

# Thrill of the chase

Young entrepreneur Leigh Williams saw the online retail logistics industry was lagging behind and filled the gap. Anna Game-Lopata writes



**I**T ONLY takes one bad experience to clarify the real meaning of customer service. But when Leigh Williams got frustrated trying to buy and sell online, he decided to take action.

"I saw an industry failing to adapt rapidly enough to address changing consumer demand," Williams tells *SCR*.

"I identified traditional third party logistics providers (3PLs) were overcharging online retailers and providing a poor service to Australians who were hoping shopping online would offer greater convenience. There was a huge gap in the market and I felt a strong desire to address it."

Williams founded Australia's first, and so far, only dedicated logistics service provider for online retailers.

"eStore Logistics provides world-leading logistics services to online businesses and we have clearly distinguished ourselves from the traditional providers in Australia," he says.

"We specialise in the books, electronics, furniture, apparel, camping equipment and bedding sectors. However, the systems and processes we have adopted are fully transferrable to bricks-and-mortar retail firms that dispatch orders direct to customers."

Williams says internet retailers are unique in that they offer hundreds of products and dispatch many small orders to customers across the country.

To provide the best service, eStore Logistics has generated its own innovative approach to IT systems, pick-and-pack processes and relationships with Australia's largest courier companies.

Williams says traditional logistics companies are in the "dark ages" about online retail logistics services.

"They're geared towards fulfilling large orders to bricks-and-mortar stores and they aren't providing an efficient service to online shoppers, he says, adding that the warehouse management systems of most 3PLs are "archaic" and not geared to provide low-cost, efficient logistics services to online retailers.

"Their systems are usually a 'one size fits all' generic solution. They pick orders inefficiently, lack the IT systems to ensure dispatch accuracy and are generally charging too much for a sluggish service."

By contrast, eStore Logistics has developed a

modulated warehouse management system from the ground up which is highly customisable to cater for the order profiles of online retailers.

"No matter what our clients' business requirements are, our warehouse management system ensures we are able to rapidly implement the most efficient solution," Williams explains.

"We bulk-pick to lower the labour employed during pick activities, and utilise automatic cartonisation for orders. The system directs warehouse staff on which items go in which cartons to reduce manual entry and processing costs."

eStore Logistics uses its own freight calculator which considers multiple carriers for each order and selects the most cost-effective delivery method.

"Traditional logistics providers usually offer a more limited range of carriers and don't calculate the shipping cost for each order," Williams says.

"Such an approach significantly drives freight costs up for online retailers. Due to the high volume of small orders, we engage many more freight carriers than others might. We do this to service differing customer requirements and to make sure they are receiving the most cost-effective solution.

"Our business model focuses on addressing specific customer requirements and always providing the best possible value. Offering customised solutions ensures customers receive the best possible outcome from their logistics function."

Williams' techniques delivered eStore Logistics a 288 percent growth in 2010, which also led to a threefold increase in staff.

While he admits he doesn't have a background in the industry, Williams says logistics is heavily reliant on IT systems and processes.

"I've been able to use knowledge and experience gained from a double degree in Information Systems and Business, an internship at Accenture and a consultancy role with IBM to benefit the business.

"But there's nothing quite like the risk and thrill of going out on your own and trying to change an entire industry. The one I've taken on is yet to innovate and adapt to the changing environment where online retail is growing extremely fast."

Williams says the biggest challenge of starting



eStore Logistics was being a young entrepreneur with a vision to shake up the logistics industry.

"Convincing large online retailers I had the formula to reduce costs and carry out accurate services was very difficult in the beginning. I had a big vision but lacked industry experience. I quickly learned bidding for smaller parts of the business would successfully build trust in the eStore Logistics model, rather than trying to win 100 percent first up."

From the outset Williams solely managed every area of the business, such as operations, human resources, IT, sales and customer service.

As the company grew he saw the need to delegate some of these tasks, and says that now an "extremely capable" management team oversees aspects of the eStore Logistics business, enabling him to focus on strategic planning and growth.

The total value of goods sold by Australian online stores in 2009-2010 was \$143 billion, up 15 percent on the previous year.

"The online retail industry is growing very rapidly in Australia. We lagged behind Asia Pacific several years ago, but Australians are now starting to realise the best deals can always be found online.

"The main advantages of shopping online for consumers include savings, and having products delivered directly to the door," Williams observes.

"Order fulfilment is a critical priority for any online retailer, yet many treat it as less important than site design or marketing. The only physical experience a customer has with an online retailer is the delivery of their purchase. A poor delivery service undermines the whole online shopping experience.

Williams says the online retail boom will make stores offer customers the best service and prices, or competitors will beat them at their own game.

"Internet businesses will have to take their logistics function more seriously in the future as more competition arises.

"Therefore, to satisfy the needs of their shoppers, online retailers demand two things from their logistics provider: the rapid and accurate dispatch of orders and second, that their logistics costs be kept to a minimum. If these aren't achieved, online retailers will lose their edge in the retail market."

While start-up internet retailers may attempt to manage their own warehousing and logistics at first, as a business begins processing hundreds or thousands of orders per day, Williams says it will need to find a dedicated 3PL with real experience.

"Over the next five years, more and more online

retailers will employ the services of experts like eStore Logistics in order to run an efficient and streamlined business."

As it stands, eStore Logistics is the only 3PL providing a customised service to online retailers in Australia, but with the continual growth of online retail, it's inevitable that competition will arise.

"eStore Logistics has spent a lot of time speaking to prospective customers and bringing them on board, but the management team and I will soon need to step back and review what's happening internally, including quashing any inefficiencies at an early stage, developing new ideas and planning growth opportunities."

"We've innovated and created a market-leading offering to online retailers. It's my job to continue to innovate and ensure we're staying one step ahead.

"At the moment we have carved out an industry niche and are the only 3PL with this highly-targeted focus. The high growth stage of our business we're in is both challenging and extremely exciting."

With eStore Logistics established, Williams now finds himself consistently fielding requests from online retailers wanting to take advantage of his services. Clearly, he's unlikely to be daunted by any obstacles thrown his way.

To prove the point, he says he's perplexed by calls to tax imports from international online retailers.

"I find it unbelievable that Australian online retailers could be having issues competing with businesses that must deliver products tens of thousands of kilometres," he laughs. "Any online retailer finding it hard to complete with international rivals should contact us to make their logistics function more efficient!"

The future looks very bright for eStore Logistics.

"While the boom in online retail has resulted in the closure of some bricks and mortar retailers, it has also resulted in thousands of jobs being created in new, auxiliary industries," Williams points out.

"eStore Logistics, for example, exists as a result of this online retail boom. The logistics providers we deal with are also rapidly expanding because of the increased business.

eStore Logistics is currently establishing additional facilities and infrastructure around the country. "We're also continually reviewing technologies available, along with IT systems and processes to ensure our business continues to deliver the highest quality services at cost-effective prices to customers." ||