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16 RETAILING JARGON
Hello everyone,

I want to wish everyone a very happy and prosperous New Year! 2016 was quite a year for consumers and retailers alike. According to Chain Store Age and eMarketer (2017), consumers increased 2016 spending by 16%, or an average of $897 per consumer. When looking at the breakdown of spending by product distribution channels clearly ecommerce (online) was the winner this year with a holiday sales increase of 31% ($123 billions) over 2015 and overall 2016 growth of 12.6%. Conversely, brick and mortar product distribution channels experienced a 2% ($196 billion) increase in holiday sales over 2015 and an overall 2016 growth of 3.84%. These results combined contributed to an annual retail growth of 4.31% (see chart below) for 2016 exceeding industry estimates by nearly 1%.

Along with exceeding industry estimates for retail growth, the 2016 year also witnessed: a 25% increase in the usage of fast/same day delivery services by consumers, emergence of on-demand or “pop-up” order fulfillment networks along with retail locations, increasing demand on inventory availability, performance, and visibility due to cross channel sales, and rapid rise of mobile commerce driving 50% of online traffic. These trends have led retailers to create consumer-centric logistics networks which are able to quickly respond to shifting consumer buying and demand behaviors. These new networks are more highly dependent on the deployment of logistics resources from external (contract logistics provider) and internal (retail company) sources. Today’s consumer marketplace requires logistics networks with the adaptability, agility, and responsiveness to meet and exceed expectations.

In this month's newsletter, I have selected articles and reports which provide an in-depth review of holiday 2016 as well as what's in store to 2017. In addition, I have selected several articles and
reports highlighting many of the innovations that defining the industry for the coming years. Finally, a I am including more useful retailing terms and definitions. 2017 promises to be an exciting time to be in the logistics and the retailing industry!

Sincerely,

Dr. David Widdifield, DM.
Director, Retail Solutions, Crane Worldwide Logistics
Contact: david.widdifield@craneww.com
Best Practices/Market Trend Report

2017 Sales Tax Changes: A big year for sales and use tax

Avalara- Here's your chance to learn about some of the biggest sales tax changes in store for 2017 and find out what may impact your business and get tips on how to prepare. Find out how you can prepare your business for the new year to learn what's changing at both the State and Federal level for all things sales and use tax. This report covers:

- Federal and State-by-State changes that may impact your business
- The latest update on MFA or “internet sales tax”
- List of states with new Nexus laws
- Changes to how products and services are taxed across many industries

Discover what changes will impact your business.
> Download the full report to learn more.

Disruption Ahead: A guide to understanding and navigating the driver shortage and trucking regulations

Logistics Management - Potential transportation disruptions are looming as increased over-the-road regulations are set to go into effect in 2017. Experts believe these regulations will further impact the already challenged driver pool as well as reduce driver productivity. Understanding and planning for these disruptions and developing a capacity contingency plan can insulate your transportation network from negative impacts. This resource will help you navigate coming disruptors and empower you to take the necessary steps to mitigate any potential negative impact the driver shortage and upcoming regulations may have on your organization.
> Download the report to learn more.

Supply Chain Insight: Risk vs Resilience

McKinsey- Improved supply chain transparency and greater supplier awareness enable effective Business Continuity Management and maneuverability in the event of an unexpected business disruption. The need for businesses to develop, implement and expand business continuity strategies across their supply chains and global operations has never been more critical. Natural and environmental disasters, political turmoil, social unrest or simple IT mistakes have ever-increasing potential to cripple – even destroy – an otherwise healthy business. This is especially true for companies that rely on just-in-time (JIT) inventory, lean production, and shortened product lifecycles geared to improve corporate bottom lines. An alarming number of risk and business continuity managers are well aware of the need to make contingency plans, but are choosing to wait, often until it is too late. A comprehensive business continuity plan can help management better navigate the increasing complexity of global supply chains, gain visibility into suppliers’ processes, improve resiliency, and protect the business from a growing number of threats.
> Download the report to learn more.

The Future of Retail

Business Insider- The retail industry is on the cusp of a fundamental transformation driven by digital technologies. And as retailers adapt to the digital age, the line between physical and digital commerce is becoming increasingly blurred. BI Intelligence has developed an exclusive slide deck related to the shifting sands of e-commerce and retail entitled: The Future of Retail. This 65-page slide deck will explore the trends that shaped 2016 and will continue to shape the retail marketplace in 2017.
> Download the report to learn more.
Top Stories

2017 Top 250 Global Powers of Retailing
National Retail Federation - In Deloitte’s annual Global Powers of Retailing report, this marks our 20th year of identifying the 250 largest retailers around the world and analyzing their performance across geographies, sectors and channels. Over the last 20 years we have seen a seismic shift in retail and the customers that retailers serve. Consider that in 1997, the year of our first report, today’s average Amazon Prime customer was just 16 years old, AOL was pioneering social media and handheld virtual pets were the hottest-selling toys. Today, handheld (or wearable) digital devices are ubiquitous and a younger, social customer has come of age. We are living in an era where customers are in the driver’s seat more than ever before and they are craving authenticity, newness, convenience and creativity. We are living in the customer-driven economy. The retail trends for 2017 are focused on three main trend areas; changing consumer preferences, including the trend of owning less and living in the social media-driven economy, changing retail formats through the blurring of sectors and proliferation of on-demand fulfillment, and the transformative possibilities from living with exponential technologies, both in the store and beyond.

The Future of Shopping: FIVE Predictions for 2017
Chain Store Age - As we move into the new year, it’s time to look ahead and predict what’s in store for the retail industry as it races to stay relevant in the Age of Amazon. Here are five predictions to keep an eye on in 2017.

Generation Z leads the omnichannel parade
Chain Store Age - When it comes to combining in-store visits and online product research or purchase, Generation Z (ages 18 to 26) leads all other shopper age groups in the U.S., lending some spark an otherwise flat “omnishopping” environment. Just-released findings from GfK’s annual FutureBuy study show that nearly half (46%) of all Gen Z shoppers in the US have researched an item on a mobile device and then bought it in a store – a strategy known as “webrooming.” That level is up 5 percentage points from 2015 and beats other generations by 12 to 27 points. One-third (32%) of Gen Z US shoppers report they researched a product in a bricks-and-mortar store and then bought it online via a mobile device (“showrooming”).

Image: iStock
Adobe: Holiday online sales ‘historic’

Chain Store Age- Holiday online sales surpassed predictions, generating $1 billion daily for the majority of a two-month period. That’s according a study by Adobe Digital Insights, which aggregated data from 24.6 billion visits to the top 100 retail websites. Mobile specifically brought in $28.43 billion in revenue, a 23% increase YoY ($19.26 billion from smartphones; $9.17 billion from tablets), driving 50% of visits (41% smartphones; 9% tablets), and 31% of purchases (21% smartphones; 10% tablets). During this period, average shipping costs were $2.50 in 2016, compared to $2.60 in 2015, and reached a peak of $4.10 on Dec. 20. The lowest shipping costs this holiday season were on Thanksgiving ($1.60) and Cyber Monday (also $1.60). Sales increased toward the end of December, particularly around shipping cutoff dates, as consumers purchased later in the season and utilized options, such as click and collect in-store, the report said.

> Read more

Millennials will buoy retail in 2017

Chain Store Age- Retail real estate expert Faith Hope Consolo, who heads up the retail group at Douglas Elliman Real Estate, has high hopes for 2017, predicting that bigger-spending millennials and recession-proof retailers will keep sales humming on high streets and in malls, if not in department stores. “Millennials are going to start shopping differently this coming year,” Consolo told Chain Store Age. “It used to be they’d spend up to 75% of their disposable income on food, but that was a fad. This year, they will start spending more on fitness and fashion.”

> Read more

Holiday spending surpasses expectations

Chain Store Age - Initial reports about holiday spending bode well for retailers. Consumers spent 16% more on holiday purchases this year than in 2015, according to the International Council of Shopping Centers Post-Holiday Shopping Survey. The report finds that consumers spent an average of $711 on gifts and other holiday-related items this holiday season. This represents a 16% increase over 2015’s post-holiday survey results ($611) and is 4% ($27) above holiday shoppers' intentions as measured in ICSC’s Holiday Shopping Intentions Survey in October. In total, consumers spent an average of $897 on gifts and related items, dining, movies and other entertainment experiences at malls and shopping centers this holiday season. Gen X spent the most, averaging $1,000, followed by Baby Boomers ($875) and Millennials ($867). Experiences accounted for 20% of total consumer holiday expenditure, with Millennials topping this spending category at $220, data showed.

> Read more
Holiday 2016: Shoppers more generous and more last minute

Chain Store Age - Online spending, and the amount of purchases made after the standard shipping deadline, were on the rise this holiday season. That’s according to Loop Commerce, which analyzed consumer gifting behavior and top gifts purchased from retailers, including Macy’s, Saks Fifth Avenue, Neiman Marcus, Bergdorf Goodman, and Coach, among others, during the 2016 holiday season. The average spend per gift purchased online increased 44% over the same period last year, with fleece outerwear as the top holiday gift purchased in 2016. Throughout the entire holiday season, consumers spend trended higher versus the previous season, with men spending roughly 24% more than women on average, and 43% more in 2016 than in 2015. The amount women spent this year also grew, with their average spend per gift was up 44% over last year, the report said.

> Read more

Online shopping grows robustly during the holiday season

Washington Post - Online shopping surged strongly during the holiday season, retailers pulled down some $91.7 billion in digital sales. That haul represents an 11 percent increase over last year and surpassed earlier projections for the season by $115 million. This report is based on an analysis of 24.6 billion visits to shopping websites. The strong growth in online spending reflects a long-term shift in which shoppers are choosing the convenience of swiping, tapping and clicking over a trip to the mall. Indeed, in-store analytics tracker RetailNext reported that mall traffic sank 12.3 percent in November and December, while sales dropped 9.9 percent.

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Retail fraud attempts up substantially

Chain Store Age - Retail sales weren’t the only thing that rose during the 2016 holiday season. Fraud attempts increased by 31% during the past holiday season, according to data from ACI Worldwide, which, on the positive side, found the number of overall transactions increased by 16%. The survey data, based on hundreds of millions of transactions from global merchants during the 2015 and 2016 holiday shopping season (starting on Thanksgiving and ending on Dec. 31) highlights key shopping and fraud activity trends.

> Read more

Study: Returns process remains flawed

Chain Store Age - Retailers’ returns policies are critical factors in consumers’ purchasing decisions. But many consumers are far from pleased with their experience. This was revealed in Voxware’s third biennial report, which highlights why consumers return items purchased online or by phone and how their experiences with the returns process affects their future intentions to shop with retailers. In the study, 96.8% of shoppers agree that how well an online retailer handles returns influences whether they will decide to order items from them again in the future. Almost 40% (36.2%) prefer to return items purchased online or by phone with a prepaid mailing label, and 44.9% prefer in-store returns. However, 24% stated that a retailer has sent them an incorrect item for a second time after returning an item that was sent in error, and 60.3% of those who received an incorrect order twice said they are unlikely to shop with that retailer again for future purchases.

> Read more

Wage growth surges in the US

Chain Store Age - Average wages grew by 2.9% in December, provides more evidence that America’s labor market is heating up. For some time, the US has been creating plentiful jobs, 2016 was the fifth consecutive year with more than 2m job gains. The average paycheck of US workers is now growing faster than at any time since 2009. The 2.9% wage growth may also be close to the limit of what the economy can produce without sparking inflation.

> Read more
Innovation & Operations

30 Big Tech Predictions For 2017

Business Insider - Almost every industry has been disrupted by digital technologies over the past decade. And, in 2017 we expect to see more revolutionary developments impacting our businesses, careers and lives. Among the groundbreaking moves, will be:

• Autonomous car road tests
• Snapchat and Amazon rattling the digital ad space
• VR hardware competing with popular gaming consoles
• The grocery industry making the move online
• Mobile wallets adding value to users
• Insurtech ascending with investments from legacy players and tech giants
• Social video taking 2017 by storm

These and many more will prove 2017 to be a challenging and exciting year for e-commerce and retail that will help shape in-store and online shopping. Here are 30 of BI Intelligence’s predictions for 2017 in the IoT, digital media, apps and platforms, e-commerce, payments and fintech industries.

7 e-Commerce Enabled Warehouse Best Practices

Supply Chain 247- As manufacturers, distributors and retailers all strive to run efficient operations that not only meet the demands of their traditional businesses, but also support their e-commerce operations, the race is on to develop efficient, optimized warehouses and DCs to support these multifaceted operations. Driven by the sheer volume of products and services being sold online - a whopping $3.34 billion on Black Friday alone in the United States, according to data from Adobe Digital Insights - everyone wants to capture a slice of the 11.3% of total retail sales that are being transacted virtually, according to the U.S. Commerce Department.

Exploring the Consumer-Driven Supply Chain

EBN Online - Technology, from smartphones to the Internet, is giving consumers an increasing amount of control over their e-commerce transactions. In addition to connecting traditional back-office activities with the consumer, this has also transformed what a winning supply chain strategy looks like. Instead of a product first approach, retailers need to put the consumer first. According to research from Eft, 3 out of 5 companies define their supply chain as consumer-driven. This means retailers must innovate and invest better in technology, including connected devices and smartphones, to meet consumer demands.

Making the Case: Transportation Management Systems

Logistics Management- There was a time when shippers were able to run their transportation networks with a few human resources, a couple of spreadsheets, and a reliable phone line. In a world where supply chains have become increasingly complex and global in nature, managing with spreadsheets and phone conversations with carriers are no longer viable options. Shippers need a robust, always-available transportation management system (TMS) that not only handles the orchestration of multiple freight modes domestically and internationally, but also optimizes activity in a way that reduces costs and meets delivery targets. Read this special issue now and discover how to make the case for TMS for your organization.
An ‘Uber’ for Chinese e-commerce

McKinsey- In Europe and the United States, major online retail players, such as Germany’s Otto Group and Amazon, dominate the e-commerce market and oversee highly efficient distribution chains. In China, by contrast, the e-commerce sector is fragmented, and as a result the country’s logistics players struggle to keep up not only with the dizzying rates of e-shopping growth (50 percent and more) but also with the wide variability in demand. During slack periods, trucks are often loaded to only 30 to 40 percent of their capacity, raising costs. At peak times, such as the buildup to China’s Singles’ Day (when shipments run five to ten times higher than usual), merchants complain that orders are lost because of delivery delays. About 50 companies have been testing a new app-based approach to managing demand swings that uses digital and social technologies. An Uber-like shipping platform links merchants with multiple logistics companies’ trucking fleets and drivers, enabling the companies to share capacity when they have room to do so.

> Read more

Chinese e-commerce giant Alibaba expands downtown Manhattan headquarters

Campaign Asia- The giant online retail company Alibaba, known as China’s Amazon, has expanded its new headquarters in New York. The $200 billion company had leased space in a new boutique office building at 860 Washington St. in the meatpacking district, sources said. The company is now expanding its footprint at the downtown Manhattan site to more than 30,000 square feet, according to several people familiar with the deal. Alibaba has leased the seventh, eighth and ninth floors at the building, where asking rents range as high as $160 per square foot, among the priciest in downtown Manhattan.

> Read more

E-commerce is set to soar in Thailand

Bangkok Post- Online retail is growing rapidly in Thailand with the rise of high-speed internet and smartphones, and homegrown retailers are increasingly competing with global e-commerce players including China’s Alibaba Group. Thailand’s online retail sales are expected to grow from $900,000 in 2015 to $11 billion by 2025, according to Google and Temasek.

> Read more

When it comes to overstoring, China’s the champ

Chain Store Age- U.S. real estate developers and brokers coping with epic changes in the retail landscape can take some solace from the fact that, when it comes to overstoring, America’s got nothing on China. A list of cities with the most shopping center space under construction from CBRE Research had Chinese cities occupying 11 of the top 12 spots, led by Chongqing with 39.8 million sq. ft. being built. Shenzhen (38.7 million) and Chengdu (37.6 million) weren’t far behind.

> Read more
Report: E-commerce drives employment in India brand outlets in India

Economic Times- The number of online shoppers in India is forecast to top 100 million this year, up from 69 million in 2016, according to a study from ASSOCHAM-Resurgent India. The rise in e-commerce across the country is creating new jobs and spurring entrepreneurship, the report said. Boosted by the rise of, among others, better logistical infrastructure and broadband and Internet-ready devices, the Indian e-retail market is likely to jump 65% on year in 2018 to $17.52 billion. The market was at $3.59 billion in 2013 and $5.30 billion in 2014. Year 2017 will see large scale growth in the Indian ecommerce sector, driving more employment opportunities and creating more entrepreneurs through the ecommerce marketplace model.

> Read more

Paytm goes live across all major retail brand outlets in India

Business Standard - Paytm has today announced its partnership with several brands to expand its offline merchant network before the year-end shopping season to assist millions of customers as they can now use Paytm while shopping at their favorite stores. The company's new tie ups cover a wide range of categories including apparel and accessories, mobiles and electronics, consumer durables and home furnishings among others. Leading brands including The Body Shop, Arvind, Lifestyle, Maxx, Aurelia, Colour Bar, Nike, Lotto, Sports Station, United Colors of Benetton, 24*7, Mothercare, Sunglass Hut, Pure Home, Archies and Reebok and other stores now accept Paytm.

> Read more

Meet The 30 Entrepreneurs Under 30 Changing The Way Europe Shops

Forbes- The ranks of the second annual 30 Under 30 Europe: Retail and Ecommerce list are populated by young professionals from across Europe who are combining technology, ingenuity, and style to change the way Europe shops, online and off. Some of these founders have built companies to fill voids they saw in retail. One of the entrepreneurs identified, Philip Man, founder of CHRONEXT, launched his first venture, a clothing retailer, at 17. The son of Russian immigrants to Germany, Man created CHRONEXT, an online marketplace for new and pre-owned luxury watches, to make the experience of buying a high-end timepiece more streamlined and secure. To date, the company has attracted $18 million in venture funding.

> Read more
A continental merger between Luxottica and Essilor fits a pattern

The Economist- Luxottica, an Italian maker of fancy specs, which owns brands such as Ray Ban and Oakley, is set to merge with Essilor, a French producer of lenses. The new company would have a market value of €46bn ($49bn), 140,000 staff and annual revenues of €15bn. If the deal goes ahead, it will be a rare event in a market dominated by small firms. > Read more

Shop Direct toasts record Christmas as more shoppers move online via smartphones

Telegraph- Shop Direct, the owner of Littlewoods.com and Very.co.uk, has toasted a record Christmas as the trend for consumers shopping on mobile phones rather than in stores continued. The company reported a 9% rise in group sales for the seven weeks to 23 December. The group’s Very.co.uk site, which is seen as the group’s growth engine, grew sales by 19% year-on-year. Alex Baldock, chief executive of Shop Direct, said “Most of the growth in retail is coming from online, and the growth in online is coming from mobile.” > Read more

Lidl makes plans for 3 stores in southern N.J.

Press of Atlantic City - The Germany-based discount grocer Lidl will open three stores in Cumberland County in southern New Jersey, including one store that will be adjacent to a ShopRite location. The region’s supermarket lineup also includes Aldi and Save-A-Lot. The three stores are part of Lidl’s plan to open as many as 150 stores on the East Coast by the end of 2017. > Read more

Retailing in Latin America

Canada’s exporters target Mexico’s rising middle class

Canadian Business- Mexico’s middle class numbers more than 40 million people who are on track to boost spending by 7% per year, according to Boston Consulting Group. The rise in consumer spending makes Mexico an attractive market for Canadian exporters such as Whoosh!, which earns 20% of its revenue from Mexico. Mexico’s middle class now boasts more than 40 million people, surpassing the total population of Canada. Moreover, households in that demographic will increase their spending by 7% annually through 2018, according to a report from the American firm Boston Consulting Group. These consumers are particularly focused on education, food, and health care products that will improve their standard of living. “Mexico’s middle class is looking for better, high-quality brands from the Canadian market,” says Colin Robertson, vice-president of the Canadian Global Affairs Institute. > Read more
Study to measure the effect of Mexico's shoppers on Texas retailers

Dallas News - Mexican shoppers have been crossing the border into Texas to shop at American stores for years, providing a boost to retailers and other businesses in the area. The effect of the tens of thousands of shoppers will be measured for the first time through a cross-border Nielsen study funded by the economic development councils in the Rio Grande Valley and local media companies. El Paso Malls have been crowded with holiday shoppers from Mexico who drive hours to shop. The benefits of these shopping excursions extend beyond malls, shoppers stay in hotels, eat at restaurants and attend sporting and other entertainment events. For years, tens of thousands of Mexican shoppers have been a presence in Texas, but they slipped under the radar because tracking is difficult. This year a public-private partnership has paid for a cross-border study by Nielsen, a consumer research company that studies consumer buying and media habits.

> Read more

American-Cuban relations: Staying dry

The Economist - The Obama administration ended the 20-year-old “wet foot, dry foot” policy, which allowed Cubans who land on American soil to stay in the country legally. The decision is an attempt to protect U.S. foreign-policy goals of restoring diplomatic relations with Cuba and loosening decades-old economic embargo.

> Read more

U.S.-bound Import Levels Up, Says Panjiva

Supply Chain Mgmt Review- United States-bound waterborne imports had a strong end-of-the-year finish, according to data issued by Panjiva, an online search engine with detailed information on global suppliers and manufacturers. December shipments— at 928,535— were up 8.9 percent annually and up 0.3 percent compared to November’s 926,198. The busiest month of 2016 was August, which eclipsed the 1 million shipment mark. For all of 2016, shipments were up 2.4 percent annually to 11,137,860, marking the first time in Panjiva’s shipment-tracking history they topped the 11 million mark.

> Read more

Forecast: Vancouver to gain more big retailers this year

Business in Vancouver- Vancouver developers are planning retail expansions and mall additions that are expected to bring a minimum of 15 major retailers to the market this year, retail analyst Craig Patterson said. Retailers set to open Vancouver stores include Nespresso and luxury brand Van Cleef & Arpels. Metro Vancouver's retail scene is expected to transform in 2017 with new malls launching construction and a slew of new retailers opening their first stores in the region.

> Read more

Amazon says it will create 100,000 full-time, full-benefit jobs in the US

Chain Store Age - Amazon said that it plans to create more than 100,000 “full-time, full-benefit” jobs in the US over the next 18 months. This would grow its workforce based in the US to over 280,000 by mid-2018, the tech company said in a statement. “Innovation is one of our guiding principles at Amazon, and it’s created hundreds of thousands of American jobs,” CEO Jeff Bezos said. Many of the jobs will be in new fulfillment centers and will range from engineering to software-development roles, the company said. Amazon added that it has grown its US-based payrolls by 150,000 over the past five years. This would grow its workforce based in the US to over 280,000 by mid-2018, the tech company said in a statement.

> Read more
Amazon Reports Best Holiday Yet With Record Orders for Echo

Bloomberg - Amazon.com Inc. said it had its best holiday season yet, having shipped more than 1 billion items through its Prime and Fulfillment services, and receiving a record number of orders for its own Alexa devices. Sales for Echo speakers based on Alexa's voice-recognition software were nine times more than the 2015 holiday season, Amazon said in a statement Tuesday. The Seattle-based company had trouble keeping them in stock despite “ramped-up production,” said Jeff Wilke, chief executive officer worldwide consumer > Read more

Demand rises for logistics and industrial space in the Americas

Supply Chain Quarterly - In spite of the overall sense of economic uncertainty—both globally and regionally—demand for industrial and logistics properties in the Americas continued to rise in the third quarter of 2016, according to a recent report from the commercial real estate firm CBRE. “Americas Industrial & Logistics Trends Report,” which came out in November, is based on a survey of more than 950 CBRE industrial brokerage and investment professionals in the Americas. In the United States, vacancy rates dropped to 5 percent and availability fell to 8.4 percent, according to the report. Part of the reason vacancy rates have dropped is that leasing demand is outpacing new construction, making supply tight. The majority of that demand is being driven by companies in the e-commerce, third-party logistics, and food and beverage industries, according to the report. As a result of this demand, asking rents have increased by 1.7 percent in the third quarter and 5.2 percent year over year.

> Read more

J.C. Penney CEO: Stores are vital to omnichannel efforts

Dallas News - J.C. Penney CEO Marvin Ellison said that the retailer will downsize its physical locations, but the department store chain’s stores still play an integral part in the company’s omnichannel strategy. Penney’s buy-online-pick-up-in-store service helps the retailer save on shipping expenses, and 40% of shoppers who come to stores to pick up online orders make additional purchases in the stores, Ellison said.

Penney’s store fleet remains a key part of its online business largely because shipping costs continue to rise. Ellison forecast Penney’s online sales will increase to more than 20 percent of its total sales over the next five years, as consumers increase their use of mobile technology.

> Read more

Retail Forecast: U.S. consumers will spend $632 billion online by 2020

Business Insider - E-commerce has been on the rise in the last several years, thanks in large part to titans in the industry such as Amazon and Alibaba. And that growth shows no signs of slowing down in the near future. In fact, e-commerce will truly become the future of retail, as nearly all of the growth in the retail sector now takes place in the digital space.

> Read more
**Ad-to-Sales Percentage:** The amount of advertising dollars spent expressed as a percentage of your sales.

**Audit:** The formal process of examining how your store performed in relation to plan. All too often, management completes programs but doesn’t review how things went or identify future improvements.

**Bar Code:** The bar code is a machine readable code made up of alternating dark and light bars. The spacing between these bars signals the reader what the numerical code is. Bar codes can be Universal Product Code – UPC or any number of other formats and almost limitless in length. (The longest currently is 128)

**Breadth of Assortments:** The range or number of different items offered for sale – i.e. wide = many different items, narrow = a limited range of items for sale.

**Campaign:** Planned advertising schedule of specific length – usually up to 13 weeks in length.

**Classification (Sub Classification) / Category (Sub Category):** further breakdown of a classification into a more specific group of items, e.g., men’s short sleeve dress shirts is a sub classification of the main classification of men’s dress shirts.

**Classification / Category:** A group of merchandise items that are non-substitutable with another group of items, e.g. tennis racquets would not be substitutable with badminton racquets.

**Classification or Category Dominance:** The situation where a retailer offers a range of merchandise (brands, models, SKUs) that is superior/ greater/broader than competitors. The result is that shoppers will have this store in a top-of-mind position and travel further to shop there first.

**Comp Sales:** Comparable-store sales are a measurement of productivity in revenue used to compare sales of retail stores that have been open for a year or more. Historical sales data allows retailers to compare this year’s sales in their store to the same period last year.

**Contribution Margin:** Contribution margin is the difference between total sales revenue and total variable costs. The term is applied to a product line and is generally expressed as a percentage.

**Conversion Rate:** The number of people who enter a store divided into the number who made a purchase. Measures the “close” rate that a store achieves on specific foot traffic into the store.

**Core:** The base component of a particular aspect of your business, e.g., ‘core customers’ are the 20% who shop regularly and account for 80% of sales. Can also define merchandise that is central to a retailer’s success, core is product that is never out of stock.

**Event:** A happening. A special promotion, off-price sale, fashion show, storewide sale or merchandise import fair.

**Facing:** The number of identical products (or same SKU) facing out toward the customer. Facings are used in plan-o-grams and when zoning a retail store.

**Items Per Transaction:** Often referred to as “lines per ticket.” A measure of how many items are contained in the average transaction with each customer. The formula is total items sold for the day, week or month, divided by the number of transactions in the day, week or month.

**Open-to-buy:** Merchandise budgeted for purchase during a certain time period that has not yet been ordered.

**Store Positioning:** The position a store takes in respect to price, fashionability, service, assortments vs. competition.

**USP:** Unique Selling Proposition – What is special about your store and how your store stands out from your competition.

**Value Offer:** A strategic option or alternative to emphasize value (value = price x quality x shopping environment or service, rather than just ‘price’ or ‘discount price’).
We would love to hear from you.

Find contact details for your nearest Crane location

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