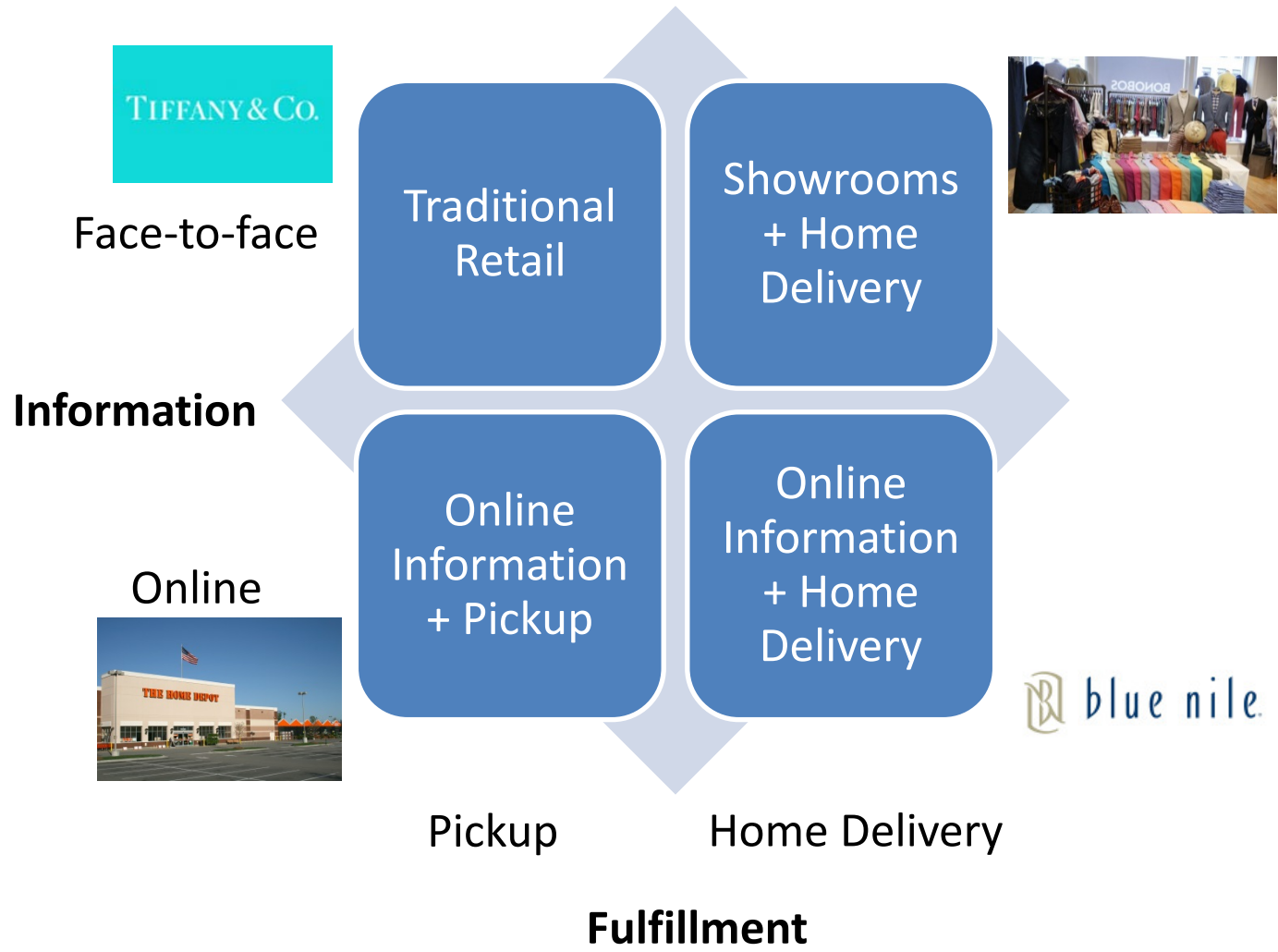


# The Evolution of Retail

## Omni-Channel Retailing

# The Alternatives in Omni-Channel Retailing



# Spending for Various Omni-Channel Alternatives

	Inventory	Facilities	Transportation by retailer	Transportation by customer	Information
<b>Traditional Retail</b>	High	High	Low	High	Low
<b>Showrooms + Home Delivery</b>	Low- Medium	Medium	High	High	High
<b>Online Information + Home Delivery</b>	Low	Low	High	Low	High
<b>Online Information + Pickup</b>	Low- Medium	Medium	Medium	Medium	High

# A Comparison for Diamonds & Jewelry

*Low Cost / Price*



Gross Profit	18.8%
<b>SG&amp;A</b>	<b>15.7%</b>
<b>Weeks of Inventory</b>	<b>4.90</b>
<b>PP&amp;E Turns</b>	<b>50.63</b>

*High Margin: Customer willing to pay*



<b>Gross Profit</b>	<b>59.0%</b>
SG&A	39.6%
Weeks of Inventory	70.0
PP&E Turns	4.75

# A Comparison for Routine Products



<b>Gross Profit</b>	<b>24.7%</b>
SG&A	23.6%
Weeks of Inventory	6.78
PP&E Turns	8.65

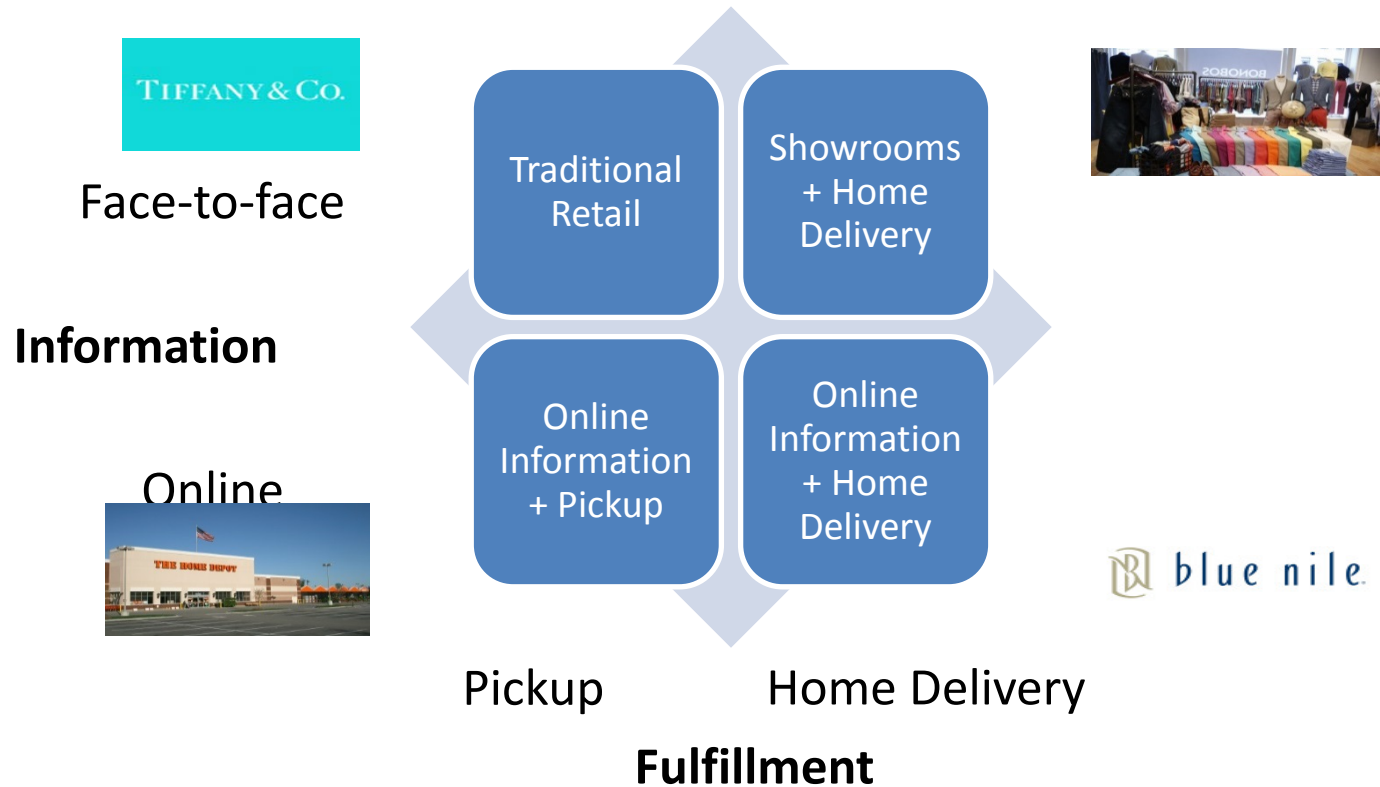
**Outbound shipping costs matter (especially for fast moving products) – 8.9% of sales**



Gross Profit	12.6%
<b>SG&amp;A</b>	<b>9.6%</b>
<b>Weeks of Inventory</b>	<b>4.46</b>
PP&E Turns	7.56

**Fast moving products need fewer days of inventory**

# The Alternatives in Omni-Channel Retailing



- Which products / customers should a channel focus on?
- Should it compete on cost / value adding service?