

**Benefits of Electronic Trading  
London Book Fair 2011  
Earls Court**



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Macmillan Distribution (MDL)**



## What is eCommerce?

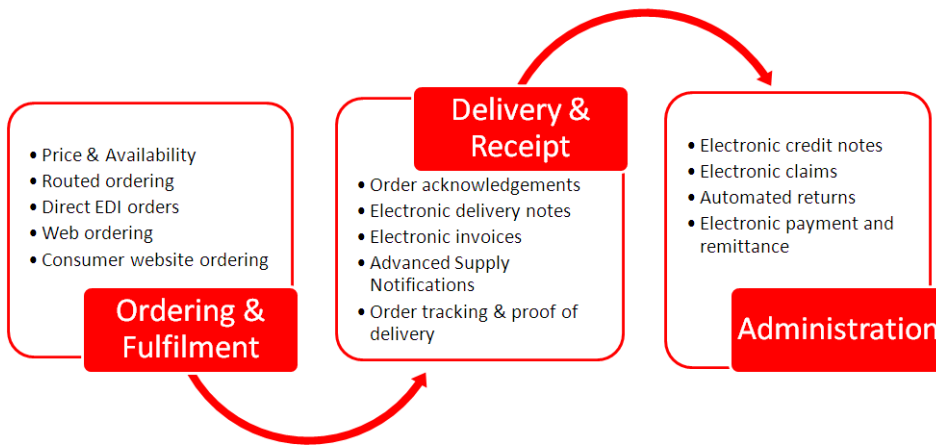


*“the buying and selling of products or services over electronic systems such as the Internet and other computer networks”*



We have a choice of suppliers, who have built excellent tools for the industry, or to trade directly.

# What is eCommerce?



It is very much about ordering, but there is so much more out there for our customers.

This is only part of a longer chain, which starts with interfaces from publishers' production systems, Advance Shipping Notifications (ASN) from printers, through to data warehouse and electronic reporting for publishers.

There are differing solutions for differing requirements.

Each business must decide which solution matches their own requirements and decide which is best.

Competition from suppliers is healthy for the supply chain in terms of cost and promotional activities.

## Industry Standards



Formats and content controlled by industry organisations and schemes run to encourage the supply chain to embrace eCommerce.



These standards minimise the required effort by trading partners, ensuring efficiency and maximising cost efficiencies

We can all benefit from the creativeness and input of colleagues from throughout the industry who sit on boards or steering committees.

# Systems Integration



Systems can be integrated at all levels, whether direct Electronic Data Interchange (EDI) or less sophisticated use of web based systems. Differing levels of efficiency can be achieved, but all deliver timely and wholly accurate information for our businesses.

Systems are global and speak to each other in a common language

There are very few barriers remaining, if any, other than habit or culture, for customers not to be using eCommerce solutions

## Why eCommerce?



The efficiencies these systems deliver ensure we can all remain competitive in the market place



We have done well as an industry to embrace and benefit from eCommerce, but there are still huge opportunities left to exploit.

Ordering systems are well established, but on the administration side the majority of our customers have still to take advantage of electronic copy documents and payment systems.

Returns cost us significantly and yet manual paper copy requests are still being circulated and mis-directed.

Few have yet to realise the benefits of ASNs to automate the process of getting stock and stock data into their business

## Why eCommerce?



For Macmillan Distribution (MDL)

- 5.5 million order lines raised in 2010
- 4.5 million of these received electronically
- £300m sales ledger to administrate
- Improved service levels
- Accuracy & consistency of service
- Cost



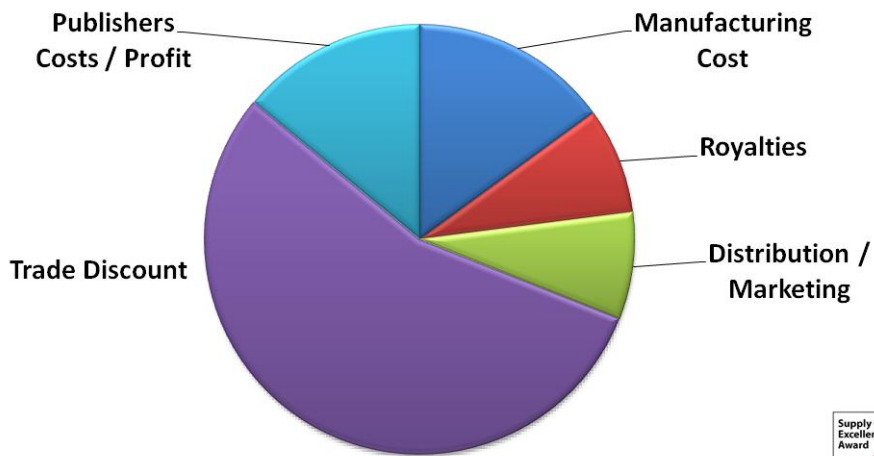
Our data entry team would be five times bigger if we had not embraced and developed eCommerce solutions

We have to administrate a £300m sales ledger with thousands of active customers worldwide.

Over 90% of books are now despatched on day one and this ratio is increasing. If we have put this kind of effort into the physical fulfilment it makes no sense for orders to take 2-3 days to reach our systems in the first place.

# Why eCommerce?

Where does income go?



Distribution revenues are falling

Consumer discounting is increasing

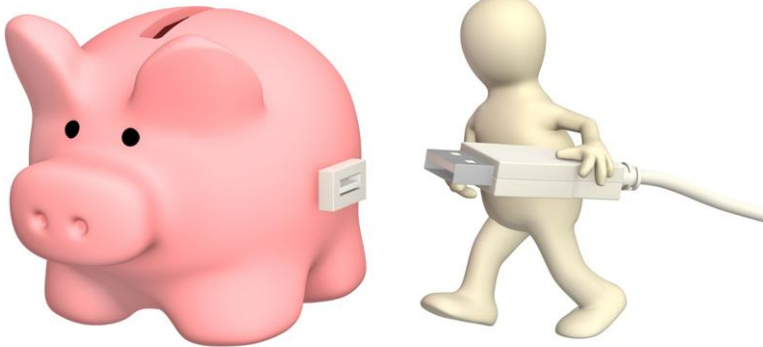
Retail revenues are decreasing

Margins are being stretched in all parts of the supply chain

Improved efficiency and reduced costs combat our reduction in income

# Why eCommerce?

Every part of the supply chain  
can use eCommerce to save  
significant cost



The majority of the systems available to retailers are subsidised by the publishers / distributors

Online solutions often come with little or minimal cost

Integrated solutions might have an overhead, but these will be returned again and again.

What is your competition doing?



In a landscape in which it is already difficult to compete it is hard to see how a retailer can survive without making the appropriate use of eCommerce

We've seen rapid growth from the internet sector and grocery sectors, who use all available systems to maximise supply chain efficiency.

Usage is not yet mandatory in our supply chain, but in many other sectors it is and for all of the reasons discussed today.

MDL introduced a policy of 100% electronic returns for the UK trade in 2011, because nearly 50% of the individual lines which we authorised to return, did in fact not come back. Other publishers and distributors may follow.

MDL has placed itself at the forefront of systems development and will continue to do so to ensure our supply chain maximises the use of technology.

## Further information



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Nielsen BookData: <http://www.nielsenbookdata.co.uk>

Batch: <http://www.batch.co.uk>

PubEasy: <http://www.pubeasy.com>

Book Industry Communication: <http://www.bic.org.uk>

