

SUSMILE Synthesis note

Capsule 3.4.7 – Sources analysis

In this Capsule, we focus on the existing literature on consumer behaviour and its impact on the supply chain. E-commerce has had a significant impact in recent years on the way people shop, with a particularly strong impact on last-mile distribution in dense environments such as city centres. Due to the lack of sufficient sources of information, as well as the complexity of socio-economic factors in determining the effectiveness of changes in consumer behaviour on supply chain flexibility and change, the aim is not to provide a specific way of working or to change consumer habits, but to reflect the importance of future logistics strategies to balance customer expectations, operational costs and environmental protection.

All sources are complementary, and teachers may want to select only some of them in order to best direct their students toward specific messages, aligned with their program development.

1. The key point of the supply chain: customer satisfaction

Customer feedback is essential for any business to ensure that its product offering is appropriate for its consumers, and thus to sustain its business model. For supply chain logistics players, this covers all the operational aspects of "how, when, where and at what price". The arrival of new technologies and the strong democratisation of access to digital technology has made it possible to collect an enormous amount of information in this area, with the possibility for any individual to give their opinion on what they are buying and the delivery conditions.

From a purely commercial perspective of trying to sell more, this new consumer habit is beginning to influence the way retailers organise how they get these products to their customers. The opportunities to influence delivery models or the technologies that support them are therefore much greater than before.

2. Agility vs profitability

The way end customers behave is based on multiple economic, social, cultural and ethical factors. Within a single society, at a national level, this great complexity of behaviour can become a significant change for the competition between brands to sell their products, as individuals are more sensitive than ever to the actual practices and opinions of other customers than to mere marketing and advertising.

In order to respond positively to this change in demand and to possibly adjust a supply or the quality of a product, major brands have to balance the need to reach as many customers as possible with the need to control operational costs, as the 'tailored' offer comes at a price. Moreover, with higher environmental expectations, this agility comes at a higher cost: where do the supplies come from? From new partners, new infrastructures or new modes of transport.

3. Consumer behaviours transition into the supply chain

Consumer behaviour was initially entirely the responsibility of sales and marketing departments, who had to understand their expectations or anticipate their needs. Today, it is an experience in its own



right and logistics operations have an important role to play in improving satisfaction levels at an individual level and across different channels. It's not just about the urban environment, as digital technologies have created new ways of experiencing a purchase, and logisticians need to multiply sources of supply to make products available where customers are next.

Beyond environmental considerations, speed or instant access to products is one of the major changes in purchasing behaviour, as well as privacy concerns, which require constant innovation in the supply chain in terms of tools and technologies.

4. Can logisticians influence consumers in return?

What seems clear from many studies and facts is that e-commerce is not particularly good for the environment because it greatly increases the flow of goods over the last mile of distribution. This means more transport means and actors, which are not yet carbon neutral. However, e-commerce has become a new way of consuming that has rapidly become part of people's habits and routine, and it would be difficult, if not impossible, to go back to the old way of buying for a large proportion of them.

This is why the retail leaders now have an important role to play in changing the way they provide their services and their logistics organisation. Beyond declarations of intent, they can differentiate themselves from the competition by highlighting greener practices in product delivery, choosing to implement less energy-intensive distribution models, etc.

In the long term, taxation systems will probably be put in place in all countries concerning the origin of products, the mode of transport, etc., which could be a driving force for the acceleration of these "greener" practices in last-mile distribution. For their part, consumers are attentive to these developments and the gap between declarations of intent and operational reality. An increasing proportion of them are therefore likely to adhere to these practices as long as their purchasing experience and the valuation of the effort required to switch to a new delivery method remain balanced.

Conclusion

The overall effort of society to make last mile distribution more sustainable is huge but not impossible to achieve. Through various studies and initiatives, we can already see that it is a simultaneous effort by all stakeholders to consider the resources of our planet as a whole and not just the logisticians, or the final consumers. Public administrations will have a role to play in the policies implemented to facilitate certain distribution models rather than others, manufacturers will have to fully integrate ethics into their development strategies, etc.

As far as last mile logistics are concerned, organisational choices, means of transport, transparency of data to inform customers where and when products will be delivered are all ways to positively influence individuals towards better practices that will be profitable and environmentally friendly. The new generation of professionals in this sector has an important responsibility in this respect: to keep in mind all possible options, to study successful practices that can be replicated, etc.

It is likely that an important part of the evolution of behaviour will be through education on the reasons for the logistical choices made by the operators, in order to better understand the most sustainable solutions in the long term. The sector's professionals will have to be able to explain their strategy to



public authorities or end consumers. Recent studies also seem to show that investment in a sustainable supply chain is more profitable in the long term than our current models.

Note: the last document provided as source no. 6 of this Capsule is for students of level 6 or higher. It helps to understand the complexity of consumer behaviour and therefore of the efforts needed by all Supply Chain actors.



Second part – Questions

EQF level 6

1. **S2** Why is it important for a transport & logistic operator to feel concerned about customers' opinion on internet?
2. **S3** What can be done to counter the pressure of growing fuel costs on logistics operations?
3. **S5** What solutions are recommended for a greener e-commerce?
4. **S2** What aspect has facilitated a better understanding of supply chains for final customers when they submit a review about their purchase experience?
5. **S3** What can be done to counter the pressure of growing fuel costs on logistics operations?
6. **S4** How to logisticians shorten the time span and process from product ordering to packaging and delivery?
7. **S5** Why is carbon offsetting not recommended?
8. **S2** What would you use the rating system for, in terms of logistics indicators?
9. **S3** Why would an agile supply chain, with lower stock levels and infrastructure, have an impact over the global organisation of a company?
10. **S5** Why are non-urgent deliveries more likely to have a better environment impact?
11. **S6** Why are customers who declared their intention to purchase through more "sustainable" sources not yet adopting that behaviour in practice?

