



Ecommerce Supply Chain Network Design

Midwest Ecommerce Summit | September 29, 2022

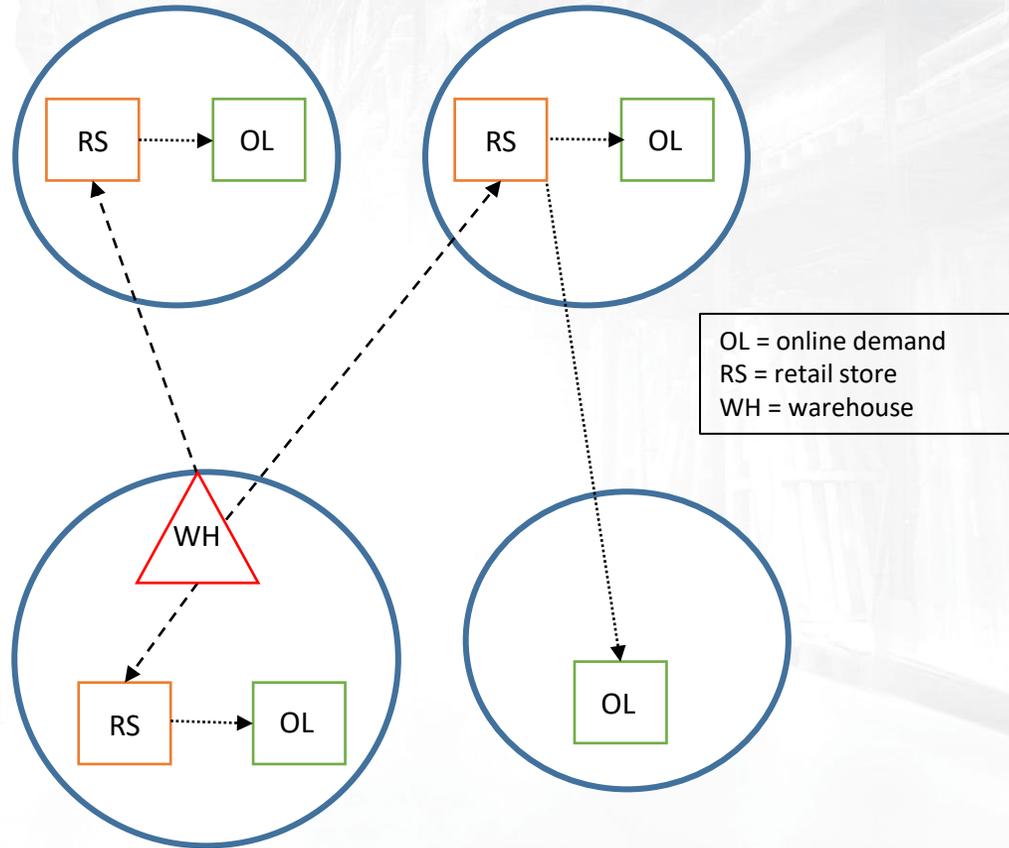


Midwest Ecommerce Summit

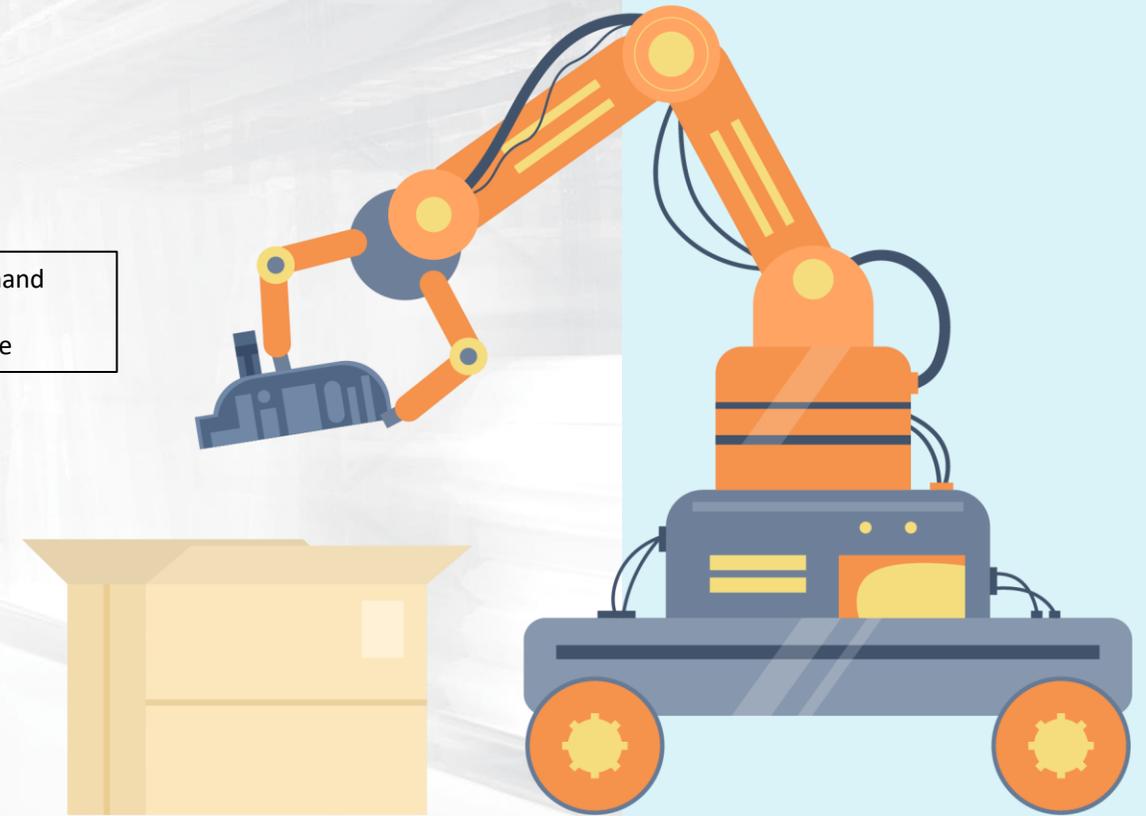
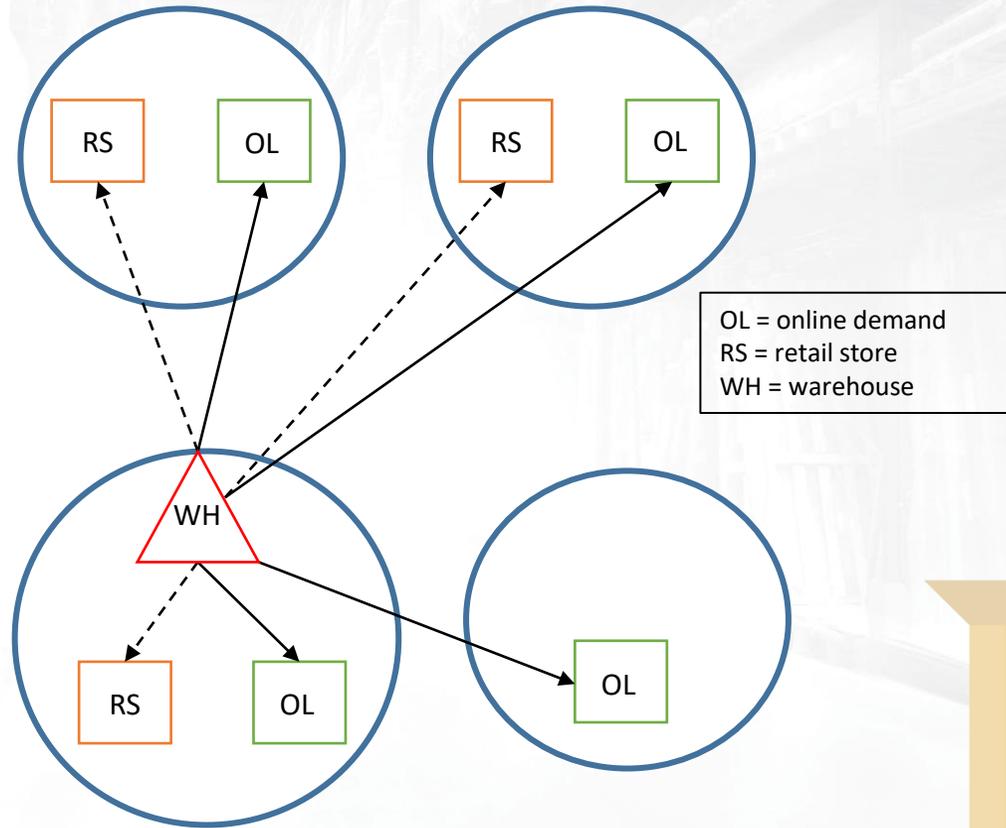
What is Ecommerce Supply Chain Network Design?

- Ship-from-Store (SFS)
- Ship-from-Warehouse (SFW)
- Ship-from-Store-and-Warehouse (SFS+W)
- Ship-from-Warehouse-with-Store-Backhaul (SFWSB)
- Dark Stores
- Location, location, location and speed of delivery

Ship from Store (SFS)

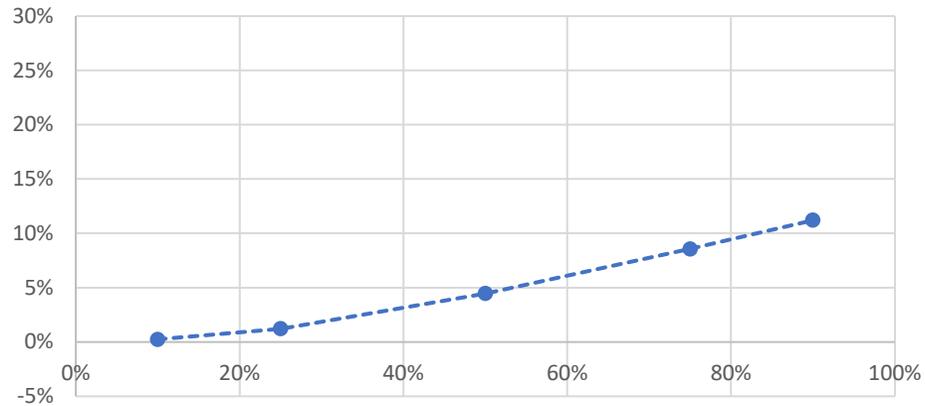


Ship from Warehouse (SFW)

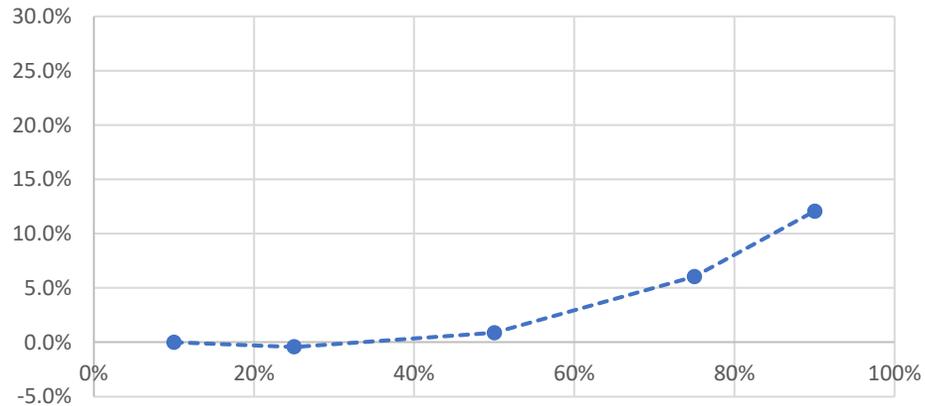


Which is More Profitable SFS or SFW

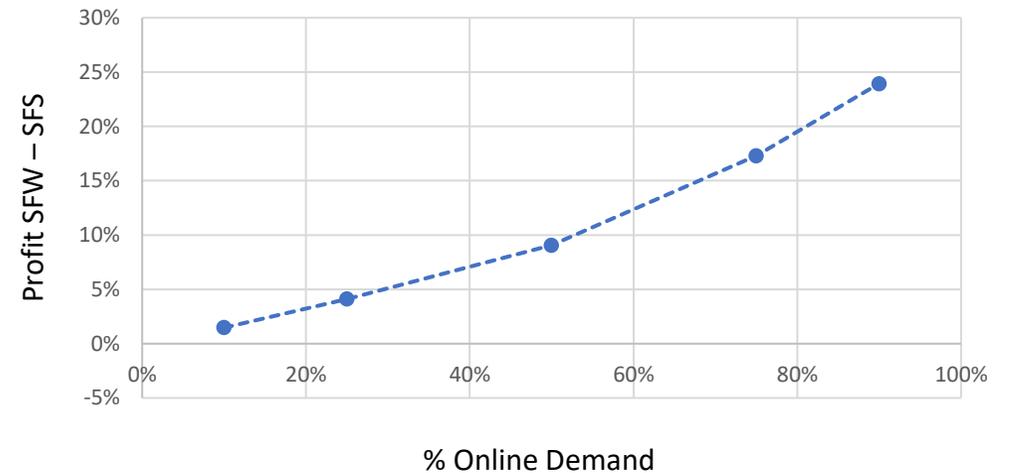
Profit Gap, SFW vs SFS: Fashion Products



Profit Gap, SFW vs SFS: Sporting Goods

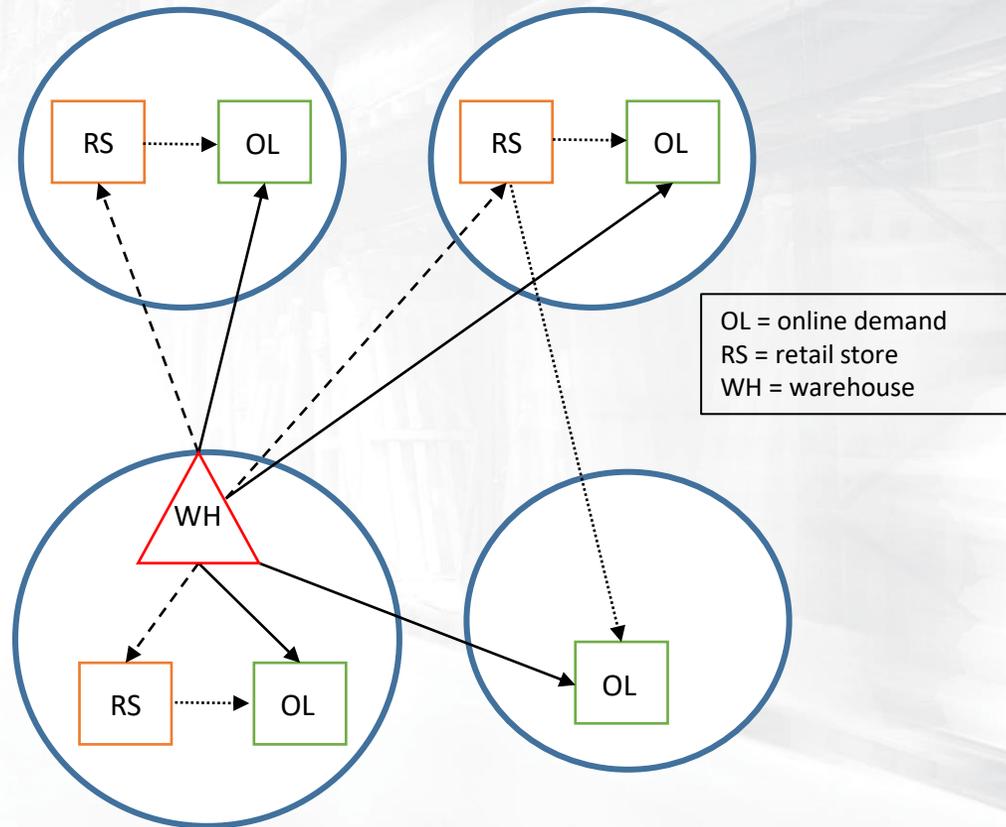


Profit Gap, SFW vs SFS: Consumer Electronics

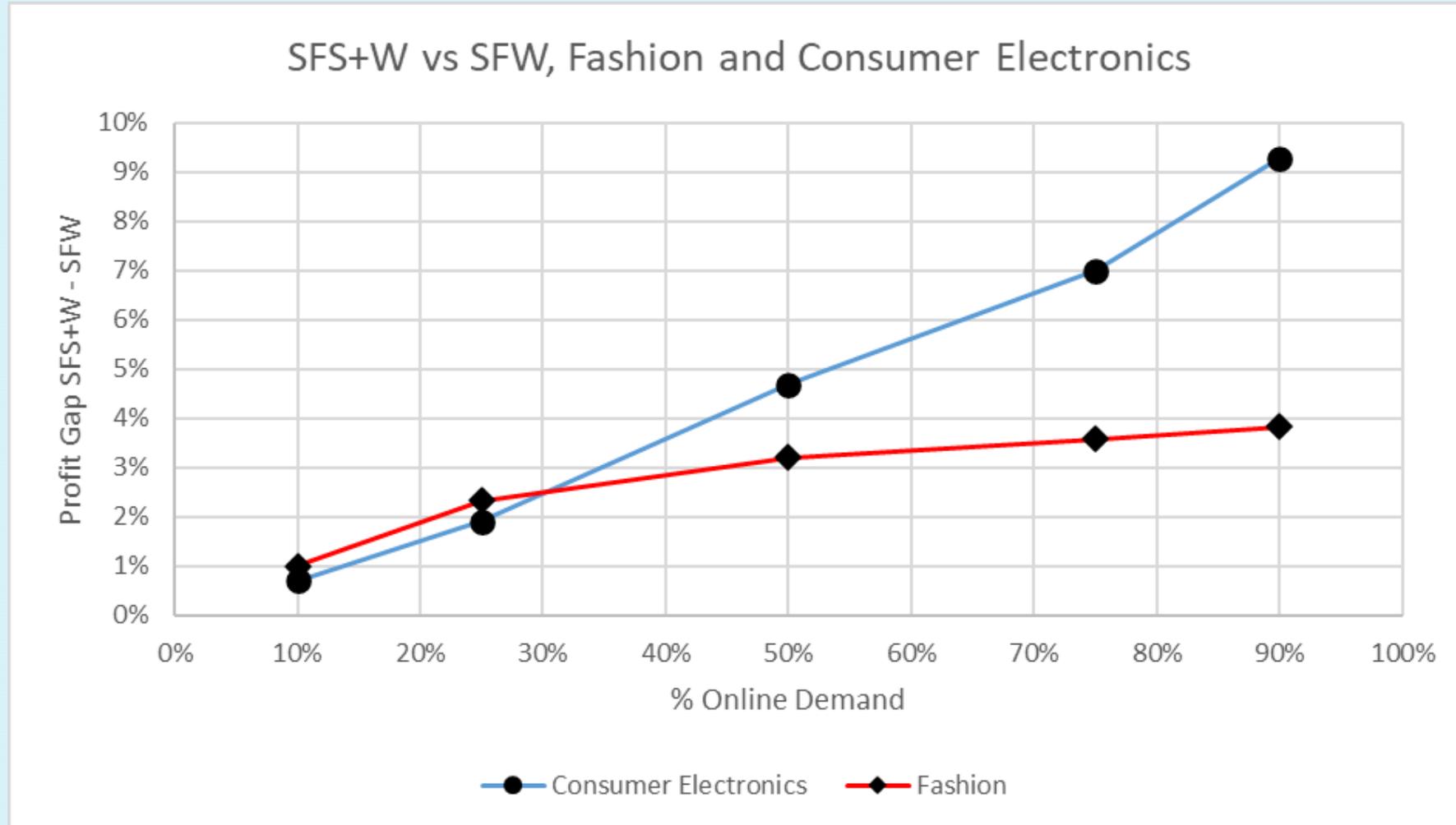


Disclaimer: These results are with optimized warehouse locations... more on this later

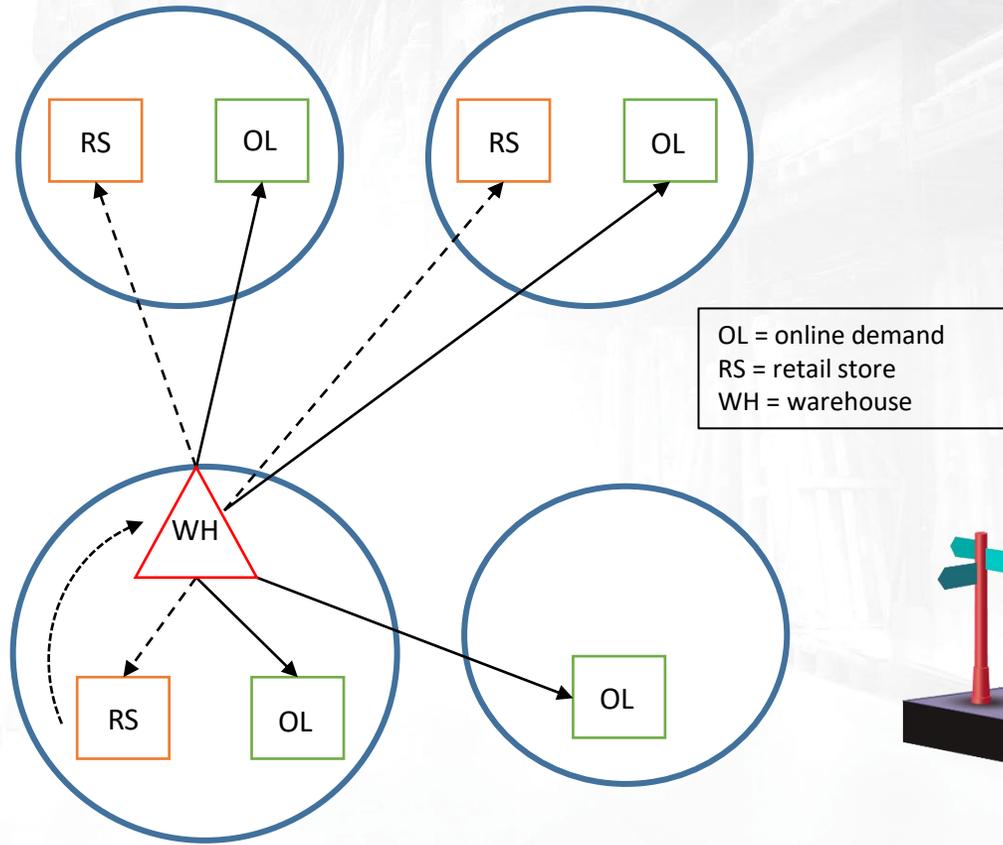
Ship from Store + Warehouse (SFS+W)



How Much Better Is SFS+W



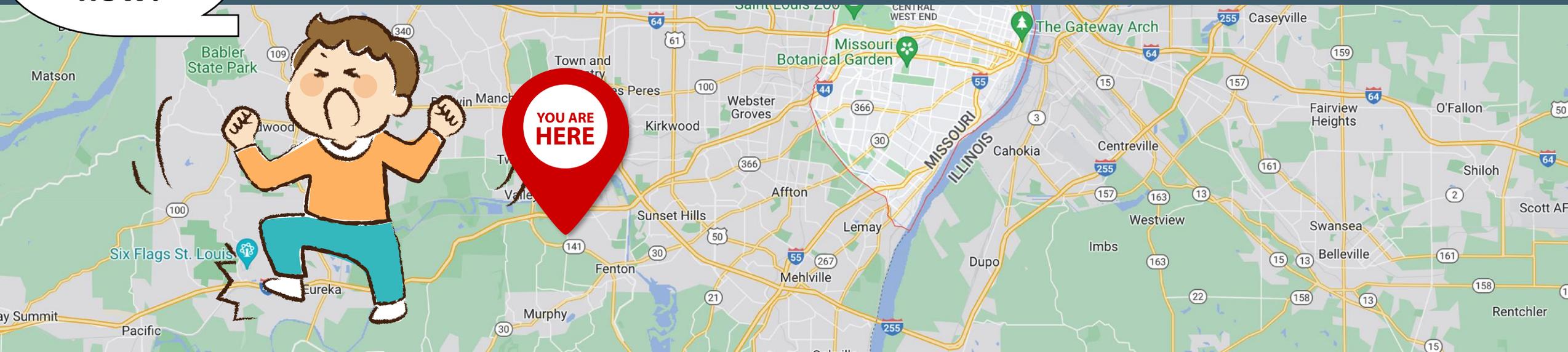
Ship from Warehouse with Store Backhaul (SFWSB)



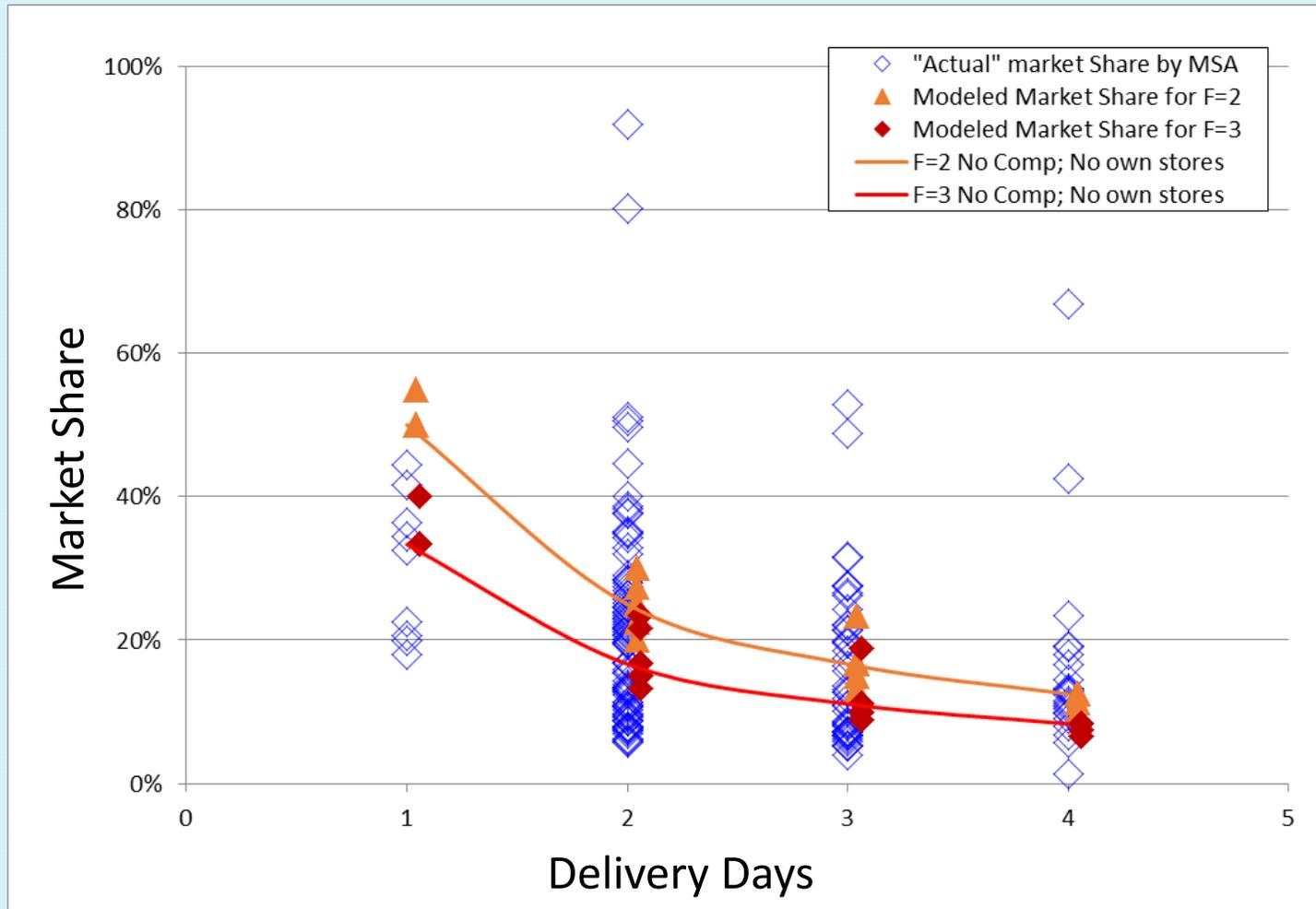


Location, Location, Location

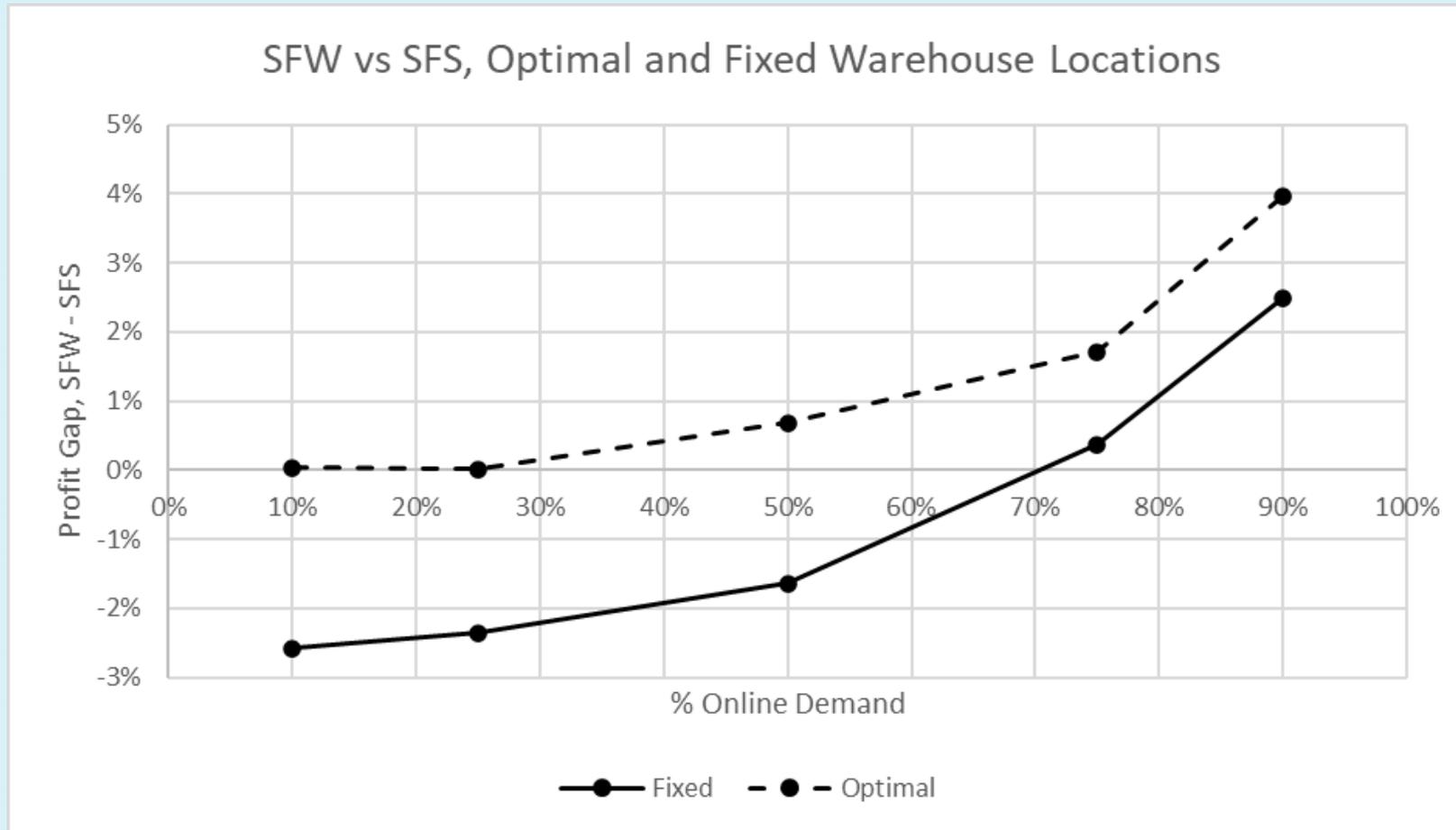
I want it now!



The Effect of Being Close to Markets



What if You Can Optimize Warehouse Locations?



Fixed Warehouse Locations: SFS is more profitable except at very high Online %

Optimal Warehouse Locations: Around 30% Online %, SFW becomes more profitable

Dark Stores



Final Thoughts From Professor Mitch

- Be aware of upsides and downsides of different network designs
- Many options depending on your product
- Dark stores are coming
- Transition of omnichannel to manufacturers and distributors



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