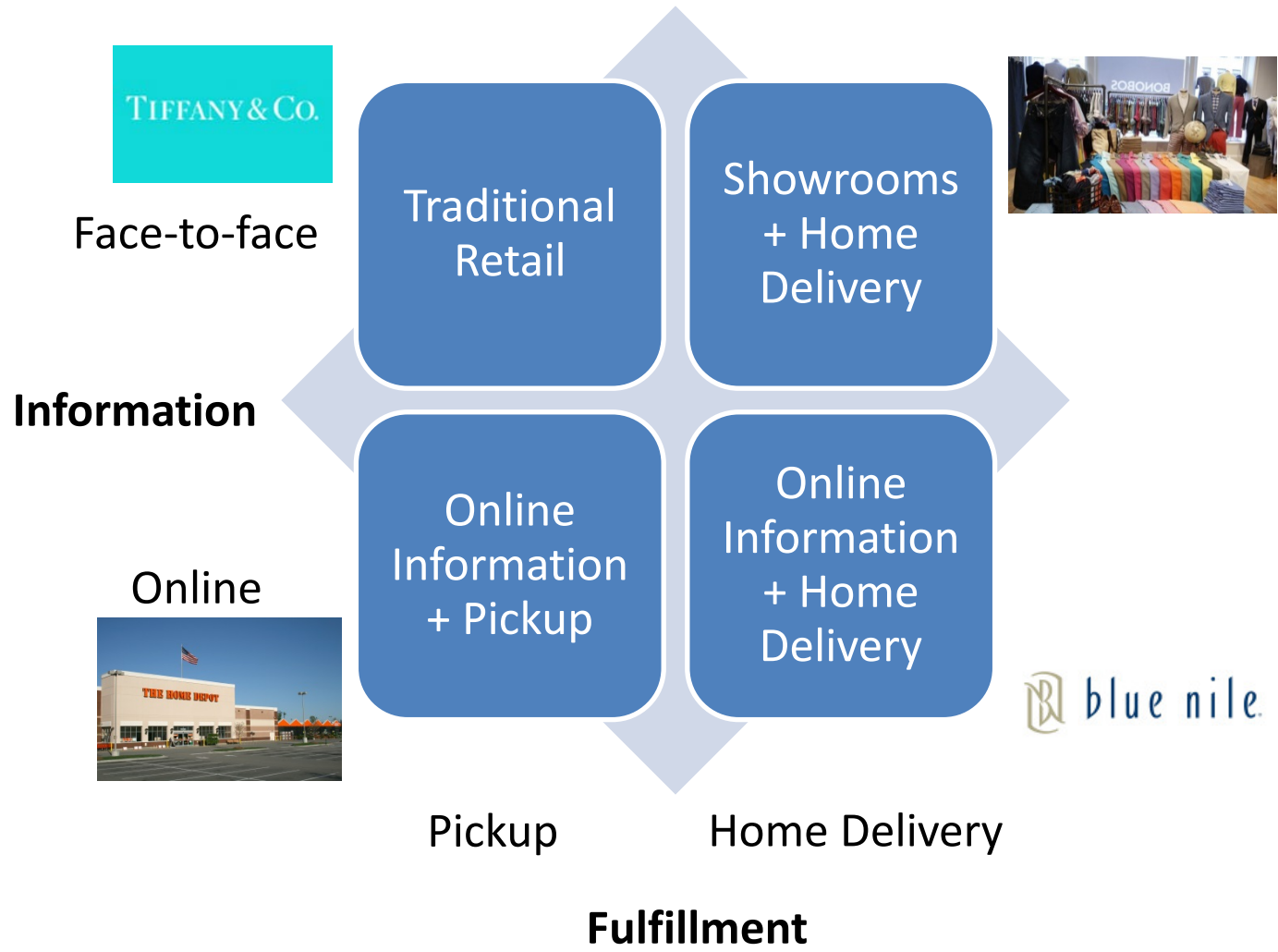


The Evolution of Retail

Omni-Channel Retailing

The Alternatives in Omni-Channel Retailing



Spending for Various Omni-Channel Alternatives

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

A Comparison for Diamonds & Jewelry

Low Cost / Price



Gross Profit	18.8%
SG&A	15.7%
Weeks of Inventory	4.90
PP&E Turns	50.63

High Margin: Customer willing to pay



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

A Comparison for Routine Products



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

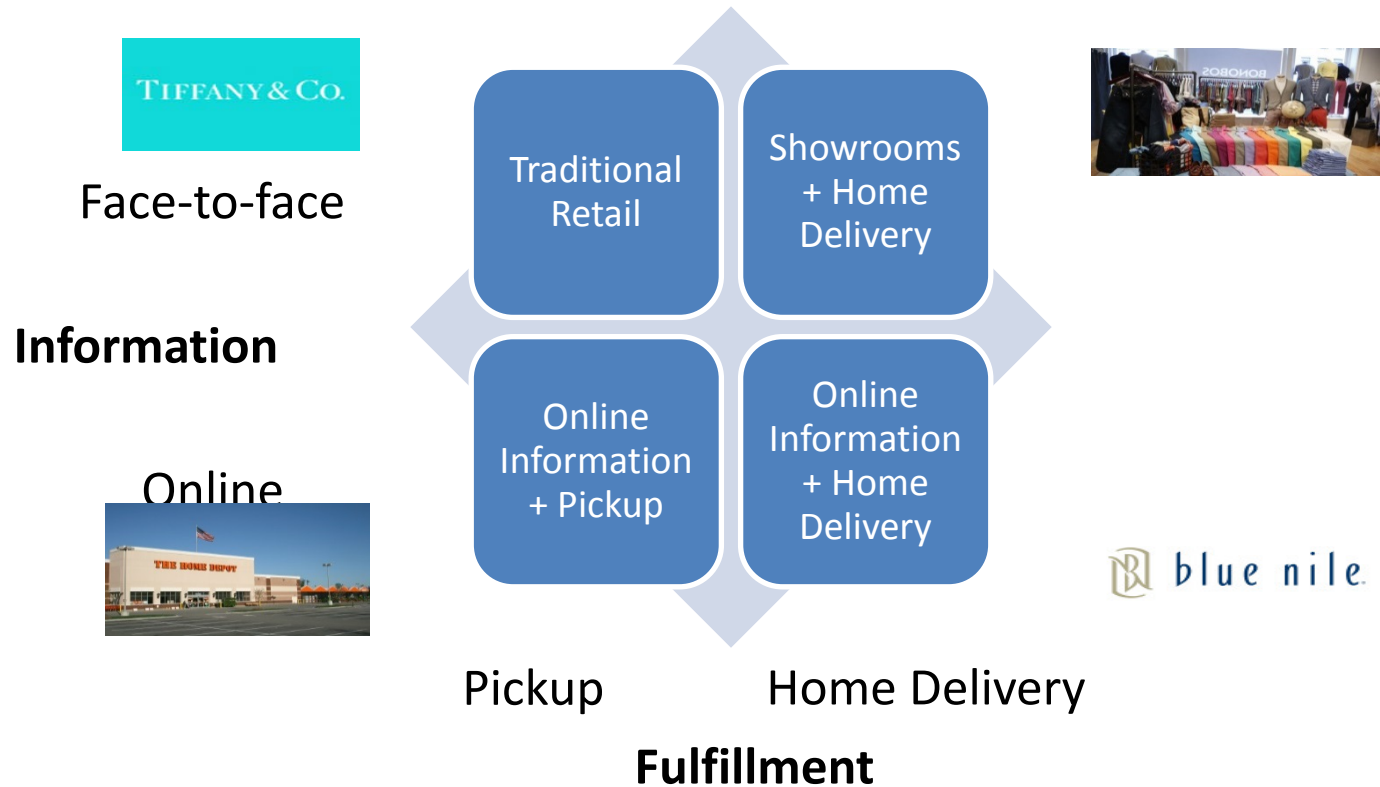
Outbound shipping costs matter (especially for fast moving products) – 8.9% of sales



Gross Profit	12.6%
SG&A	9.6%
Weeks of Inventory	4.46
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?