

Zalando City Magazine Guide

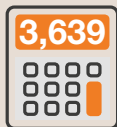
WITH
INSIDER
TIPS



ZALANDO AT A GLANCE



ORDERS IN M



REVENUE
IN EUR M

11,998



EMPLOYEES FROM
MORE THAN 100 NATIONS



TECH LOCATIONS IN
EUROPE

46.7% 53.3%



PERCENTAGE
OF FEMALE AND
MALE EMPLOYEES
IN THE COMPANY



FRUIT BASKETS
PER YEAR



KILOGRAM
CEREALS PER YEAR

640



ZALANDOS VOLUNTEERED
4,180 HOURS

Zalando City Magazine Guide

Dear Reader,

Welcome to Zalando City! The place of inspiring fashion experiences and technological innovations, of meetings and exchange – the place where we keep on learning, developing, growing, and advancing.

With our transition into a platform, Zalando aims to become the operating system of choice for fashion, connecting all the players in the industry. We are creating an ecosystem that will be beneficial not only for consumers, but also for brands, stylists, service providers, other retailers and many more. This is what “Zalando City” means to us. It is where the company, our customers, and partners come together.

Zalando City combines the vibrancy and inventive drive of Berlin with a unique European spirit uniting deep technological insight with a passion for new ideas.

Join us on our tour and discover Zalando City!

Your Zalando Team



**DISCOVER
ZALANDO
CITY AND ITS
PEOPLE IN
VIRTUAL
REALITY.**

You can use the app with or without VR glasses – but with them, it is more fun.



Download
the App



Shopping & Lifestyle

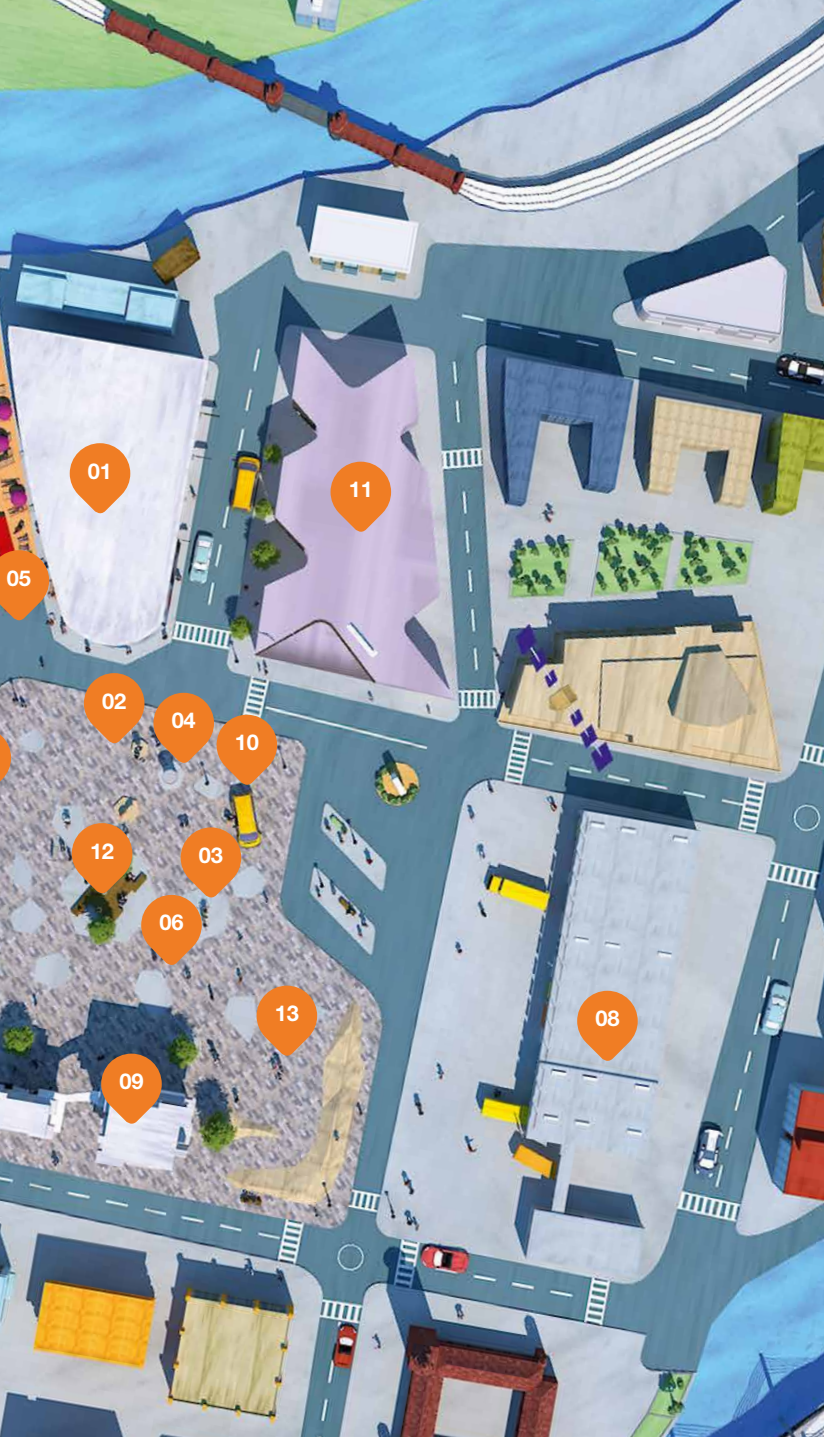
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Shopping & Lifestyle

SHOPPING & LIFESTYLE

ZALANDO CITY GUIDE

02





SHOPPING & LIFESTYLE

Zalando City is all about fashion and those who wear it. It is constantly evolving, offering new ways of finding inspiration and discovering brands.

01

Connect People and Fashion

Since day one, our fashion store has followed one simple rule: Enable customers to find their own personal style and hone it. We are constantly working on the evolution of our assortment, functionality and user experience. The fashion industry has been dominated by the elite for decades. Access to top products and brands was restricted, while trendsetters were the only people on the guest list for the hottest events. Zalando wants to open up this world and grant greater access, reduce barriers and empower customers. Our vision is to **connect people and fashion**.



Discover our fashion world:
zln.do/en-fashion



From partnerships with new brands and the technical development and enhancement of the fashion store to the expansion of the logistics network, “Our strategy always focuses on the customer,” says Moritz Hahn, SVP Market & Category Management.

Of course, making fashion accessible means offering the widest possible selection – curated, fashionable and relevant to our customers. Part of that is carrying items in every price range, from basic T-shirts to designer leather jackets. Today, mixing and matching expensive and discount pieces in a single outfit is very much in vogue. But this also means not limiting yourself to a certain style or forcing the latest trend down everyone’s throats.

“We don’t want to dictate how customers should dress,” Dalbir Bains, VP Womenswear, says – so there can be no purely global strategy for a fashion player that operates in 15 European countries. After all, the hottest look in Sweden may not be all the rage in

Italy. Our customers’ desires and needs vary from country to country, and we curate special offers as well as assortments to cater to their individuality. Our international buying team works closely with our local merchandising team. They are constantly on the lookout for upcoming brands and designers that we

want to make accessible for our customers. In 2016, we delivered some of the best brands for our European markets. ➡

The hottest look in Sweden may not be all the rage in Italy.

Zalando also works with brands that are normally nowhere to be found in retailers' shops, such as Mango. "We give them the opportunity to bring their own brand experience to our shop," Moritz Hahn explains. This gives brands access to Zalando's diverse customer base – and, more importantly, it benefits customers by giving them a one-stop-shopping experience.

Partnering with the world's most successful labels is the foundation on which our success is built. And when it comes to strategy, there is plenty to be learned from their business models, not only for Zalando's subsidiary zLabels and its 17 private label brands. Instead of pursuing a rigid "top-seller" strategy of constantly buying last season's best-selling items or discontinued products, customers always find the latest fashion on Zalando. This means not only removing last season's leftovers from the fashion store, but also constantly adding new pieces during the season and providing inspiring fashion content as well as insights into latest trends.



"We give brands the opportunity to bring their own brand experience to our shop."

MORITZ HAHN
SVP Market & Category
Management

To offer customers more detail, we have introduced product videos to the fashion store. In addition to letting shop-

pers see what a new piece of clothing looks like on a real person first, videos are intended to do more than just making it easier for customers to choose. ➡

“From a Website that Sells Fashion to a Fashion Website”

02

We have a clear strategy: We want to enable our customers to build their own style through Zalando. So variety is definitely an important factor. We travel all over Europe and worldwide, evaluating what brands we are still missing in our assortment. But we still have a clear picture of which brands fit into our strategy, and we therefore make a qualified choice to provide our customers with a curated offer. Over time, we have become conscious risk-takers.

We actively communicate what we believe to be new trends to customers. And we have started buying differently – predicting trends rather than simply following them – even from brands we have been working with for a long time.

The perception of Zalando has changed. People are recognizing what Zalando is about: Fashionability. We have gone from being a website that sells fashion to being a fashion website. It might sound simple, but we've put a lot of work into this. And the strategy is paying off: 2016 was an excellent year for womenswear, for example.

We have launched big brands like Beyoncé's Ivy Park or Tommy x Gigi, and we are performing well. It has definitely become easier to get new brands on board. Our local strategy plays into that, too. Continental Europe is still somewhat of a white spot on the map for many US- and UK-based fashion companies.

With Zalando, they get a partner that opens up Europe to them – without seeing it as an entity: We understand the nuances between the French and the Swedish market. We have become a preferred partner for many global brands. In the future, we want to bring collaboration to the next level and develop even more exclusive launches with brands.

“We have become a preferred partner for many global brands.”

INSIDER TIP



DALBIR BAINS
VP Womenswear



Behind the scenes:
zln.do/en-behind

03

zLabels

The story of our subsidiary zLabels is one of Zalando's biggest success stories. zLabels was founded in 2010 and supplements the product assortment with brands designed in-house, such as mint&berry and Zign. Now made up of more than 400 creative minds from 35 different nations, the Berlin-based team has created no less than 17 brands in six years, including some of the top-selling brands in Zalando's fashion store. The idea was not only to sell fashion, but also to use our experience to help create it.

"We tried a lot of different things in the beginning," says Managing Director Jan Wilmking. "Today, our approach to developing new brands and products is far more strategic."

As digital fashion company, zLabels focuses primarily on leveraging data-driven insights and combines them with a smart sense for trends. If metallic-look clothing, for example, turns out to be a big seller, zLabels gets shoes and bags in the same style into the store in no time flat. "We have one of the most flexible infrastructures in the market," Wilmking says.

Due to its success in the Zalando fashion store, zLabels brands such as Zign will be made available via other channels. This approach is intended to leverage zLabels' full potential as a digital fashion company in the market.

INSIDER
TIP



As a replacement for the dressing room found in bricks-and-mortar retail, it is also supposed to be a way to avoid unnecessary returns. Why? Because the more information customers have before they buy, the less likely it is that the product they receive falls short of their expectations.



Another service in the fashion store also represents a step in this direction: The size guide. Who has not ordered an item in two or three different sizes to make sure you get the right one? A reliable size guide offers tremendous potential for savings by reducing the size of individual shipments and avoiding unnecessary returns. ➡

THE LATEST FROM THE FASHION STORE



Shop Design

Various categories, such as outdoor gear, are now featured in specially designed shops, for an even more direct and authentic way of reaching target customers – from peer to peer.



User Experience

Design and user experience in the fashion store are constantly being improved – making online shopping not only convenient, but also a lot of fun!



Product Videos

Moving images of many products have been available since November, making selection easier and providing even more inspiration.



New Arrivals

Numerous new brands were added to the Women's category of the fashion store in 2016.



Special Areas

Fashion is personal, and that is why the fashion store also carries special petite, tall and plus-size lines.

So what issues will be important for the fashion store going forward? “We want to inspire people,” says Hahn. Customers do not necessarily have to know in advance what they want to buy. Until now, searching has been the fastest way to find a new outfit. That is set to change in the future.

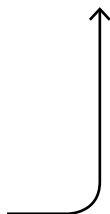
New features such as Shop the Look – which lets customers shop not only the selected item, but the whole outfit a model in a picture is wearing – are part of this, as are recommendations for similar items and pieces that could match the selected purchase. Soon, there will be even more ways to explore what Zalando has to offer.

Technology is the basis for making this a reality. But it also takes a lot of work. Intelligent and – above all – user-friendly navigation and layout ultimately require describing and tagging the entire range of about 200,000 fashion items. According to current plans, the shop of the future will know that a certain scarf is an oversized scarf while also being able to tell the difference between Empire and Liberty style, or tag sustainable products. A first step in this direction was taken in 2016: Within the Kids’ Section, sustainable products are displayed with a specific tag – a feature that Zalando aims to bring to all categories in the future.

“We want to enable the customer to make informed decisions when shopping with us,” says Hahn. “Big, one-time transactions are not necessarily what we are aiming for, but rather for long-term engagement with our customers.” The task at hand in the years ahead will be to strengthen this trend. ◀

“We want to enable the customer to make informed decisions when shopping with us.”

MORITZ HAHN
SVP Market &
Category Management





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INSIDER
TIPP



**BREAD
BUTTER**
by Zalando

SHOPPING & LIFESTYLE

Event Communication Done Right!

EVENT

From trade show to trend show:

Bread&Butter had been an established trade show for some time. Following the acquisition of Bread&Butter by Zalando in 2015, the former trade show for industry insiders became a trend show for all. For the first time ever, Bread&Butter was open to the public. The event's motto in 2016 was NOW: A reference to the digital, sharable and instantly shoppable collections presented at the culmination of the Autumn/Winter season.

Fashion loves music loves street style:

Fashion is an essential element of people's lifestyles today. So are music and food. We partnered up with Boiler Room, a music platform and pioneer in live communication, and style icons like ASAP Rocky in order to offer visitors the whole lifestyle package: The latest fashion, good music, excellent food and innovative technology.

COMMUNICATION

The strategy: Zalando transformed a local event into a global experience by streaming fashion shows and musical performances in real time in the social feeds of our customers. We used augmented reality to present the latest looks before their official launch. We worked with influencers to inspire people worldwide. With live streaming still in its infancy, we put our best people on the case: A team of reliable social media experts with a thirst for knowledge and our enthusiastic techies, who made it possible to broadcast a live stream on Facebook to 15 countries simultaneously. A first!

The result: A total of 6.9 million fans followed B&B live on social media, most of them from outside Germany. For three days, B&B was a trending topic, with about 800 million media impressions overall. We ended up with satisfied brand partners who generated and used content in close cooperation with Zalando and more than 20,000 inspired real-life visitors. A success we will continue in 2017, with the second edition of our Bread&Butter.

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Visit our trend show – NOW: zln.do/en-bb

Shopping at Zalando: Convenient On Any Device

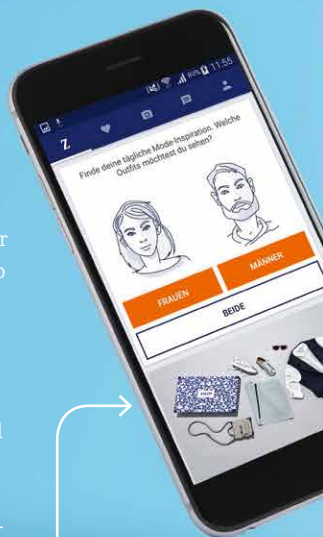
06

Customers are used to connecting with brands on their own terms, where and when they want to. We constantly learn from the way customers use our apps, putting their journey at the center of our efforts. We know our customers come to us from different digital channels and increasingly find us on social media.

Because of this, we have deliberately invested in a smoother cross-device and cross-channel experience.

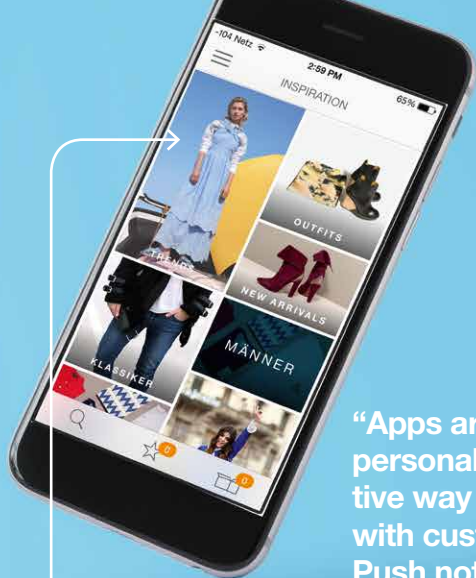
Zalando is Europe's largest fashion platform, which means developing new services and technologies to bring people and fashion together. Our apps are a key part of this journey, as we see an increasing number of customers choosing our apps to access Zalando.

Whether through app-exclusive content, ensuring the smoothest and most frictionless browsing experience or personalization, we are confident that the right mobile strategy will be a key success factor in the years to come.



A NEW LOOK FOR ZALON:

Thanks to the integrated messenger feature in the Zalon app, users always have their stylist with them. The preview function makes it possible to exchange unwanted items before the Zalon box is shipped.



FUNCTIONAL DESIGN – MADE EVEN MORE FUNCTIONAL:

Customers can now explore brand shops, have access to a wider assortment through specialty sizes, shop by looks, see personalized product recommendations, shop for gift cards and benefit from the new checkout experience. As a reflection of these efforts, the Zalando Android app has been selected for the 2016 Google Editor's Choice Award.

“Apps are a highly personal and effective way to connect with customers. Push notifications allow us to create moments of relevance and allow us to continue to communicate beyond the in-app browsing experience – from notifying customers of anticipated campaigns to letting them know that items from their wish list have been reduced in price.”

**NUZHAT
NAWEED**
VP Customer
Experience



New features at a glance:
zln.do/en-new-features



Our boxes consist of
98%
recycled material

~200,000
articles

07

Speedy Delivery, Convenient Returns

When it comes to making online shopping decisions, at the top of our customers' minds is the service level we offer, such as free and fast delivery and returns. For Zalando, free delivery and returns have always been a given as a key value proposition. Several of our pilot projects in Europe, testing services such as same- or next-day delivery and returns pick-up, are now placing personalized delivery and return options in the spotlight.

Zalando is turning conventional e-commerce logistics upside down and asking: **Why should customers have to organize their lives around parcel deliveries and returns – and not the other way around?**



Take a look:
zln.do/en-delivery

In the future, customers should be able to tell us when and where they want to get their delivery. That is why we are currently testing same day and next day delivery in several cities in Germany, such as Berlin, Cologne, Dusseldorf and Essen, and why we launched a further pilot in Amsterdam, the Netherlands, at the end of 2016. But our vision even goes one step further: People should be able to change the time and place of delivery post order at short notice in case their schedule changes.

The same goes for returns. In 2016, we started further tests of the pick-up return service in several cities in Europe, such as Berlin, London and Paris. Customers can order the pick-up of their return easily and conveniently at a place of their choice, either on short notice or

within a preferred time slot. Following a pilot, this service has already been rolled out as a permanent option for our customers throughout the Netherlands.

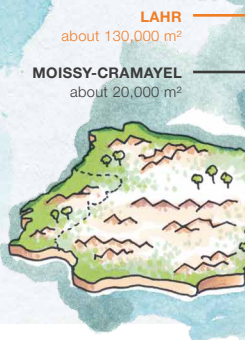
To do so, Zalando cooperates with established parcel delivery companies and innovative start-ups that are specialized in delivery window services or evening delivery. This also calls for a new kind of partnership in which responsibilities are organized across company boundaries. "In this supply chain, we can't just hand things over to the service provider," says David Schröder, SVP Operations. "We need to work closely together. Both sides need to be aware of their responsibilities and of all the different steps a parcel takes on its way from the fulfillment center to the customer."



All packaging is
100%
recyclable

The Top Routes in Europe

Zalando is constantly expanding the logistics network to help keep its promise of connecting people and fashion. By opening its first regional fulfillment center, known as a spoke, in Stradella, Italy – where the first parcel was sent out in 2016 – Zalando is reaffirming its commitment to a European strategy. According to the company's plans, all countries will stand to benefit from tailored delivery times in the long term thanks to a hub-and-spoke network with bigger fulfillment centers (hubs) to serve all 15 markets and additional smaller sites (spokes) for local needs.



LAHR
about 130,000 m²

MOISSY-CRAMAYEL
about 20,000 m²



Learn more about our
logistics: zln.do/en-logistics

DAVID SCHRÖDER ON THE DEVELOPMENT OF LOGISTICS AT ZALANDO

DAVID SCHRÖDER
SVP Operations

INSIDER
TIP



From zero to Europe in less than six years: How do you approach building a logistics network?

SCHRÖDER: Like we would approach almost anything: By starting small and working our way up step-by-step. We'd already gathered some experience at our first service provider's fulfillment center, where we took over part of the process starting at the end of 2010. This testing phase was very important for us, also because it helped us decide whether we really could create a competitive advantage by doing fulfillment ourselves.

And then you opened the first site of your own...

SCHRÖDER: Yes, in Brieselang in 2011. We started by using external logistics software so that we could focus on the operating processes first.



The opening in Erfurt followed in 2012 and was the step associated with the greatest risk: It had four times the capacity of our main fulfillment center up to that point, a EUR 100 million investment – and we wanted to go online with our logistics system ZALOS, which we developed in-house.

Did it have to be a system developed in-house?

SCHRÖDER: Two things have to be just right in logistics: The people and the system. We wanted to be able to make changes fast and independently. You can't do that with external software. Today, we are still constantly adjusting the system to meet the latest demands.

Tell us a bit about the future: What are the next steps in logistics at Zalando?

SCHRÖDER: We will move on to expand our hub and spoke network. In Poland, we have started construction on our next larger fulfillment center in Gryfino, which will serve all 15 markets. In addition to that, we will add smaller sites in individual countries to supplement our main fulfillment centers. That's already worked well with our spoke in Stradella: Delivery time has been cut by 1.5 days for our Italian customers – and we are seeing that they are also buying more. The model has been a success that we now plan to replicate in other markets such as France, too.

Commerce & Community

COMMERCE & COMMUNITY

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WHOLESALE

BRAND SHOP

**PARTNER
PROGRAM**

**INTEGRATED
COMMERCE**

**ZALANDO
MEDIA
SOLUTIONS**



COMMERCE & COMMUNITY

In Zalando City, success is a question of partnership. Working together means more for everyone. And Zalando City keeps on growing and growing.

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Where It All Began: Wholesale

The initial idea seemed simple enough: Selling shoes. Buying and selling, but using an e-commerce platform. Easy for the customer: Place your order and here comes your package. It doesn't fit? Send it back. It was even easier for brands, with Zalando as an additional sales channel for their fashion. From this starting point on, we made it happen.

Labels large and small were the first to leverage Zalando's innovative potential. They were the start of a success story built on fashion, technology and operations. With every inch of progress, others started taking notice. Zalando became a pioneer of new partnerships and customer relations models.



FROM A TO Z: THE STORY OF A PARTNERSHIP

The story of adidas and Zalando begins in 2010. After initial success in wholesale with adidas Performance, adidas added its adidas Originals to Zalando's new sportswear category. In 2014, Zalando became a European company, boosting sales and taking the relationship with the international label to a new level and taking further steps in online retail. A successful campaign with Pharrell Williams as the face of adidas Super Color – a large-scale marketing campaign to allow Zalando to reach all of Europe – laid the foundation for the close partnership of the years to come.

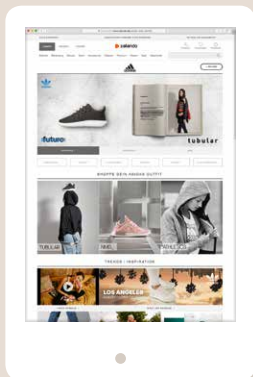
A Place to Call Home: The Brand Shops

Our brand shops are the digital equivalent of a flagship store on a shopping street. Brands create their own pages in the fashion store, plus they can design them however they want and update them at any time, from the latest campaign visuals to custom product offerings. Almost 200 labels operate more than 2,500 brand shops on our platform. Here, it is less about making a fast sale than about appealing directly to the target group, since the customers who visit the brand shops are usually those who are actively looking for a particular label. Brand shop customers spend an above-average amount and stay longer on the page than most visitors. One could say that the brand shop is where brands meet their fan club and have the opportunity to engage with them as devoted customers – differently in each country.

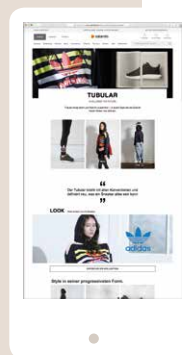


Find out more about brand solutions:

zln.do/en-brand-solutions



At Zalando, we say adidas is bold and always open for new ideas – ready to try new things without a guarantee, ready to learn with Zalando, and ready to share in success. adidas was also one of the first during the development of the brand shops and is today one of the most active labels in the fashion store, operating seven branded shops in six countries.



Joining Forces, Sharing Strength: The Partner Program

Our partner program allows brands to make products available on Zalando while retaining responsibility for handling orders themselves. Brands and retailers can integrate their own e-commerce and offline stock into our fashion store and via additional Zalando platform products. Articles are integrated into the Zalando catalogue, but are shipped directly from partners to our customers, at Zalando delivery standards. We support our partners in joint commercial optimization and achieving delivery excellence. Furthermore, we take care of customer communication and payment processing. The merchandise remains their property until the moment of sale. This gives customers access to the largest possible selection of products and lets brands increase their reach across Europe.

“We want to make it as easy as possible for customers and partners. Our vision is an online shop in which customers can find every item that they are looking for – no matter where it is located. We have created the technical foundations for this endeavor.”



CHRISTOPH LANGE
VP Brand Solutions

THE ZALANDO MERCHANT CENTER

INSIDER
TIP

The Merchant Center is the heart of Zalando, connecting stock and providing content for all our channels. Throughout 2016, our tech team has been working on its further development. The Merchant Center will offer a new way to connect stock partners to our platform and save time for our partner brands, on top of ensuring better usability of the platform.



COMMERCE & COMMUNITY



“We put our brands in the driver’s seat so that they stay in control.”

BENJAMIN KRÜMEL
VP Men

adidas joined the partner program in 2015. Now the company can connect its European stock to our fashion store, in addition to wholesale. It stays in control by being able to decide which items it wants to make available. As a result, adidas benefits from effective utilization and potential for growth. And through Zalando Analytics, it gains valuable insights into customers’ buying behavior. This long-standing and close partnership creates the trust that makes it possible to implement innovative digitalization strategies. In fact, the brand even redesigned its key account structure in order to advance the cooperation with Zalando.



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The Next Step: Integrated Commerce

Through integrated commerce, we connect the online and offline world on our Zalando platform by integrating the merchandise management systems of partner stores. In June 2016, together with adidas, we kicked off our integrated commerce pilot project and connected two adidas stores in Berlin – first to Zipcart, and then to the fashion store from September on – through strong technical solutions. Customers can now access items available in-store and arrange for same-day delivery through Zalando. This allows offline retailers to participate in the growing e-commerce trend and to target alternative ways to increase their sales. And it benefits customers through better availability and innovative services, like faster delivery, a single point of contact and a consistent service level agreement. Hundreds of orders in the first few weeks are proof positive that integrated commerce has tremendous potential.

“This pilot with Zalando marks another important milestone in the digitalization of the adidas Group. Our goal is to provide our consumers with the best brand experience they can get, no matter where and when they choose to shop. Our consumers want the latest and newest product – and they want it now. Shipping products directly from our adidas stores addresses this need for speed. We are very excited about our pilot with Zalando in Berlin and look forward to implementing learnings in other areas of our business.”

HARM OHLMEYER
SVP adidas Digital Brand Commerce



INSIDER
TIP

INTEGRATED COMMERCE 2.0

After our first pilot, we have already introduced the next level of integrated commerce, which enables even smaller local stores to join the Zalando platform with only little technical investment. In this pilot project, relevant orders from Zalando customers are passed on to local stores through external online-based local order management software (gax-system). Stationary retailers can then decide for themselves whether they want to fulfill the order or not. If no local store wants to fulfill the order, Zalando takes over as usual.



A brief guide to integrated commerce:
zln.do/en-integrate

Effective Advertising: Zalando Media Solutions

In the digital age, good advertising is driven not only by great content, but also by customer insights and the ability to make it actionable. For target advertising, we need to address the specific audiences with specific messages across many channels. Through Zalando Media Solutions, we combine technology, fashion expertise and marketing knowledge to enable brand partners – from fashion to other industries, like beauty, FMCG (Fast Moving Consumer Goods) and automotive – to build powerful campaigns targeting all sorts of objectives with us. We strengthen brands and make them more successful in 15 markets across Europe.

The success of adidas' athletics campaign co-created with Zalando Media Solutions turned heads in a major way. It demonstrated the potential that can be unleashed when one of the largest sports brands in the world and Europe's largest online fashion platform join forces: A hero product was sold out within two days, and the campaign generated a new customer rate of 42%. The Find Focus launch campaign was built around a white hoodie and was the big-



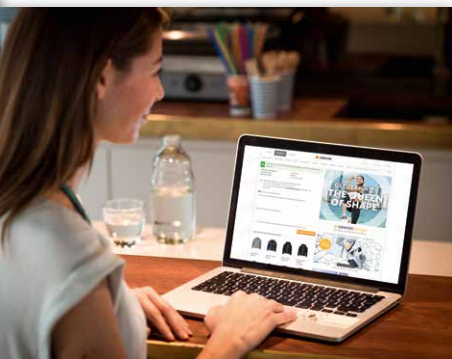
gest and most exclusive adidas campaign at Zalando in 2016.

Other campaigns for brands like G-Star and Converse, or non-fashion brands such as Douglas or Procter & Gamble, also attest to the high potential of Zalando Media Solutions.



INFLUENCE THE MARKET. MEASURE SUCCESS.

With Collabary, we developed an innovative platform for linking brands with influencers, from establishing first contact and organizing a campaign to evaluating and analyzing a partnership. Companies can choose from a wide range of criteria, allowing them to find exactly the right content creators who speak their language and fit the brand. As a result, Collabary offers strong added value for business: Comprehensive social media expertise for targeted communication strategies, and analysis tools that make it possible to measure the success of campaigns. Collabary enables brands to instantly and efficiently benefit from influencer campaigns and provides transparency in a growing and fast-moving market.



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BRANDS

1,200

INFLUENCERS

INSIDER
TIP

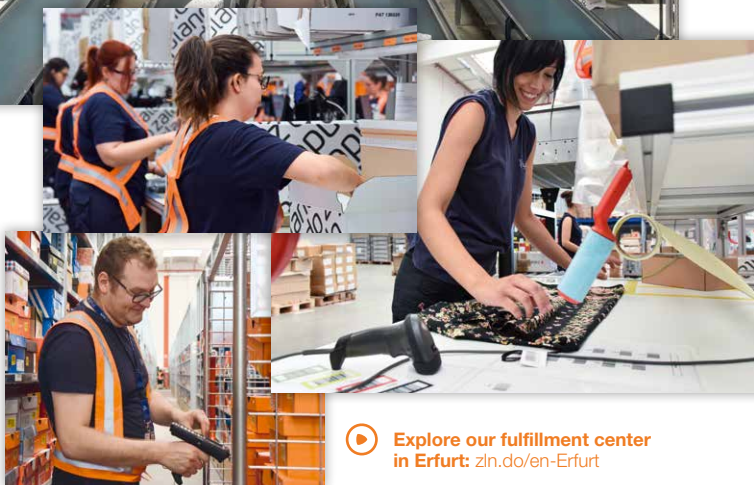
Follow Me

Who gets my likes?
Who do I want to follow?
With our close relationships to content creators, we built up a marketing strategy that goes beyond traditional media channels. But how do you find the perfect influencer? Our answer: With expert knowledge and the right tools – and by constantly learning how to interpret it.



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Full Service for Logistics



Explore our fulfillment center
in Erfurt: zln.do/en-Erfurt

Logistics plays a crucial role in retail. According to studies, four of the top eleven reasons for customers buying from a specific online store have to do with logistics. An efficient logistics network forms the foundation for successful e-commerce. With Fulfillment by Zalando, we are opening up our logistics infrastructure for brand partners and process orders from the fashion store for them. It requires sophisticated technical and operating processes – and a flexible partner to test things out. The service is now slated for successive expansion to all countries.



EVITA offers quality craftsmanship from Italy – and has been selling its handmade shoes successfully on Zalando for a couple of years now. But doing business on a European scale presented the successful shoe brand of the fashion company brandamoda with a number of challenges. International shipping usually is only worth the time and expense if you ship a high volume of goods, and service promises

need to be kept. As a result, EVITA's products were the perfect prototype for Fulfillment by Zalando – and the company was up for joining the test run. The partnership was successful for all, said Stephan Keck, founder and CEO of brandamoda, "Thanks to a great team with forward-looking concepts and flexible solutions, it's a lot of fun to create and perfect these new possibilities together."

FULFILLMENT BY ZALANDO

CUSTOMERS

Customers receive one delivery per order and only have to send back one package if they want to return something. This also makes planning deliveries more efficient and means that they get to the customer faster.

ZALANDO

We expand our business model and take another step in our journey from being an online retailer to being a fashion platform. Efficiency gains in logistics can be passed on to customers and partners, ultimately increasing the attractiveness of the entire platform.

PARTNERS

Brand partners save money and can focus on their core business: Fashion. Fulfillment by Zalando opens the door to new sales markets and substantial growth in revenue, especially for small and medium-sized enterprises. It also makes it possible to add items that would previously have been unprofitable due to the low value of the merchandise.

ENVIRONMENT

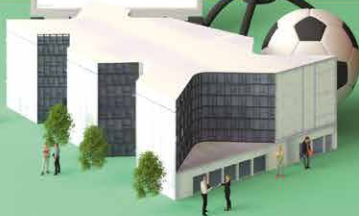
Finally, Fulfillment by Zalando makes it possible to send fewer parcels through a central logistics network, saving costs and benefiting the environment.

People & Culture

PEOPLE & CULTURE

ZALANDO CITY GUIDE

30





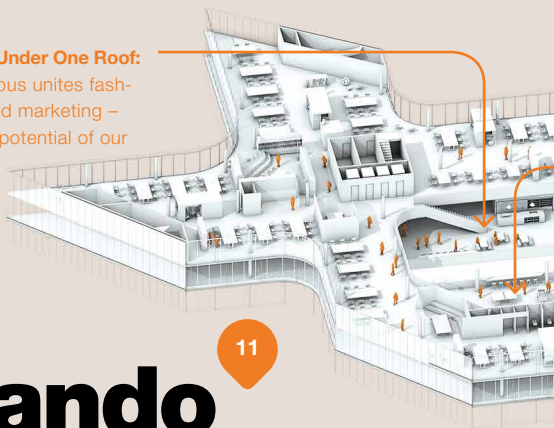
PEOPLE & CULTURE

Almost 12,000 employees call Zalando City home. Every one of them makes a contribution to its growth – and makes life here worth living.



All Our Expertise Under One Roof:

The Zalando Campus unites fashion, technology and marketing – leveraging the full potential of our talents.



Zalando Campus

A home for all Zalandos – and a clear symbol of our commitment to Berlin. In September 2016, we finally broke ground on our new corporate headquarters in the city's Friedrichshain borough. Once opened at the end of 2018, the whole Zalando Campus will provide space for more than 5,000 employees.

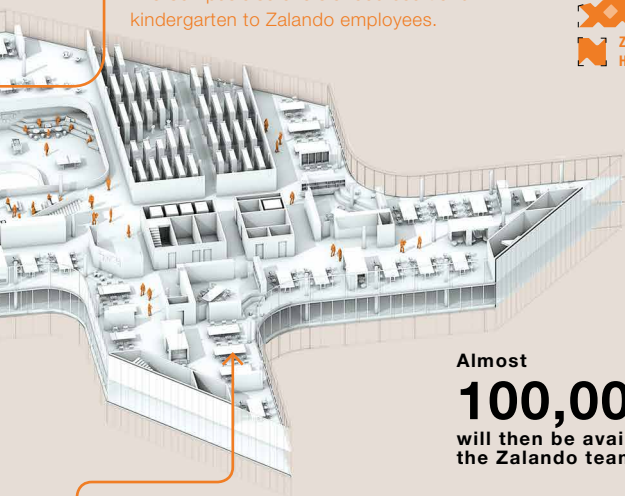


Reimagine the Berlin Block:

Zalando thinks differently and takes uncharted paths even in transforming the traditional “Berlin Block” design. The building opens up, courtyards press outward, letting in light as well as people – and show the diversity of the company.

Space for Innovation, Enabling Individual Work-Life Choices:

The Atrium represents the heart of Zalando’s new headquarters. It extends over the entire building height, creating a light and warm atmosphere. The building is characterized by an open-space office concept and includes a 400-square-meter rooftop terrace and a sports area with a basketball court and showers. The Campus also offers a food court and kindergarten to Zalando employees.



Almost

100,000 m²

will then be available for the Zalando teams

Working Zalando Style:

Zalando reimagines itself every day. This flexibility is reflected in the building: Teams can fit the space they occupy to their individual needs and the project they are working on.

Employee Number 1



NICOLE REISTEL
Executive Assistant

In summer 2008, I started looking for a job after completing my training as an administrative assistant in the public sector. I found an ad in the classifieds from some fashion company. It said they were looking for “not your typical secretary”. Now, I was no fashionista, but it piqued my interest. That’s how I met Robert and David – two founders with a vision – and I liked the concept of online retail. We hit it off from the start, even though I had a few reservations, of course: There wasn’t an office, not even a website.

My first day of work was September 1, 2008. The office? A basement apartment in a prewar building in Berlin that we shared with another start-up. We turned the cellar into a shoe warehouse. But soon the boxes were stacked all the way to our desks. I came from the public sector but immediately felt right at home. Finally, no more rigid processes and fuddy-duddiness! I love turning chaos into order. For a while, we packed every box ourselves. The “customer hotline” was a cell phone that everyone had to take turns answering. We were a strong team from the beginning, and we still are today.

Back then, I never would have thought that we would be as big as we are in 2016. The office on Sonnenburger Straße – known as the former Umspannwerk Humboldt, where we moved into in October 2010 – seemed unbelievably huge to us.

But when it came time for our next move, we had trouble even finding an office that was sufficiently large enough for all of us.

A great deal has changed since then. I’ve worked with many new colleagues over the years, and my responsibilities have evolved. Today, I’m an executive assistant in a more conventional sense. But our spirit remains the same. We regularly organize huge events and our holiday parties have always been a pretty clear indicator of how fast we’ve grown. In our first year in business, we went bowling – with around 70 people back in 2009. Today, we’re a big enough team to fill the Station-Berlin, an event venue near Potsdamer Platz in Berlin. Even more important than that is team spirit in our everyday work in the individual teams. We all pitch in to get the job done.

For me, Zalando means joy and passion, growth and speed. The speed can cause headaches now and then. But I like change. I like moving now and again. The Campus will finally reunite us all in a single location. Will it be the last time we move? Well, I don’t know about that. You should never be satisfied with the status quo. Otherwise you’re bound to get left behind.

2010
SONNENBURGER STRASSE 73

2009
ZINNOWITZER STRASSE 1

2008
TORSTRASSE 218

One milestone of many:
DHL wouldn't pick things up in-house unless you reached a certain shipment volume. We reached that volume in November 2008 – another reason for us to celebrate.

The first “fulfillment center”:
The cellar of the basement apartment was turned into a shoe warehouse.

2013
TAMARA-DANZ-STRASSE 1





Let People Drum Up Interest

FRAUKE V. POLIER
SVP People & Organisation

You have been with the company since 2011. As SVP People & Organisation at Zalando, you have already conducted more than 1,000 job interviews. How has the recruiting strategy changed over the years?

V. POLIER: The first two years were dominated by the fact that we were still relatively unknown, but had to hire on an immense scale. At our peak, we were hiring 500 people a month, mostly through well-known networks and headhunters. Today, we are still growing strongly, with around 150 new hires a month. But instead of focusing on a process-oriented search, we are investing in talent communities and referrals.

What does that mean?

V. POLIER: Applicants no longer just look for job titles, salaries and career opportunities. First and foremost, they want to work with people of their choice and understand the environment and working culture they will be joining. The talent community builds on this foundation: Employees are our strongest multipliers and drum up interest for our company. If they like the company they are working for, they will immediately tell friends and acquaintances about Zalando. Other important channels to reach new talents are our social media feeds and recruiting trade fairs. We continue to use

headhunters and career sites, but almost one quarter of our new hires come to us through the communities. And the strategy has proven successful: Over the past 18 months, we've seen the number of monthly applications double. In some areas, like our tech department, they've tripled. Tech talents, for example, are drawn by our philosophy of Radical Agility that builds on three pillars: Autonomy, Purpose and Mastery. Our employees simply know what they are talking about – and they have direct contact to the talents we want to have on board.

What qualities define a Zalando?

V. POLIER: A Zalando has an inner drive and ability to contribute actively. He or she loves to collaborate with others. That's because we take an agile approach to how we work. We are looking for talents with a hands-on-mentality and a strong entrepreneurial spirit, even if we might only be the first step of a successful entrepreneurial career. We have built the creative environment where exceptional talent can grow and flourish.



Discover our company culture: zln.do/en-talent



"Reimagine fashion for the good of all": Our shared purpose shapes the way we work together and determines many of our decisions.

REIMAGINE FASHION FOR THE GOOD OF ALL.

WHAT'S OUR PURPOSE?

At Zalando, we love to reimagine things. Together, we reimagine the fashion industry, and every one of us can reimagine their contribution within the bigger picture. We believe purpose needs to be at the center of everything we do. It is at the heart of our business strategy, as important as our brand, culture and leadership.

Employees are given two days a year off to volunteer for social projects.

Day 1 matters: New employees are introduced to the company and given an induction to Zalando's culture and objectives on Welcome Day.

At Zalando, we work mainly in small teams, and each is built around a shared purpose. So purpose drives autonomous work and empowers our people to make their own decisions, contributing to achieving our objectives.

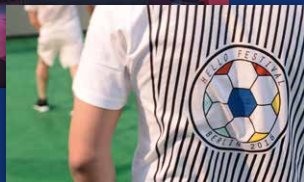
Talents look for more than just doing their job: The meaning of work and its impact beyond the company becomes increasingly important. We aim to create a talent-centric environment.



March 18 – 20, 2016
Arena Berlin

Hello Festival

13



A festival for refugees. A festival to welcome talents and solutions, no matter where they come from.

Sounds like coffee and cake, a chance for cross-cultural interaction – and lots of communicating through hand gestures. And you will indeed find that here on Sunday, the third and final day of the festival. But the professionals take the stage first. These are the people who hear more than just a buzzword when someone says “integration”. Four hundred experts from a wide range of sectors have come to attend the conference at the Arena Berlin. But they didn’t come just to talk about the problem; they’re here to talk about solutions.

Ashoka, which is a non-profit organization that connects social entrepreneurs across the globe, sent around the invitation to the Innovation Conference on Integration. The event is supported, for example, by the Ger-

man Federal Ministry of the Interior, the German Federal Office for Migration and Refugees and the Robert Bosch Stiftung. Zalando came up with the idea of holding Hello Festival, instead of the first edition of Bread&Butter, at the event location Tempelhof since it turned into a refugee camp. The organizers thought that it seemed a logical choice given current events. The concept comes straight from the heart – or personal experience, to be precise. “We’re no experts on integration,” admits Dennis Hoenig-Ohnsorg, Teamlead Corporate Responsibility at Zalando. “But there’s one thing we know a lot about, and have the experience to prove it: Scaling.”

The basic idea behind the concept sounds rather simple: People have

been fleeing to other countries much longer than the more recent move to Germany. "There's no need to reinvent the wheel," Hoenig-Ohnsorg adds. "If you look across the world, you will find so many good integration approaches with a proven track record of success. So we asked Ashoka to select the best of them and invite them to work in Germany, too!"

Today, on March 18, 2016, the minds behind these very solutions have come to Berlin to report on their experiences. Among the ranks is Mary Nally from Ireland, who founded Third Age, which trains people in retirement homes to serve as language tandem partners for refugees. Another guest is David Lubell, whose organization Welcoming America uses a multi-award-winning concept to advocate for a society that actively promotes migration and multicultural interaction. Then there is Inge Missmahl from ipso e care, which trains refugees to help their peers deal with their experiences at a psychosocial helpline. The result? Mobile assistance for people in need – but also work and wages for the counselors.

At the conference, Nally, Lubell, Missmahl and ten others offer their experience and know how to organizations that can apply for funding to implement the solutions in Germany and scale them by using their existing local structures.

But integration can only work if society accepts it. The biggest TEDx event in Europe is scheduled to take place Saturday, when 1,500 speakers will talk about their experiences, including some of the social entrepreneurs from the Ashoka conference. Sunday will then focus on cross-cultural interaction with the "Football for All" tournament that will be accompanied by music and Syrian street food. It will bring Zalando employees, partners and players from local refugee initiatives together for a friendly competition that transcends borders.

~ EUR

250,000

were raised through donations from visitors, employees, corporate partners and foundations

10

out of 13 solutions have found local partners and are expanding to Germany

More than

3,000

people visited the Hello Festival over 3 days



Everyone Needs To Do Their Bit



**DENNIS
HOENIG-OHNSORG**
Teamlead Corporate
Responsibility

In addition to other steps Zalando has taken, the Hello Festival represents a clear public message: We welcome refugees.

HOENIG-OHNSORG: We shouldn't underestimate how important corporate actions are. Almost 12,000 employees spend a majority of their time with us at Zalando – and the way we position ourselves as a company within society naturally has an influence on them. It's quite simply part of our responsibility to be more courageous and take a clear position, like we did with Hello Festival.

Does this kind of commitment also translate into how corporate culture is practiced?

HOENIG-OHNSORG: People from more than 100 countries work for Zalando. Integration is absolutely an everyday affair here. We certainly saw this at the Hello Festival as well, where many employees got involved, either by contributing their professional skills or working as helpers on the ground. The response was so positive that we're now going to organize a Hello Day every month when employees can spend a day volunteering at one of our partners. This isn't limited to Berlin – it extends to our logistics hubs, too.

You are saying that the partnership with non-profit organizations has a long-term focus?

HOENIG-OHNSORG: Yes. Apart from Zalando, Ashoka has already taken the conference to other countries. A very similar event was held in Austria in November 2016, for example. Moving forward, we want to expand our social engagement from Germany in particular to our other locations, such as Dublin or Helsinki. But we would be thrilled if the initiative doesn't have to be pushed centrally. Our employees often come up with the best ideas themselves. One Hack Week pilot project, for example, was an app for efficiently managing in-kind donations. Our goal is that CR and sustainability evolve from being important issues that we work on in selected teams to being deeply ingrained in each team's DNA.

 **How Zalando does their bit:**
zln.do/en-do

**drive
German,
wear
Italian,
drink
Scotch,
kiss
French**



**DISCOVER ZALANDO CITY
AND ITS PEOPLE IN VIRTUAL
REALITY.**

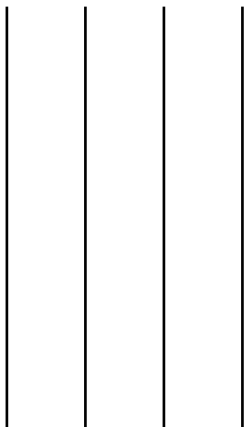
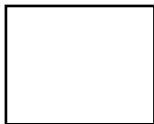
You can use the app with or without VR
glasses – but with them, it is more fun.



Download
the App

VIRTUAL REALITY TICKET





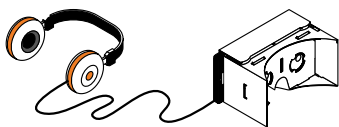
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Press Start



2

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headphones**



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