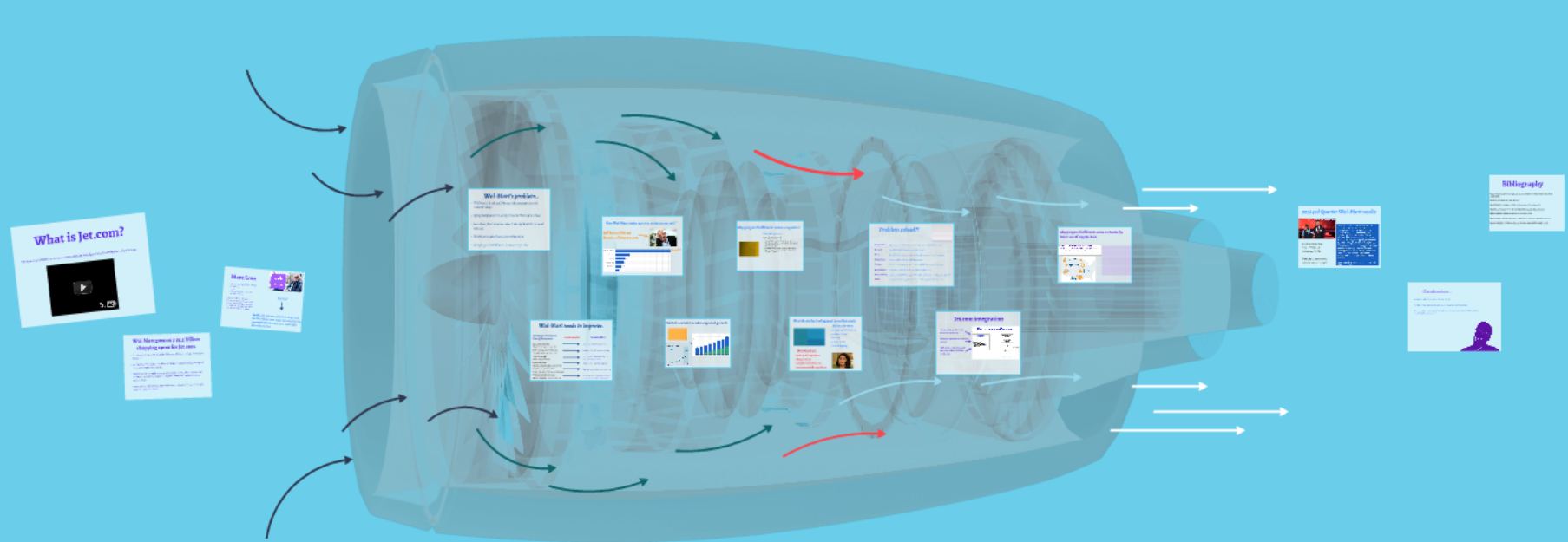


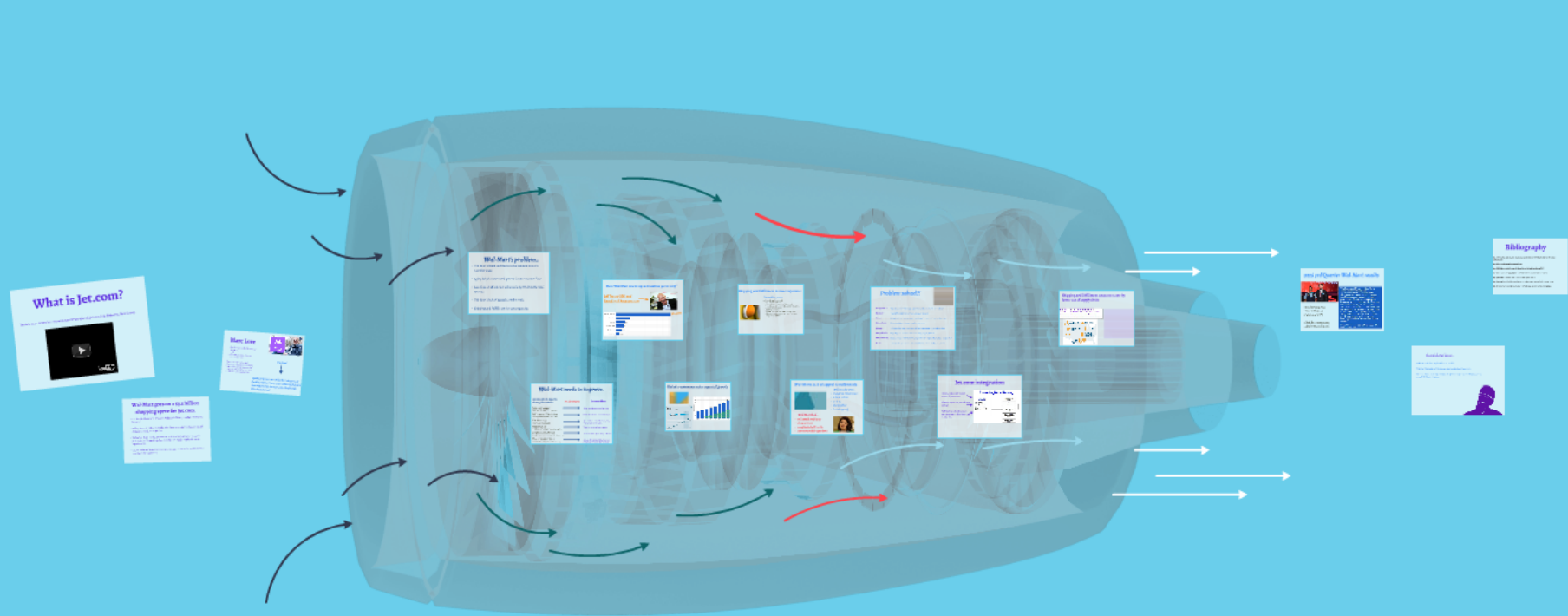
JET VS AMAZON Harvard Case Solution & Analysis



Jet.com - Logistics

Marco Vallejo Jr

JET VS AMAZON Harvard Case Solution & Analysis

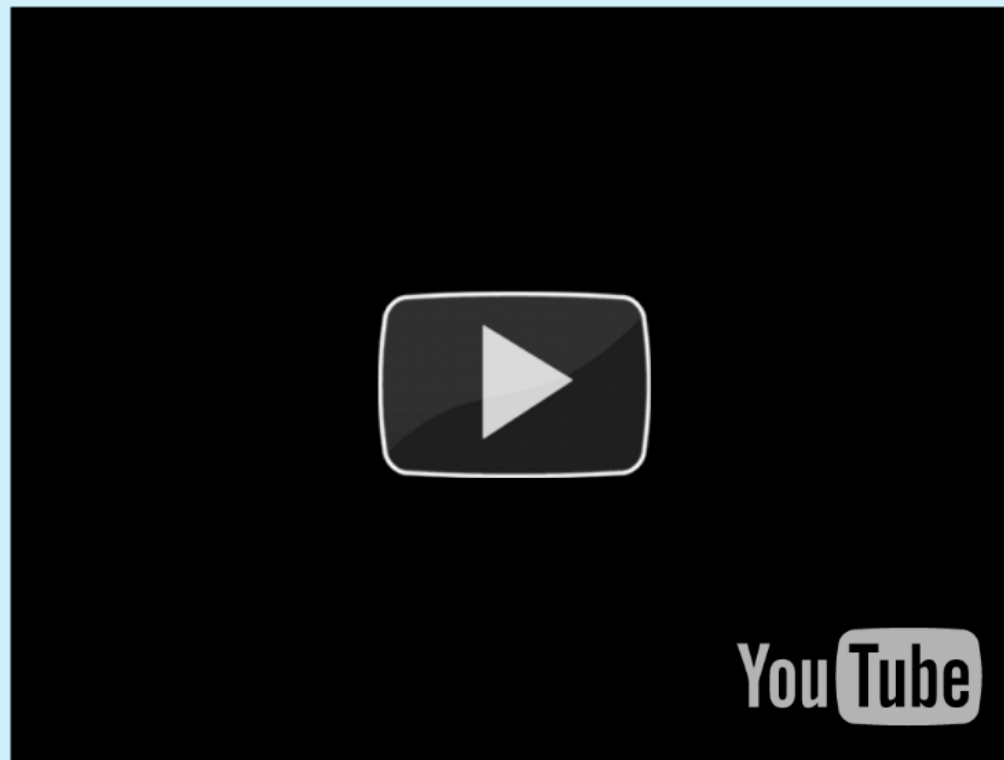


Jet.com - Logistics

Marco Vallejo Jr

What is Jet.com?

Jet.com is an American e-commerce company headquartered in Hoboken, New Jersey.



Wal-Mart goes on a \$3.3 Billion shopping spree for Jet.com.

- Reaching \$1 billion in Merchandise Value and offering 12 million SKUs in its first year.
- Adding 400,000+ urban and millennial shoppers a month and an average of 25,000 processed orders per day.
- Technology that rewards customers in real time with savings on items that are bought and shipped together, thereby reducing the supply-chain and logistics costs.
- 2,400 retailer and brand partners used to create an attractive and distinctive assortment for consumers.

Marc Lore

- President & CEO, Wal-Mart U.S. E-Commerce.
- &
- CEO and chairman of Jet.com (launched in 2014).

Prior to Jet, Marc co-founded Quidsi.com, the parent company of a family of websites Diapers.com and Soap.com. The company was sold in 2011 to Amazon for \$545 million



Fun Fact!



Quidsi.com was one of the first adopters of the Kiva robots (since 2008). After Quidsi.com was acquired by Amazon.com, they bought Kiva Systems too!

Wal-Mart's problem..

- Wal-Mart's Brick and Mortar sales concept is in its maturity stage
- Aging baby boomers and generation X customer base
- Less than 5% of internet sales make up Wal-Mart's total revenue
- Wal-Mart's lack of appeal to millennials
- Shipping and fulfillment is more expensive

Wal-Mart needs to improve.

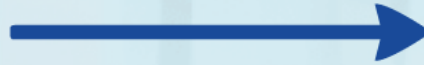
Six Concepts for Logistics Strategy Formulation

Needs to improve

Jet.com offers.

Total cost concept

Tradeoff conflicting costs at optimum



Reduce costs by maximizing basket size

Differentiated distribution

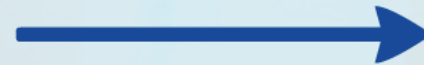
Not all products have same level of CS



Compatible items ship faster and cheaper

Mixed strategy

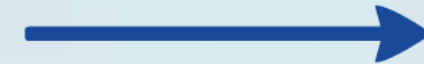
Mixed strategy is less costly



Mix e-commerce and brick & mortar also expand 3rd party marketplace

Postponement

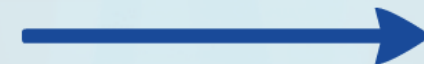
Delay info on final product as long as possible



Know the true cost of smart shopping

Shipment consolidation

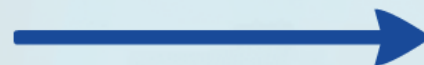
Smaller shipment cost way more than larger ones



Maximize revenue by increasing basket size

Product standardization

Avoid product variety since it adds inventory



Increase SKUs by using virtual inventory, online warehouses and store warehouses

How Wal-Mart stacks up to its online peers 2015**

Jeff Bezos CEO and founder of Amazon.com

