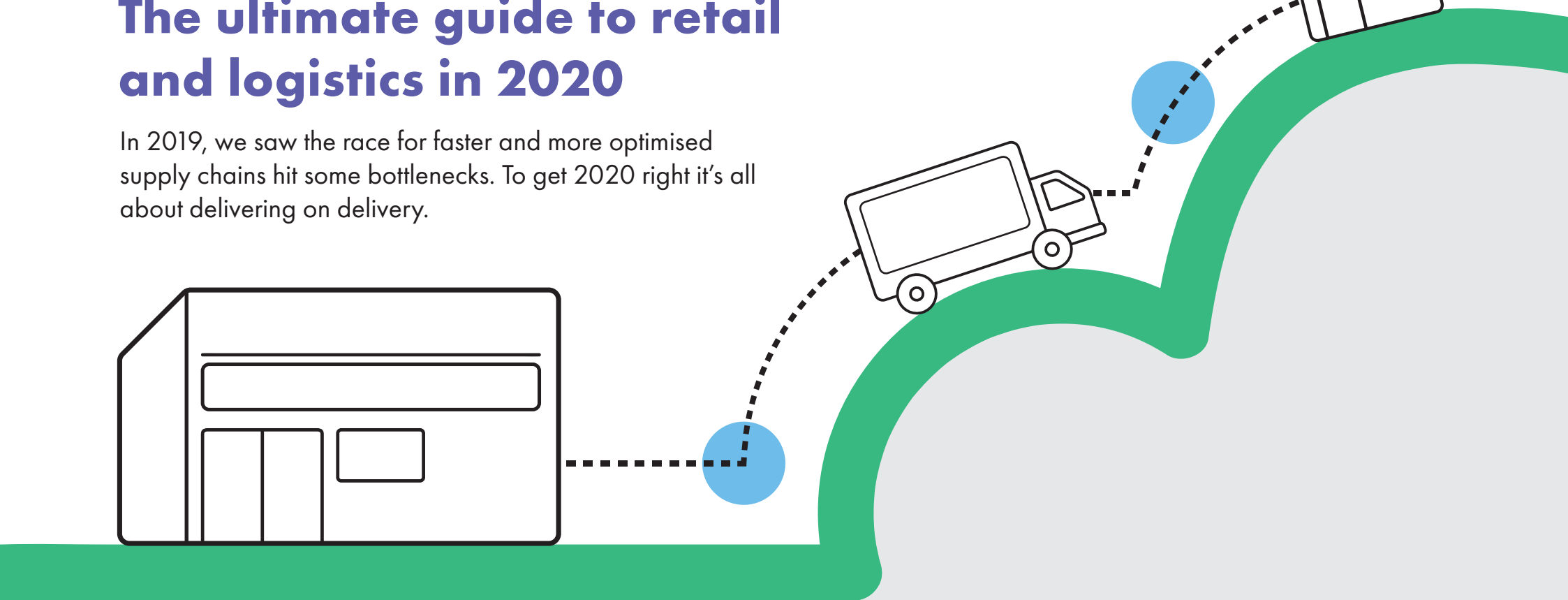
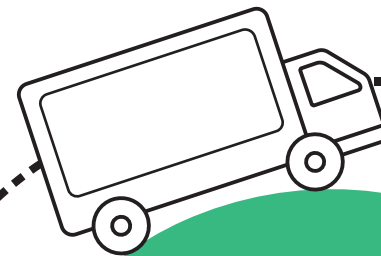
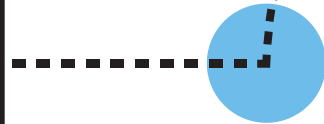
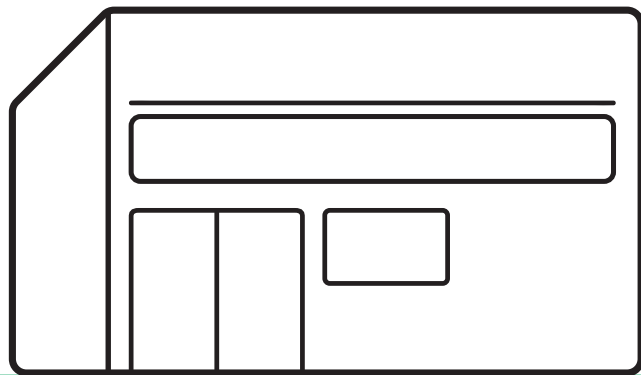


# BEZOS

## The ultimate guide to retail and logistics in 2020

In 2019, we saw the race for faster and more optimised supply chains hit some bottlenecks. To get 2020 right it's all about delivering on delivery.



# Get ahead with our top predictions for 2020

**As omnichannel retail evolves and consumer expectations around delivery increase, supply chain and logistics management will be crucial differentiators for retailers.**

Increasingly sophisticated technology and big data are helping to forecast demand, manage inventory, reduce costs and provide superior customer service. So, eCommerce businesses can get their products to their customers more efficiently.

**Big and bulky is on the rise**

**A new frontier of product delivery**

**A comeback for brick and mortar**

**Supply chains get ready for the next decade**

**New solutions for supply chain disruptions**

**Digital technologies support human impact**

**eCommerce businesses acknowledge their responsibility**

**Recession-proof logistics strategies are needed**

**CPG Companies look to digital**

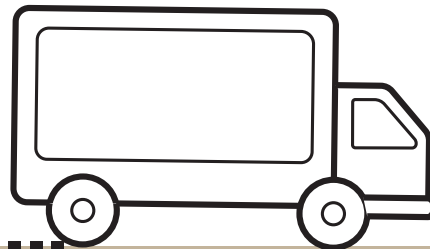


## Big and bulky is on the rise

Not too long ago, people used to hesitate when deciding on making big purchases online. A book or a laptop? Sure. A couch or a car? Maybe not so much. These reservations are changing quickly, and consumers are using eCommerce options for just about anything by now.

The numbers support this development as the delivery of big and bulky items reached \$9 billion in 2018 already and is on track to increase by a compounded annual growth rate of 10-15%. Further, eCommerce giant Shopify estimates global appliances and eCommerce revenue to grow to \$394 billion by 2022, up from \$258 billion in 2018.

2020 Takeaway: Brands that sell furniture, appliances, and other large products need to find ways to deliver big and bulky products from more convenient fulfilment nodes.



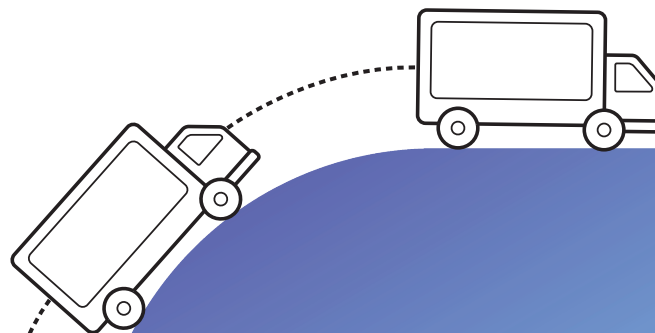
Today's consumers value convenience above all. While they get used to buying more and more things online, retailers will need to consider new ways how they can fulfil varying order profiles and ship larger and bulkier items. For this purpose, specialised fulfilment centres that can manage different product profiles are going to be a strong asset for any online seller. Helping them to optimise their shipping network and delivery times.



## A new frontier of product delivery

Just like Tesla for the electric car industry, Amazon has set a new standard for consumer expectations when it comes to product delivery. Especially with the introduction of its Prime one-day shipping option, customers are now offered a solution to the only drawback of online shopping and can receive their orders almost instantaneously. A service that is so desirable that Target and Walmart had to follow suit just weeks after Amazon's introduction.

Nevertheless, fast delivery is not everything when it comes to customer satisfaction. Most importantly people are cost-sensitive and are willing to wait a bit longer if that means shipping is free. Unsurprisingly, the main reason for abandoned shopping carts still being shipping costs that are too high. That's why you need to find the right mix of time and cost-effectiveness. Preferably by optimizing the last-mile delivery of your products.



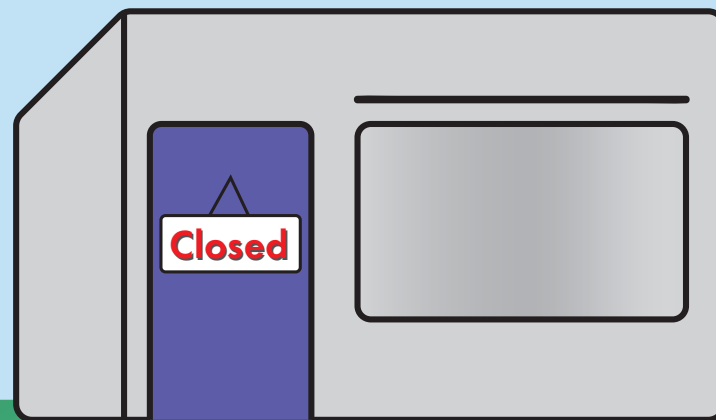
**2020 Takeaway:**  
Retailers need to boost their logistics, focusing on fast and free delivery by optimizing last-mile delivery options.

# A new frontier of product delivery

With eCommerce on the rise, we've seen retail stores hit a dead end with their outdated shopping experiences. After years of closing retail spaces, the best retailers have innovated, so that the physical store is finding a new role to play again.

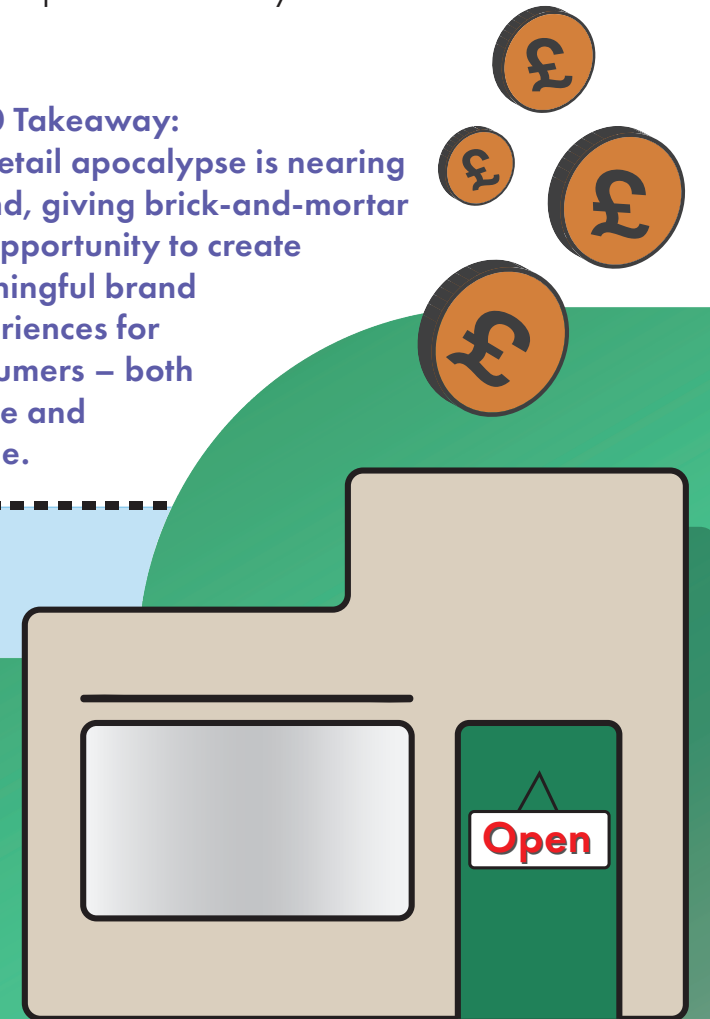
The appreciation for physical retail comes as several online pure-play brands have struggled to make a profit, with the cost of customer acquisition remaining stubbornly high. That's why for every company that closed stores in 2019, 3.7 companies opened a new one.

This year's retail trends are moving toward putting the consumer more in control of their retail choices. Creating a hybrid approach between physical and digital retail that relies on consumer data for a more customer-centric experience.



Physical stores serve both, in-store and online shoppers with their smaller retail formats that double as fulfilment centres for local and fast eCommerce delivery. Which is especially important as the last mile of shipping still makes up 30% of delivery costs.

**2020 Takeaway:**  
The retail apocalypse is nearing its end, giving brick-and-mortar the opportunity to create meaningful brand experiences for consumers – both online and offline.



# Supply chains get ready for the next decade

The supply chain is a critical function for many businesses and logistics have made their way to the forefront of business operations. It remains to be retailers' best means of driving customer satisfaction and loyalty, not to mention efficiency and profitability. That's why, as we look at the coming year and decade, retailers must pay attention to their supply chains like never before.

Think about it. Omnichannel fulfilment and eCommerce are an evolving and challenging frontier. With consumer demands for purchasing convenience, cost, delivery speed and choice rising, warehouses need to be smarter and supply chains more agile than ever.

In this more dynamic environment, improved data-driven decision making will be essential, requiring better use of analytics in all aspects of daily operations. These include order management, inventory management, price management, labour management, etc.

Today's supply chains drive business operations, growth and profits. In 2020 and beyond, successful retailers must optimise these ecosystems with new technologies and digital platforms to realise their powerful impact in driving differentiation, efficiency and profitable growth.

**2020 Takeaway:**  
Technological advancements that have previously only been embraced by larger enterprise-sized companies are becoming more accessible to smaller eCommerce operations.

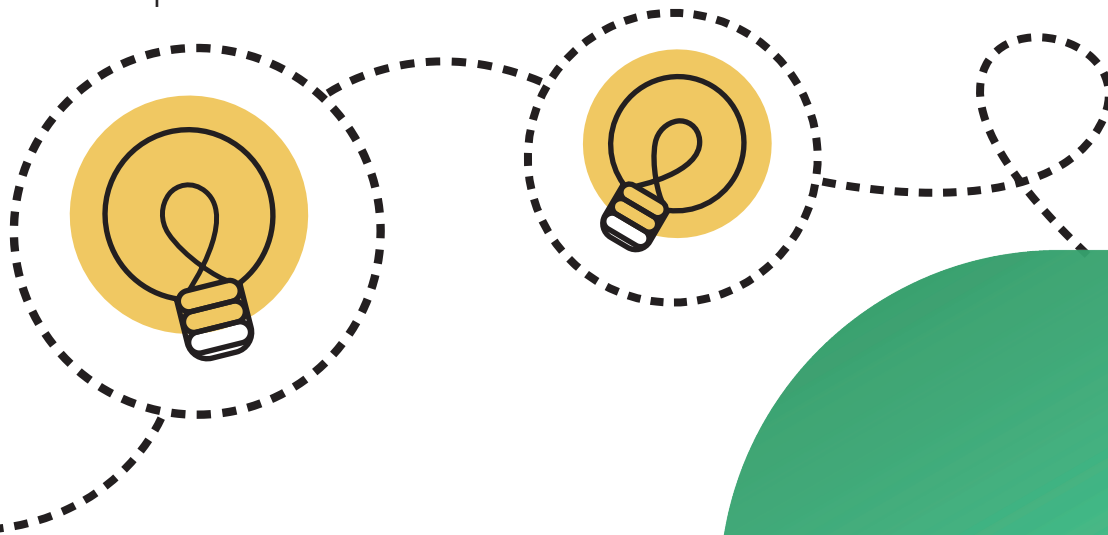
# New solutions for supply chain disruptions

It might sound paradoxical, but the first step to avoiding disruptions is to know that it's impossible to avoid all disruptions. It's simply a fact of life that sometimes things will go off the rails: Consumer demands continue to change, natural disasters occur, transportation might fail, or other unpredictable events come up that will disrupt your logistics.

Being able to respond effectively to inventory fluctuations and consumer demand is a key aspect of warehousing. Decentralisation, increased visibility, and a deeper integration with suppliers and fulfilment services will help you to gain more insights and flexibility for your supply chain operations. Disruptions are a given and if you haven't already, double-down on omnichannel before a disruption occurs. Lean into short-term storage and on-demand logistics solutions to decentralise your inventory. By placing multiple stockpiles of goods closer to households, you'll set yourself up to respond quickly to any challenge. And remember, when all else fails, prioritise the customer relationship over the transaction.

## 2020 Takeaway:

On-demand logistics help to mitigate the effects of supply chain disruptions and add long-needed flexibility to eCommerce fulfilment.



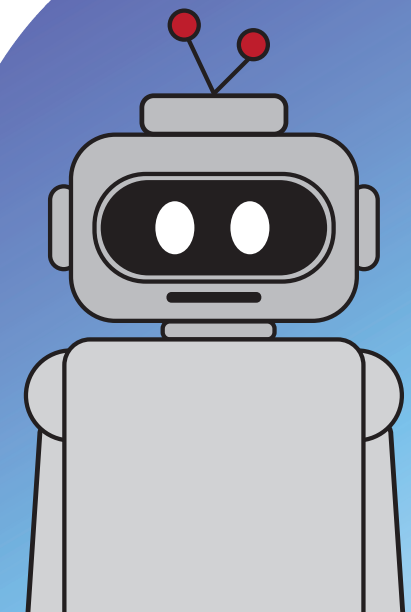
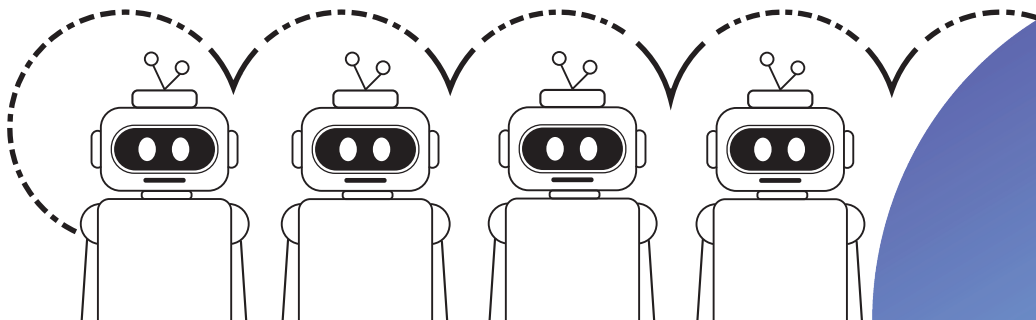
# Digital technologies support human impact

**Machines will take over and people will lose their jobs. A fearful scenario that doesn't really capture what the coming AI and automation revolution will bring to our work environments. Granted, there is no doubt that AI will affect jobs. Yet, augmentation of existing jobs through technology is expected to create wholly new tasks, opening up opportunities for an entirely new range of livelihoods for workers.**

In today's world, considerable human capital is wasted on activities that could be automated easily. People are not using their brains for higher-order skills like problem solving and decision-making. The World Economic Forum projects that 75 million positions will disappear due to automation by 2022, but at the same time, 133 million new jobs will be created. The function of digital technologies is not to swap humans for robots but to remove the robot from humans. Allowing for more impactful and satisfying work.

The complexity of operations and logistics is on the rise and businesses are tasked to find the right mix of technology and workforce, while making the most of their individual skill sets and strengths.

**2020 Takeaway:**  
On-demand logistics help to mitigate the effects of supply chain disruptions and add long-needed flexibility to eCommerce fulfilment.





# eCommerce businesses acknowledge their responsibility

Humans are becoming more conscious about the way we treat each other and the environment. That's why businesses can't ignore their own responsibility anymore either and must find sustainable solutions for their supply chains. Especially younger generations of consumers are critically assessing how businesses are handling the economic, environmental, and social effects of their business operations.

## Environmental responsibility

Climate change is a fact and if you are not Donald Trump you know that it's a real threat to our human societies. The retail industry has an important role to play in reducing their negative environmental footprint too and can do so by creating more efficient and sustainable supply chains. Thereby, reducing emissions and at the same time optimizing their logistics.

## Social responsibility

People take a closer look than ever at how companies are treating their employees. The best talents are going where they can expect a thriving company culture that enables individual growth and joint team-efforts at the same time.

## Economic responsibility

In an ever-evolving global market, the right strategy makes or breaks business success. While environmental and social responsibilities must be acknowledged, operations need to remain profitable as well. This calls for innovation on all levels for businesses in their retail and supply chain strategies.

## 2020 Takeaway:

We only have one planet and people are the core of any business. New models of operation are being introduced to address new cultural needs.



# Recession-proof logistics strategies are needed

The financial crisis of 2007-08 is more than ten years in the past but the memories of the global economic downturn are still vivid. Especially since the average nine-year cycle of uptrend and recession passed already and some economists are predicting a recession in 2020.

With this in mind, brands need to address the looming possibility of an economic downturn while keeping their logistics and operations running at peak performances. Even though the next recession might not hit as hard as the last one, retailers are tasked to find better and more flexible ways for their fulfilment and supply chain solutions.

Businesses need to maximize the efficiency of their supply chains by getting insights, access to error-free tracking of all the products, equipment, and goods while keeping stock and managing inventory in real-time and high precision.

With on-demand logistics solutions, businesses ensure proper prioritization of dispatched goods and reduce excess stock kept at the warehouse. While avoiding being locked into long-term contracts that prevent fast reactions to market dynamics in case of an upcoming recession.

**2020 Takeaway:**  
Economic growth doesn't last forever. Dynamic logistic solutions are needed in times of recession and economic uncertain



# CPG Companies look to digital

Everyone is going digital, and so must Consumer Packaged Goods (CPG) as digital is the new normal now. Some CPG examples are food, beverages, cosmetics, and cleaning products. Maybe the best definition of CPG is that it applies to fast-moving consumer goods.

It's crucial for any CPG brand's digital transformation strategy to include both offline and online channels for them to be able to spread their brand messaging successfully. They need to create a unified engagement stream that includes social media, eCommerce website, IoT, delivery, and mobile apps.

It's not just Amazon and the like that are blazing a digital CPG trail. Regional grocers are finding success with "click and collect" pilots in which products are ordered online and picked up in stores. Some forecasts show that eCommerce could account for as much as 5% of total food sales over the next 5 years. In non-food categories such as cosmetics, diapers and wipes, pet food, and skincare, online penetration could reach as high as 10% in the same period.

Winning CPG players know that already and are responding to this trend by elevating and accelerating the digital transformation of the supply chain as a priority and setting clear goals tied directly to key business issues.

**2020 Takeaway:**  
Online sales grew by nearly 35% in the CPG industry last year, highlighting a fast-growing segment in an otherwise slow-growth industry.



# BEZOS

**Bezos is the next generation fulfilment and delivery solution for eCommerce sellers. We offer simple, fast, and affordable fulfillment to help your business scale while saving up to 30% on costs for logistics. With our innovative on-demand warehousing and supply chain solutions, you can make strong data driven decisions and take your eCommerce business to the next level.**

**For more information, visit <https://bezos.ai/>**