Disclaimer

All of the information in this presentation is the result of Tompkins International’s research of public information.

There is no information being presented today that comes from any proprietary source.

Tompkins International does not discuss information about their clients unless that information has been published.
The Global eCommerce Titans

- Alibaba
- Amazon
- Apple
- eBay
- Finish Line
- Google
- Jingdong Mall
- Macy’s
- Otto
- Rakuten
- Staples
- Tesco
- Uber
- Walmart
The Titans

• Growing
• Transforming
• Innovating
• Disrupting
• On the offense
Consider: eCommerce—Influenced Retail

50% 2012
65% 2022

Late Adapters
Early Adapters
Consider: B2C eCommerce sales vs. B2B eCommerce Sales
Consider: Retailers Doing Private Label and Consumer Product Companies Doing Retail
Consider: In-Store and Online Retail Sales Where Sale Is Made

Sales Volume

- In Store (Sophisticated Countries)
- In Store (Unsophisticated Countries)
- Online (Sophisticated Countries)
- Online (Unsophisticated Countries)
- Total Sales (Sophisticated Countries)
- Total Sales (Unsophisticated Countries)
The Impacts of the Titans on Retail and Real Estate

- Omnichannel
- Get Local
Omnichannel
The Evolution of the Customer Retail Connectivity

• Single Channel: Sales of $100/Customer
The Evolution of the Customer Retail Connectivity

• Multichannel: Sales of $120/Customer
The Evolution of the Customer Retail Connectivity

• Cross-Channel: Sales of $160/Customer
The Evolution of the Customer Retail Connectivity

- Omnichannel: Sales of $240/Customer
The Evolution of the Customer Retail Connectivity

• Personalized Omnichannel: Sales of $400/Customer
Understanding Personalization

• Standard- YGGI WISYWGI (You Going To Get It, When I Say You Will Get It)

• Personalized- IWI WWIWI OYTMTTP (I Want It, When and where I Want It, Once You Tell Me The Price)

• Jet.com
The Impact of Omnichannel on Real Estate

• 1995: Distribution Centers (DC)
• 2000: DC with Fulfillment Center (FC) in corner
• 2005: DC with FC as problem
• 2006: DC plus 3PL for FC
• 2009: DC and separate FC
• 2013: Combined DC/FC
Get Local (GL)
Our View of Demand, Sales and Profit Maximization

Figure 1: Traditional Demand Curve

Figure 2: Demand Service Curve
Get Local

• What does Get Local (GL) mean?
• Why GL?
• How GL?
What Does GL Mean?

• Click to Doorbell: Instant Gratification
• Speed of Delivery: Delivery Expectations
• Personalization/Service/Loyalty
Why GL?
Direct-to-Consumer Delivery Expectations

• Factors
  – Location
  – Customer age
  – Type of product
  – Price point
  – When

• Today’s View
  – Fast for 2015 is next day to 2 days.
  – Fast for 2016 will be same day to next day
  – But, IWI WWIWI OYTMTTP
How to GL?

• Inventory

  – Distribution Centers

• **Level 1: National Distribution Center (DC1):** Where all inventory will be stored and distributed to nearby stores, nearby local distribution centers, and regional distribution centers. Also, potentially distributed to fulfillment centers.

• **Level 2: Regional Distribution Center (DC2):** Where some inventory will be stored (A and B items) and distributed to nearby local stores and local distribution centers. Also, potentially distributed to fulfillment centers.

• **Level 3: Local Distribution Center (DC3):** Where some limited inventory (A items) will be stored and distributed to nearby stores.
How to GL?

- Inventory (continued)
  - Fulfillment Centers
    - **Level 1: National Fulfillment Center (FC1):** Where all inventory will be stored and fulfilled to nearby customers, nearby lights-out stores, nearby stores (click and collect) and regional fulfillment centers.
    - **Level 2: Regional Fulfillment Center (FC2):** Where some inventory will be stored (A and B items) and fulfilled to nearby customers, nearby lights-out stores, nearby stores (click and collect) and local fulfillment centers.
    - **Level 3: Local Fulfillment Center (FC3):** Where some limited inventory (A items) will be stored and fulfilled to nearby customers, nearby lights-out stores and nearby stores (click and collect).
    - **Level 4: Lights-Out Store (FC4):** Where customers can collect their online orders (click and collect) and for fulfillment to nearby customers.
    - **Level 5: Store (FC5):** Where customers can collect their online orders (click and collect) and for fulfillment to nearby customers.
How to GL?

• Inventory (continued)
  – Backrooms/Store Fulfillment
  – 3PLs
  – Combined DC/FC
  – Combined FC/Backrooms

• Delivery Locations
  – PuDo and Collect+
  – Home
  – Click and Collect
  – ShopRunner
  – Other
How to GL?

• Delivery
  – Uber
  – DHL
  – UPS
  – FedEx
  – Shutl
  – Rookie Network
  – Singapore Post
  – USPS
  – Brazilian Post
  – Yodel
  – My Parcel Place
  – Collect +
Impact of GL on Real Estate

• DCs, FCs and DCs/FCs should be located in highly populated areas.
• Speed of delivery and personalization drives revenue.
• Network of DCs, FCs and DCs/FCs is complex and different.
• 3PLs have a different role.
Conclusions

• eCommerce is changing retail, consumer products and distribution.

• The changes resulting from eCommerce are having huge impacts on real estate.

• The rate of change is accelerating. “Hang on to your hats.”
Contact Information

Jim Tompkins
jtompkins@tompkinsinc.com

Executive Assistant:
Debbie Flynn: dflynn@tompkinsinc.com or 919.855.5447

Alibaba Effect Video
http://www.tompkinsinc.com/alibaba-effect/
• Meet colleagues and exchange ideas at a **special kick-off event** on Monday, August 31.

• Attend **keynote and general sessions** on current hot topics.

• Learn about **new practices and ideas** in education sessions on operations strategies, the future of supply chains, network design processes, demand-driven supply chains, and much more.

• **Gain insights** from presentations by top supply chain professionals.

To learn more about the Leadership Forum visit our website: [www.supplychainconsortium.com](http://www.supplychainconsortium.com)