

The New Normal of Consumer Centric Logistics

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THE OHIO STATE UNIVERSITY

FISHER COLLEGE OF BUSINESS



***A Pandemic,
A Financial
Crisis,
and a Spotlight
on Inequality***

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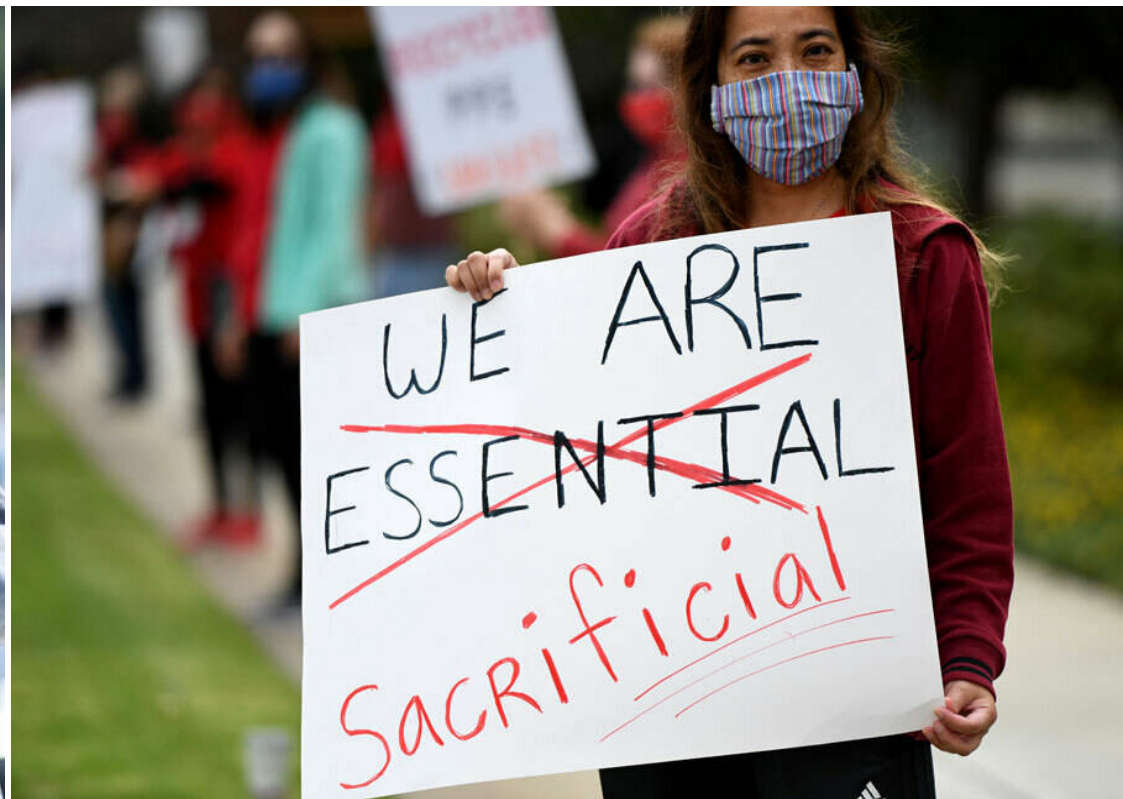
***A NEW
NORMAL***

1. Logistics/SCM as “Essential”



*“Leaders win through logistics. Vision, sure. Strategy, yes. But when you go to war, you need to have both toilet paper and bullets at the right place at the right time. In other words, you must win through superior logistics.” ~ **Tom Peters***







**Today's
consumer is
looking beyond
products...
to increasingly
“see” upstream
SCM operations
(not just delivery
status)**

2. Consumer-Centric SCM



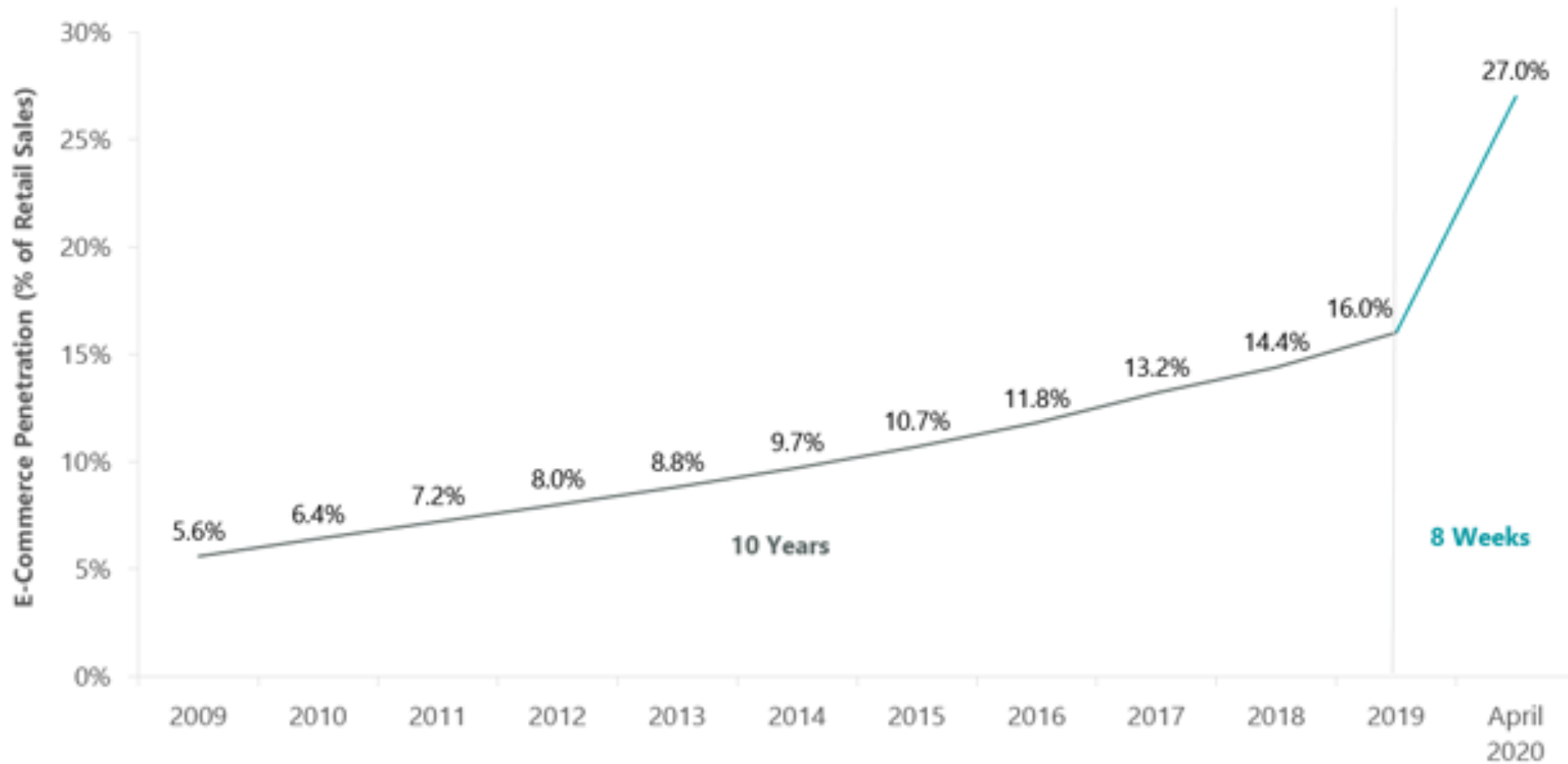
The EVOLUTION of Logistics/SCM from “Customer Aware” to “Consumer-Centric”



The VOICE and BEHAVIOR of the end-consumer is shaping how supply chains are managed like never before...AND...their voices and behaviors are changing rapidly



The e-commerce BOOM of 2020



...And it's not just Retailers

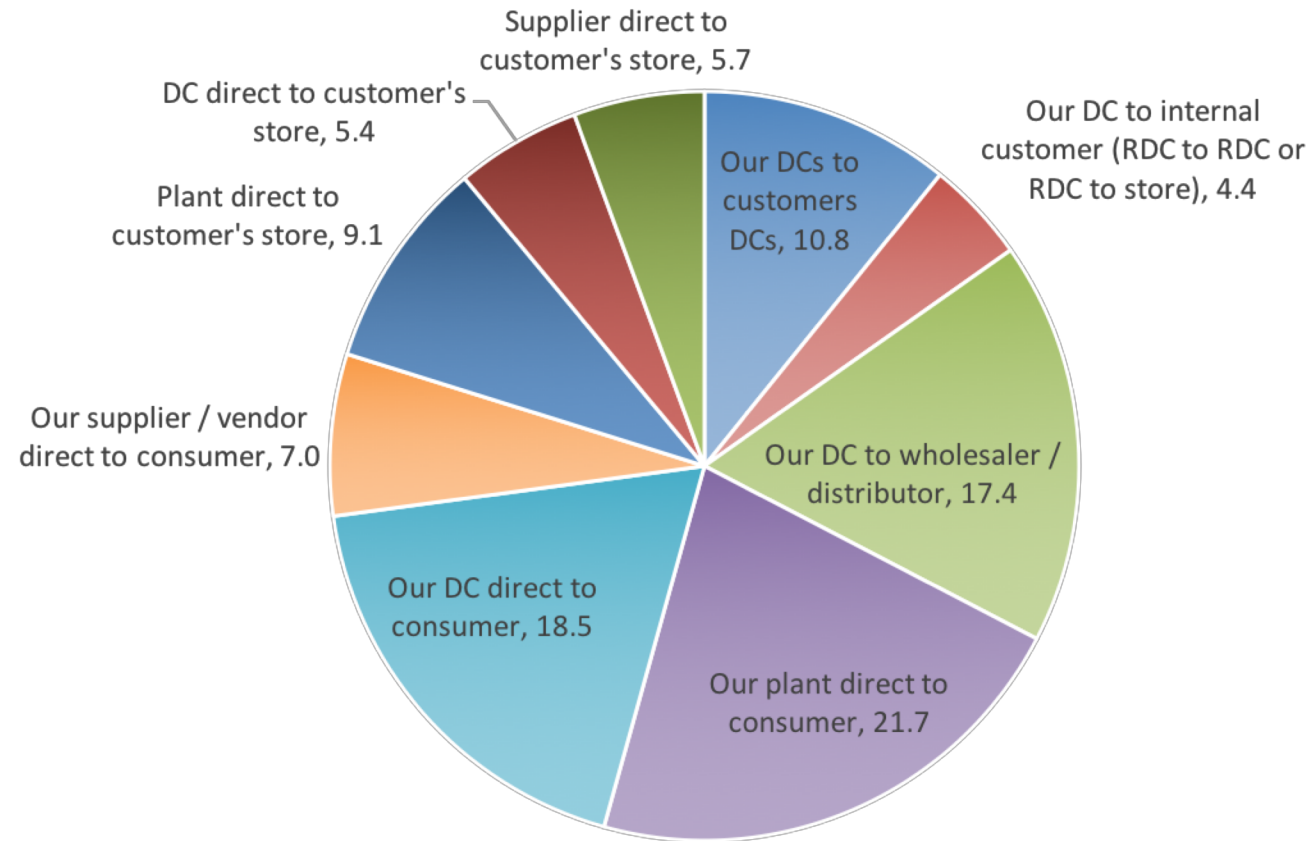
72% of retailers indicate an intention to increase the use of drop-shipping in the next 3 years

Currently, 25 to 30% of all e-commerce orders are drop-shipped

Interestingly, suppliers are now pushing for drop-shipping



Percent of Transportation Spend by Outbound Flow



And, its not just end consumers...

69% of customers said they expect an Amazon-like buying experience.

67% of business buyers said they have switched vendors to get a more consumer-like experience.

72% of business buyers said they expects vendors to personalize engagements with them.

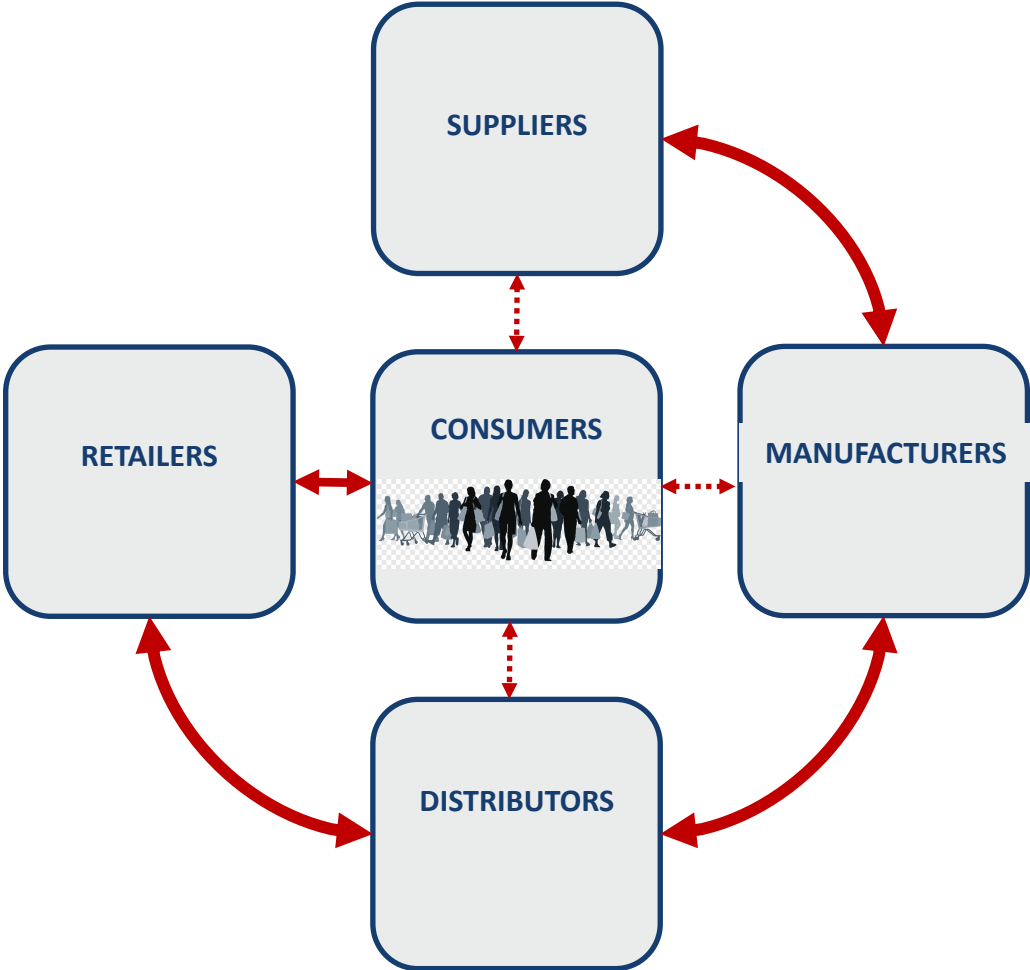
Source: <https://www.salesforce.com/au/blog/2018/06/new-report--5-ways-businesses-can-meet-expectations-of-the-conne.html>



Consumers as “CENTRAL” to Supply Chains

Duality of Focus – Customer and Consumer

Consumer Trends





***Some
Noteworthy
Consumer
Trends***

NRF[®]

***“Citizen Shoppers”
“Voting with Their Wallet”
“Value Alignment”
“Social Responsibility”***

77

Percentage of US consumers trying new shopping behaviors during the crisis, including new methods, brands, and places, with the intention of sticking with them in the long-term.

40

**Percentage of US consumers that
increased tipping amounts for
services during the crisis.**

70

Percentage of US consumers that want to, and plan to, increase support of small businesses in their local communities in the “new normal”

90

**Percentage of US consumers that
based online shopping decisions on
shipping speed and costs**

CORE to Consumer Centricism is Last Mile Delivery Experience



SOME INTERESTING THEMES IN DELIVERY COMPLAINT DATA...(ONLINE RETAILER)

- **Consumer knowledge of carriers, origin D/Cs, Hubs, drivers**
- **Rural deliveries are still uniquely problematic**
- **Consumer engagement in “Delivery proof”**
- **Driver advocacy**
- **Health/Well-Being**



SOME INTERESTING THEMES IN DELIVERY COMPLAINT DATA...(ONLINE FURNITURE RETAILER)

- **Lead Time causes MUCH Higher Stakes during Deliveries**
- **Lead Time opens window for Remorse**
- **Consumer engagement in “Delivery proof” ...Video Unboxing**
- **Complaints very often include price points**
- **Early Deliveries**



Consumers as “CENTRAL” to Supply Chains

Duality of Focus – Customer and Consumer

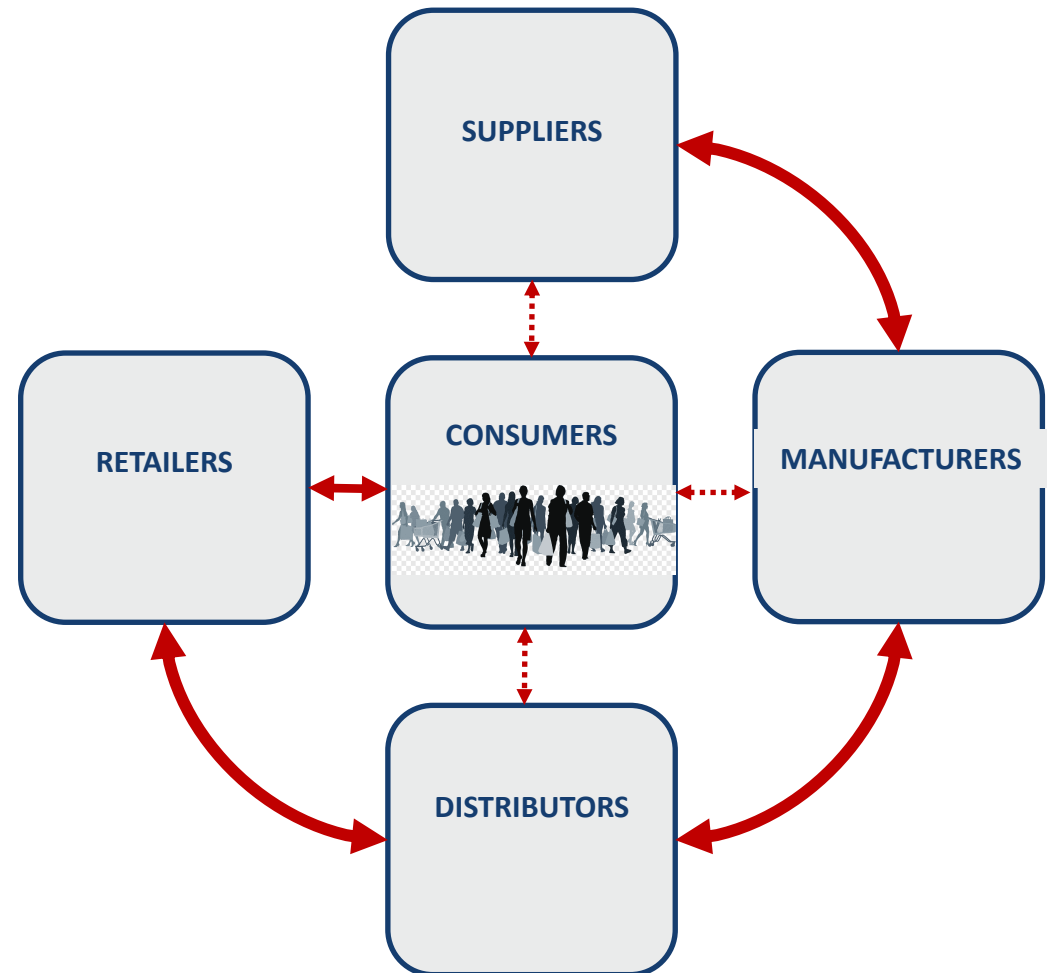
Consumer Trends

Agile

Tailored

Trustworthy

Innovative



CCSCM: Example Applications

Consumer-Centric Procurement:

Approaching sourcing and procurement with consideration of end-consumer confidence in the consistency, integrity and responsibility of upstream supply chain processes. To include issues such as sustainability, ethics, traceability, supply quality and integrity, supplier delivery performance and overall assurance and security of supply.

Consumer-Centric Operations/ Manufacturing:

Building ops and manufacturing capabilities that directly enhance the value propositions of products and services to end consumers. This would include increased speed of execution, abilities to produce in smaller batches, mass customization processes, ethics, sustainability, and risk considerations, transparency, and postponement.

Consumer-Centric Logistics:

Designing both B2B and B2C order fulfillment and physical distribution service capabilities with the goal of increasing consumer satisfaction with purchasing and delivery experiences. Examples include on-demand parameters, customization, cost perceptions, returns, home delivery, both upstream and customer-facing transit and lead time reductions, varying order fulfillment options.

CCSCM Marketing:

Emphasizing SCM activities when communicating consumer shopping experience value properties. This would involve data mining for consumer perceptions of supply chains, marketing communications and promotions focused on time, convenience, and product availability, as well as consumer choice options regarding delivery service experiences and integrity in supply chain members and processes.

3. Diversity and Inclusion in SCM/Logistics





***Race & Workplace Diversity...
Tough Conversations about “A Meta-Issue”***





A CDO's Realization...

***“If I’m truthful, most of the
Racial Diversity within
_____ is in our Supply
Chain and Logistics
Organizations...and I need to
start thinking about how to
leverage that more”***

“Companies often overlook frontline leaders in their planning for leadership training and development, such as D&I efforts”

“Employees whose direct managers are not committed to D&I are twice as likely to feel excluded, and three times more likely to seek employment elsewhere”

Diversity and Bias Issues on the Frontline ...



UBER^{DELIV}

Track Your Delivery



Your order is IN PROGRESS. *Tracking Code: RB22WCC01*

You driver, Terrell, should be arriving between 5:00 PM and 7:00 PM

UBER^{DELIV}

Track Your Delivery



Your order is IN PROGRESS. *Tracking Code: RB22WCC01*

You driver, John, should be arriving between 5:00 PM and 7:00 PM

THEN...the stories started going Viral



Driver Harassment Examples:

“The Portland FedEx Driver Incident”

“The Atlanta UPS Driver Incident”

“The Lisbon, OH FedEx Driver Incident”

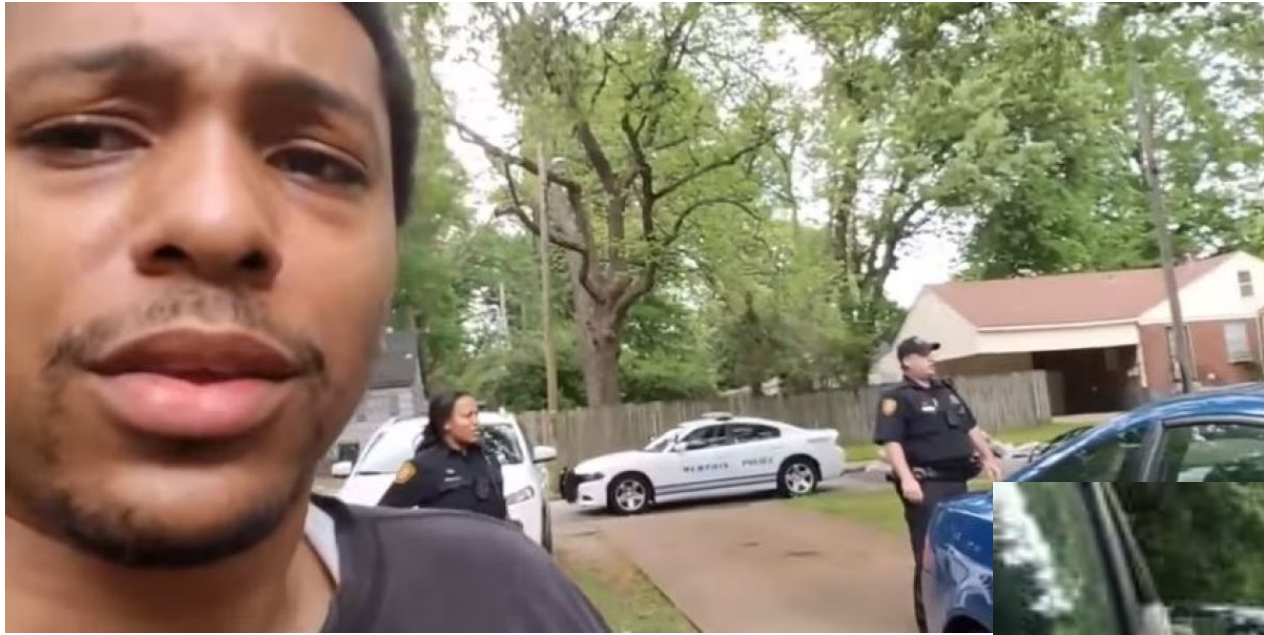
“The Georgia FedEx Drivers Incident”

“The Warren, MI Amazon Driver Incident”

“The Lowe’s Driver Incident”

“The Shipt Drivers Incident”

“The Arizona DoorDash Incident”



A Larger Issue



genya
@genya1111
I just got Karen!?! This man followed me home because I went to pick up DOG FOOD at somebody's house! He followed me all the way to my house so I turned on a side street and he said he felt "unsafe"



These are More Than Social Issues...The Performance Implications:



- 1. Driver Health & Well-Being***
- 2. Driver Turnover***
- 3. Delivery Service***
- 4. Operational Costs and Resource Duplication***

4. Risk and Resilience Revisited



Six strategies for supply chain resilience



gartner.com/SmarterWithGartner

Source: Gartner
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Responding to a disrupted world

■ Agree ■ Neutral ■ Disagree

Within two years we will invest to make our supply chains more agile



Within two years we will invest to make our supply chains more resilient



Automation will enable us to make onshore manufacturing economically viable



National interests and pressure to favor domestic operations will increase in influence on our future supply chain decisions



Our customers care more about low prices than where our products are sourced and made



We are shifting from a global supply chain model to one that is more regionally based



n = 1,346
Q. Do you agree or disagree with the following statements?
Source: 2020 Gartner Future of Supply Chain Survey
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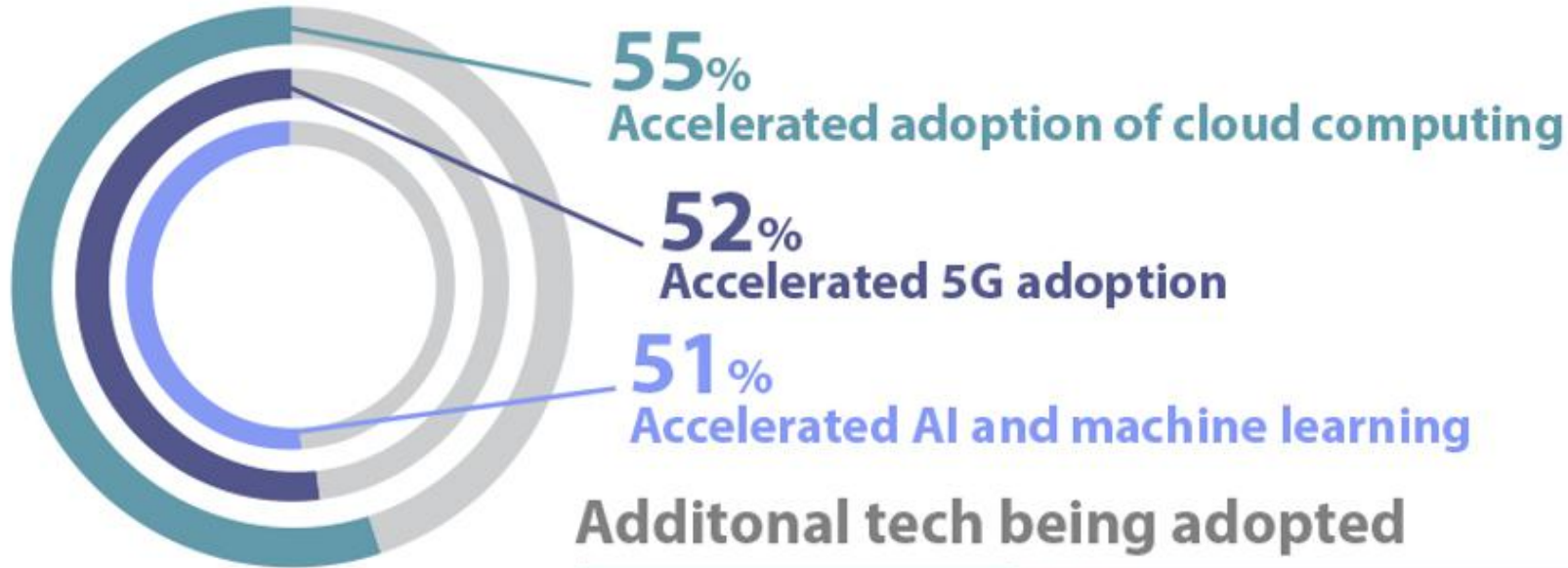


5. Digital Transformation



Technology Adoption, Acceleration and Disaster Preparedness due to COVID-19

CIOs and CTOs surveyed have sped up adopting some technologies due to the pandemic:



Additional tech being adopted



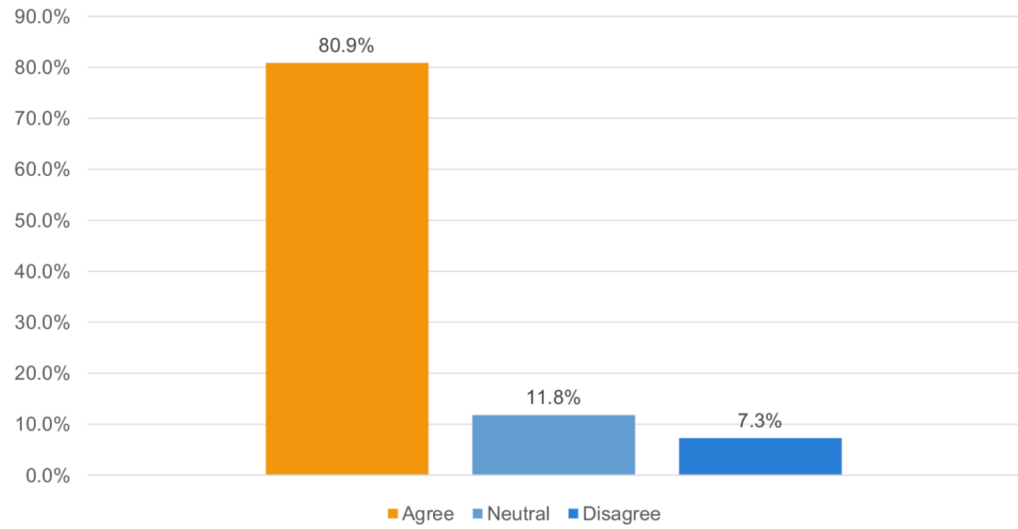
Adoption of the Internet of Things



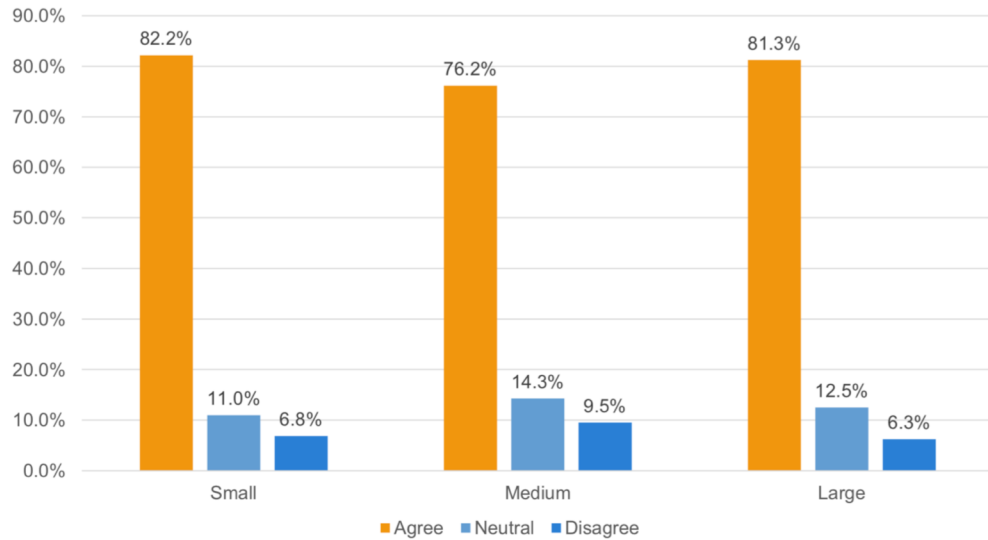
Adoption of augmented and virtual reality



Adoption of virtual conferencing



Our means of competing in the future will rely on a robust digital platform.



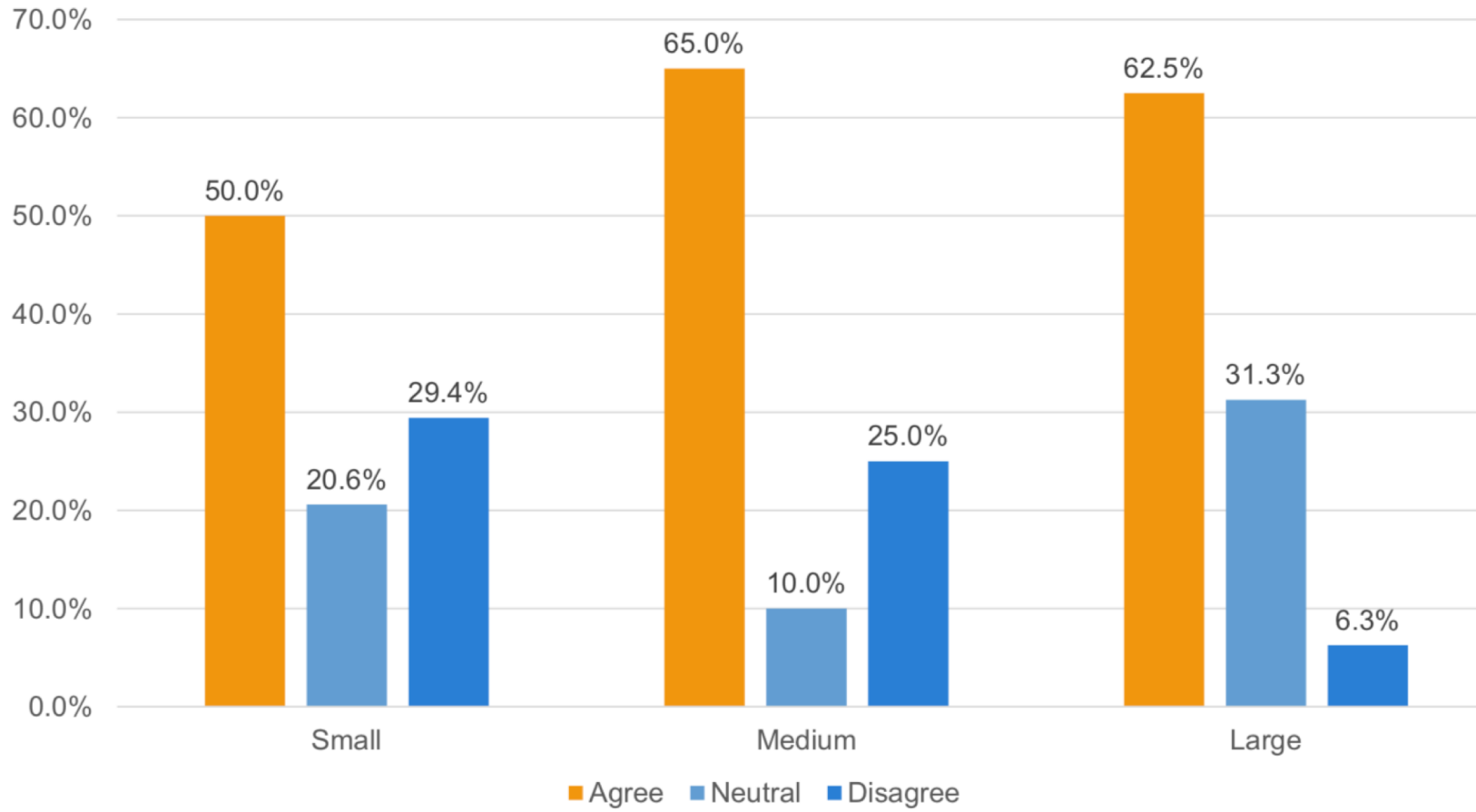
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“29th Annual Study of Logistics and Transportation Trends:” Are We Willing To Change

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 CHRISTOPHER A. BOONE, Ph.D., Assistant Professor, Mississippi State University
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Funding of transportation technology initiatives is increasing.

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Technology Rank	2020	2019	2018
Supply chain / logistics visibility	1	NR	NR
Predictive analytics	2	1	1
Artificial intelligence / cognitive technology	3	4	4
Robotics (e.g. manufacturing, warehouse, process automation, etc.)	4	2	5
Electronic Bill of Lading	5	NR	NR
Internet of things (IoT)	6	6	2
Driverless vehicles	7	NR	NR
Blockchain	8	3	3
Additive manufacturing / 3D printing	9	5	6
Drones	10	NR	NR

80

**Percentage of projects to implement
AI solutions that have stalled**

**...Currently studying “Algorithm
Aversion”...and the difficulties of
socializing new technologies...**



A NEW NORMAL

**Spotlight on
Logistics/SCM**

Consumer Centricity

D&I in LSCM

**Risk/Resilience
Revisited**

**Digitalized
Operations**

THANK YOU!

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