One of our responsibilities at the university is to make sure that our students succeed in the classroom while preparing them for the realities of the “real world.” That’s why any opportunity we have to get leading experts in front of them matters. As part of an Industry Outlook series sponsored by the METRANS Transportation Center, which is a partnership of CSULB and USC, students from both campuses recently heard from such an expert, this time in the field of e-commerce. This is a topic of tremendous importance to not only students of supply chains but to all of us who are consumers of goods.

The speaker was Ben Conwell, the Senior Managing Director-Americas Practice Leader in eCommerce and Electronic Fulfillment for Cushman and Wakefield, the commercial real estate company. Conwell’s experience on the front lines of e-commerce includes time spent at Amazon, so his experiences are telling and his expectations for the future worth noting.

His presentation “I Want It Now: eCommerce, Supply Chains and Transportation” provided a not so surprising underscoring of the importance of eCommerce to global trade. It’s now a $2 trillion business with only more room for growth. Some 9% of total retail sales in this country can be described as B2C (Business-to-Consumer) activity but increasing at a rate of 16% percent annually.
What was more surprising was who some of the leading players are. Amazon, of course, sets the
standard; but in terms of the leading retailers for whom online revenue approaches 50% of total
revenue, Conwell says you need to look to companies like Staples and Williams Sonoma. They
have found a way to truly integrate eCommerce into their business models. Others like Macys
and Sears see it as a way to survive (and in some cases recover) in an increasingly perilous retail
market.

And while the discussion did often return to Amazon, it more often than not went beyond the
question of rapid fulfillment of orders. Conwell noted Amazon’s move toward pop-ups and
brick-and-mortar bookstores as evidence of the company’s awareness of the need to more
directly touch the consumer (and the consumer’s desire to have as an option a more traditional
retail experience). And students of the supply chain would do well to observe Amazon’s move
toward becoming a true third party logistics company, competing with the major small package
carriers like UPS and FedEx to move products that are bought outside of the Amazon network
altogether. The future belongs to companies that can do both order fulfillment and transportation.

And as Conwell pointed out, sometimes you need to look beyond our borders for the most
cutting-edge solutions to last mile delivery challenges and opportunities. Count me among the
newly initiated to “Direct-to-Trunk (DTT)” and “Direct-to-Fridge (DTF),” two new concepts out
of Europe that allow you to provide controlled access via smart phone to your car trunk and your
home refrigerator for people making deliveries. And in a world where consumers are
increasingly concerned about the risk of theft for packages left outside, it makes sense that
people would be willing to investigate alternatives. I’m betting my money on DTF, given the fact
that still only 4% of total grocery sales are currently conducted via eCommerce and given the
rise of ready-to-prepare meal services like Plated and Blueapron.com. As if it weren’t
convenient enough, why not have the ingredients unpacked for you and put away when you get
home?

Conwell is in the real estate business, so it’s also worth noting his belief in the future of cross-
border retail eCommerce as well. He sees an explosion in this segment of the industry as markets
develop across the globe, some of them more rapidly than here in the US. That is likely to
translate into the demand for facilities in and around airports to facilitate fulfillment and sorting.

But as he pointed out, with much of the traffic emanating to and from Asia, it may also create
more demand for our local maritime ports. Conwell argued that eCommerce does not only have
to mean next day or same day delivery. A more sustainable supply chain (from both an
environmental and an economic perspective) may require us to be content with less frequent, if
still predictable and trackable, deliveries. The educator in me thinks that may be a lesson worth
considering whether you’re in the classroom or clicking the “Complete order” button out there in
the real (or is it virtual?) world.
(Dr. Thomas O'Brien is the executive director of the Center for International Trade and Transportation at CSULB and an associate director for the METRANS Transportation Center, a partnership of USC and CSULB.)