



Retail Disruption in a global-digital era

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Leading brands are often global in reach, dominating market share and driving profitability. As local markets become increasingly competitive, national brands too are seeking markets beyond their boundaries.

Cross-border selling, in simple terms, is the buying and selling of goods and services internationally. While this appears simple, from a brand's viewpoint, it requires seamless flow of orders and goods, as well as adaptability to local laws and currencies. Additionally, consumer and market insights and selection of suitable partners are critical factors for the success of this business model.

Global online retail sales are growing and is estimated to reach 8.8% of total retail spending in 2018, as compared to 7.4% in 2016. In terms of country, UK has the highest retail e-commerce sales as percentage of total retail sales (15.6%), followed by China (13.8%), Norway (11.5%), Finland (10.8%) and South Korea (10.5%).

Top 10 countries with retail E-commerce sales as %age of total retail sales				
Country	2015	2016	2017	2018
 UK	14.4%	15.6%	16.9%	18.0%
 China	12.0%	13.8%	15.5%	16.6%
 Norway	10.7%	11.5%	12.1%	12.7%
 Finland	10.4%	10.8%	11.2%	11.5%
 South Korea	9.8%	10.5%	11.3%	12.0%
 Denmark	9.3%	9.9%	10.4%	10.8%
 Germany	8.4%	9.4%	10.4%	11.2%
 US	7.1%	7.7%	8.3%	8.9%
 Canada	5.9%	6.6%	7.4%	8.2%
 Japan	5.4%	5.8%	6.2%	6.7%

With the world moving from local to global, the shift has begun in the way trade will be conducted. A study showed that merchants who offered their product offerings to international customers, enhanced their sales by 10-15%. Cross Border Commerce is expected to grow by 25% through 2020, which would be twice the growth than the domestic commerce.

By 2020, over 2 billion e-shoppers, or 60 % of the target global population, would be transacting 13.5 % of their overall retail consumptions online, equivalent to a market value of US\$3.4 trillion (Global B2C GMV, growing at a CAGR of 13,5 % from 2014 to 2020) according to Accenture.

Opportunities for Cross-border Selling

The Asia Pacific market, dominated by China, will become the largest e-commerce cross-border region for both imports and exports.

“At least 6 out of 10 consumers buy books or clothes and shoes most often when they shop online,” says Mike Ghasemi, research director of retail insights across the Asia Pacific at IDC. Their position coincides with the rise of the consumer middle class, as the region becomes more affluent and digitally connected.

China has 300 million middle-class consumers clamoring for foreign goods. Accenture predicts that more than 200 million Chinese will be shopping cross-border by 2020, with a transaction volume of imported goods purchased online reaching \$245 billion. Cross-border e-commerce has been considered the booming backdoor avenue, especially in China.

Cross-border eCommerce growth in Australia maintains a steady rise because of the online shoppers, who are fond of buying, mostly clothing online. South East Asia, especially Indonesia and Singapore has an ever-growing global eCommerce sales, which is expected to reach \$200 billion by 2025.

Cross-border sales growth is equally noticeable in France, where cross-border purchases are among the fastest growing segment. E-Commerce sales take place on a regular basis, 20% of which are made on non-domestic websites. Mexico stands out by virtue of its long-term market, due to its 21% growth rate of cross-border eCommerce sales.

Yes, Consumer preferences are changing the face of retailing, and disruptors are leading the game!



RETAIL

DISRUPTION

STRATEGY BENEFITS

BUSINESSES



Data insights =
monetize services +
products

Right segmentation
and pricing

Emergence of omni-
channel strategies /
newer retailing
formats : subscription,
ash sale etc.

Explore new business
models to stay
relevant

CONSUMERS



Enabling informed
choices

Shop Anywhere-
Anytime

Enhanced
convenience &
shopping experience

Improved Post
Purchase Experience



How Consulting and Technology can help?

For Cross-Border selling, the opportunity is huge and the growth is massive. It requires a seamless flow of orders and goods, as well as adaptability to local laws and currencies. Additionally, consumer and market insights, and selection of suitable partners are critical factors for the success of this business model.

With the help of consulting and technology, all of this can be achieved along with marketing, channel identification, business scale, brand positioning, logistical needs, managing returns, pricing and identifying, selecting and implementing market specific payment methods.



TECHNOLOGY

IN RETAIL DISRUPTION

CHANNELS WHERE PEOPLE SHOP

◆ MARKETPLACES ◆



GLOBAL



LOCAL



CATEGORY
SPECIALISTS

MULTI DEVICE



24*7 ACCESS



EASE OF PAYMENT



PAYTM, PAYPAL,
CREDIT, DEBIT,
POINTS, COUPONS ETC.

◆ CONVENIENCE ◆



PICK UP, DELIVERY AT HOME ETC.

◆ FORMATS ◆



CASHIERLESS
STORES



All parts of the '**retail ecosystem**' have to reinvent
to meet the needs of customers:

💡 WHERE THEY SHOP AND HOW THEY SHOP 👤



At this point, we hope that you have got a clear understanding of the global growth scenario and opportunities in cross-border commerce, and how consulting and technology can help.

In the next post of this series, we'll discuss the challenges in going Cross-Border and how [Vinculum](#) can help you succeed!

Omnichannel Is the New Normal

Omnichannel approach provides customers with an integrated shopping experience. The customer can be shopping online from a desktop or mobile device, via phone or in a brick-and mortar store.

The transition to a digital economy has disrupted traditional ways of doing business, and companies are scrambling to keep up with consumer preferences in a digital marketplace. Slowly but surely, consumer habits are changing, and direct brands are weakening the stronghold long held by indirect brands. In fact, a recent report from the Interactive Advertising Bureau (IAB) states

“direct brands are supplanting the indirect brands that dominated the U.S. economy for nearly 140 years, one fraction of a sharepoint at a time.”

Competition is fierce, and it is nearly impossible to win a price war. Low barriers to entry mean that few products are unique, and there are always alternatives available if customers aren't satisfied with service or quality. Instead, today's retailers are competing through relationship building.

The path to success with this strategy requires developing a deep understanding of omni-channel retail opportunities, and then forming an appropriate distribution and marketing strategy that considers the nuances of various channels.

The Omni-Channel Impact on Customers and Retailers

Each year, businesses invest countless resources in researching consumer habits, always with the goal of discovering what causes individuals to make their final purchase decisions. While it may be next to impossible to find an unequivocal answer to that question, studies have given retailers insight into the customer journey. Although certain demographics show a preference for particular channels (for example, online or brick-and-mortar), one fact is clear: despite an individual's general preference, nearly all consumers move fluidly through various retail channels depending on the item and the circumstances.

Traditionally, retailers offering multiple distribution channels developed each one as a separate line of business. Organizations that started with brick-and-mortar saw the need for an online presence, and they created a separate branch of the business to focus on e-commerce. While products may be identical, the siloed strategy of managing channels separately, meant that consumers had different experiences when shopping online versus shopping in-store. This has been an issue for consumers, regardless of the quality of online user-interfaces, web design and store layout.

Consumers have clearly indicated that they expect to connect online, in-person and through social media without any disruption to their transaction. This is a true omni-channel experience.

DIGITAL IMPACT



ON THE BACK END



SUPPLY CHAIN NETWORKS

CHARACTERISTICS



- *Always On – Agile
- *Connected Community
- *Intelligent Optimization
- *End To End Transparency
- *Holistic Decision Making

IMPLICATIONS

- *Improved Performance, Operational Efficiency, Newer Revenue Opportunities
- *Leverage full Supply networks, Shrink Time and Space Barriers



LOGISTICS+WAREHOUSING

LOCATION



- *Warehouses Accessibility
- *Closer Collaboration with all Supply Chain Partners
- *Last Mile Delivery solution

IMMEDIACY

- Lead Time Reduction through:
- *Flexibility of Delivery options
- *Click and Collect as part of Retail Offering



COST SOLUTIONS



- *Ensure Supply Chain does not impact Profitability
- *Timely Stock Knowledge
- *Omnichannel Environment





DIGITAL IMPACT

ON THE FRONT END



CUSTOMER EXPERIENCE

- *Augmented Reality
- *Artificial Intelligence
- *Virtual Reality



MERCHANDISE & PROMOTIONS



- *Virtual Fitting Rooms / Digital Assistants
- *Social Media Analytics: Critical Insights on Trends / Preferences / Feedback
- *Dedicated Influencers on Social Media

LOYALTY PROGRAMS

- *Mobile Apps to facilitate Self Service
- *VR such as 'try before they buy'
- *Block chain to reduce costs, control programs in real-time, etc.



PRICING & POS SOLUTIONS



- *Proactive Pricing Strategies via Shelf-edge tech, comprising e-ink or color displays
- *Save Time + Money / Display Reviews, Recommendations and more.
- *Seamless Checkout through electronic-based payment instruments globally



Omni Retail is the buzzword for both brick and mortar majors, such as Future Group and Walmart, as well as e-commerce companies, such as Myntra and Nykaa. Yet, the strategy plays out differently for each brand. Online furniture major Urban Ladder has opted to focus on select cities when going offline. "It has been a game changer for us", co-founder & CEO Ashish Goel told 'BusinessLine'. He also mentioned raising \$25 million in primary capital, which will take total investment to \$125-130 million. The company is looking at offline stores in 30-50 cities in next three years.



8/10

customers use their smartphones while shopping

UP TO 56%

in-store purchases influenced by digital

85%

of merchants say **OMNICHANNEL** IS THEIR TOP PRIORITY

22% of millennials prefer to shop via mobiles



27%

of millennials prefer to shop via computers

B2B e-commerce market is twice bigger than the B2C one, and it continues growing:

89%

of B2B researchers use the Internet during the B2B research process

69%

B2B entities say they expect to stop printing catalogs within five years

80%

of companies implementing B2B e-commerce believe their customer expectations have changed due to B2C practices

Advantages of Working with a Third-Party Logistics Company

Logistics can be considered as the backbone of any economy, as it ensures cost-effective and efficient flow of products. Also, all other commercial sectors of an economy depend on logistics. With the increase in

transportation of several perishables, it is of prime importance that the logistics industry steps up. Advancement in technology is bringing forth a new dimension to retail logistics; even complex areas are now being surveyed by blending with technology to create more efficient, self-orchestrated systems.

Here are a few trends that could help make a market leader –

Additive Manufacturing

In contrast to traditional manufacturing, additive manufacturing creates an object by using software. 3D scanners direct a printer to put together different geometric shapes one upon another. In simple words, additive manufacturing is the process of adding materials to create a required object. Many businesses are now getting rid of the warehousing aspect by investing in 3D printing. A very good example is seen in the aerospace industry, where 3D print technology is being used to print spare parts. This is done purely on a need basis, rather than storing or transportation from a warehouse. We can see its cost effectiveness, as there is money save on inventory, as well as airplanes are ensured to stay in air rather than on the ground.

Artificial Intelligence and Robotics

Research is making AI grow in leaps and bounds, and the market is more than happy to include robots in the various phases of bringing a product to a customer.

Automated systems make things easier to manage and more streamlined, with lesser chances of error. Amazon has been the first to adopt AI in the delivery of a product to a customer. They are using drones to reach the products ordered on Amazon Prime Air. Then there are companies like Embark, which are testing trucks that are self-driven on the freeways. This will enable more journeys, as truck drivers will only have to drive small distances within the towns/cities.

Supply Chain Visibility and Orchestration

A study undertaken by McKinsey & Company on Supply Chain states,

“By the year 2020, 80% of the goods (compared to 20% today) will be manufactured in a country different from where they are consumed.”

With globalization of supply chains, more emphasis needs to be laid on the global environment, faster lead time, expanded portfolios, and increasing options for the consumers. In order to have good supply chain orchestration, companies should have:

- Multi-Enterprise Supply Chain Networks,
- End-to-end Supply Chain Visibility,
- Operational Supply Chain Control Tower and
- Sophisticated Order Management.

The Supply Chain should be as flexible and advanced as the product development. That would make an organization succeed in today's extremely competitive market scenario.

With changes in manufacturing dynamics and shifting consumer demands, a company producing goods in one part of the world might need to transport it to another business, or final consumer in another country.

This can be done either through independent logistics management or hiring the **best third party logistics company**.

⇒ Hiring a reliable Logistics company, which has the required practical logistics expertise and knowledge, has many advantages. Here are some of the benefits:

- **Expertise**

Professional Logistics Service providers possess in-depth knowledge about logistics operations. These logistics companies have expert teams that deal with various aspects of logistics and ensure that you have a satisfactory experience. Professional 3PL companies are also aware of all the recent trends and developments.

- **Scalability**

Depending on your current inventory needs at any point of time, a 3PL company allows you to scale labour, carrier space, as well as transportation. A professional supply chain manager of a logistics company will help you to ease the transition.

- **Risk Mitigation**

The severity of the risk varies depending on a number of factors, but the chances of accidents is never *zero*. 3PL providers make sure that every logistics aspect is checked and double-checked to reduce risks associated with each logistic activities.

- **Peace of Mind**

Usually, one will have to single-handedly overview every aspect of logistics from packing to transporting overseas, and further selecting a receiving carrier, who will take your goods to the buyer. A professional logistics company will take care of all small details for you, and you will get peace of mind in return. This leaves you free to concentrate on things that you do best and leave logistics activities to the logistics experts.

Is 3PL a pain in your supply chain? **Get value addition in your supply chain through [20Cube!](#)**

According to a [third party logistics study](#) by Capgemini, '*cutting transportation costs*' makes the top of the list as far as concerns for the logistics industry. Some other obvious pain-points make the list as well, but perhaps the most important and at times challenging concern is the need for greater innovations and technology advances, while remaining budget-conscious.

Here is a snapshot into 8 of the top challenges facing the industry.

- **Fuel Costs.** One of the highest costs contributing to the '*cutting transportation cost*' concern is fuel prices. Higher fuel prices are likely to increase transportation costs for shippers, by pushing up fuel surcharges. For instance, in the US, rising diesel fuel prices are escalating surcharges added to freight rates, which is reversing a two-year trend that cut into the revenue and earnings of truckers as fuel prices plummeted.

- Business Process Improvement. Notwithstanding the need for new technology, it has become an increasing challenge for the logistics industry to stay on top of new advances in business processes. Taking advantage of these new opportunities sound enticing, but adoption and onboarding can be overwhelming.
- Improved Customer Service. Customers want full transparency into where their delivery is at all times. These days, the location of a package is as interconnected as your social network. In fact, as customer expectations have increased, their willingness to pay for fast shipping has decreased with just about 64% of consumers unwilling to pay anything extra for less than two-day shipping.
- Economy. With high fuel prices comes a greater credit crisis and rising inflationary demands that take a greater toll on the economy. This industry is then pressured by increasing compliance regulations, declining demand, additional capacity with additional increases in key cost centers.
- Driver Shortage & Retention. Hiring and retention remain an issue despite the lower demand mentioned above.
- Government Regulations. Carriers face significant compliance regulations imposed by federal, state and local authorities.
- Environmental Issues. The anti-idling and other emission reduction regulations brought about by state and local governments has created concern that the compliance costs could exceed benefits.
- Technology Strategy & Implementation. While the industry understands and supports many of the benefits of these technologies, some questions remain as to how they will pay for it and who will help implement the improvements.

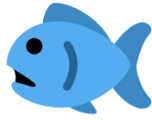
Conclusion:

As we are edging towards a world that offers personalised, real time access of products & services across borders, the time is now ripe for adopting a holistic strategy for every company and tap into the right disruptor advantage. Infact, Online Channel is expected to grow 4 times faster than Traditional Retail, which calls for a deeper knowledge and understanding of the digital mechanics.



THE DISRUPTOR ADVANTAGE

Fast Fish
'eat'
Slow Fish



4Ps to 6Ps



Product



Promotion



Partnerships



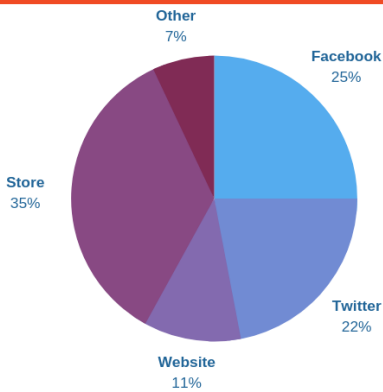
Price



People



Place



Data Analytics

Competition,
Price points,
Customer behavior,
Channel Value

Lower
Entry Barriers



Lower
Risks

Write to us to know more about the Vinculum & 20Cube story:

⇒ "What does Vinculum do to help 'Brands' gain an undue advantage to succeed?"

- 6 Million+ SKUs Managed
- 150+ Integrations
- 30+ Countries Served
- 80+ Partners

⇒ "What does 20Cube bring to the logistics & supply chain table that propels a business growth?"

- 1.2 Million Sqft 3PL space
- 43 locations
- 12 Countries
- 36,000 containers/yr





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