

# A new way to buy

## Shifts in consumer buying habits create opportunity

I bought most of my gifts online this past Christmas, and I was not alone. In China, online sales of physical products grew 31.6 percent from 2014 to 2015. In the U.S., online sales represent just shy of 8 percent of all product retail sales. Still, the spike in the U.S. caused package carriers to scramble to make holiday deadlines.

Package carriers are not the only ones to scramble. New business models are hard on traditional small retail stores who feel the heat of regulations combined with increased competition. Consumers are getting used to the convenience of online shopping. The expectation is to shop with ease and at all times — from anywhere.

Big-box retailers are also suffering as consumers routinely pull out their smartphones to check pricing before heading to the checkout line. Immediate access to information has created unprecedented pricing transparency.

These trends in the retail environment are just the beginning of major demand-driven supply chain shifts.

Consumers now expect to be able to shift between stores and deliveries, known as multichannel or omnichannel retailing. They may want to place orders online, receive deliveries in their home within no less than a day and then be able to return goods to a physical store.

At the same time, consumers expect the product to be ready to use, also referred to as plug and play. Many products also now come with services that are integrated once products are registered, activated and tracked. An example would be wearable fitness devices connected with an online community.

### A struggle to keep up

Supply chain professionals are struggling to keep up with the changes. Technology

is playing catch up. Systems and processes need to be redefined. Physical locations, stores and warehouses must be adjusted. At the same time, the industry is suffering a talent shortage. The supply chain profession is so new that few have formal education and training. And too few have the experience to make up for the lack of formal training.

Where there is change, however, there is opportunity. With an expected shortage of 2 million supply chain professionals in the U.S. over the next 10 years, supply chain is an attractive career. Young people seeking career direction should think about the many challenging jobs and opportunities. Small businesses can benefit as well:

- **Use e-commerce as the main or supplemental channel.** Off-the-shelf e-commerce solutions make it easy to start up and test the market.
- **Take advantage of the 'long tail.'** The long tail is the small minority of customers who want a certain niche product. This is why there are e-commerce shops for caramels with chili pepper, fresh caught Hawaiian tuna and sari rentals.
- **Create loyalty.** Build an online user community, generate interest and provide relevant information to consumers.
- **Create services for others doing e-commerce business.** This is a booming market where money can be made the same way as the railroad barons made money on the expansion to the west: build websites; service user communities; create user interfaces; provide underlying services, technology or ideas. ●



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