

# **2015 Supply Chain Management for Efficient Consumer Response Conference**

**The New Challenges of Digital  
World:  
*Consumer Engagement in* SUPPLY  
CHAIN MANAGEMENT  
*for*  
*Efficient Consumer Response***

# **Customer Engagement in Digital Shopping.**

## **The Rethinking Supply Chain Management through Omni-Channel.**

Professor Virgil Popa Ph.D.

# Agenda

- 1. Approach Pillars**
- 2. Digital World**
- 3. Shopper Marketing**
- 4. Omni Channel**
- 5. Omni Channel Retailing**
- 6. Customer experience management in the new era of mobility**
- 7. Consumer engagement strategy**

# 1. Approach Pillars

Working Together **to Fulfill Consumer  
Wisher** Better, Faster and at Less Cost

# ECR: The Next Generation

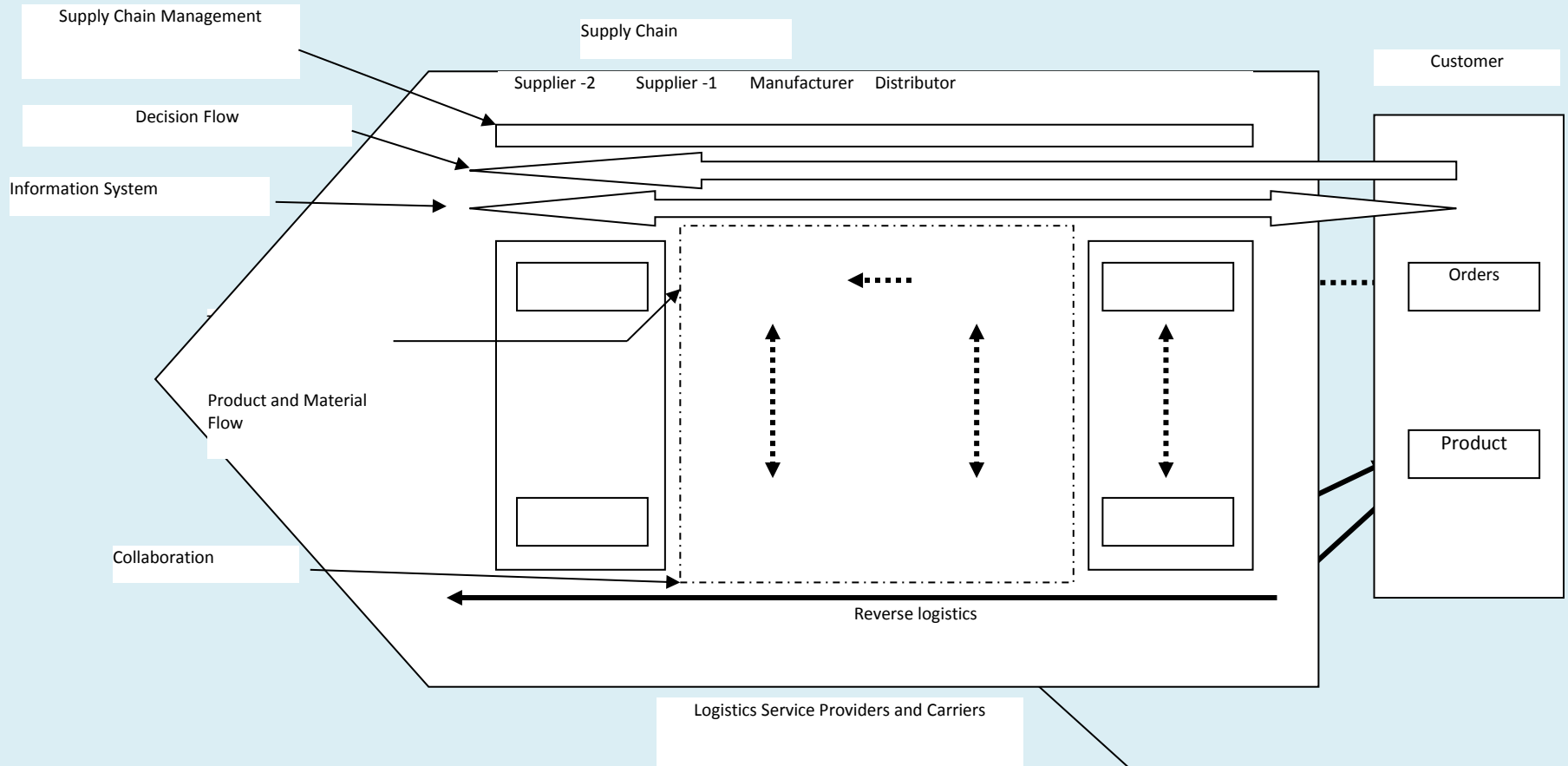
Re-invent the  
cornerstones of ECR



*ECR Europe Conference 2012*

Working Together to Create Sustainable  
Value for Consumers Better, Faster and at  
Less Cost

# Supply Chain Management Framework



Source: Managing the Global Supply Chain Management, Copenhagen Business School

# The Customer Orientation

These definition assume that the supply chain anticipates customer demand and customers receive products from off the self. The direction of physical flow in Porter's value chain is clearly pointed toward the customer. This is a ***push orientation***, product and materials move toward the final market, **driven by forecast demand**. A more recent view, one that we adopt here, is that customers initiate supply chain decisions, configuring products and initiating orders that ***pull products through the chain***. The supply chain originates with the customer, and decisions flow backward through the supply, even influencing the choice of supply chain members.

# Hierarchy of Interaction: What Consumers are really Saying About How They Want to Interact with Companies

## Customer Relevancy

LEVEL	ACCESS	EXPERIENCE	PRICE	PRODUCT	SERVICE
<b>III: Consumer Seeks the Company (Dominate)</b>	Give me a solution; help me out in a blind	Establish intimacy with me by doing something no one else can	Be my agent; let me trust you can make my purchases	Inspire me with an assortment of great products I didn't know about	Customize the product or service to fit my needs
<b>II: Consumer Prefers the Company (Differentiate)</b>	Make the interaction convenient for me	Care about my needs and me	Be fair and consistent in your pricing. I'm not necessarily after the lowest price.	Be dependable in your selection and in – stock position, so I can rely on you when I'm in a blind	Educate me when I encounter a product or a situation I don't understand
<b>I: Consumer accepts the Company (Operate at Par)</b>	Make it easy for me to find what I need, get in and out in a hurry.	Respect me; treat me like a human being	Keep the prices honest; don't jack them up or offer big savings when there are none	Be credible in your product and service offerings	Accommodate me; bend over backward sometimes to show me you care
<b>Consumer Underworld</b>	Block my way, hassle me, keep me waiting, make it hard for me to get in and out	Dehumanize me; disrespect me; ignore my needs	Be inconsistent, unclear, or misleading in your pricing	Offer me poor quality merchandise and services that I can't use	Give me an experience I'd just as soon forget; give me a reason to tell my friends and relatives to stay away

*Fred Crawford and Ryan Mathews – The Myth of Excellence*

# Customer Experience

- The customer experience encompasses the total experience, including the search, purchase, consumption, and after-sale phases of the experience, and may involve multiple retail channels.

# Understanding customer experience

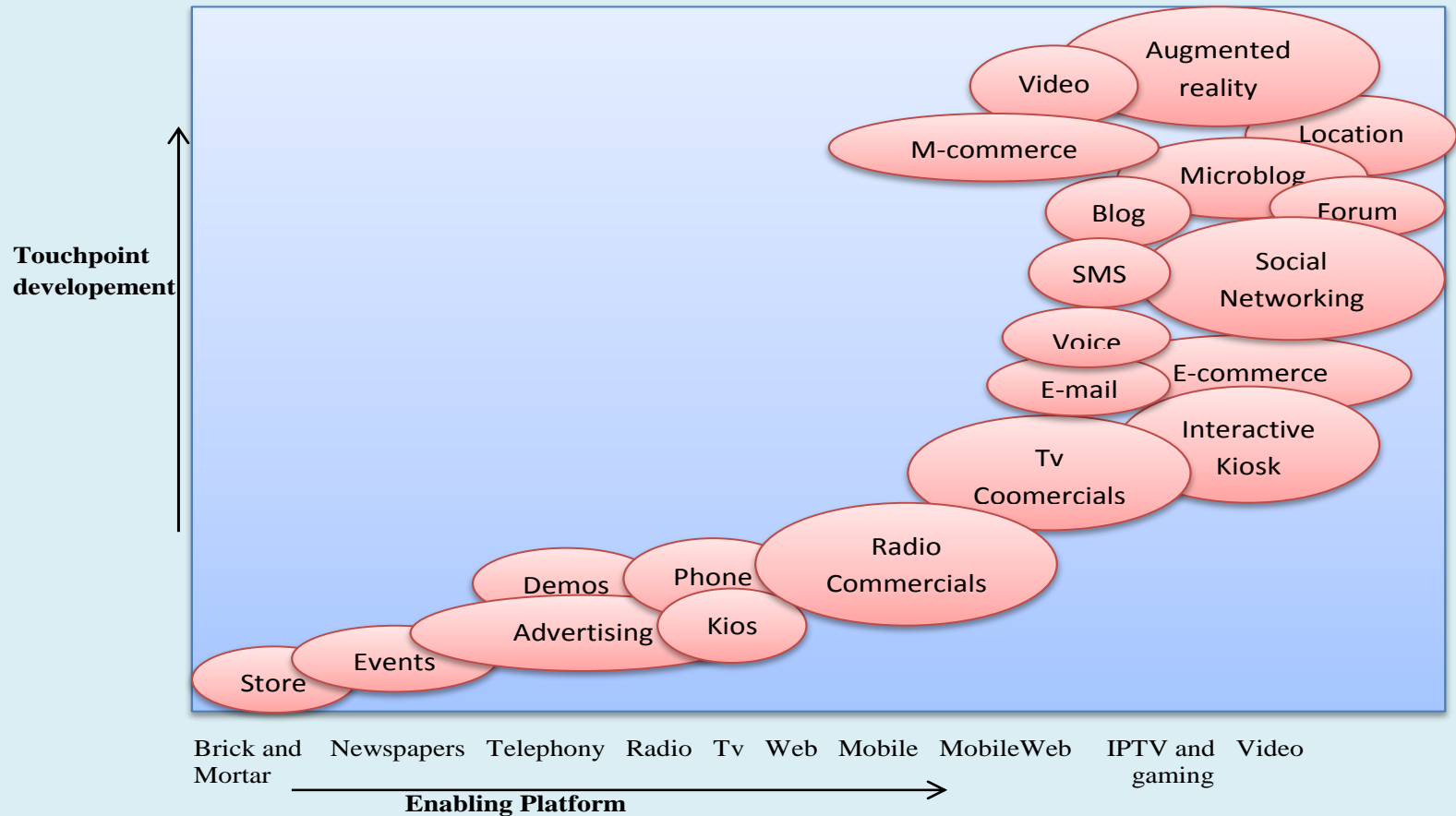
## CEM vs. CRM

Customer experience management and customer relationship management differ in their subject matter, timing, monitoring, audience, and purpose.

	<b>What</b>	<b>When</b>	<b>How Monitored</b>	<b>Who uses the information</b>	<b>Relevance to future performance</b>
<b>Customer Experience Management (CEM)</b>	Captures and distributes what a customer thinks about a company	At points of customer interaction: “touchpoints”	Surveys, targeted studies, observational studies, “voice of customer” research	Business or functional leaders, in order to create fulfillable expectations and better experiences with products and services	Leading: Locates places to add offerings in the gaps between expectations and experience
<b>Customer Relationship Management (CRM)</b>	Captures and distributes what a company knows about a customer	After there is a record of a customer interaction	Point-of-sales data, market research, Web site clickthrough, automated tracking of sales	Customer-facing groups such as sales, marketing, field service, and customer service, in order to drive more efficient and effective execution	Lagging: Drives cross selling by bundling products in demand with ones that aren’t

# Retail Touchpoints

*The evolution of retail touchpoints*



The value creation at every touch point is achieved through:

- Designing the full customer journey
- Helping marketing to offer the right products, content, communications and experiences, based on individual customer analytics
- Designing tailored experiences that connect the company, channels and like-minded customers
- Taking advantage of customer insight to provide exceptional service at the right touch points
- Creating and automating in real time a system of engagement to deliver these personal interactions at a massive scale
- Using analytics to guide the development of tomorrow's portfolio.

## **2. Digital World**

# Digital World

New digital devices support ubiquitous and always-available information and enable companies to interact with customers across **more touchpoints**. Key factors driving this megatrend include the increasing adoption speed of new technologies, the growing amount of interrelated and meaningful data, the greater usability of private data and the growing difficulty of protecting this information.

# Digital World

## 1. Value chain transparency

*New technologies will increase demand for transparency of companies' complete value chain, from sourcing to packaging and distribution. Only those companies that can show a sustainable value chain will be competitive in the long run. Value chain transparency is not only a critical enabler for improved supply chain agility, it also links different domains that currently are often disconnected, such as B2B, B2C, C2B and C2C.*

In the context of today's rapidly evolving digital world, a number of critical questions related to value chain transparency need to be considered, including how to leverage the connected – or “smart” – environment for a new quality of individual customer service, how to ensure consumers get the “right” information, how to ensure a consistent experience for consumers and how to share stewardship of master data.

# Digital World

## 2. New ways to listen and learn from consumers

In the digital world, companies face major strategic challenges such as using technology-driven opportunities to understand consumers more deeply and connect with them more effectively and more often. The development of new capabilities like digital-marketing analytics to keep pace with the digital consumer will be a critical success factor in this environment. *This involves all digital channels that consumers and shoppers use in their “path to purchase.”*

# 3. Shopper Marketing

# Shopper Marketing

## **Six Steps to Enhanced Store Shopping**

### ***1. Distribute Enriched Information via Next-Generation Digital Signage.***

Present shoppers with an attractive alternative to their own mobile devices with digital signage offering deep product information, ratings and reviews, and alternate colors/models of merchandise.

### ***2. Use Technology that Invites Customer Interaction.***

Gamification solutions and gesture-based technology offer shoppers unique experiences that can only be found in the store channel.

### ***3. Match Your Store Labor Force to Demand and Customer Needs.***

Use multiple data points to determine not only how many employees should be working but what the optimal combination of job types and skill sets is for any given shift.

### ***4. Build Store Traffic by Providing Cross-Channel Functionality.***

Buy online/pick up in store and cross-channel returns are basic but effective tools for building store traffic, increasing incremental sales and improving customer service.

### ***5. Make Omni-Channel Inventory Easily Accessible in Stores.***

Store shoppers seek immediate gratification, so retailers need to invest in inventory and order management solutions that handle the disappointment out-of-stocks create.

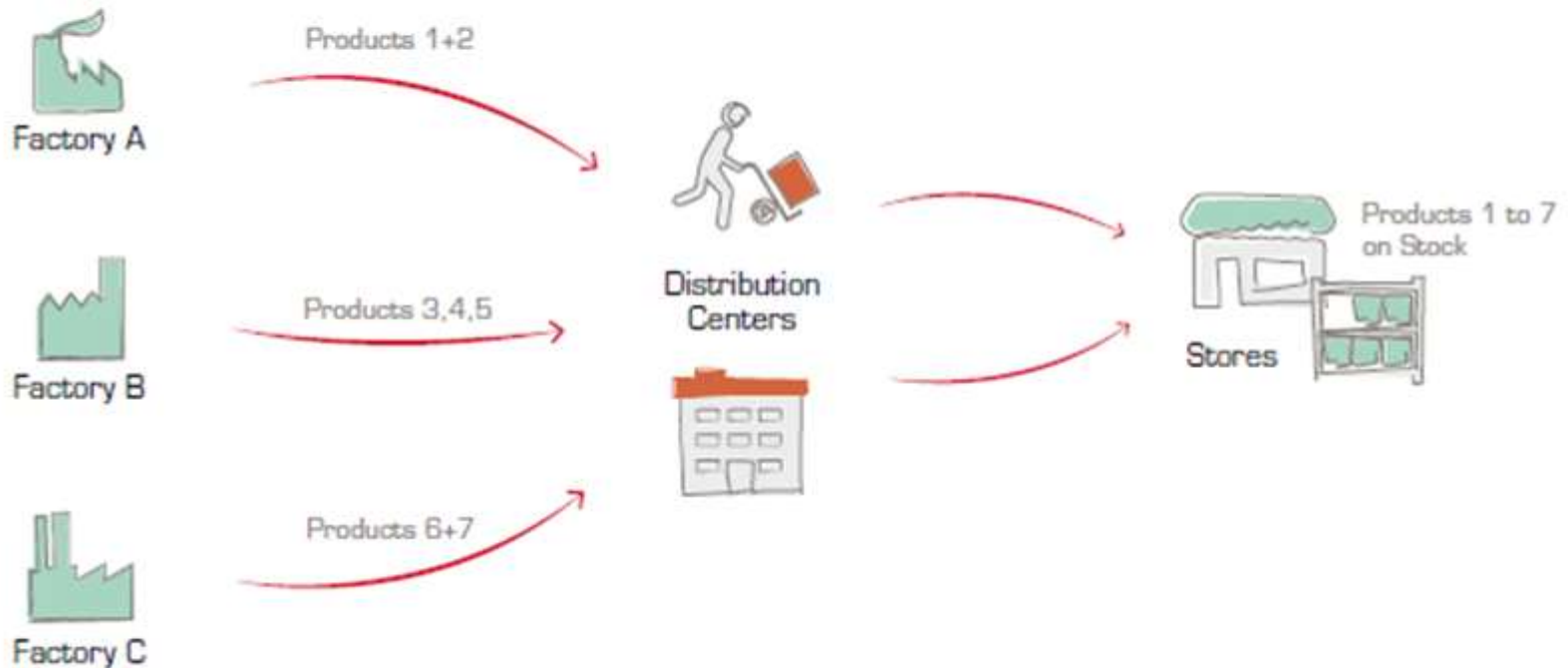
### ***6. Make Relevant, Real-Time Data Available to Store Associates.***

Tablets and other smart mobile devices are becoming optimal vehicles for delivering endless aisle, sales support and clienteling solutions to store employees.

# 4.Omni Channel

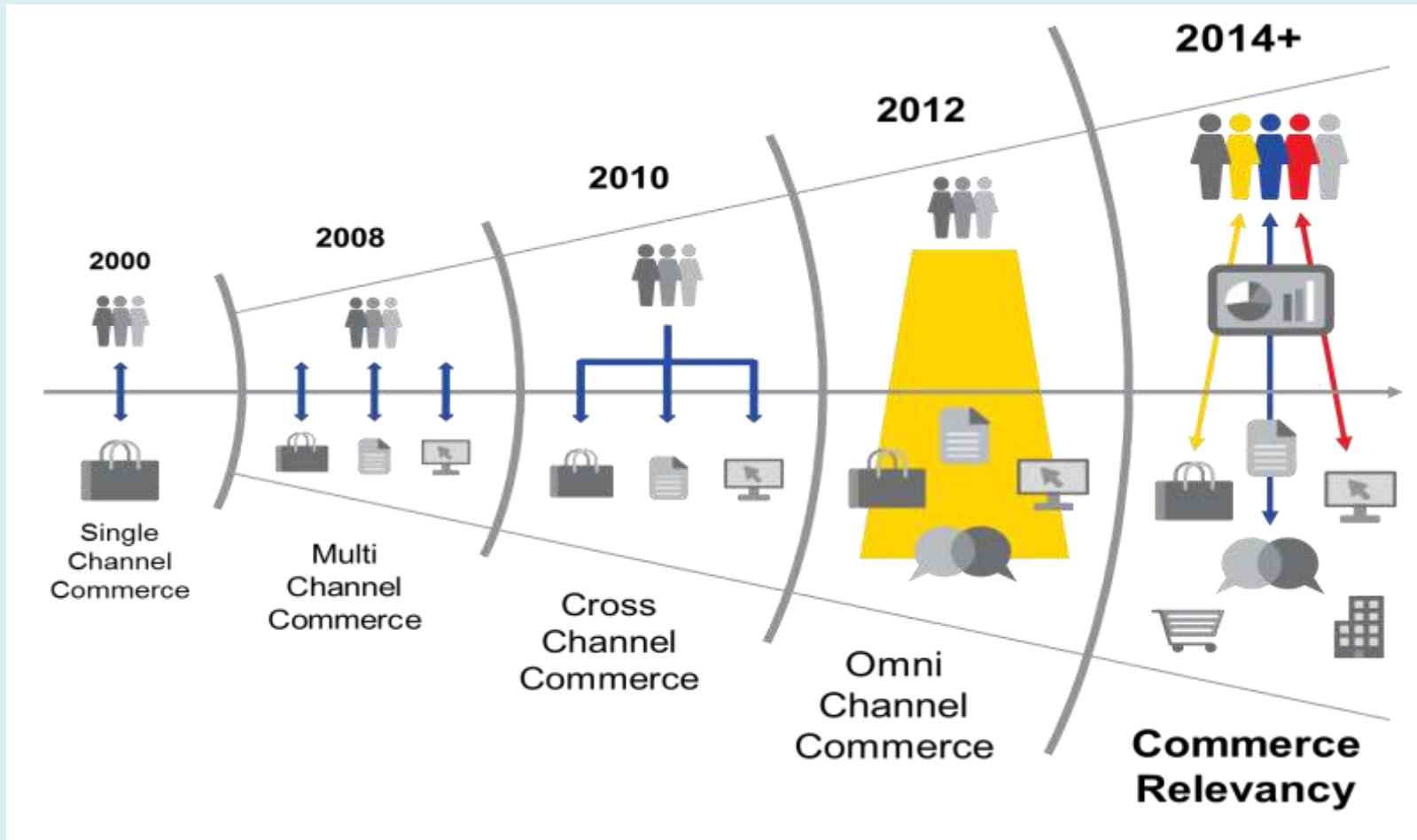
# The “traditional” supply chain

Figure 2: The “traditional” supply chain



# Defining Omni channel

- **Omni channel is the mix of all physical and digital channels to create an innovative and unified customer experience.**
- Transacting through these channels is a hygiene factor. If all store staff do is scan products and collect payment then they are adding no value at all. As we're seeing at the major supermarkets they can be replaced with touchscreen terminals connected to chip and pin devices.
- The experience is what creates brand equity with customers.



# **COMMERCE RELEVANCY – THE NEXT GENERATION OF OMNICHANNEL COMMERCE**

# **NEW DIGITAL SHOPPER RELEVANCY**

Figure 1: An illustrative example of shopper needs, considerations and perceptions across the five attributes

▶ Illustrative	Access	Experience	Price	Product	Service
<p><b>Traditional</b> Relevancy Criteria for Physical Channels</p>	<ul style="list-style-type: none"> <li>▶ Easy to reach stores</li> <li>▶ Easy to navigate stores</li> <li>▶ Maximum opening hours</li> </ul>	<ul style="list-style-type: none"> <li>▶ Friendly and clean store</li> <li>▶ No damaged goods in store</li> <li>▶ Inspirational Atmosphere</li> </ul>	<ul style="list-style-type: none"> <li>▶ Competitive pricing</li> <li>▶ Compelling promotions</li> </ul>	<ul style="list-style-type: none"> <li>▶ Wide and deep assortment</li> <li>▶ Freshness/Quality Availability (no stock-outs)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Customer Service</li> <li>▶ Complaints handling/return policy</li> <li>▶ Loyalty program</li> </ul>
<p><b>Additional</b> Relevancy Criteria for Digital Channels</p>	<ul style="list-style-type: none"> <li>▶ Buying anytime, anywhere, anyhow (mobile, social, web)</li> <li>▶ Flexible delivery-options (home, store-pick-up etc.)</li> <li>▶ Mobile In-store Shopping support</li> </ul>	<ul style="list-style-type: none"> <li>▶ Inspirational Content</li> <li>▶ Community engagements (share experiences)</li> <li>▶ Social Shopping</li> </ul>	<ul style="list-style-type: none"> <li>▶ Dynamic Pricing</li> <li>▶ Location-based pricing</li> <li>▶ Personalized Pricing</li> <li>▶ Solution Pricing</li> <li>▶ Price Matching</li> </ul>	<ul style="list-style-type: none"> <li>▶ Wider and deeper assortment</li> <li>▶ Advanced/visualized product information and (usage) advice</li> <li>▶ Product Comparison</li> </ul>	<ul style="list-style-type: none"> <li>▶ Personalized offers</li> <li>▶ Technology-enabled staff – support in-store</li> <li>▶ Interactive service via digital channels (e.g. click-to-chat, social media)</li> </ul>

# 5. Omni channel Retailing

- From a customer's perspective, the change has led to increased service, and ultimately increased expectations. Without getting into all of the various permutations and combinations made possible by these technical advances, customers can use one channel to surf, another to scrutinize for touch and feel, and yet another to actually make the payment and record the decision about when and how the order should be fulfilled.
- From a retailer's perspective, this presents the highly challenging requirement to provide an always-connected experience that seamlessly integrates the various front end and back end systems. To enable this experience, retailers must collect customer data from all touch-points and share it across channels.
- This also involves a change in the mindset and operational models in terms of aspects such as sales share and promotional consistency across different channels (traditionally "brick and mortar" vs. online) for the same retailer.

# The Omnichannel Landscape



Source: Internal Company Analysis

# Omnichannel challenges

- Challenge 1 – Having the right vision, goals and ideas
- Challenge 2 – Leveraging technology to deliver your vision
- Challenge 3 – Redesigning the customer journey across all channels
- Challenge 4 – Recruiting the right people
- Challenge 5 – Transforming your business at the right pace and time
- Challenge 6 – Redesigning physical operations

# **6. CUSTOMER EXPERIENCE MANAGEMENT IN THE NEW ERA OF MOBILITY**

# **MOBILE & OTHER DEVICES COMMERCE**

Mobile commerce, often referred to as m-commerce, builds on the advances made by ecommerce (such as automated, electronic processes) but makes interaction available to a wider audience in a more personalized way.

# Customer Experience Management in the new era of mobile - phone

## Mobile is the next customer experience frontier

- 2013 is truly an inflection point for mobile devices. In fact, the number of US smartphone subscribers surpassed the 100-million mark in January for the first time.<sup>2</sup> Just two years ago, the majority of mobile apps were for consumer entertainment, and mobile shopping was a blip on the radar.
- However, in February 2011, a Harris Interactive survey showed that 18 percent of online adults in the US had used a mobile shopping application in the last three months.

## The mobile customer experience is critical to business success

- Few would argue that mobility introduces new opportunities to provide unique value to customers — distinct from the value an organization provides on the fixed Internet.
- Simply having a mobile channel is no longer the competitive differentiator it once was. It is rapidly becoming a channel where consumers expect to transact with their preferred companies across a number of industries.



# What is Extended Packaging?

Consumer



Mobile phone



Brand/Retailer



A consumer has a question about a product they are buying



By using a mobile phone to interact with the pack they find the answer they need.



Satisfied consumers, deeper understanding, increased trust, better sales.



# We can create new ways of engaging with Consumers



## Personalized Services & Content

- Tailored and relevant messages
- Based on consumer preferences, timing and location

## Promotions

- Tailored
- Relevant

## Extended Packaging

- Additional information and services (e.g. recipes, advisor) when consumer wants
- Influence consumer in the shopping moment



# We can create new ways of engaging with Consumers



## Loyalty Programs

- Mobile phones replace physical membership cards

## Store Location & Comparison

- Can find closest store to buy a product
- Can compare prices and also be alerted when close to store (using GPS)

## Shopping

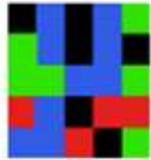
- Can place orders for products scanned directly from a catalog



# The evolution of proprietary tools and lack of standards make it more complex and costly



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Mobile Portals



Agencies & Providers

Company Portals & Services



# 4 major uses of mobile in retail



## Commercial Information

- Product information and services
- Personalised information



## Mobile Commerce

- Store Location
- Promotions, mobile commerce websites



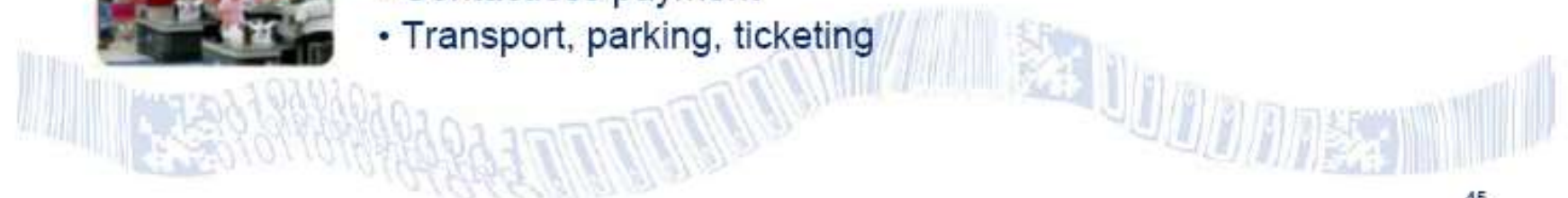
## Customer relations

- Loyalty, couponing
- Customer acquisition



## Payment

- Contactless payment
- Transport, parking, ticketing



# CPG Initiatives

1. **Consumer Engagement Protocol:** This initiative is designed to address the changes being witnessed in consumer behavior. The potential power of user-generated and social media technology platforms to disrupt established institutions and the associated brand equity is undeniable.
2. **Next-Generation Product Identification:** Today, in a world of rapidly expanding online commerce solutions, barcodes are unable to provide companies and consumers with the rich digital product information they seek.
3. **Sustainable Packaging Coalition:** This potential initiative is designed to establish a coalition of companies to work together on non-competitive topics to improve the sustainability of packaging across the different value chain stages. The focus of potential activities will be around the three R's of packaging and packaging components: Redefine, Reduce and Reuse."

# **7. CONSUMER ENGAGEMENT STRATEGY**

# Baldrige Model.

## Criteria for Performance Excellence – Customer focus

# Customer satisfaction and engagement

- **Customer satisfaction** and loyalty have evolved into a new concept : customer engagement refers to customers' investment in or commitment to a brand and product offerings.
- **Customer engagement** is an important outcome of a customer-focused culture and the organization's listening, learning, and performance –excellence strategy. Characteristics of customer engagement include :
  - *Customer retention and loyalty*
  - *Customer's willingness to make an effort to do business with organization and*
  - *Customers' willingness to actively advocate for and recommend the brand and product offerings.*

Source : James R. Evans, William M. Lindsay, Managing for quality and performance excellence, 9<sup>th</sup> edition, International Edition, 2014

# The Consumer Engagement Principles

## 1. Simple Communications

- Communicate in a clear, simple and easy to understand language

## 2. Value Exchange

- Inform consumers about the benefits and value that the use of their personal information provides to both businesses and consumers

## 3. Transparency

- Inform consumers about what we do with the personal information they provide

## 4. Control and Access

- Enable consumers to easily choose whether and how their personal information is used; and to have access to information on how their personal information is used, and the ability to correct it and/or have it removed

## 5. Ongoing Dialogue

- Listen and respond to consumer feedback about the use of their personal data

## 6. Protection of Personal Information

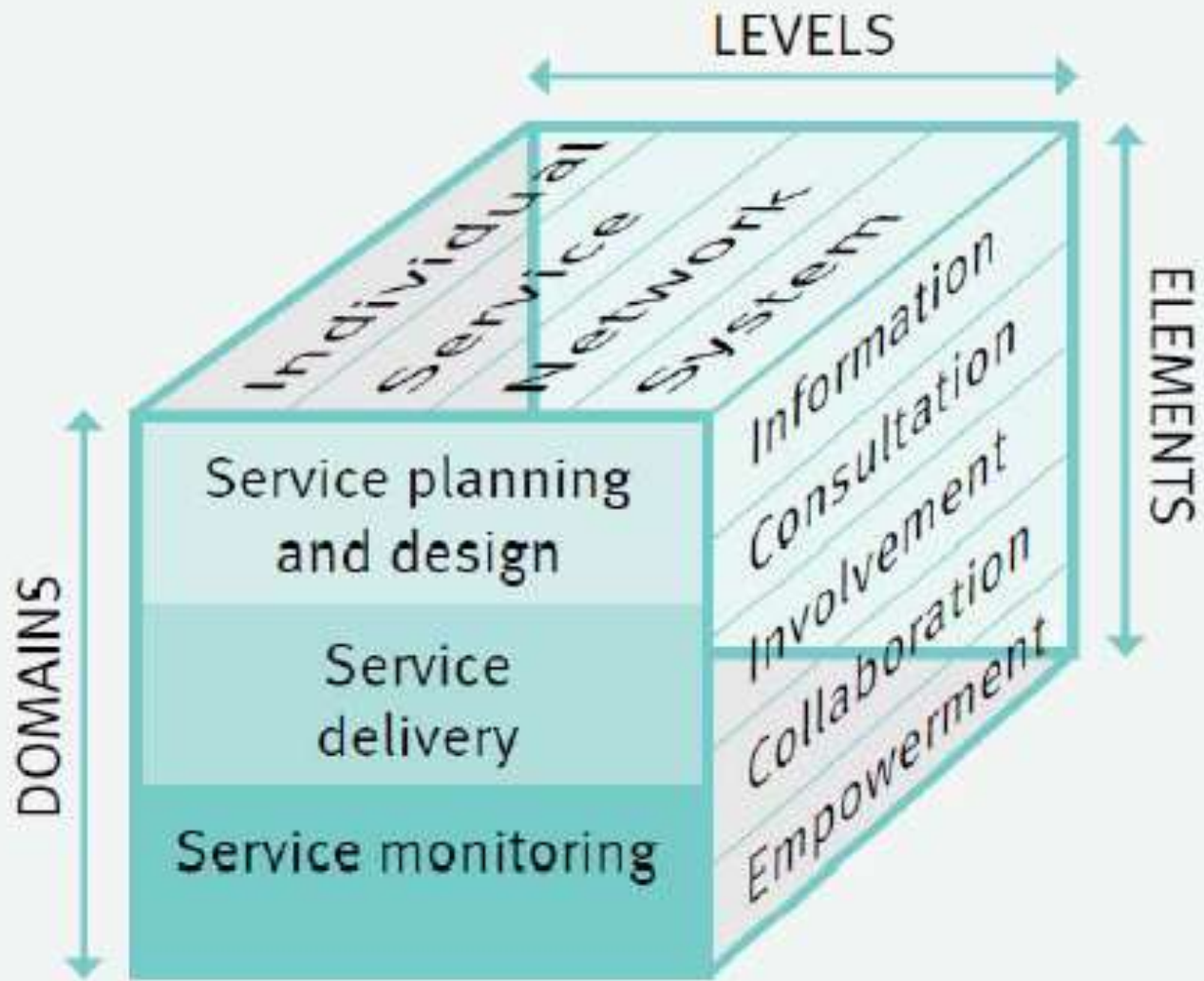
- Protect the integrity, reliability and accuracy of consumers' personal information and be open about the status of their personal information

## 7. Integrity in Social Media

- Preserve integrity through proper disclosure of commercial interests in social media practices such as ratings, recommendations, endorsements and work with regulatory agencies on alignment of practices and guidelines

# **Community Engagement : strategy and policy in Healthcare Industry**

Figure 2: Model of consumer and community engagement<sup>9</sup>



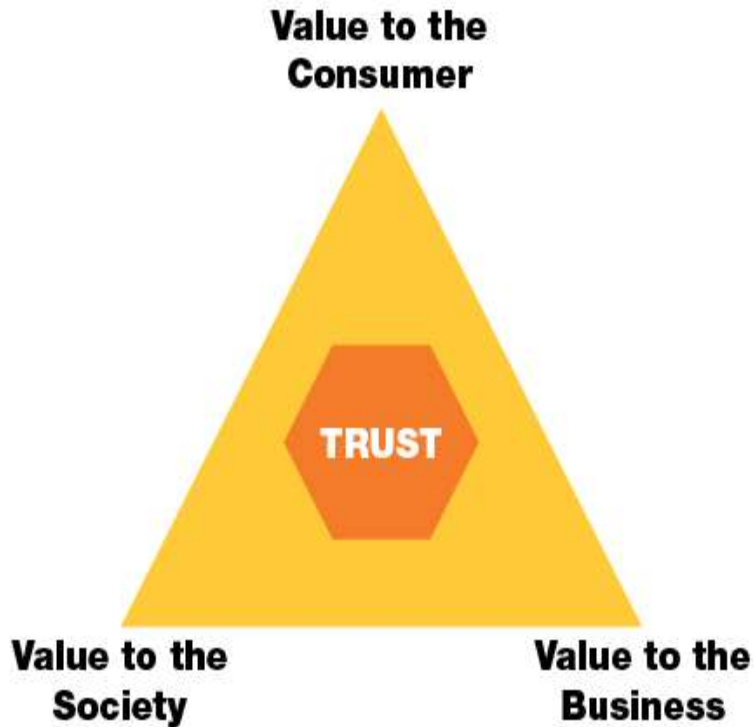
The levels of engagement are presented in Table 2.

Table 2: Levels of Engagement<sup>11</sup>

Level of engagement	Principle Statement	Principle in practice
1. Individual	» Individual healthcare	This level focuses on engaging with the individual consumer and/or their family/carer as partners in their own healthcare, support and treatment.
2. Service	» Program delivery » Service delivery » Facility/hospital	This level focuses on engaging with consumers and the community to have input into how programs, services, or facilities are delivered, structured, evaluated and improved.
3. Network	» Health and Hospital Services » Medicare Local » Non-government Community Services Network	This level focuses on how health service organisations such as HHS and Medicare Locals engage with consumers and community at the regional level.
4. System	» Local government » State government » Commonwealth government	This level focuses on how consumers and communities engage to influence and input on health policy, reform and legislation at the system level across local, state and Commonwealth jurisdictions.



## THE VALUE TRIANGLE: BALANCING DIFFERENT STAKEHOLDER VALUES



**How to guide and manage interaction with or among stakeholders across all digital channels in order to build trust and ensure the industry's reputation, now and in the future?**

Source: Capgemini and The Consumer Goods Forum

# Next-Generation Product Identification

## **GS1 DataMatrix**

### **An Introduction and Implementation Guideline**

*Issue 2.0, Ratified, Jan 2015*



A standard GS1 QR code



A standard GS1 Data Matrix code

# The Consumer Goods Forum has five strategic pillars



# The Sustainability Pillar...

is involved in six core sustainability areas, as agreed upon by the CGF Board.



DEFORESTATION



GLOBAL PACKAGING PROJECT



MEASUREMENT



GLOSSARY



REFRIGERATION



SOLID WASTE

# **A Global Language for Packaging and Sustainability**

**A framework and a measurement system for industry**

**Thank you for your  
attention!**