

OMNICHANNEL RETAIL

Does an omnichannel strategy drive profitability in today's retail environment? Not exactly.

Expanding e-commerce activity to reach consumers via myriad channels doesn't necessarily lead to greater profitability, based on Transwestern's analysis of some of the largest omnichannel retailers.

Still, in a world where consumers expect choices, exploring the benefits of omnichannel commerce is important.

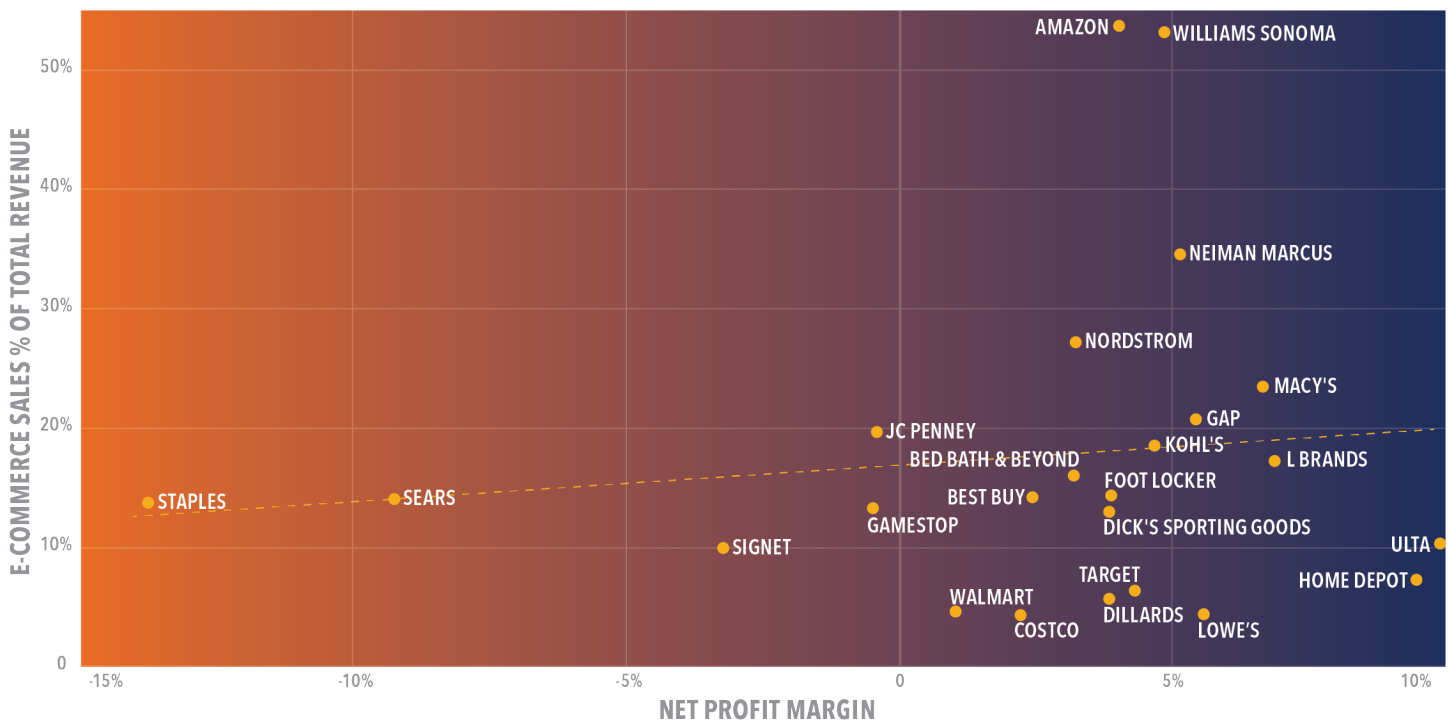
But how that strategy plays out can vary greatly by industry. For example, the seasonal nature of holiday spending means a dramatic increase in online shopping, but for most retailers, this volume is not sustained year-round.

In general, for soft goods, a greater emphasis is given to e-commerce sales. For hard goods and daily needs, it plays a much less important role.

And despite the role omnichannel plays in a company's logistics strategy, there are basic principles of retail that companies must respect if they hope to see positive, bottom-line results. This includes such factors as location, understanding customer wants, anticipating future demand, and offering a desirable product mix.

As with most winning solutions, one size does not fit all.

E-COMMERCE SALES (% OF TOTAL REVENUE) VS. NET PROFIT MARGIN | MAJOR RETAILERS* | FY 2018



*Excludes grocery category. Source: Transwestern, eMarketer.com

FISCAL YEAR 2018 RESULTS

RETAILER	NET PROFIT MARGIN	TOTAL GROSS SF	E-COMMERCE SALES % OF TOTAL REVENUE
Ulta	9.91%	11.8M	10.38%
Home Depot	9.45%	238.0M	7.30%
L Brands	6.87%	15.9M	17.26%
Macy's	6.64%	127.6M	23.47%
Lowe's	5.58%	215.3M	4.40%
Gap	5.43%	36.6M	20.72%
Neiman Marcus	5.12%	6.6M	34.53%
Williams Sonoma	4.84%	6.5M	53.14%
Kohl's	4.67%	99.1M	18.54%
Target	4.30%	240.3M	6.38%
Amazon (excl. Whole Foods)	4.03%	6.2M	53.65%
Foot Locker	3.88%	13.3M	14.40%
Dillard's	3.84%	49.1M	5.72%
Dick's Sporting Goods	3.82%	42.3M	12.99%
Nordstrom	3.22%	30.4M	27.22%
Bed Bath & Beyond	3.18%	43.8M	16.06%
Best Buy	2.44%	44.4M	14.19%
Costco	2.21%	110.7M	4.31%
Walmart	1.01%	1,124.9M	4.66%
JC Penney	-0.43%	95.2M	19.67%
Gamestop	-0.48%	11.9M	13.30%
Signet	-3.23%	5.8M	9.94%
Sears	-9.27%	117.8M	14.08%
Staples	-13.78%	30.2M	13.74%

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RETAIL SERVICES

Our dedicated retail teams advise a wide array of local, regional and national retailers, retail property owners and investors on how to attract the most interest, achieve the greatest efficiencies and derive the highest value from their real estate. Backed by in-depth research capabilities, in-house GIS expertise and sophisticated marketing specialists, our advisors deliver proven tenant advisory, leasing, management and capital markets strategies that consider both economic trends and the shopping behaviors of today's consumers.

CONSULTING SERVICES

Our experts use economic, financial, demographic, behavioral, operational and logistics data to better inform decision-making. Offerings range from location intelligence and site selection, to labor analytics and forecasting, to workplace strategy and portfolio management. By distilling data into a clear picture of opportunities and modeling potential outcomes, we arm clients with valuable information leading up to an acquisition or lease execution. Following a transaction, we deliver in-depth analyses and recommendations regarding functionality and space usage.