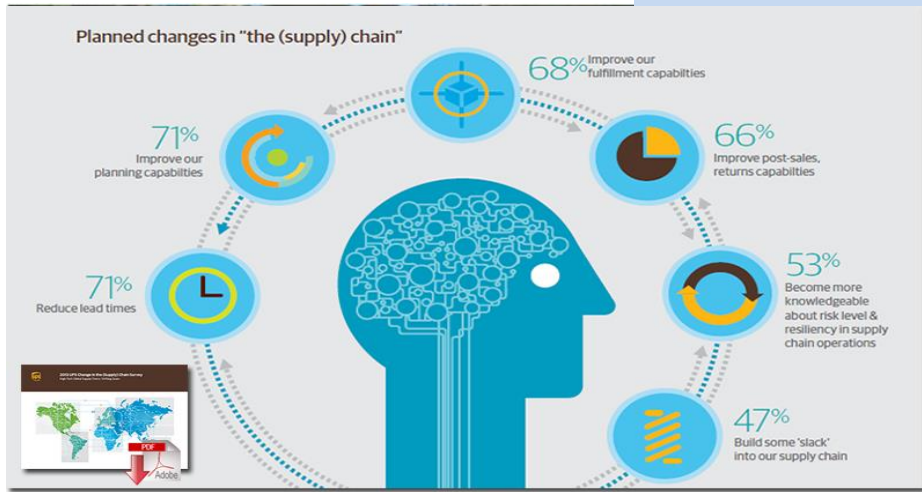




SUPPLY CHAINS AS A COMPETITIVE ADVANTAGE IN OMNI CHANNEL RETAIL





INCREDIBLE WORLD



INNOVATIVE RETAIL CONCEPTS



INNOVATIVE SUPPLY CHAINS





Welcome to the Future of Retail Supply Chains...



...Technology has changed the world

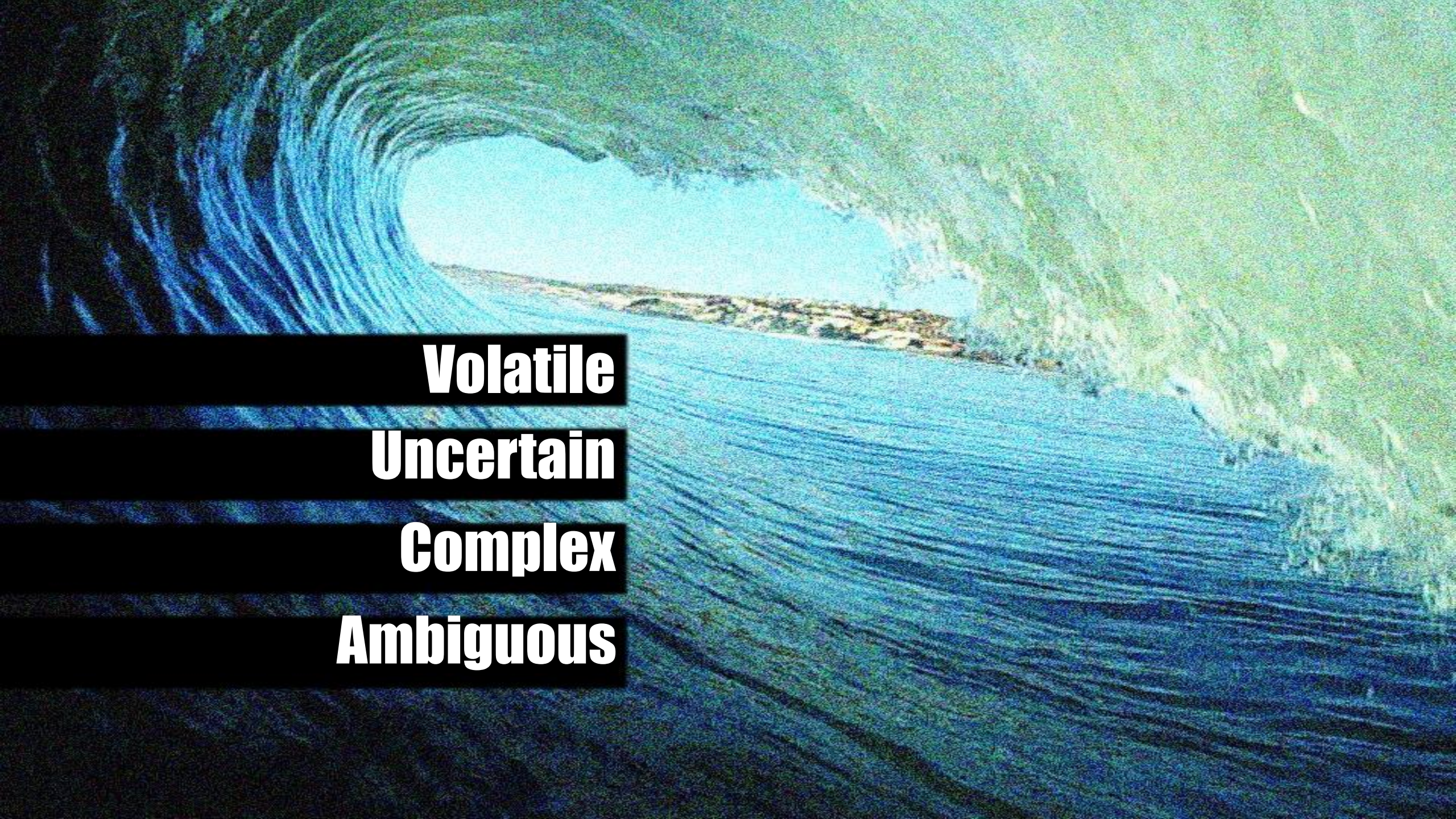


...but people still love to shop!



INCREDIBLE WORLD



A photograph of a sea cave entrance. The cave's interior is visible on the left, showing a curved, tunnel-like structure with blue and greenish walls. The water inside is a deep blue. To the right, the cave opens up to a bright, sunny day. In the background, a rocky coastline with some vegetation is visible under a clear blue sky. The overall scene is vibrant and somewhat surreal.

Volatile
Uncertain
Complex
Ambiguous



Vibrant

Upbeat

Challenging

Astounding

& as long as there are people on this earth, this rule will exist



The internet has had an incredible impact on supply chains.



A young woman with long, dark, wavy hair is smiling broadly, looking towards the camera. She is wearing a white lace-trimmed top and holding several colorful shopping bags (white, red, yellow, blue) in her hands. In the background, other people are visible, some holding shopping bags, suggesting a busy shopping environment like a mall or a store. The background is slightly blurred, focusing attention on the woman in the foreground.

The Impact of the Omni-Channel on the Supply Chain

Digital Transformation



IoT



Automated
Material Handling



Augmented
Warehousing



Cognitive
Computing/Artificial
Intelligence



Wearable
Technology

Global Omni-Channel Service Providers With Seamless Global Omni-Channel Experiences



A close-up photograph of a hand holding a pen, with the pen tip pointing towards a target graphic in the background. The target consists of several concentric circles. The text is overlaid on the image in white, bold font.

...the only consistency during this time will be
the accelerating level of change across
organisations.

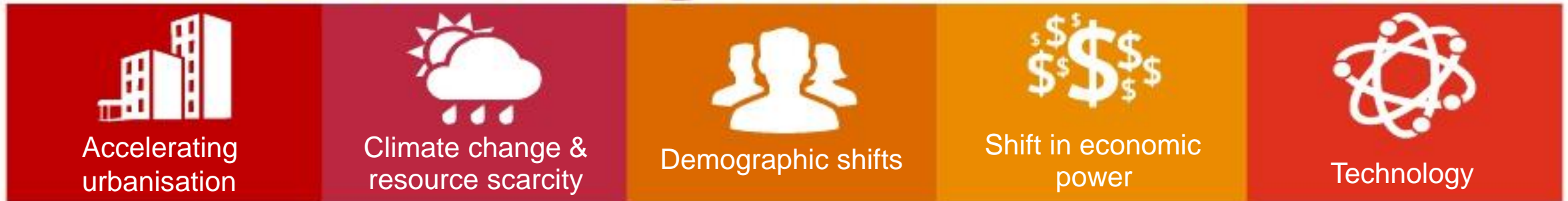
There will be more change in the next 10 years
than in the last 25 years.

The ever changing retail landscape will see substantial changes to global supply chains by 2025 due to...





Mega trends will progressively influence retail supply chains...



- Pop of 8.3b by 2025 ; 7.4b today
- Infrastructure stretch on ports, airports
- Mega cities outside of major cities
- Electric vehicles

- Scarce resources
- Increased regulation & taxes
- Sustainability
- 8.3b pop by 2025 will need:
 - 50% energy
 - 40% water
 - 35% food

- 21% by 2050 over 60
- Polarisation of haves and have nots
- Talent shortages
- New skills
- Ageing
- Gen Y individuals with digital shopping behaviour

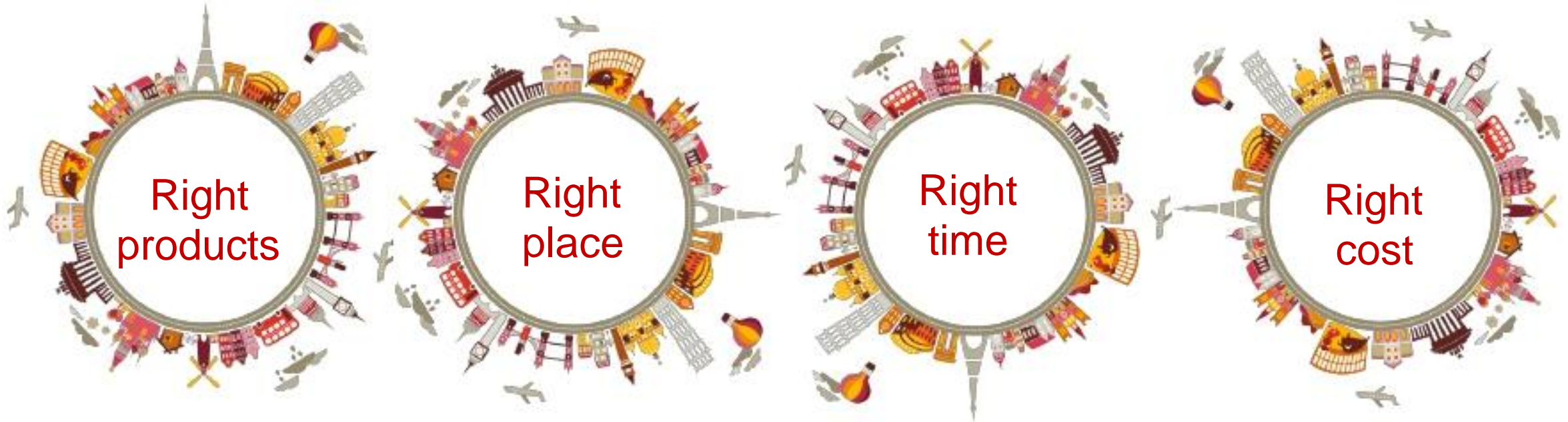
- Asia powerhouse
- Shift in power to Asia
- Increase in wealth
- New markets & competitors

- Changing operating models enabled by technology
- New and more complex
- Data – expected growth
- Digital impacts
- Consumers using multiple connected devices
- Omnichannel to continue growth

...and these will drive substantial changes in supply chain



The supply chain fundamentals will not change...



...but the competitive market and operating environment will require supply chains to fundamentally change due to consumer demands, increasing length, complexity, cost and growth

Analytics Sustainability Transparency Talent
& environment Operating Labour costs
Complexity Sourcing model
Technology Automation
Customer Internet of Things Diversity Costs Risk
Collaboration & Trust
Government Consolidation Mobile
Consumer personalisation Offshore/onshore Safety Digitisation
Connectivity Big Data Globalisation Cyber security
Regulatory Value equation Omnichannel growth
Social networks Productivity Disruptive technology

Consumer and major market trends are and will continue to drive material change in future supply chains...



Customer: Everchanging, complex and promiscuous



Shops globally

Difficult to engage and complex

Shops anywhere, anytime

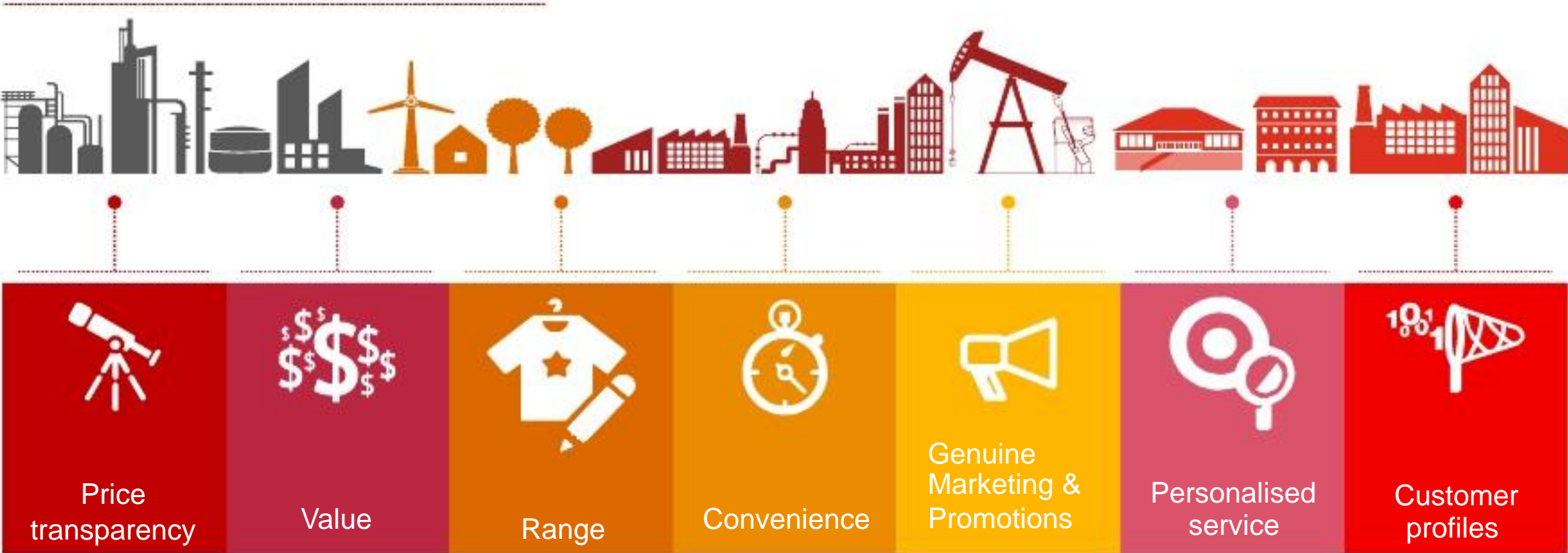
Time poor

More informed

Connected and empowered

Always connected and always on...

Strong customer value propositions will continually change and be redefined

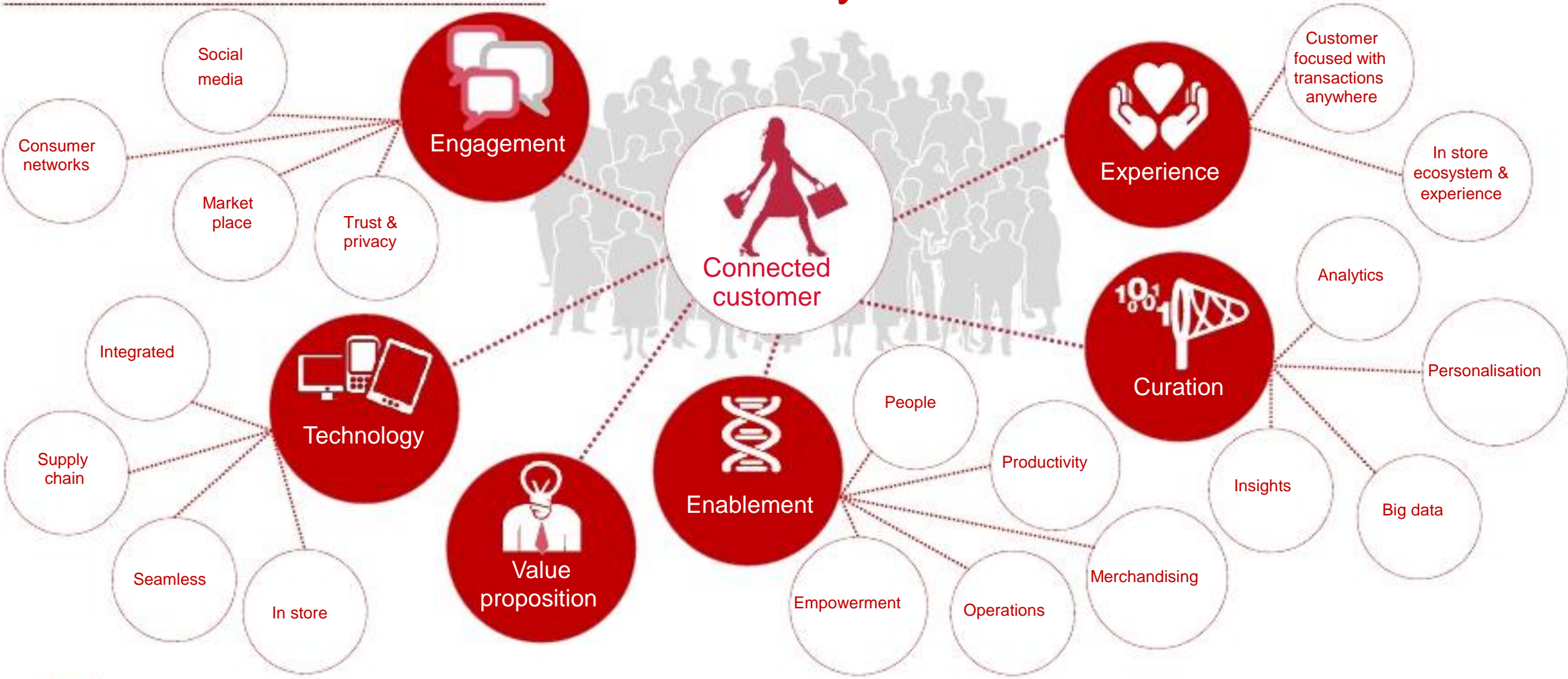


Customers now expect personalisation and curation



Image source: Company websites

Connected customers who are always on...



The impact of this growth of omnichannel on supply chain and logistics has seen...

Greater complexity & cost to organisations due to:

- Free and time driven delivery
- Same day/one day delivery
- Multiple delivery preferences
- Returns options
- Click and collect services
- Global delivery points
- Parcel points
- Predictive purchasing
- SKU proliferation
- Order processing speed and accuracy

And this complexity will continue and require a need for:

- Inventory accuracy and visibility
- Personalisation and curation



5 FACTS

about

Omni-Channel

Customer Experience



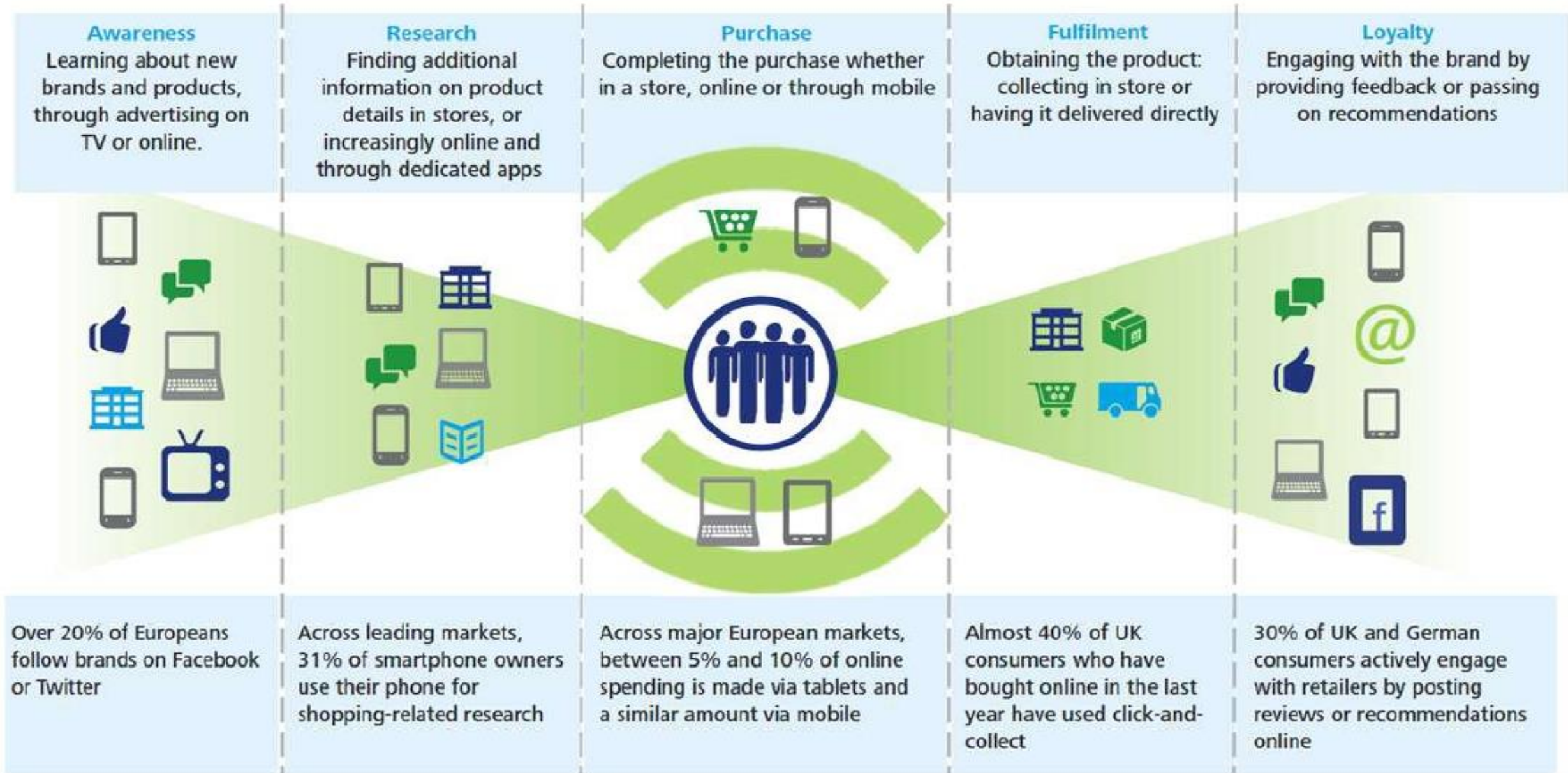
Omni-channel

shoppers spend **50%** more than

single channel shoppers



Figure 6. The Omnichannel Purchase Journey

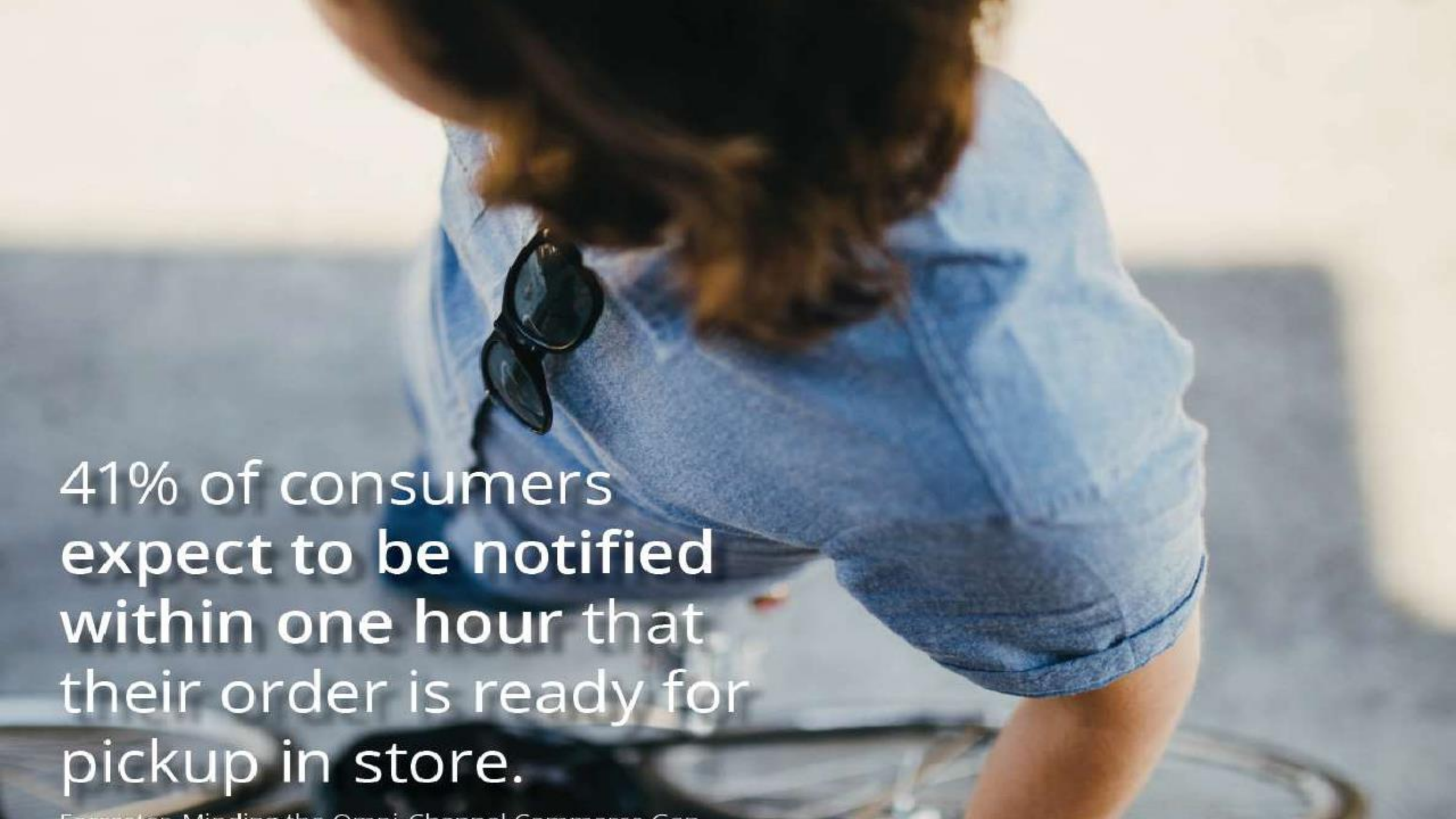


Sources: The Economist; Planet Retail; Planet Retail; Mintel; Deloitte consumer survey

A close-up photograph of a person's hands. The left hand is holding a dark credit card, and the right hand is typing on a white laptop keyboard. The background is blurred, showing a person's face and a blue shirt. The text is overlaid on the left side of the image.

23% of consumers
purchase more items
when picking up an
online order from stores.

AT Kearney, On Solid Ground

A high-angle, close-up shot of a person with dark, curly hair, wearing a light blue button-down shirt and sunglasses hanging from the collar. The person is looking down at a smartphone held in their hands. The background is a bright, out-of-focus outdoor setting, possibly a beach or a rooftop.

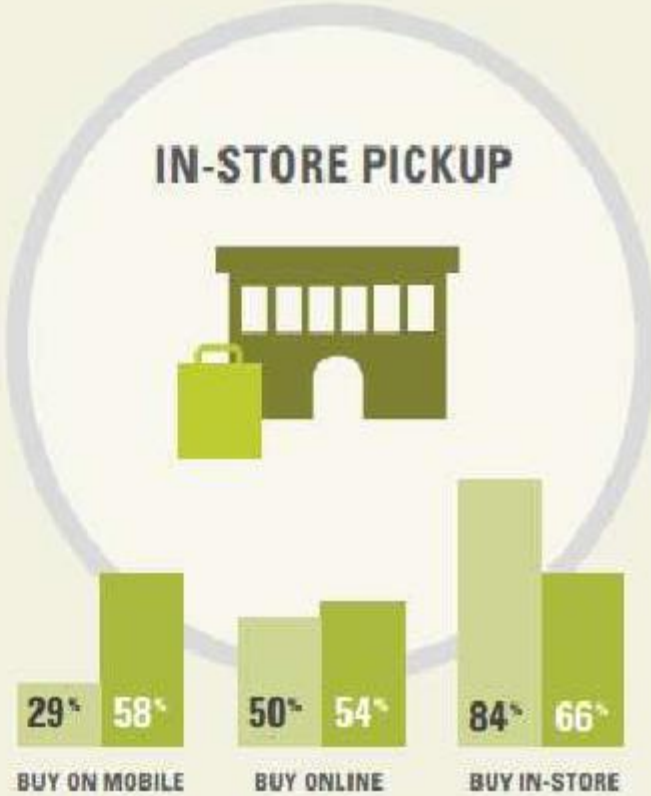
41% of consumers
expect to be notified
within one hour that
their order is ready for
pickup in store.



71% of consumers
expect to view
in-store inventory
online.

Forrester, Minding the Omni-Channel Commerce Gap

86% of consumers want more retailers to add “buy online, pickup in-store” to their arsenal of shipping methods – WD Partners report



Benefit: Customers can be re-engaged creating additional sales once they enter the store

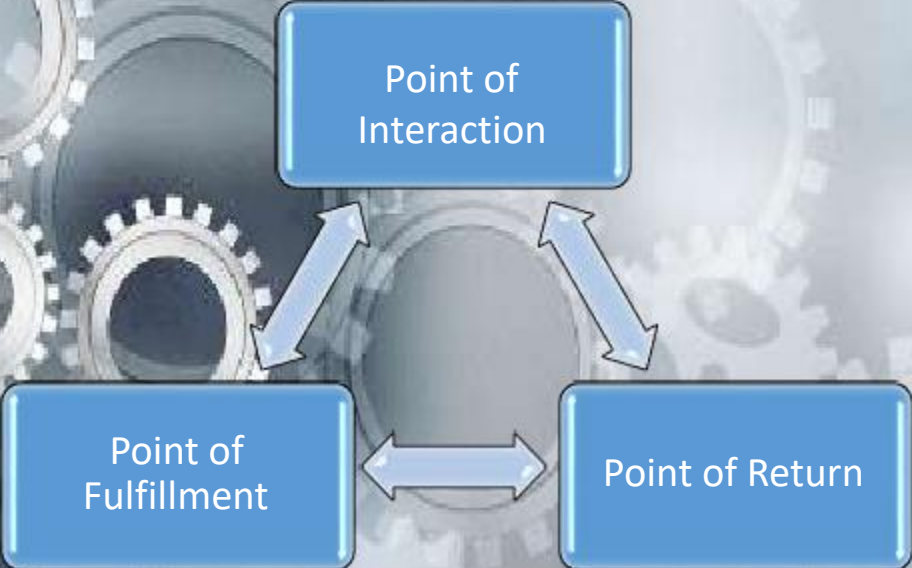
2012 2017

Omni Channel Supply Chain Strategy

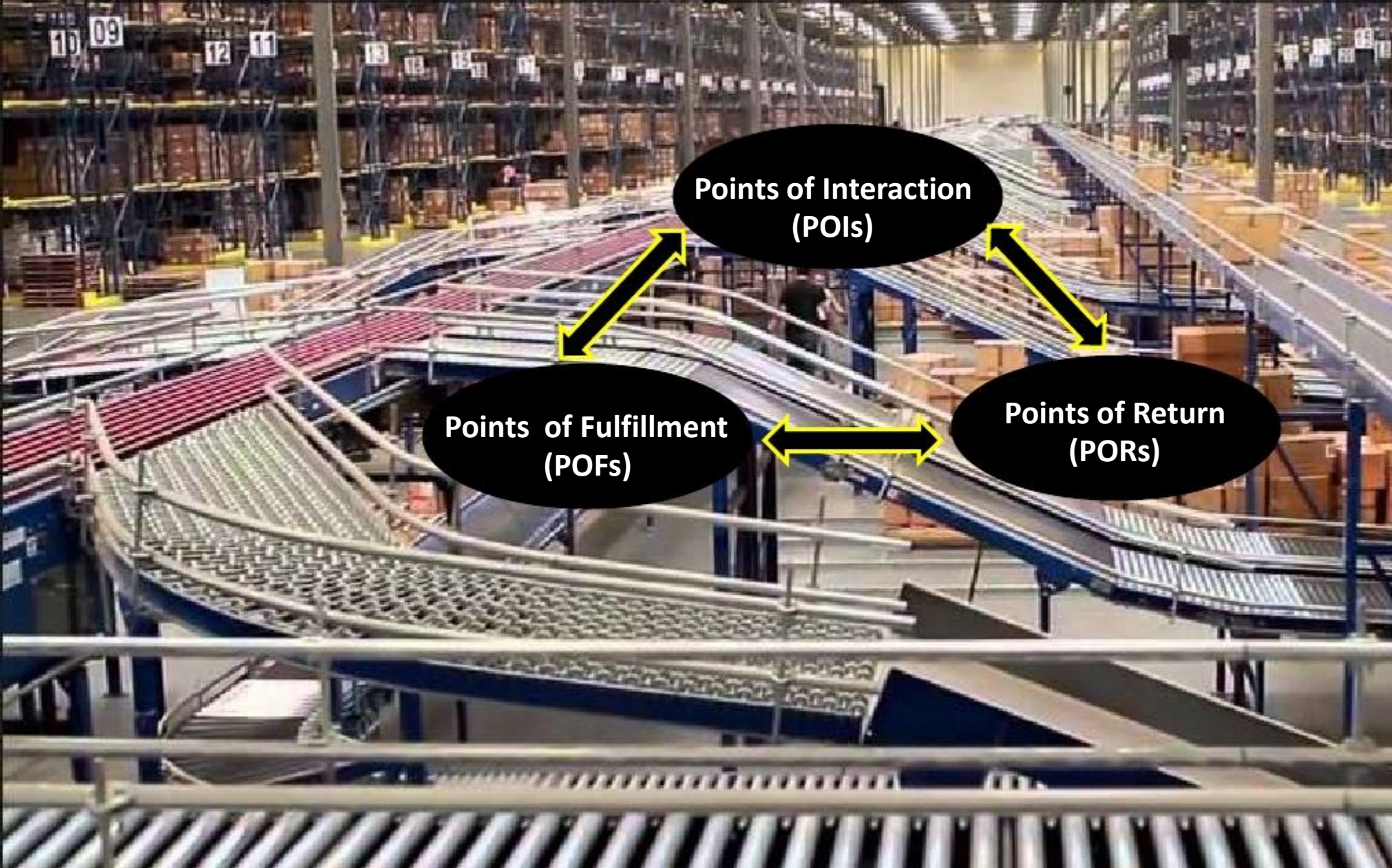
Maximizing profitability requires intelligent, automated decision-making based on real-time visibility into: Inventory, orders and events, & constrain-based planning



POI and POF mapping - Great Start



Key Concepts: POIs, POFs and PORs



(1) Points of Interaction (POIs): Physical or digital locations from which orders can be placed.

(2) Points of Fulfillment (POFs): Locations from which a customer order can be shipped/ fulfilled.

(3) Points of Return (PORs): Physical or digital locations from which a customer can return all or part of an order.

Points of Interaction

Physical



Store



Guideshops



Inventory only show rooms



Pop up movable store

Virtual



Virtual reality stores



Virtual fitting rooms



Website

Physical

ADVANTAGE

Instant gratification

After sales support

Direct interaction with sales team

Quality assurance

DISADVANTAGE

Huge capital investment

Limited to area where store is located

Virtual

ADVANTAGE

Huge discounts

Match prices with competitors

Open 24/7

No pressure sales

DISADVANTAGE

Can't try the things physically

No direct interaction with salesperson

Shipping takes time

Quality issues

Point of Return

ON ONE HAND



ON THE OTHER HAND



By 2019 projected e-commerce sales will reach \$540 Billion...Projected retail returns will be equivalent to \$460 Billion

People who return....

- Buy more stuff
- Spend more money
- Feel satisfied with returning to the store

Reverse Logistics

A conceptual image for reverse logistics. A small metal shopping cart with red handles is placed on a laptop keyboard. The cart is filled with several cardboard boxes of various sizes, some with shipping labels. The background is a blurred laptop screen showing a blue and white interface, possibly a website or application. The overall scene suggests the process of returning goods or managing returns in a digital or e-commerce context.

Omni-channel strategies may also help in reducing returns. The omni-channel experience encourages customers to utilize multiple channels to assure they're making the right purchase. Contact with the customer after the sale is also important. Access to better information leads to better purchases and fewer returns.



Technology & Supply Chains

- Technology infrastructure and integration
- Systems integration
- Internet of Things (IoT)
- RFID
- Big data and analytics
- Cognitive insights
- Mobile and digital
- Payments
- Wearables
- Cloud





Technology: IoT & Supply Chains

- Inventory management via RFID
- Fleet & asset management
- Risk mitigation
- Health & safety
- Infrastructure sensors
- Real time routing
- Connected workforce
- Pay as you go
- Autonomous vehicles
- Predictive asset lifecycle management

Internet of Things (IoT): sensing and sense making



Successful implementation of IoT will require a clear vision, strong collaboration and trust by all stakeholders within the supply chain, standardisation of systems/components, and also the ability to invent as required.



Technology: Automation & robotics





Technology: Beacons, Wearables, Mobile





Talent & Supply Chains

- Operating model changes
- Supply chain talent will require:
 - Demand, skills, image, training
- Changing needs in next 10 years will require different:
 - Leadership
 - Executives and team skills
 - Skills – technical, analytical, commercial and collaborative
- Acquire, retain and develop





What can you do?

In summary, supply chains in the future will have the following characteristics...

Customer Driven Supply Chains



...and will need to be agile, transparent and connected if retailers are to be efficient, competitive and relevant to their customers

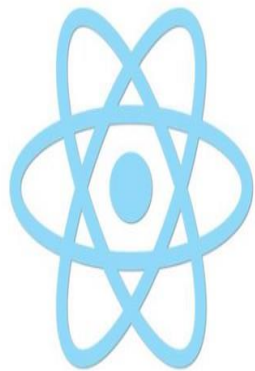
...which will drive the “connected and transparent” supply chain of The future and will be built around...



Find your space to create a better future



Thank you



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