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I Want It Now

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By Tom O'Brien



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.)