturers book deliveries six or seven times a day so as not to hold stock and save on expensive storage space, says Marshall.

Source: *Business Day*

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