Information enhanced Customer Relationship

The birth of **The Consumer Goods Forum** marks the beginning of a new era of cooperation between retailers and suppliers across the world to collectively address the major challenges facing our industry and society across the globe. The contribution of the **International Commerce Review** is to ask the leading voices in the industry to articulate these new challenges, mobilise the best brains in the academic world to help develop answers to them, and report on pioneering success stories.

It is appropriate that this issue begins with three clarion calls to a new era. Andy Bond, Chief Executive Officer of ASDA in the UK, calls it the era of “democratic consumerism” in which big business must regain the trust of internet empowered consumers. He describes ASDA’s first steps in building a real two-way dialogue with its regular customers. It wants to involve customers in decisions which will shape how its business is run, from how it sources products to what products it should or should not stock and which new products and services to offer. It also wants to encourage and reward customers for innovative ideas to improve every aspect of its business.

This marks a dramatic shift in power towards the consumers and for the first time makes them an integrated and very active part of the supply chain. Andy Bond boldly asserts that the days of behind closed doors market research are gone. There are no hiding places from consumers anymore and old thinking throughout the industry will be fundamentally challenged.

Learning how to manage this two way dialogue cost-effectively will be a major challenge for every player in

Daniel T. Jones dan@leanuk.org
Ross-on-Wye, United Kingdom

Arnd Huchzermeier arnd.huchzermeier@whu.edu
Vallendar, Germany

Alan Mitchell asmitchell@aol.com
London, United Kingdom

this industry. Analysing loyalty card information is just the start. But is this the future? Is each retailer going to manage huge volumes of emails and calls from consumers as they share their plans and opinions with them as well as blizzards of sales data? Are consumers prepared to have such a dialogue with many different retailers? The trend in the industry has been to get consumers to do more of the tasks of selecting, ordering and now scanning products themselves. One answer would be to give consumers the tools to manage all of their own data (and keep it up to date) in return for sharing some of it with trusted retailers and suppliers. New research, reported on in our In Brief section, suggests this is already beginning to happen. However, the right and manageable division of labour in this new relationship is not yet clear. We will undoubtedly return to this subject in future issues.

Gianni Ciserani, President of Procter and Gamble Western Europe, also talks about a new era whose contours have been sharpened by the recent recession. He reports that many consumers have grown tired of unnecessary complexity and false choices, to the extent that they are no longer shopping certain categories. His response is to go back to the basics and rediscover the power of simplicity. This means a simpler product range and a much simpler supply chain responding more closely to the needs of customers rather than the needs of sales and marketing departments.

He also talks about the need for greater collaboration between retailers and suppliers to achieve more breakthroughs in the cost and environmental impact of logistics. Although the most environmentally damaging part of the supply chain is often the consumers driving to and from stores and storing products in their homes, he argues that retailers and suppliers will have to work together to solve this problem or risk being driven to do so by politicians. In other words, the industry has to take responsibility with consumers for the use of its products as well as their production, distribution and sustainable disposal. This closes the loop from the field to disposal and recycling.

Daniel T. Jones, our Editor in Chief, points out that the industry already has the knowledge and experience to meet the needs of internet empowered consumers and simplify and reduce the environmental impact of its supply chains, while at the same time cutting costs. While these may look like separate challenges, they can be addressed simultaneously. Done in the right way, a two way dialogue with consumers could strip away a

lot of noise, complexity and cost from the search and selection process as consumers share exact plans and preferences with retailers and suppliers. Taking an end-to-end perspective reveals the power of simplifying and compressing the length of existing supply chains, making them more responsive to consumers with a lower carbon footprint.

Mobilising the will to act runs up against departmental and organisational boundaries in which managers are evaluated by how well their pieces of the system perform, not the best way of optimising the performance of system as a whole. Indeed, he argues that we have lost sight of the horizontal flow of work (or value stream) that creates the value customers are paying for by making functions and departments too strong. Drawing on Toyota's example, he proposes a new role of the Value Stream Manager to go beyond the Category Manager. With top management backing the Value Stream Managers' task is to gain agreement based on the facts to do what is necessary to streamline the end-to-end value stream for key products to make them "faster, simpler and cheaper". In doing so, they need to establish the win-win basis for cooperation across departments and organisations and get top management backing to resolve inevitable conflicts between departmental objectives and the needs of the value stream. In fact, they become the true "voice of the customer" through the whole supply chain.

To round this issue off, Satish Nambisan and Mohanbir Sawhney add interesting perspectives on how retailers and suppliers can organise themselves to tap into different kinds of networks for innovative ideas. Marshall Fisher, Jayanth Krishnan and Serguei Netessine report on some very important research on the importance of linking staff planning to store traffic. Bob Briscoe, Andrew Odlyzko and Benjamin Tilly reveal how the power of networks, while still significant, has been somewhat overestimated in the past.

Authors Martin Stuchtey and Tobias Meyer present a challenging perspective on the opportunities for improving the energy efficiency of our supply chains end-to-end.

We look forward to bringing you additional important insights in our next issue. If you have any comments or responses to this issue please send them to us.

The Editorial team:

[Daniel T. Jones](#), [Arnd Huchzermeier](#) and [Alan Mitchell](#).