

THE CONVERSATION



What retail can learn from Amazon's move into delivery



Patrick Gallagher
Chief executive
CitySprint Group

Amazon is preparing to launch its own direct delivery service – Shipping with Amazon – which will start with retailers selling through the platform, before likely opening up to other businesses.

The response appears to have been one of near panic, with shares in some of the largest US delivery firms instantly falling as a result of what is – at this stage – a service limited to LA.

But this news shouldn't really be any surprise at all. Amazon already operates its own cargo fleet and logistics network, and is well known for its innovation.

It also underlines just how important this part of the customer experience, and the convenience associated with it, has become.

Rather than jumping to the assumption that it's a threat to their business, retailers should consider the motivations behind this move.

We live in the era of ultra-convenience, as well as one of economic uncertainty. Retailers are feeling the pinch.

Yes, consumers are tightening their purse strings, but the truth is people will never let go of the convenience they have become accustomed to in better times. This tougher climate is exactly the reason it's so important for retailers to remain competitive.

Consumers shop on their own terms and expect flexible, on-demand services from retailers, from point of purchase right through to delivery and returns.

Shoppers are becoming ever more savvy with where they direct their spend, and it's the retailers that are able

to constantly innovate and evolve around the needs of their customers that will win out.

This may be a tough challenge. But for those retailers that build their offering around convenience, focusing their efforts on an agile, customer-led suite of fulfilment options, there's a huge opportunity.

Amazon is of course one of a kind, with the money and infrastructure to make big investments. One has to question how big Amazon can get before it starts prompting further scrutiny from bodies such as the EU.

It's clear that Amazon has taken another step towards owning the entire customer experience.

Remember, this is a business that did the unthinkable only a few years ago and invested in becoming a creator of broadcast content; there is no strategy out of reach when it comes to meeting the needs of customers.

Undoubtedly this move raises the bar for the retail industry. But you don't have to be a behemoth to adopt this mentality – sometimes small is beautiful.

The lesson from this is just how critical same-day and tailored, convenient deliveries have become in the retail experience.

This can be a challenging ask for many distribution networks; the flexibility and speed needed behind this is still difficult to get right – and retailers need to make changes to their own operation in order to match the task.

Regardless of Amazon's next move, retailers of all sizes should continue to adapt their business to suit the needs of their customers – including fulfilment.

Innovative, flexible and fast supply chains are here to stay. And whether you are competing against Amazon or the shop next door, the more you do for your customers, the more you will stay ahead. **rw**



Not all stores are members of the living dead

John Ryan
Stores editor
Retail Week

[Read more on Retail-week.com/Stores](http://Retail-week.com/Stores)



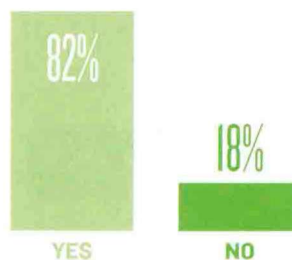
Driving our digital future with delivery solutions

Chris Ashworth
Chief information officer
Hermes UK

[Read more on Retail-Week.com/Digital-delivery](http://Retail-Week.com/Digital-delivery)

ONLINE POLL

Is Frank Field right to call for increased pensioner protection when companies are sold?



NEXT WEEK'S QUESTION

Will Pavers be able to turn around Jones Bootmaker's fortunes?

[Go to Twitter.com/RetailWeek](https://twitter.com/RetailWeek) to vote