

LOCAL GOES DIGITAL: ZALANDO AND STATIONARY STORES COOPERATE MORE CLOSELY

BERLIN, OCTOBER 10, 2016 // While online shopping is becoming even more popular, the vast majority of fashion assortment is still located in stationary stores. In order to connect both worlds with each other, Zalando is looking into different ways of what the future of commerce might look like.

As part of the #IntegratedCommerce approach, Zalando is now offering small local retailers the opportunity to sell their products through its Fashion Platform. For the first time, local retailers are able to connect to the Zalando Platform with minimal technical effort via the external partner software "gax-system". The first 10 participating stores can now easily accept orders from Zalando customers and fulfill them if the matching item is available in their stores.

Jan Bartels, Vice President Logistics Products at Zalando: "With its platform strategy, Zalando is working on different ways to not only connect big brands and retailers, but to connect local stores with limited technological infrastructures for the first time. This way, Zalando can be a digital solution for smaller retailers who are facing the challenges of digitalization and offer them a further sales channel. We see the future of commerce as a seamless shopping experience for customers, whether fashion items are available online or in local stores. This is why we are continuously testing new Integrated Commerce initiatives, which connect both worlds."

Philipp Kannenberg, member of board, gaxsys GmbH: "For gaxsys, the pilot with Zalando provides a large number of local retailers with the opportunity to participate in e-commerce. We are convinced that local commerce can only exist in synergy with e-commerce, not in competition."

Already 10 local retailers are participating in the testpilot, one of these is Tip Tap Kinderschuhe from Weilheim (Bavaria): "As a local store, our main challenge is to reach new customers, especially those of the younger generations", says the owner Thomas Ganguin. "That's why, in order to generate extra sales, e-commerce is important for us as an additional distribution channel. So far the experience of selling online via the gax-system has been a good one. We are now able to sell more brands and benefit from Zalando's vast reach. If we were running an own online shop we would need much more storage capacity and would have to schedule more personnel. With the gax-system we can flexibly decide on which orders to accept online."

In June, Zalando already started its first test pilot, connecting local stationary stores of big partner brands like adidas to the Zalando Platform. The assortment of two adidas stores in Berlin is digitized and offered online to Zalando's customers.

Notes to Editors

ABOUT ZALANDO

Zalando (<https://corporate.zalando.com>) is Europe's leading online fashion platform for women, men and children. We offer our customers a one-stop, convenient shopping experience with an extensive selection of fashion articles including shoes, apparel and accessories, with free delivery and returns. Our assortment of over 1,500 international brands ranges from popular global brands, fast fashion and local brands, and is complemented by our private label products. Our localized offering addresses the distinct preferences of our customers in each of the 15 European markets we serve: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, Poland and the United Kingdom. Our logistics network with three centrally located fulfillment centers in Germany allows us to efficiently serve our customers throughout Europe. We believe that our integration of fashion, operations and online technology give us the capability to deliver a compelling value proposition to both our customers and fashion brand partners. Zalando's shops attract over 160 million visits per month. In the second quarter of 2016, around 65 per cent of traffic came from mobile devices, resulting in 18.8 million active customers by the end of the quarter.

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