

Buy anywhere, Fulfill anywhere

Considerations for *Omni-Channel Retail Supply Chain*

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Customer demands are driving supply chain developments

2

3 areas which retailers need to take note of and respond to

3

Considerations and how IBM can help

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Considerations and how IBM can help

Compete in the Era of **SMARTER** Retail

However, Customers are looking for more ...

IBM survey of 30,554 consumers in 16 countries, highlighted 5 top omnichannel needs, 4 of which focused on integrated supply chain capabilities



Top 5 omnichannel capabilities

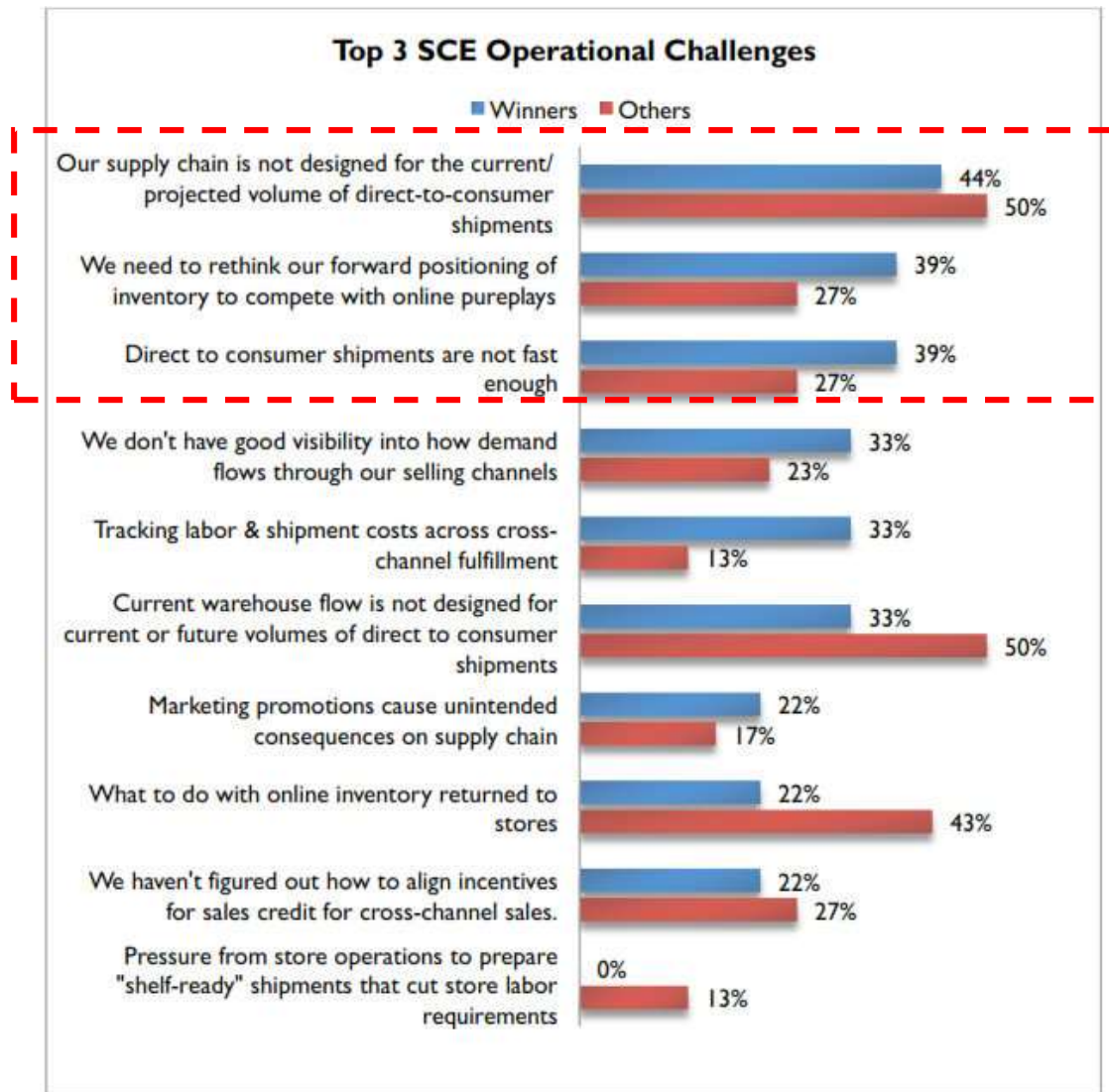
1. Price consistency across channels
2. In-store, locate out-of-stock item and get it shipped home
3. Track order status
4. Consistent assortment across channels
5. Return in store of online purchases



Source: IBM IBV 2013 survey, n= 30,554 Q21 HYP2 New capabilities

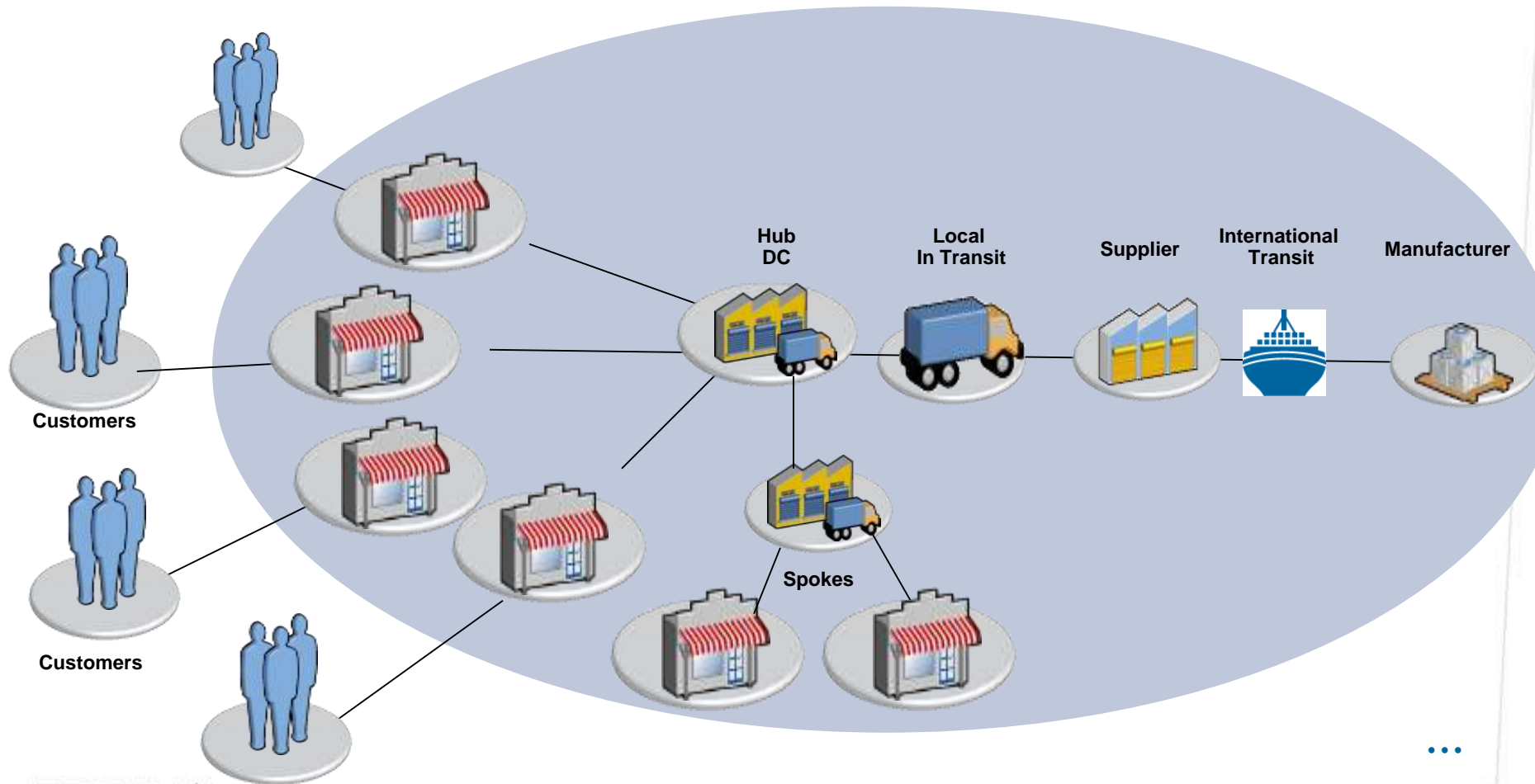
We surveyed 30,554 consumers in 16 countries to discover their opinions of omni-channel capabilities and the impact on choice

Retail supply chain executives, see the challenges for their operations ; Most Important Perceived Operational Challenges in Supply Chain Execution



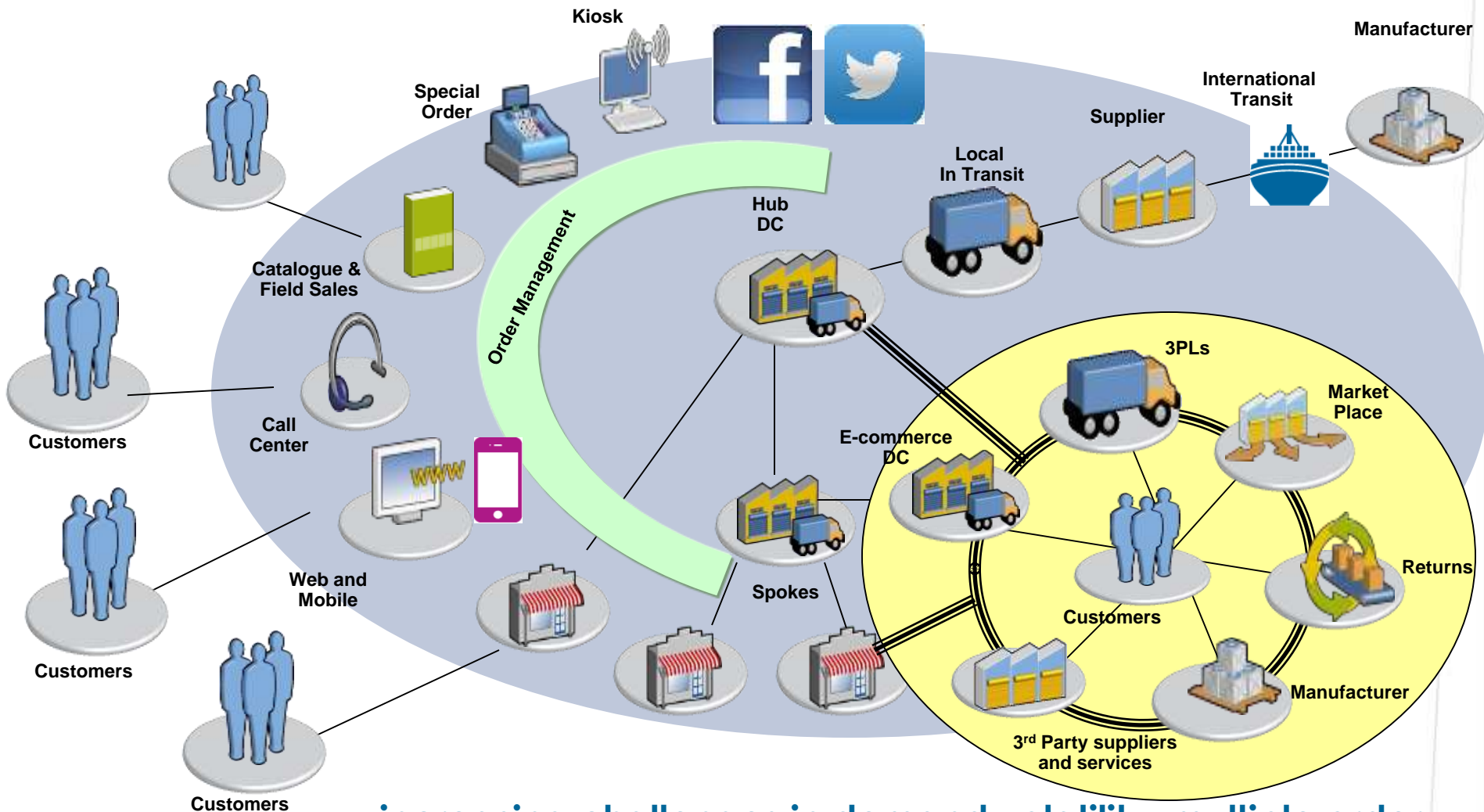
Compete in the Era of **SMARTER** Retail

Traditional supply chains have been linear with moderate challenges in demand volatility, delivery channels, order fulfilment windows and inventory



Compete in the Era of **SMARTER** Retail

Complex supply chains servicing stores and customers directly....



...increasing challenges in demand volatility, multiple order channels, faster fulfilment expectations and inventory utilisation

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How Customer demands are driving supply chain developments and our understanding of Blokker

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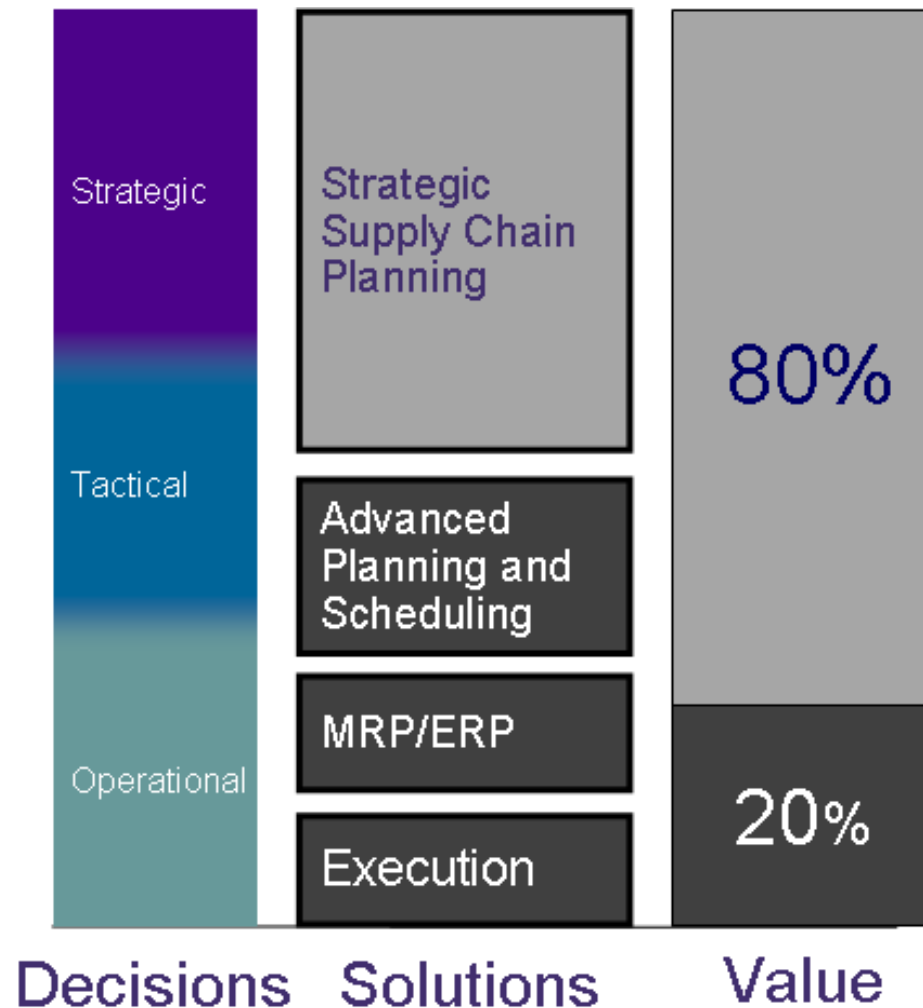
Considerations and how IBM can help

#1 – Optimise and Model for success

Be sure that your supply chain strategy locks in competitive advantage not cost

Compete in the Era of **SMARTER** Retail

With the rapid growth of omni-channel retailing, it is critical for long term success that retailer supply chains have good design and inventory optimisation



Compete in the Era of **SMARTER** Retail

Supply Chain strategy influencing store layouts, formats and organisational design

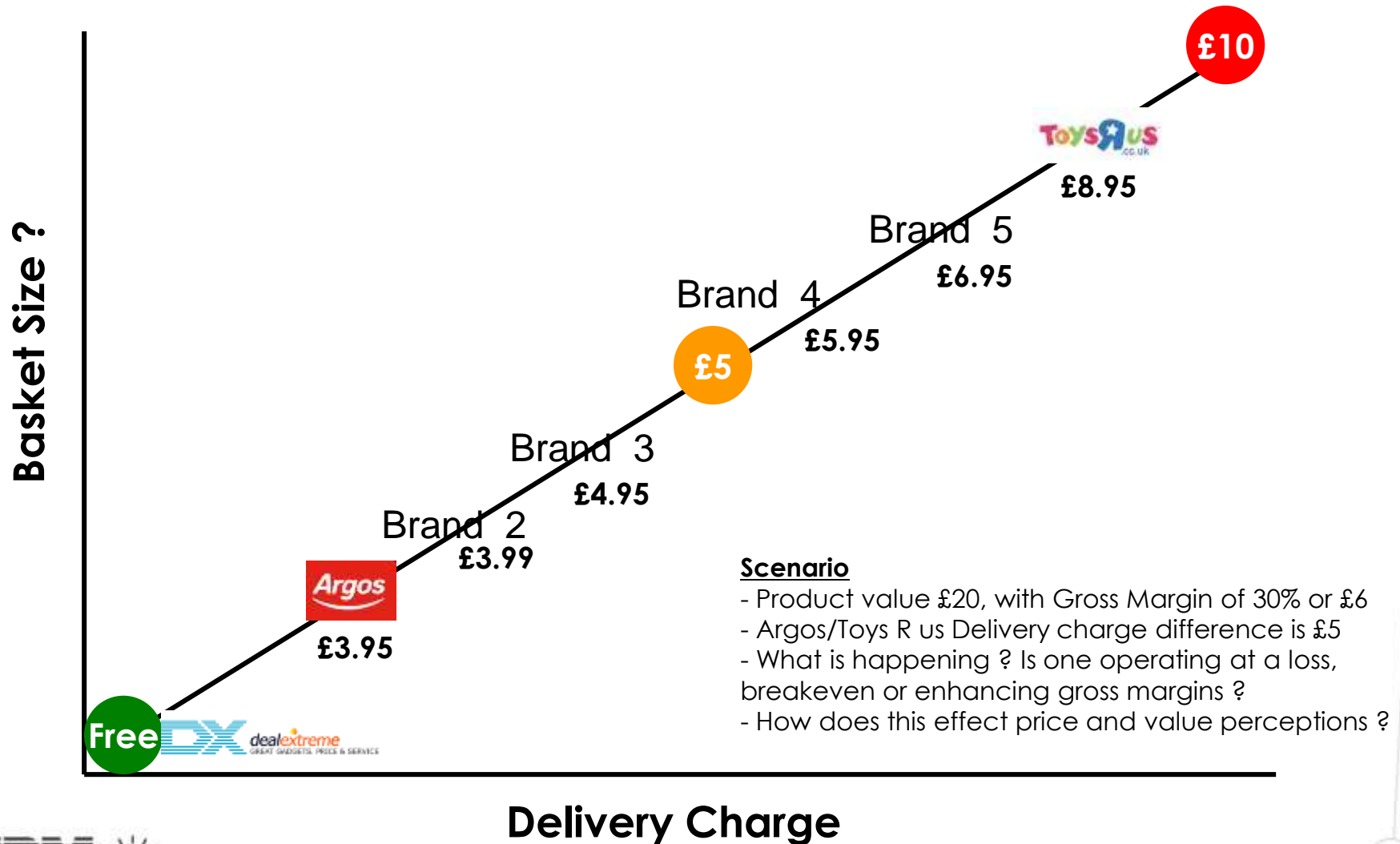


#2 – Delivery Impact on Profit?

Multiple options of fulfillment expected, much of it being free – profitability is critical as volumes increase

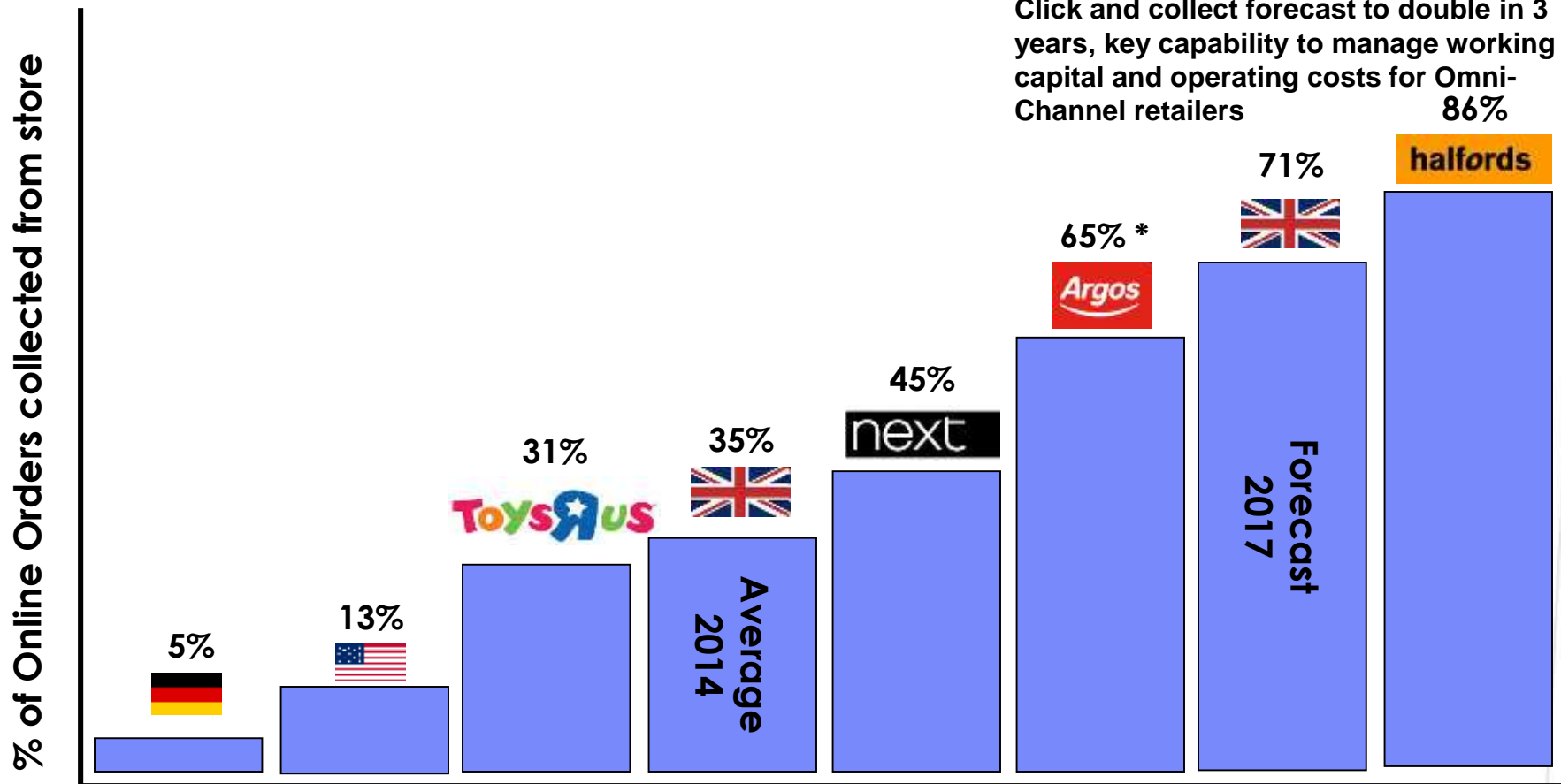
What is the right balance on basket size and charging ?

....Illustrative examples for next day delivery



What is the right mix of collection and delivery ?

....Illustrative examples for click and collect % of online orders



#3 – Beware of Disruptors

New entrants and others see supply chain differently, focus on agility and innovation

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New subscription models being offered to drive loyalty and predictability, however adoption will impact on existing operating and financial models

amazonPrime

\$99

de Bijenkorf

€9.95



shippingplus

ASOS
premier

£9.95

IBM

Alibaba.com

\$79

ShopRunner



\$39

TESCO
Delivery Saver

£60

Sainsbury's

£60



SMART PASS

£70

Peapod
pod pass

\$99

freshdirect

\$119

Compete in the Era of **SMARTER** Retail

Amazon extends Prime to non-perishable Grocery items, in 48 US states – supply chain economics very visible in its approach



Watch your box fill as you shop

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Considerations and how IBM can help

drive omni-channel revenue, improve customer satisfaction and profitability



In summary, Customers are demanding more from retailer supply chains, considerations for success

#1 – Optimise and Model for success

Be sure that your supply chain strategy locks in competitive advantage not cost

#2 – How does delivery impact profitability ?

Multiple options of fulfillment expected, much of it being free – profitability is critical as volumes increase

#3 – Beware of Disruptors

New entrants and others see supply chain differently, focus on agility and innovation

All of which requires a connection between supply chain strategy and operational capabilities for long term profitable success

Compete in the Era of **SMARTER** Retail

Thank You

