Bricks ‘n Clicks
Retail is changing, are you changing with it?

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Bricks ‘n Clicks
Retail is changing:
Omni-channel distribution is more important than ever
Retail

• Traditional
  – Physical Store

• Ecommerce
  – No Physical Store
The street says...

- Stores are closing
- Everything is moving to ecommerce
- We want our purchase brought to our home
- Blame the Millennials
... but actually

• Stores closing?
  – 42% of retailers have added stores
  – 15% have gotten smaller
  – 16 chains accounted for almost 50% of store closings
  – 5 of those 16 account for 30% overall closings (USA Today 9/21/2017)
    • Sears Holding
    • Radio Shack
    • Payless
    • Rue21
    • Ascena Retail
• Ecommerce is increasing physical presence
  – Smaller footprint – bigger impact
  – Focused on customer experience
    • TheRealReal
    • thredUP
    • Amazon
A Different Approach

• Hybrid
  – Ecommerce
    • Stores act as showrooms
    • Order in-store ship to home
    • Shop in-store, take home from store
  – Traditional
    • Order online/pick up in store
    – Generate more sales during pick up
    • Walmart/Jet.com
    • Target

• Walmart/Jet.com
• Target
Why This Approach?

- Reasons for this approach
  - Customers demand access to physical product
    - Emphasis on customer experience
    - Builds loyalty
    - Drives foot traffic
  - Faster shipping
    - 2 day
    - In some cases same day
    - Faster shipping = repeat customers
New Expectations – New Fulfillment Challenges

• How did most retailers react
  – Built a new DC for Ecomm Distribution
  – Put a section in existing DC to fulfill ecomm orders
• What are the problems with each?
  – New DC
    • Split inventory between buildings
    • More labor
    • Higher shipping/operations costs
  – Ecomm section
    • Labor management
    • Set up similar to a store
    • Inefficient
How Should Your Fulfillment Operations Adapt?

- A hybrid business model requires a distribution model with:
  - Flexibility
  - Clear long term business strategy
  - Transparent partnerships throughout

- Design true omni-channel operation
  - Access same inventory regardless of channel
  - Account for VAS, specialty inventory/dunnage, etc.
  - Don’t give up the things that make your business unique

- REI accomplished all of these objectives
REI – A Success Story

- Transparent partnership with all parties involved
- Common goal
- Omni-Channel fulfillment
- Future perspective
For More Information:

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