



**eCommerce**

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- › The Exchange is a multi channel retailer
- › Retailing to customers through all available selling channels
  - › Stores
  - › e-Book
  - › eCommerce/online
- › Customers Choice
  - › Shopping when, where and how desired
- › Marketing across all channels
  - › Tabloids
  - › eMail Newsletters
  - › Direct Mail
  - › Web



**Assortment Parity up & extend store assortments online**

**Expanded assortments in key categories**

Electronics

Jewelry

Personal Computers

Furniture

Major Appliances

Athletic Footwear

Satisfying **OUR** customers' needs

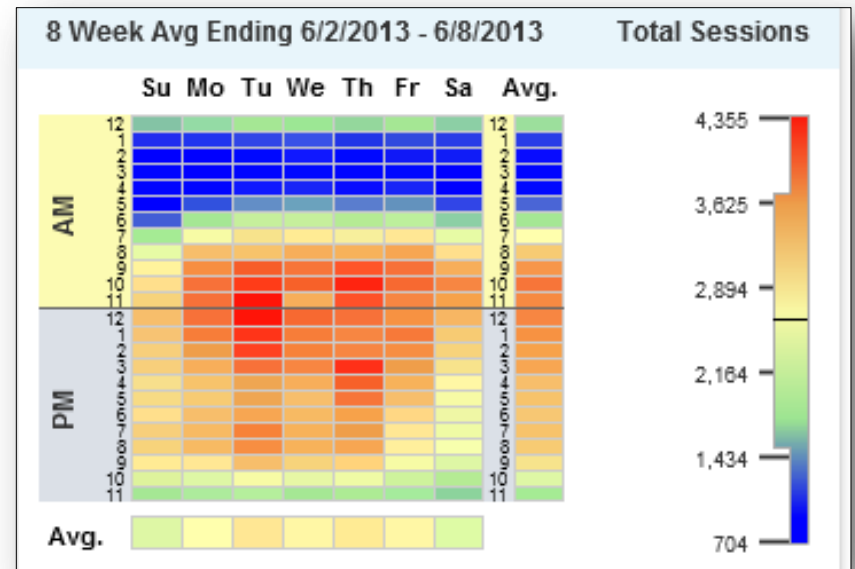
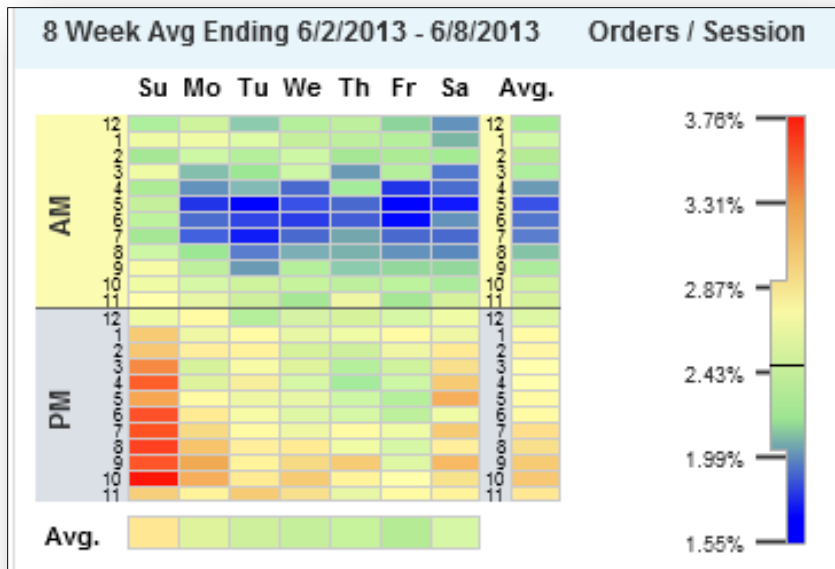


# Peak Day and Time

**Peak Day for Customer Engagement on site (Sessions):** Tuesday is the peak day for customer sessions on the site with Thursday the next highest performing day. 10:00am-3:00pm is the time when we see the most customers on the site.

**Peak Time for Orders: Evenings between 7-11pm tend to be the time when customers are placing the most orders.**

Sundays have the highest orders for the day of the week with Saturday the next highest.



# Who is shopping us?

Agency	CountOfCSTMR_ID	SumOfORDERCNT	SumOfDEMANDITEMS	SumOfDEMAND
AirForce	127,561.00	253,167.00	595,806.00	67,054,828.10
Army	172,583.00	367,510.00	828,549.00	102,977,343.86
Coast Guard	4,607.00	10,284.00	20,462.00	3,032,176.07
Marines	17,945.00	38,339.00	77,622.00	11,737,965.54
Navy	42,860.00	95,651.00	193,027.00	28,758,252.14
Other	9,735.00	29,361.00	61,809.00	8,877,681.08
	375,291	794,312	1,777,275	222,438,247
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Military Status	CountOfCSTMR_ID	SumOfORDERCNT	SumOfDEMANDITEMS	SumOfDEMAND
1 Active	101,212.00	175,617.00	412,474.00	50,311,500.98
2 Retired	110,247.00	259,295.00	511,001.00	74,064,194.30
3 Reserves	37,363.00	76,973.00	195,072.00	22,901,937.20
4 National Guard	41,072.00	87,042.00	247,338.00	21,929,170.75
5 Other	33,362.00	79,146.00	165,550.00	22,563,270.50
6 Unknown	52,034.00	116,237.00	245,838.00	30,667,950.12
	375,290	794,310	1,777,273	222,438,024

\* Includes AAFES, DOD Civ, State Dept, etc...

# Who is shopping us?

## Customer Demographics

FY 2012

ALL KEYS  
INCLUDING M  
Keys

Status	All		Orders	Items	Demand	Avg \$	Avg \$	Avg \$
	Customers	% Total				Customer	Order	Item
1 Active	101,212	31.3%	175,617	412,474	50,311,501	\$ 497.09	\$ 286.48	\$ 121.97
2 Retired	110,247	34.1%	259,295	511,001	74,064,194	\$ 671.80	\$ 285.64	\$ 144.94
3 Reserves	37,363	11.6%	76,973	195,072	22,901,937	\$ 612.96	\$ 297.53	\$ 117.40
4 National Guard	41,072	12.7%	87,042	247,338	21,929,171	\$ 533.92	\$ 251.94	\$ 88.66
5 Other	33,362	10.3%	79,146	165,550	22,563,270	\$ 676.32	\$ 285.08	\$ 136.29
<b>Total</b>	<b>323,256</b>	<b>100.0%</b>	<b>678,073</b>	<b>1,531,435</b>	<b>\$ 191,770,074</b>	<b>\$ 593.25</b>	<b>\$ 282.82</b>	<b>\$ 125.22</b>

## Military Agency

Agency	All		Orders	Items	Demand	Avg \$	Avg \$	Avg \$
	Customers	% Total				Customer	Order	Item
AirForce	127,561	34.0%	253,167	595,806	67,054,828	\$ 525.67	\$ 264.86	\$ 112.54
Army	172,583	46.0%	367,510	828,549	102,977,344	\$ 596.68	\$ 280.20	\$ 124.29
CoastGuard	4,607	1.2%	10,284	20,462	3,032,176	\$ 658.17	\$ 294.84	\$ 148.19
Marines	17,945	4.8%	38,339	77,622	11,737,966	\$ 654.11	\$ 306.16	\$ 151.22
Navy	42,860	11.4%	95,651	193,027	28,758,252	\$ 670.98	\$ 300.66	\$ 148.99
Other *	9,735	2.6%	29,361	61,809	8,877,681	\$ 911.93	\$ 302.36	\$ 143.63
<b>Total</b>	<b>375,291</b>	<b>100.0%</b>	<b>794,312</b>	<b>1,777,275</b>	<b>\$ 222,438,247</b>	<b>\$ 592.71</b>	<b>\$ 280.04</b>	<b>\$ 125.16</b>

\* Includes AAFES, DOD Civ, State Dept, etc...

› **Overall Strategy**

- › Shopping Guides & eCommerce

› **Several ways to do business**

- › Exchange Warehouse (DDDC)
- › 3PL Warehouse (Memphis)
  - › Based on cost effectiveness
- › Drop Ship (Preferred Method)
  - › Accounts for 70% eCom sales
  - › Requires EDI or ECOMS | . . . .

- › Specialty Stores

- › Mall Stores

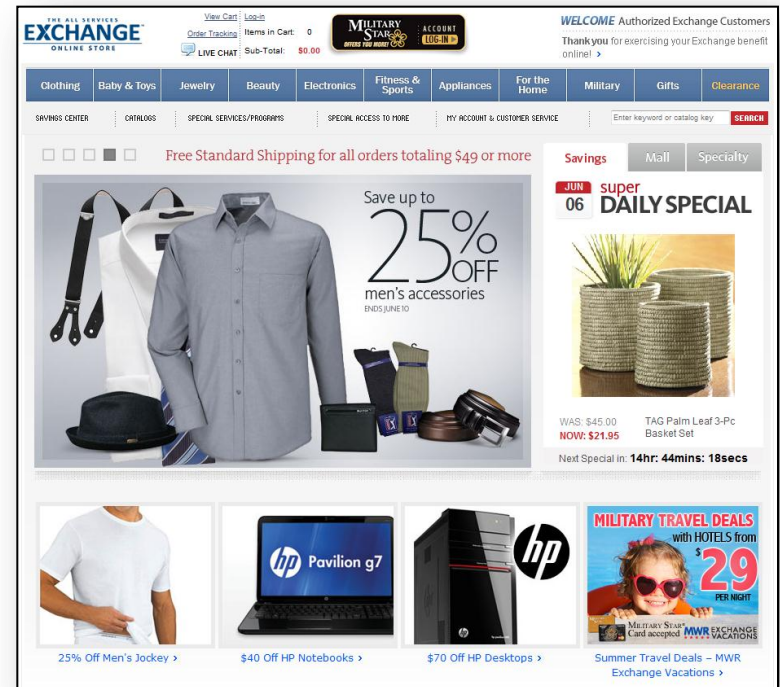


- Four Shopping Guides based on Seasons:
- Spring, Summer, Autumn, Holiday
- Produced in two formats: Print and e-Catalog





- 150,000+ SKU's currently online.
- **Promotional Opportunities:**
  - Online Savings Events (aka Promotions)
  - Home Page Rotating Banner
  - Home Page Flip Boxes
  - Banners
    - Department Top Banner
    - Department Left-Side Banner
  - Online SAVINGS Club e-newsletters
  - Exchange Buddy List e-mails
  - Social Media (Facebook, Pinterest, etc.)



Work with your Merchandise Manager / Buyer to coordinate these opportunities.

- › Mirror all or part of supplier's online store
  - › Vendor site within our site
  - › Vendor establishes pricing
  - › Ability to refine assortment as it is vendor's own site
  - › Preferred Business Model
- › Buy through Exchange Online Shopping Cart
  - › Customer checks out only once
  - › Orders sent to vendor for fulfillment (drop ship)
  - › Orders are tax free



- › Exchange Online Mall concessions (70+ Shops):
  - › Provide customer discounts from 5% to 25% off on purchases
  - › Offer selection and styles from recognizable brands
  - › Supplements exchange store assortments
  - › Customer pays sales tax
    - › Moving away from the business model

› FY 2012 Sales - \$56M



Our customers saved almost \$2M by choosing to shop the Exchange Online Mall stores over the retailer's regular sites!

OrderTire.com



# Distribution of Earnings to Main Stores

100% of Internet earnings within 40 miles of the AAFES Main Store

Distribution is after MK pays other Services

Each AAFES Main Store will receive a percent of earnings based on percent of sales to the total



**2010 Retail Sales \$187.2M -8%**

**2011 Retail Sales \$204.3M +9%**

**2012 Retail Sales \$207.6 +2%**

**E-commerce has a sales goal of 10% increase for FY 2013, \$227.0M**





# Top Ranked Stores in 2012

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## Central

Little Rock: \$7,803

Selfridge: \$4,873

Scott: \$4,825

NAS Ft Worth: \$4,792

Redstone: \$4,637

## Eastern

Dobbins: \$18,713

Belvoir: \$14,872

Dix: \$9,105

MacDill: \$8,979

Bragg: \$8,236

## Pacific

Hickam: \$2,012

Schofield: \$1,633

Elmendorf: \$1,104

Wainwright: \$411

Maui: \$271

## Western

San Antonio: \$17,526

Lewis/McChord: \$9,050

March: \$7,880

Los Angeles: \$5,938

Sam - Ellington: \$5,648

## Europe/OEF/OIF

Vogelweh: \$418

Bamberg: \$325

Spangdahlem: \$287

Katterbach: \$225

Grafenwoehr: \$175

**\$364 K paid in 2012!**



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- › **ECOMS**
- › Yolanda Thursby
  - › Email – [thursby@aafes.com](mailto:thursby@aafes.com),
  - › Phone- (214) 312-2147
- › Laura Mansfield
  - › Email – [mansfieldl@aafes.com](mailto:mansfieldl@aafes.com)
  - › Phone - 214-312-4621
- › **OnLine Mall Programs/Specialty Stores**
- › Chris Hill
  - › Email – [hillchristo@aafes.com](mailto:hillchristo@aafes.com)
  - › Phone – 214-312-2880





**Questions?**

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