



# Transforming Supply Chains to Reach the New Customer

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# Agenda

- New Customer Universe (Expectations and Characteristics)
- B2C New Consumer Expectations Survey Insights
- Insights B2B - Customer Expectation Survey
- Q&A

# Introduction



At CGE, we're shaping the future by helping leading global minds maximize their impact. From applied research to bold community initiatives, we're on a mission to make a difference by changing the way we think about global leadership. Learn more about what we do and why we do it.



Digital Supply Chain Institute is a leading-edge applied research institute focused on the evolution of enterprise supply chains in the digital economy and the creation and practical application of supply chain management best practices.

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## New Customer

# Factors affecting the New Customer's expectation

- **Internet Adoption and Penetration:** Over the last 15 years, rapid innovations in the Internet, mobile, social, IoT and other technologies are dramatically influencing everyday customers. Over the past five years, an average of 640,000 people went online for the first time, daily.
- **Generational Change:** Shifts in the demographics of the world population and changes in people's ability to adapt to new digital technologies are major factors. Millennials, a digitally native generation, are influencing customer expectations and also changing the way the Enterprise should run business.
- **Expectations Crossing Industry Boundaries:** Customers are expecting more in terms of quality of products and services and comparing it against not only competition but also the best service they experienced in any industry. Customer experience with digitally native companies has shaped their values and raised the performance bar for the supply chain.

**The COVID-19 pandemic has globally accelerated this and raised the bar.**

# New Customer Profile 1/2

- Expectation that **order and fulfillment** will be simultaneous
- Belief that products and services should fit their **specific needs**
- Requirement that **peers and customers** will review/report everything
- Expectation that **human interactions** will be only on things that requires people skills
- Sense that customer service people **understand** why and when you want something and what your priorities are

# New Customer Profile 2/2

- Expectation that people with whom I interact **understand my business**
- Mandate that **user experience** will be joyful
- Demand that price be **transparent**, fair, and “changeable”
- Requirement that **social values** are followed by supply chain partners
- Sense that **privacy** is respected but that the right things are **shared** with them





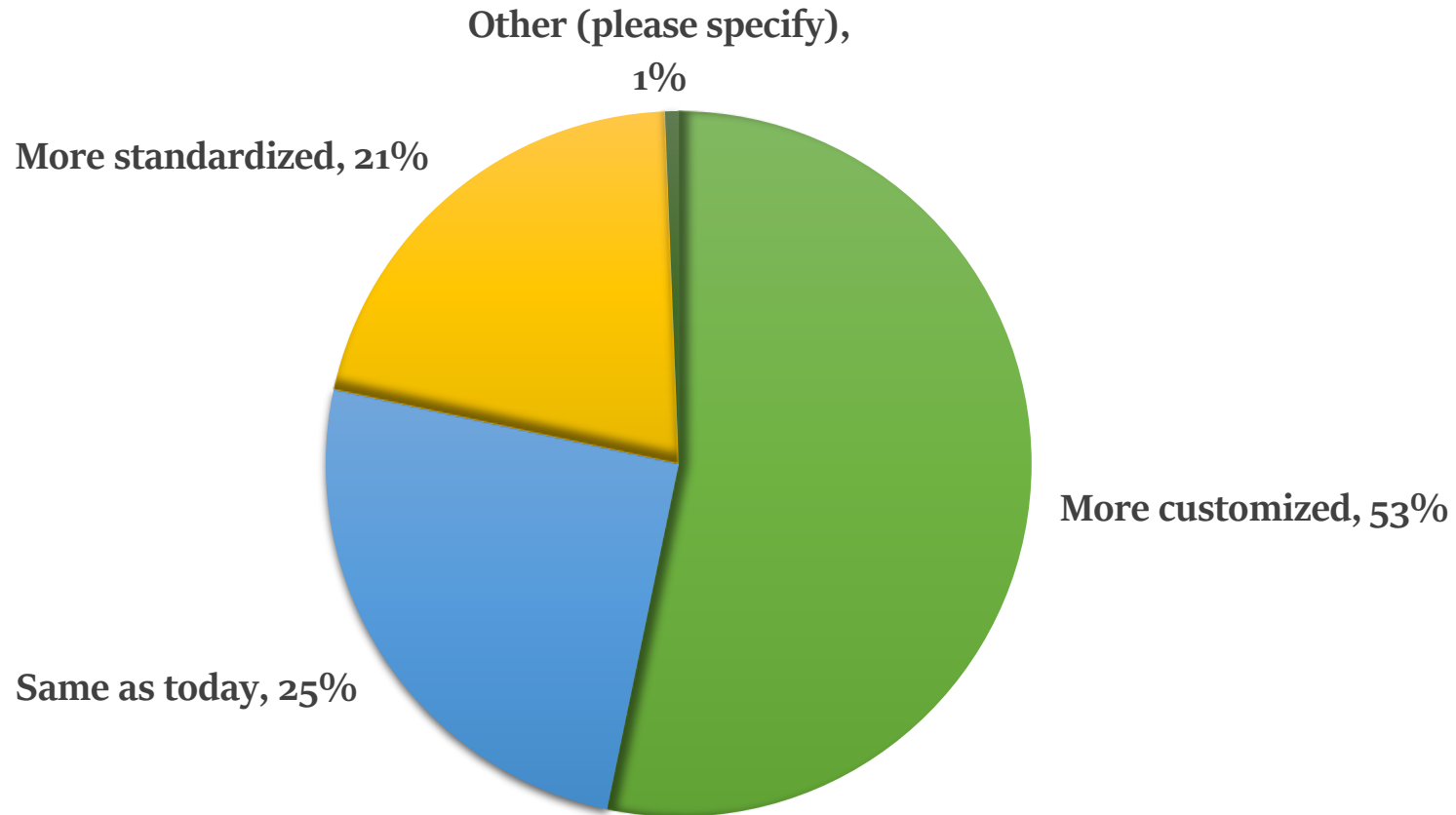
# B2C New Consumer Expectations Survey Insights

# B2C New Customer Highlights

- **The good news is that we now know what consumers want, and what they want is not going to change much over the next three years.**
- **The bad news is that consumers want something different than what most supply chains can currently deliver**
- “Make it for me my way or standardize it, but current practice is not what I want”
- Speed matters... It matters so much that people will pay for it!
- The market is split between consumers who prefer personal contact, automated contact, and a hybrid of the two
- Social justice and social values matter, all other things being equal
- More than half of consumers are content with how much of their data is collected and how it is used, but many are uneasy

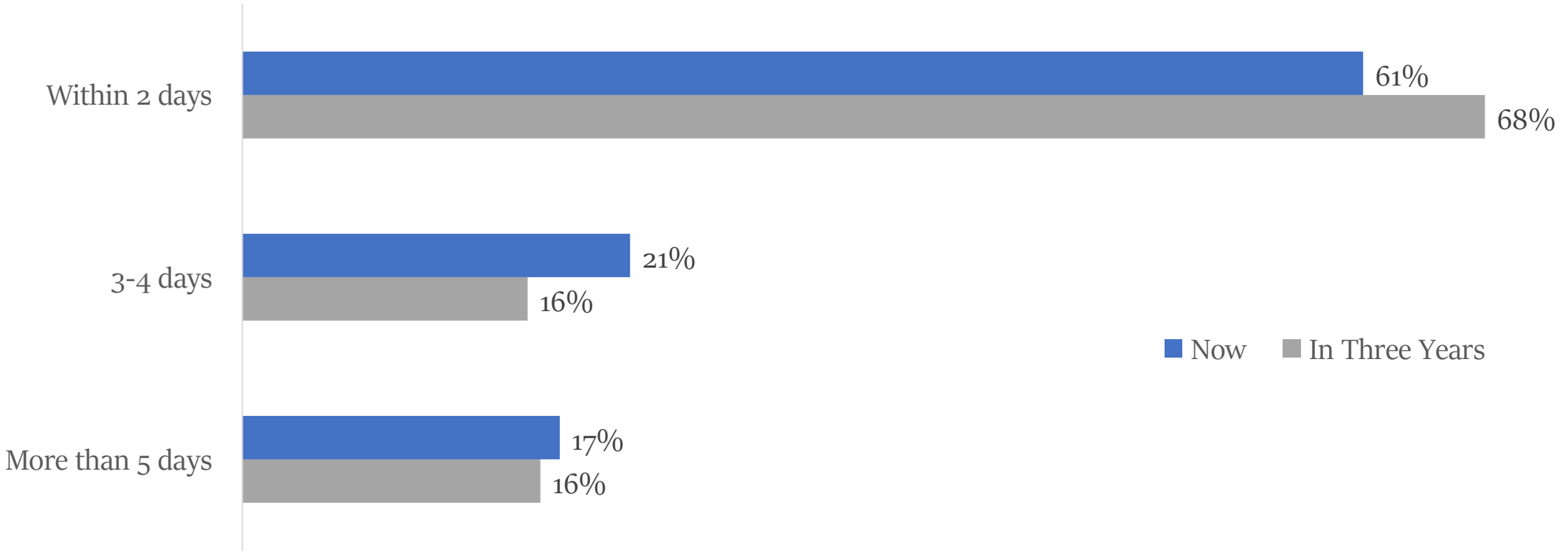
## Customization matters for most.

**“Make it for me my way or standardize it, but current practice is not what I want”.**



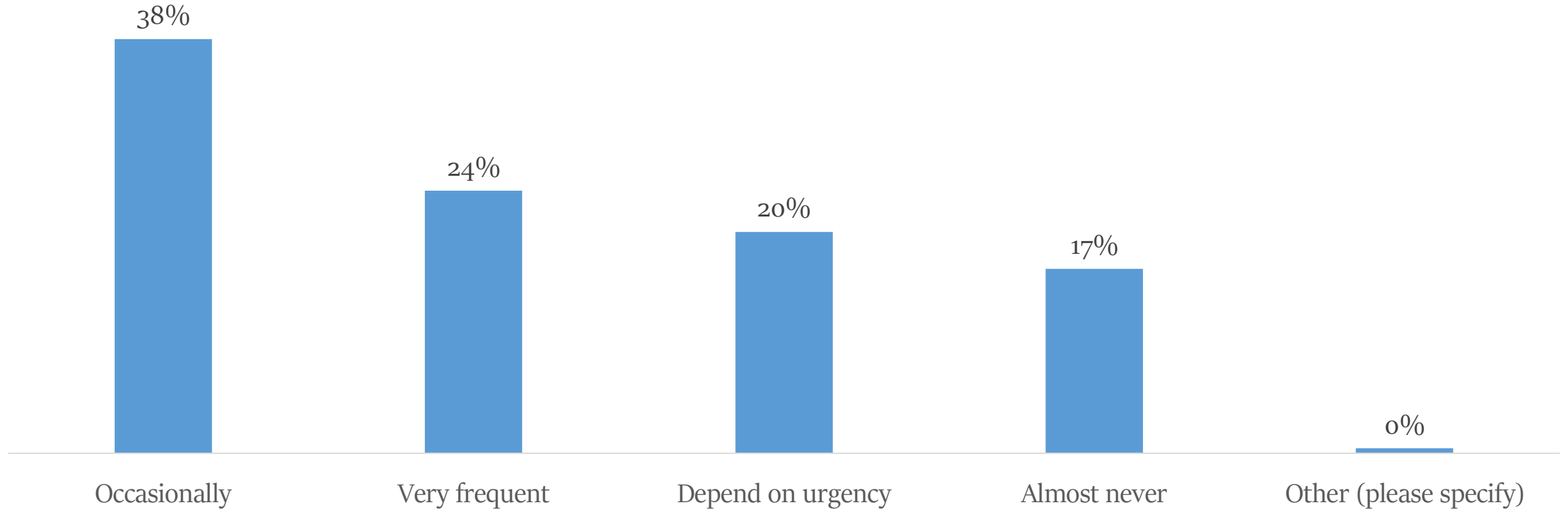
**Q. How you would like for the products you are currently buying to be:**

# Speed matters... It matters so much that people will pay for it!



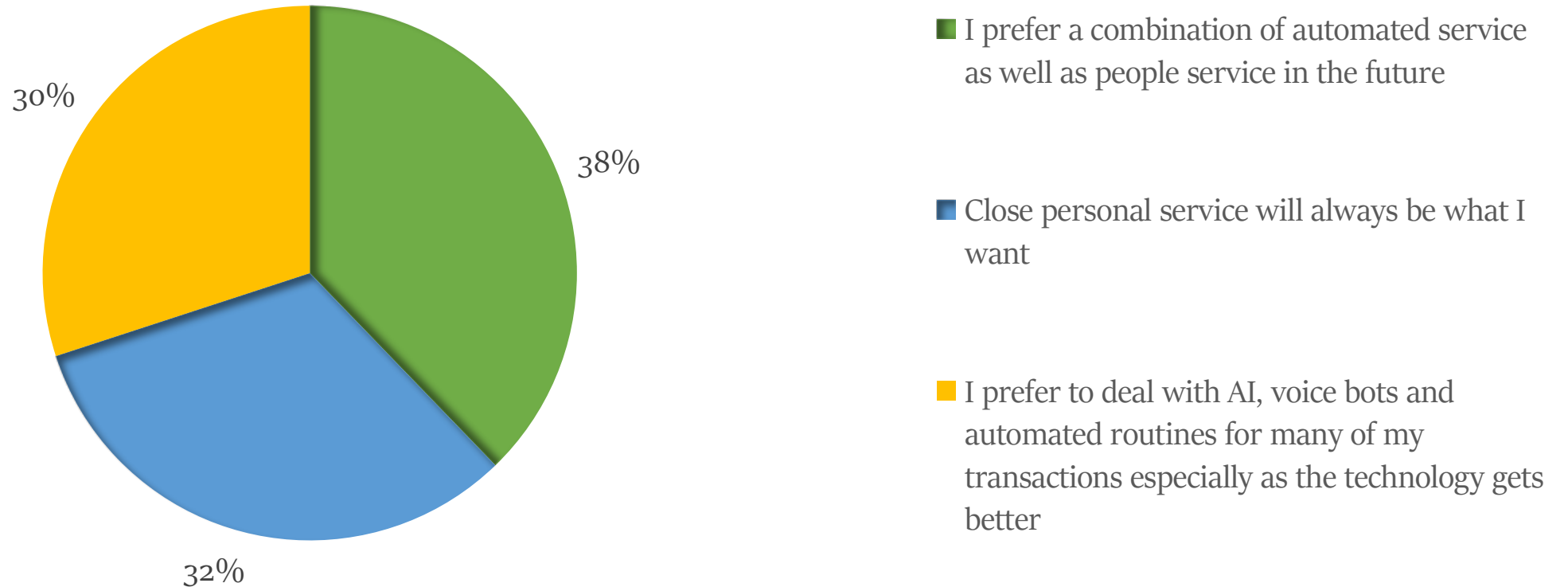
**Q1. What do you want to see delivery times now?**  
**Q2. What do you want to see delivery times in three years?**

**Around 24% of the customers are willing to pay more frequently for a faster delivery over the next three years.**



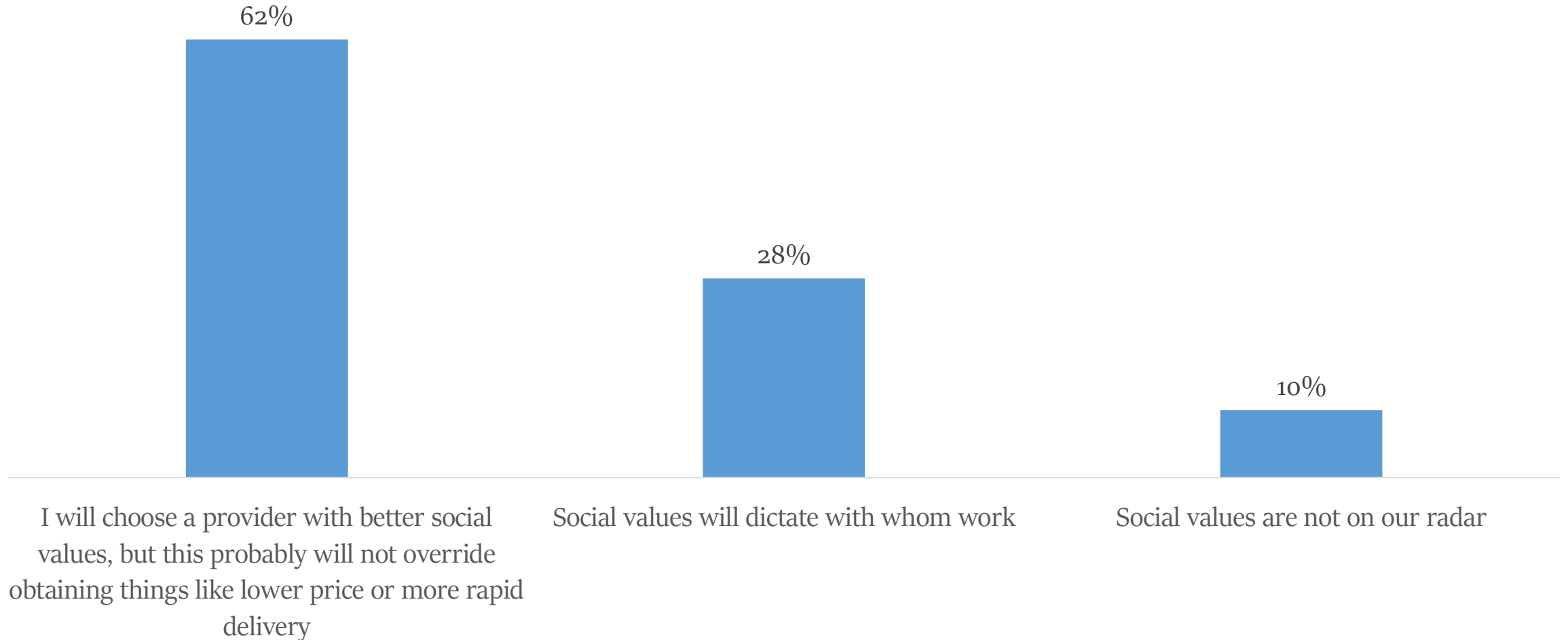
**Q. Are you willing to pay more for a product for faster delivery over the next three years?**

## The market is split between customers who prefer personal contact, automated contact, and a hybrid of the two



**Q. What kind of interactions do you want with the companies that make what you buy?**

## Social justice and social values matter, all other things being equal



**Q. Will a company's social values for the environment and social justice change the way that you choose a supply chain provider?**

# More than half of customers are content with how much of their data is collected and how it is used or would even share more!



**Q. How do you feel about data privacy versus getting you the product that you need using your information (excluding Personal Identification Information (PII))?**



# Digital Supply Chain Implications

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- Recognize that the New Customer wants something different and quantify it ... You have New Customer sub segments that have different desires
- Re-imagine a supply chain that can deliver what the New Customer wants
- Set specific goals across several dimensions for supply chain change
  - Product customization
  - Speed
  - Automation
  - Privacy
- Share data with employees, suppliers and market facing partners to best fit New Customer expectations
- Conduct digital supply chain transformation that will deliver what the New Customer wants...





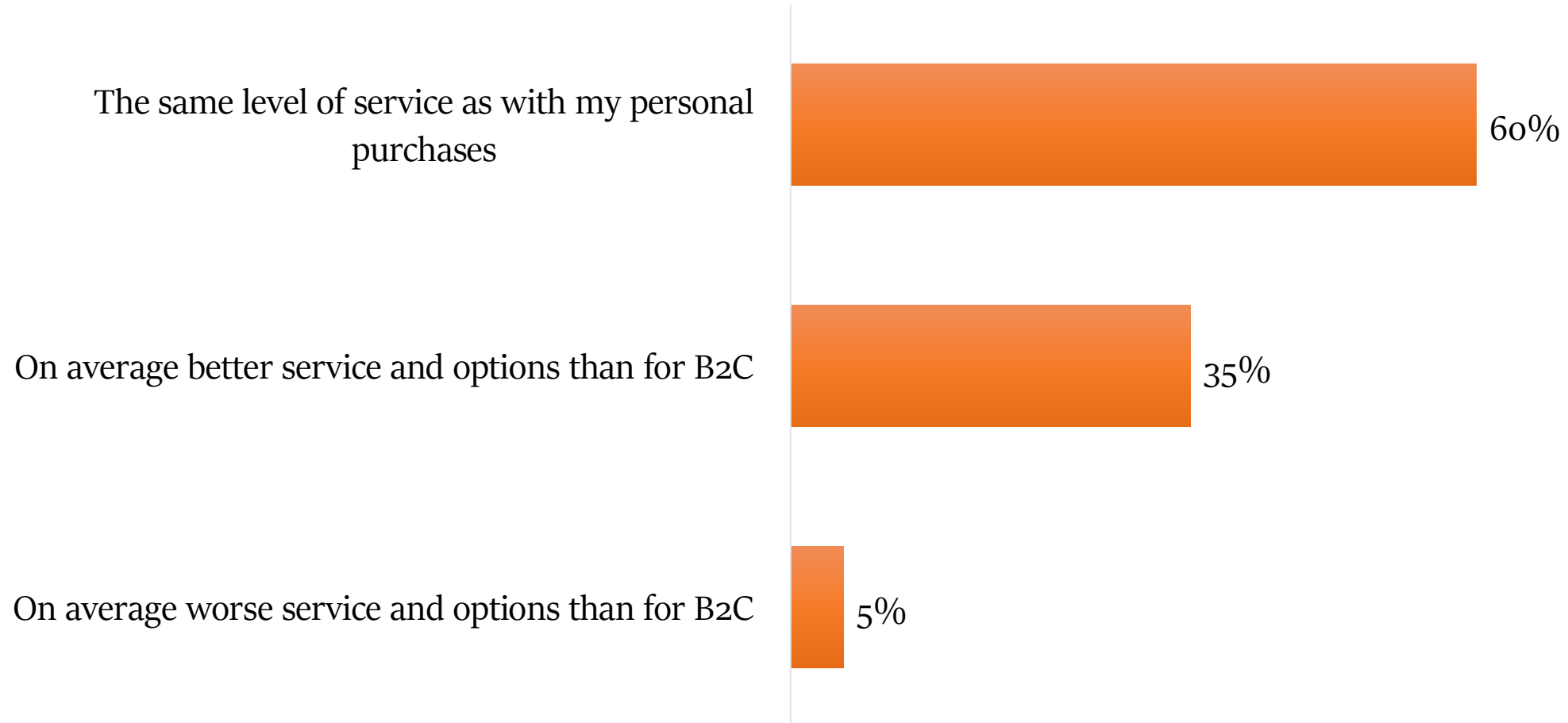
# B2B New Customer Expectations Survey Insights

# B2B New Customer Highlights

- B2C demands are re-shaping the expectations of B2B buyers
- Speed matters! 54% of the respondents are expecting delivery within 48 hours.
- Price, Delivery Speed and Customer Service are most important and remain so in the next 3 years, but with more weight on Customization, Environmental Impact and Supplier Credibility
- Customer reviews are even more critical in making a buying decision.

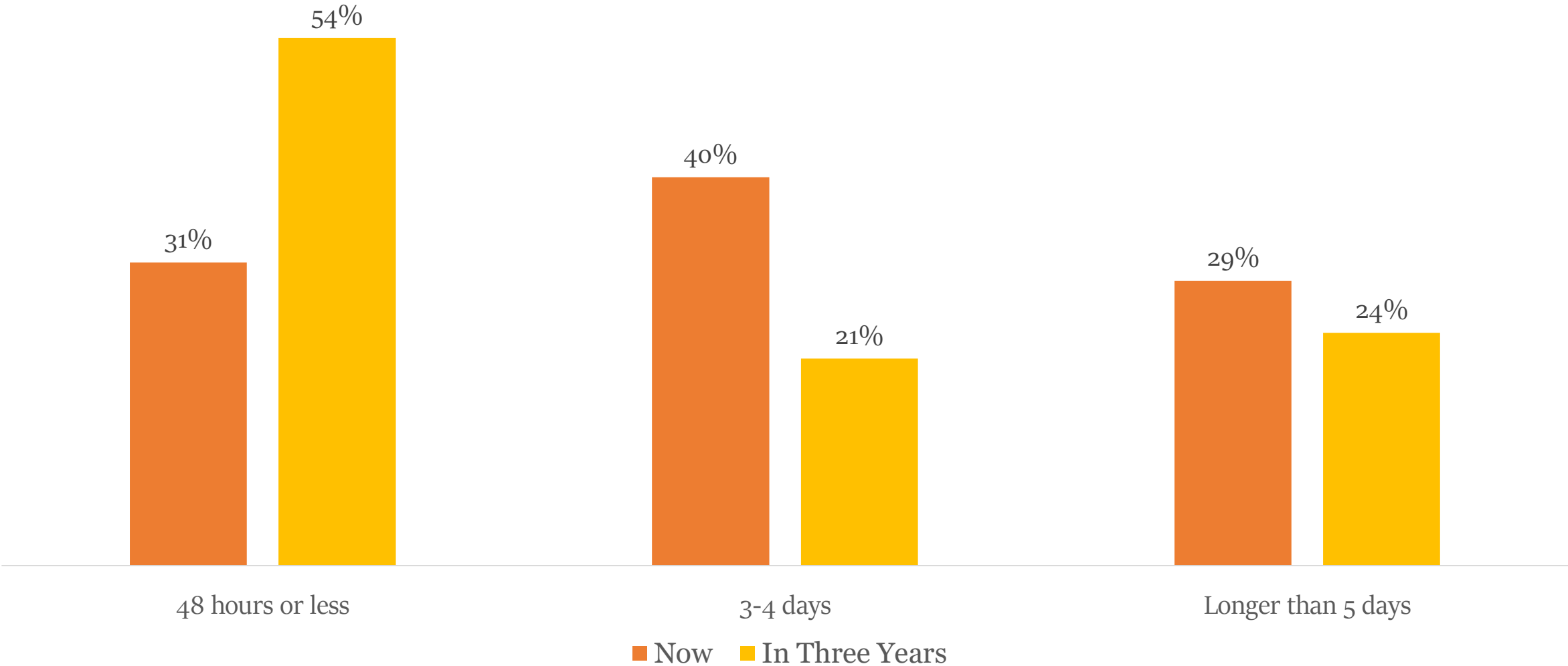
Source: DSCI survey of buyer and purchasing manager customers (Nov 2020) N=151

## B2C expectations are re-shaping the expectations of B2B buyers



**Q. When purchasing for your own business or job, you expect:**

**Speed matters! 54% of the respondents are expecting delivery within 48 hours.**

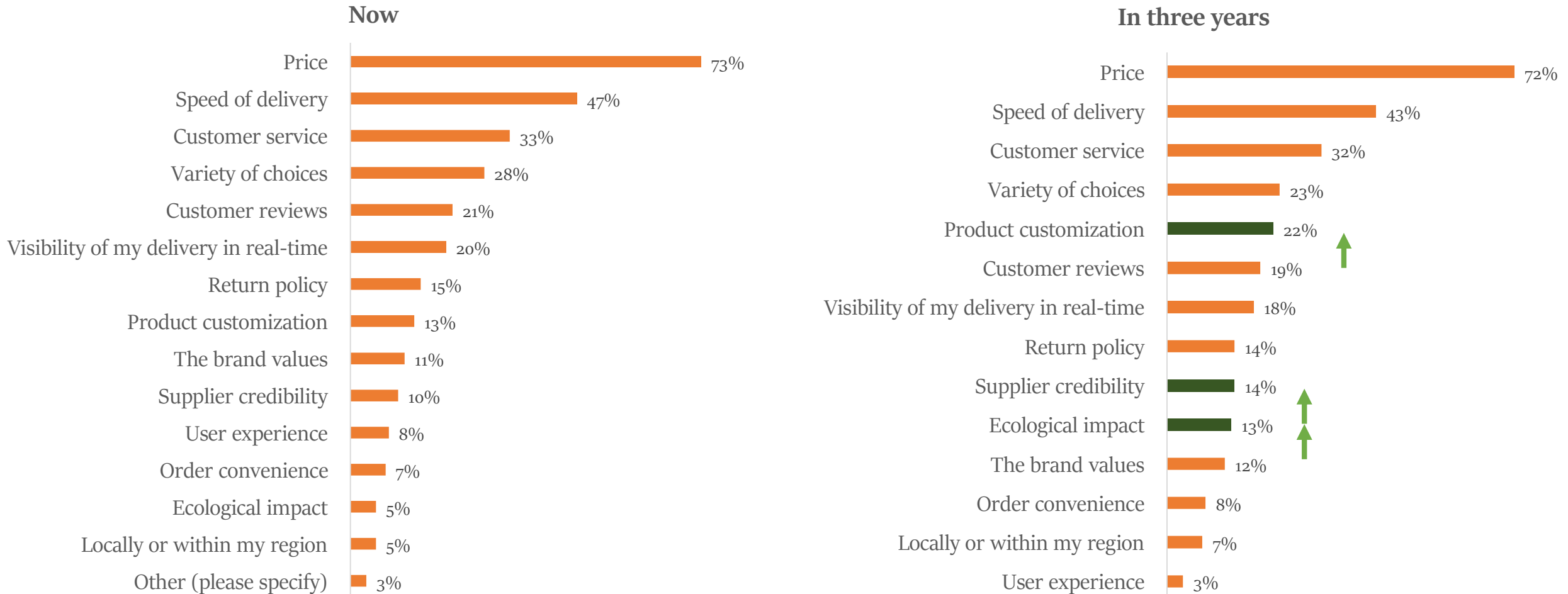


**Q. What is an average delivery time for your B2B orders now?**

**Q. Ideally, what do you want to see delivery times over the next three years for B2B order?**

Source: DSCI survey of buyer and purchasing manager customers (Nov 2020) N=151

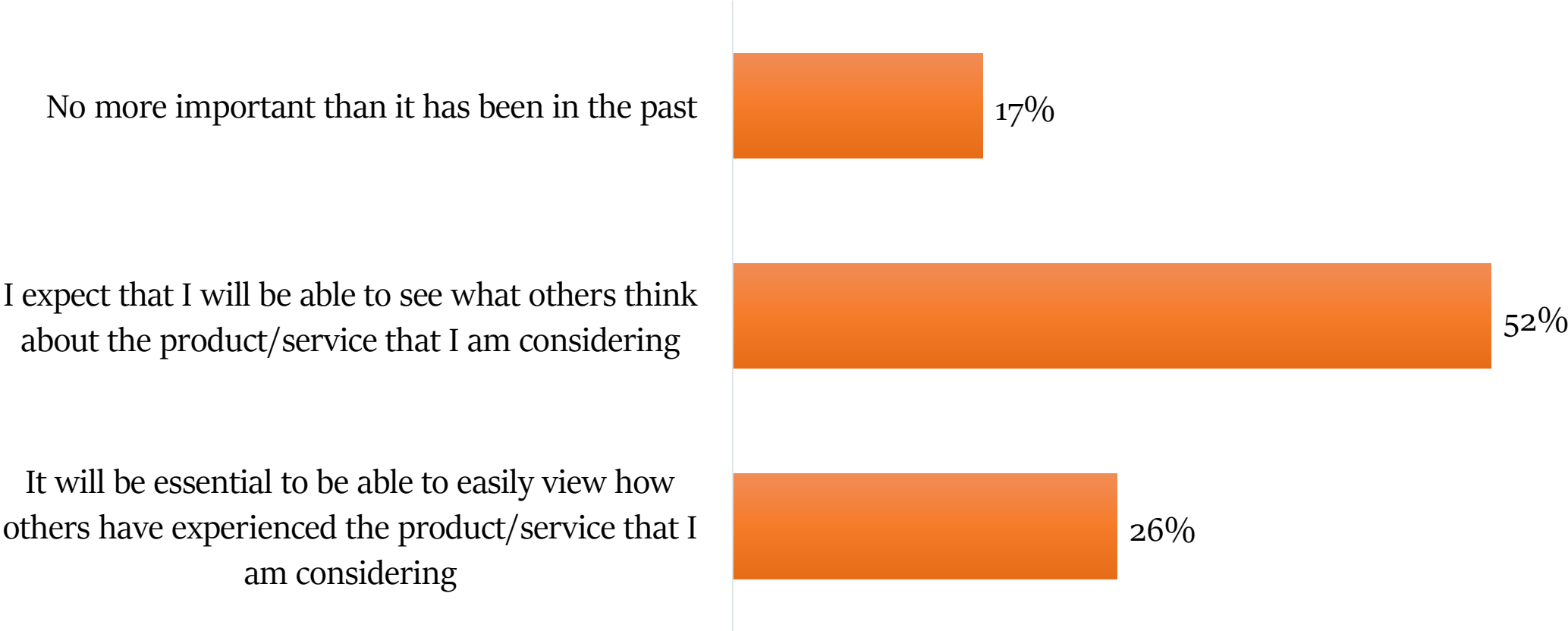
# Top 3 buying criteria are the same but more weight is on Customization, Environmental Impact and Supplier Credibility



**Q. Please select the top 3 priorities when buying B2B products for your business or job now.**

**Q. Please select the top 3 priorities when buying B2B products for your business or job in the next three years.**

# Customer reviews are even more critical in making a final buying decision.



**Q. How important is to know what other B2B customers think about a product or service that you might buy?**

# Digital Supply Chain Implications

- The New Customer is the future of your business, and the supply chain must change to meet expectations
- New Customer data must be gathered and used to guide transformation
- Changing supply and distribution locations is essential in order to meet the need for speed
- People must be trained to lead with the New Customer in mind, and data smart people must be hired
- Technology has to be re-thought with a view towards rapid decision making
- Share data with employees, suppliers and market facing partners to best fit New Customer expectations
- Direct-to-Customer must become a way of life







## Taking Action – Executing Frontside Flip

- Get the supply chain transformation team focused on the New Customer and introduce them to him
- Build an implementation plan that is practical, measurable and bold (hint: near customer location is key!)
- Establish new performance metrics to support the work of cross functional teams
- “Question/calling is your data model sufficient?”
- Grow your talent and get new ones that get the New Customer
- Equip the team with the AI/ML technology and make sure that your technology stack hangs together for the customer, employee and suppliers
- Begin and end every supply chain meeting with a discussion of how actions will grow the customer loyalty and happiness
- Don’t approach this scale of change with the traditional approach to change leadership! e.g. “Fortnight DSCI Model”
- Execute as if your company’s life depended on it...while having fun!

# Download full reports from DSCI website



<http://bit.ly/DSCIB2CSurvey>



<http://bit.ly/DSCIB2BSurvey>



Read New Customer White Paper

<http://bit.ly/DSCINewCustomers>

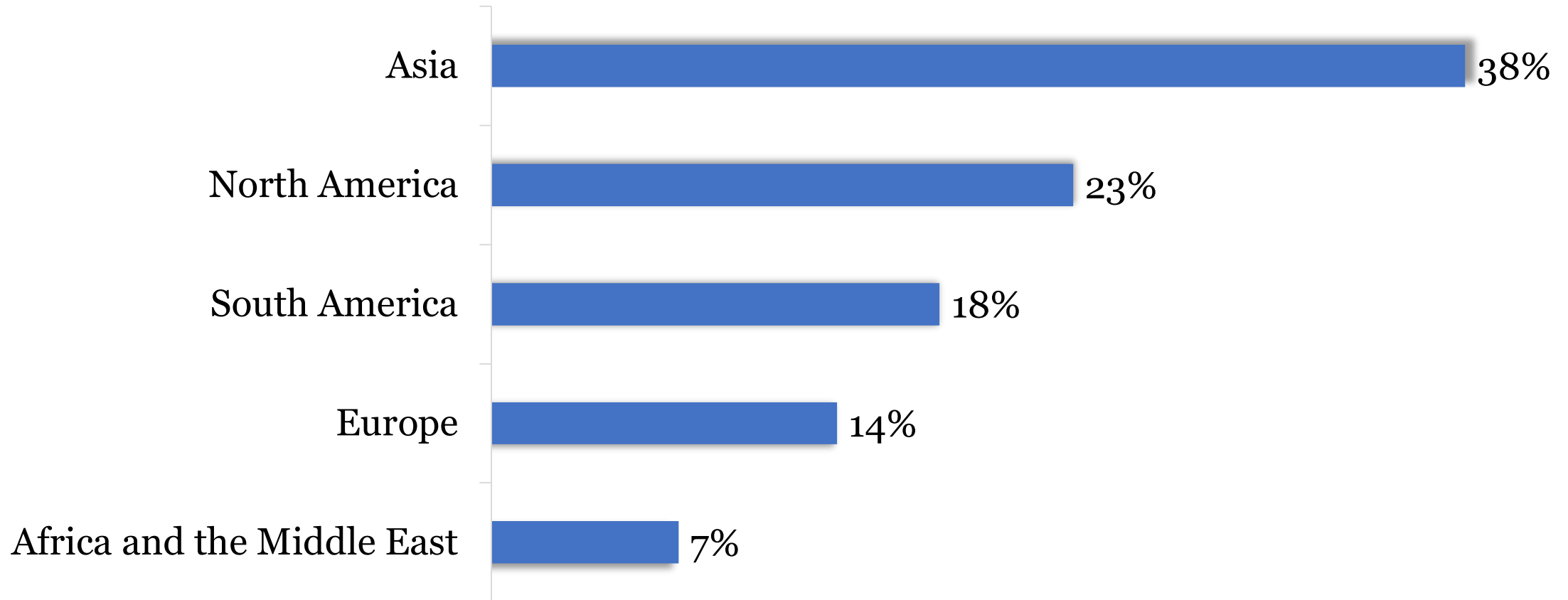


**Thank You**



# Appendix

# B2C Survey - Geographical Distribution

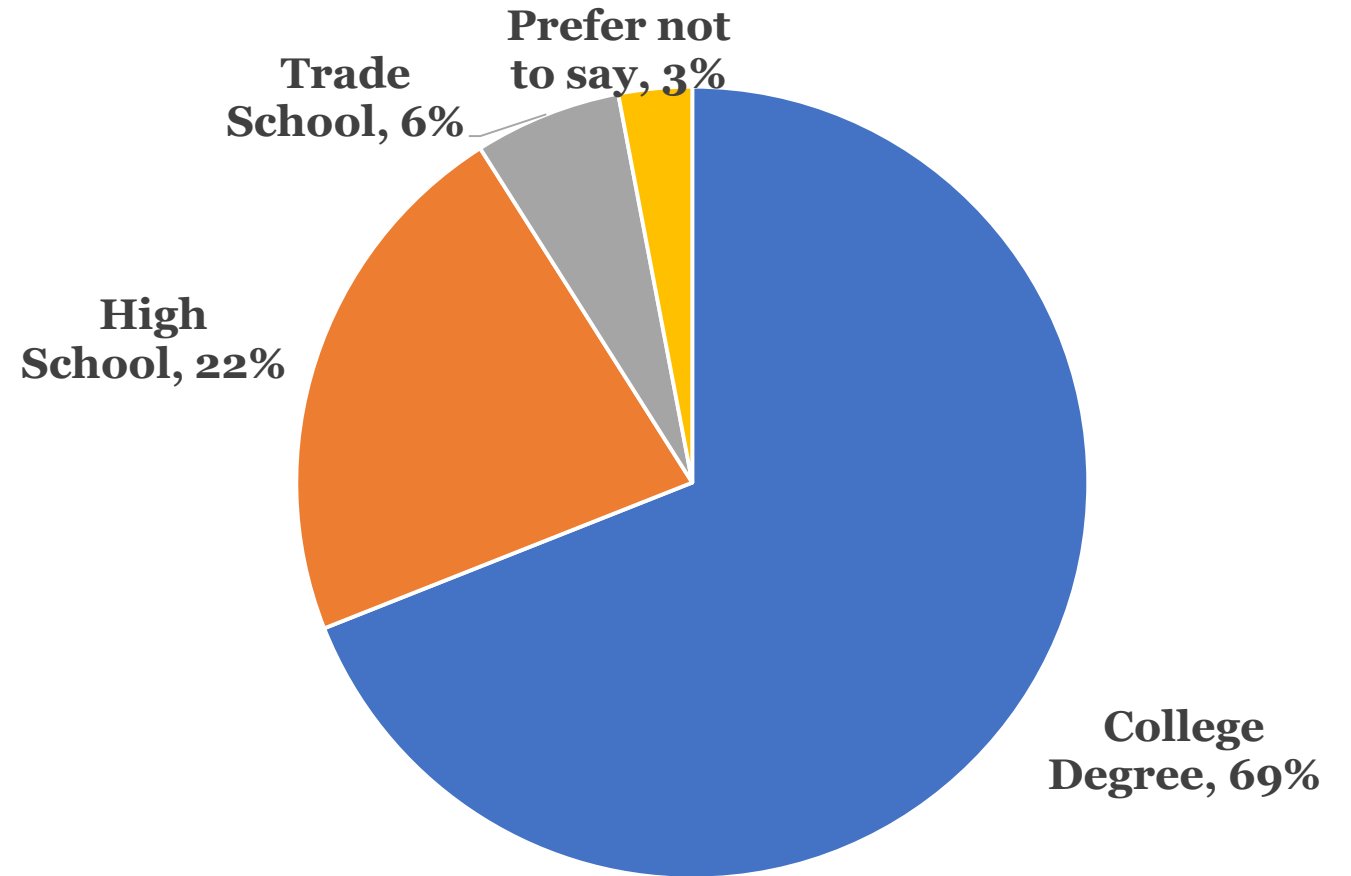


# B2C Survey

## Gender



## Level of Education



# B2B Survey

## Gender



## Age

