



TEACHING NOTE

P&G's Logistics Revolution: Co-creating Value

Prerequisite Conceptual Understanding

- To understand the need for collaboration for supply chain efficiencies – Graen Michael, “Supply-Chain Integration through Information Sharing: Channel Partnership between Wal-Mart and Procter & Gamble”, http://citebm.business.uiuc.edu/IT_cases/Graen-Shaw-PG.pdf
- To understand the intricacies of demand-based supply network – “The seven dimensions of customer driven supply”, *Supply Chain Standard*, April 2008
- To understand Supply chain principles –Anderson L. David, et al., “The Seven Principles of Supply Chain Management”, <http://www.scmr.com/article/CA6432096.html>, January 4th 2007

Synopsis of the Case Study

With a backdrop of consumer packaged goods industry, the case study deals with P&G's success – its open innovation, effective brand management, focused customer approach to customer preferences and above all an efficient supply network. The global product supply division, headed by Keith Harrison (Harrison), developed a new supply chain mantra by shifting P&G's focus from just measuring performance based on internal cost and efficiencies to external processes that target customer satisfaction starting from the shelf. Away from the traditional supply chain management, Harrison focused on the two moments of truth – one when customer chooses the product near the shelf and the second the usage experience. This required understanding of consumers' point of purchase decisions and retailers are the ones who have first hand knowledge. Therefore, P&G collaborated with Wal-Mart, the world's leading retailer for tracking inventories across Wal-Mart stores.

The P&G–Wal-Mart partnership exemplifies the manufacturer-retailer relationships with successful results in the form of reduced inventory, low order processing costs, speed up of product delivery from P&G factory to Wal-Mart stores, etc. While P&G's customer-driven supply network has given it a sustainable competitive edge, it is not yet practised universally. Moreover, exporting similar strategies from developed markets, where high-end retailers use sophisticated technology, to developing retail markets dominated by small and street shops, remains a challenge.

Students can analyse various aspects from the case study – changing dynamics of the packaged consumer goods industry, supply chain management – its role and importance, category management, continuous replenishment, process coordination, etc.

This teaching note was written by Sai Prasanna under the guidance of R. Muthu Kumar, IBSCDC. It is only an illustrative orchestration of the case study 'P&G's Logistics Revolution: Co-creating Value'. It is never meant to limit the learning outcomes.

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Pedagogical Objectives

- To discuss the trends and changing competitive dynamics of the global consumer packaged goods industry – developed vs developing markets
- To understand the role and importance of supply chain management in a consumer packaged goods company like P&G
- To debate on the possibilities of supply chain management becoming a competitive advantage and contributing to top-line growth as well as bottom-line performance
- To debate on the sustainability and extendibility of 'P&G–Wal-Mart' experiment.

Assignment Questions

- I. Discuss the changing dynamics and the critical success factors of the consumer packaged goods industry. What was their influence on companies like P&G and Unilever?
- II. Critically examine the role and importance of supply chain management for consumer packaged goods industry.
- III. Highlighting P&G's customer-driven supply network, analyse how supply chain efficiencies serve as a source of competitive advantage.
- IV. Elaborating on P&G–Wal-Mart relationship, critically examine the sustainability and extendibility of such experiment in other retail stores in the developed markets as well as in the developing retail markets.

Teaching Plan

Both Structured Assignment and Teaching Note follow a specific Teaching Plan [**Annexure (TN)-I**].

Since it is a small case study, I suggest giving it to the students an hour before the discussion session. I begin the discussion by asking my students a string of general questions:

- Name a few brands in consumer packaged goods categories like baby and family care, fabric and home care, beauty and grooming – personal care, health care, snacks and food products, pet care, etc.
- From the list given, I also ask them about their most preferred brands and the reasons for their affiliation
- Where do they buy these products from – mom-and-pop stores or supermarkets, departmental stores or big retail marts?
- What influences their purchase decisions?
- Are they brand-loyal for various common consumer products like soaps, lotions, tooth paste, etc.?
- Do they change their mind at the point of purchase?
- How far their purchase decisions are influenced by peers and other relations?
- Are they ready to try out new products launched in the market?
- Do discounts and other promotional offers influence their purchase decisions?

Such questions would lead to various insights on:

- Proliferation of brands in the packaged consumer goods industry
- Diverse consumer tastes and preferences
- Growing retail clout
- Increasing competition and various tactics to win, etc.

Let us consider each of these in detail:

I. Changing Dynamics of the Consumer Packaged Goods Industry

I think a brief note on the changing dynamics of the consumer packaged goods industry would help in a better analysis of P&G and its operations. They can be broadly classified into three aspects (**Exhibit I of the case study**):

- i. Power of the consumer packaged goods companies
 - ii. Shift in market prowess to retailers
 - iii. Growing focus on the consumer
- Market power of consumer packaged goods companies
 - Capitalising on consumers' inclination for branded products
 - Market dominance by shifting from manufacturing single product to multiple products
 - New product innovations and marketing strategy – influenced by demographic changes, diverse consumer tastes and preferences and rise in disposable incomes [Exhibit (TN)-I]
 - Extending into multiple categories
 - Consolidation through aggressive expansions in the form of mergers and acquisitions
 - Brand extensions replacing new product innovations.

Exhibit (TN)-I Consumer Packaged Goods Marketing Tactics		
Marketing tactics for 480 product launches associated with high-growth categories in consumer packaged goods industry		
Marketing tactics ¹	Description	Example
Breakthrough innovation	<ul style="list-style-type: none"> • Product based on truly novel breakthrough in science or technology 	<ul style="list-style-type: none"> • Professional service (eg, teeth-whitening product) formulated for use at home
Incremental innovation	<ul style="list-style-type: none"> • Innovation to product or packaging built upon existing technology that provides incremental consumer benefit 	<ul style="list-style-type: none"> • Adding health benefits (eg, vitamins) to existing product
Line extension	<ul style="list-style-type: none"> • Slight tweaks to existing products that provide no true incremental consumer benefit 	<ul style="list-style-type: none"> • New size or flavor of existing product
Category repositioning	<ul style="list-style-type: none"> • Targeting new consumers, users, and/or occasions by claiming benefits not previously with category 	<ul style="list-style-type: none"> • Yogurt positioned as dessert
Premium or value-based pricing ²	<ul style="list-style-type: none"> • Premium pricing to raise category value • Value-based pricing to increase demand 	<ul style="list-style-type: none"> • Anti-aging facial cream priced 77% below category average
¹ Channel merchandising (eg, moving snack/granola bar to health section of store's pharmacy to communicate health benefits) could be valuable tactic for category repositioning but has not been assessed as a stand-alone tactic.		
² Premium product is priced >20% above category average; value-based product is priced >20% below category average.		
Source: Flanagan M. Sharon and Lindahl E. Carl-Martin, "Driving growth in consumer goods", <i>The McKinsey Quarterly</i> , October 2006		

- Shifting power to retailers
 - Excess capacities owing to aggressive product and geographic expansions made consumer packaged goods companies highly diversified with little or no focus
 - All these companies with a number of product and brand categories began to vie for shelf space and retailers quickly gained momentum
 - Cost efficiencies through IT-based applications, scale efficiencies through consolidation coupled with – the ability to access consumers and understand their buying behaviour – further strengthened their market clout
 - Retailers like Wal-Mart claimed substantial portion of leading manufacturers' sales and forced them to pay more for carrying their products in the store shelves.

No discussion on consumer goods industry would be complete without talking about Wal-Mart. This discount retailer revolutionised the industry in many ways:

- It was the catalyst for driving significant changes in consumer business structure and processes
- Forced competitors to update their strategies and operations with changing times
- Changed the way suppliers go to market
- One among the first retailers to
 - Cluster stores around a distribution centre and centralise purchases from key vendors
 - Engage in cross-docking to speed up inventory management
 - Use IT to share real-time information with manufacturers to reduce inventory across the supply chain – driving down costs thereby.
 - Insist its top 100 suppliers to use RFID technology to reduce the cost of managing inventory, speed up inventory flow, enhance continuous replenishment process and be agile to consumer demand patterns.

Thus, Wal-Mart's relentless focus on low costs and low prices resulted in a value revolution in the retail industry.

To summarise, the three factors that fuelled rising retail prowess were:

- Highly fragmented retailing with a number of retail formats from hypermarkets and category killers to discount supercentres and departmental stores.
- Retail consolidation through mergers and acquisitions, buying alliances, etc.
- Launch of private label brands by retailers, which posed significant threat to branded products of the manufacturers.

Amid such circumstances, consolidation, intensifying competition, more number of product categories and channel blurring limited companies' access to shelf space. With growing emphasis on 'in-store experience', both manufacturers and retailers made consumer the centre of all their operations.

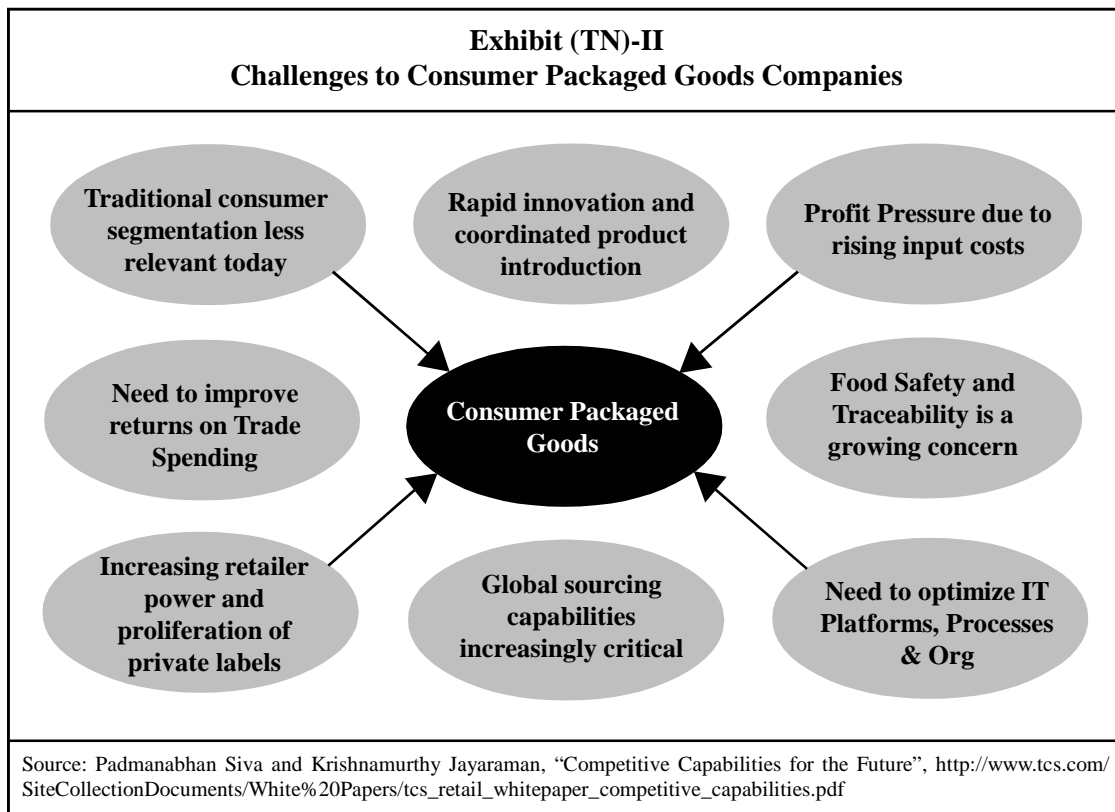
- **Consumer as the King**

Meeting the ever changing and diverse needs of the consumers always remained a challenge for manufacturing companies as well as retailers because they are:

- Highly price-sensitive
- Not loyal to either brands or retail formats

- Conflicting demands by simultaneously seeking convenience, quality, low price and speed
- Targeting the fickle young minds as well as the habituated adults
- Use of Internet and fragmented shopping behaviour helped consumers access vast information on products and prices.

Students may add few more insights drawn in the initial discussion as to what drives their choice of products, point of purchase decisions, etc. Thus, consumer packaged goods companies faced a number of challenges in meeting these conflicting consumer demands [Exhibit (TN)-II].



All these forced both retailers and manufacturers not only to squeeze margins by pushing down costs but also to respond more quickly to the changing consumer needs.

Then, I pose a question, what should both retailers and manufacturers do to win the elusive consumer?

In a large industry like consumer packaged goods, where competition got furious and margins slimmed down, retailers and manufacturers had to rethink their operational strategies.

Take the example of toothpaste. One can find a number of brands under different categories and it would be difficult to trace a particular consumer's preference for a particular brand. Likewise, in the case of retailers, the same toothpaste can be bought either at convenience stores, grocery stores, drug stores, supermarkets, discount stores, from mass merchandisers, departmental stores, etc.

Therefore, critical success factors for consumer packaged goods companies depend on their ability to excel in four key areas to sustain competition and market leadership:

- Brand marketing
- Focus on sales
- Constant new product innovations in tune with consumer needs and expectations
- Supply chain efficiencies.

All consumer packaged goods companies, big and small, tried out different brand marketing initiatives like trade promotions, marketing initiatives across different media channels and the web, etc. However, proliferation of media, mobile and Internet coupled with meeting conflicting demands of fickle consumers, increase in the number of retail formats, the number of product categories and emergence of private label brands, leveraging on brand image could no longer be a source of competitive advantage.

Secondly, manufacturers focused extensively on innovation to continuously launch new products that cater to diverse consumer needs. Consumer packaged goods giants like P&G took a step further by initiating 'Connect + Develop' that worked with external resources including customers in developing new products. However, over the years, instead of breakthrough innovations, markets were cluttered with incremental enhancements in product designs.

Sales and volume growth largely depend on retail formats, their ability to access diverse consumer segments and above all, the choice of the customer, whose decision to buy a particular product may be made instantly walking down the store aisle or at the shelves.

Therefore, when it was no longer enough to offer the right goods at the right price, companies turned their focus towards providing them at the right place and right time with the right operational costs. This requires the best possible logistics.

II. Role and importance of supply chain management for packaged consumer goods industry

Prior to an in-depth analysis on supply chain networks, I ask my students to define supply chain and supply chain management.

Supply chain refers to the material and information flow in the process of transferring raw materials to the finished product for the end user.

Supply chain management refers to efficient management of the process to ensure provision of right goods at the right price, at the right time and at the right place.

Upward supply chain includes all those external suppliers, who supply the required raw material for the finished products; while the downward includes all the intermediaries like distribution channels through which the products reach the ultimate consumer.

Thus, supply chain management involves both external and internal elements. External elements include suppliers, distributors, wholesalers, retailers, etc., while internal elements comprise of various aspects like:

- Product design
- Product scheduling
- Distribution management
- Inventory management
- Logistics management
- Purchase management
- Order management

In the highly fragmented retail markets characterised by diverse needs and conflicting demands, manufacturers' success depends on their ability to have a grip on all the internal and external elements of the supply chain.

Traditionally, manufacturers focused on distribution networks, profit differentiation and various marketing tactics to sail through the process of getting the right product to the right place and at the right time. However, such tactics failed to meet customer satisfaction regarding product availability.

Why? An intelligent student may say that it is because of:

- Too many manufacturing plants
- Redundant plant capacities
- Excess production
- Lack of optimal inventory holding policies
- Above all, manufacturers' inability to predict demand and the resultant – either excess or shortage of products.

Thereby, there was an immediate need to integrate various components across the supply chain. Further, to handle critical situations of meeting consumer demands on one end and the need to gain sustainable growth and profits on the other, it became essential to include supply chain as a strategic variable.

Creation of successful supply chain management involves focus on two important criteria: firstly, integration and collaboration for everything from communication to the use of sophisticated technology and secondly, Electronic Data Interchange (EDI) to manage and track everything from purchase orders to physical inventory logistics.

Such an understanding turned management focus from forecast-based supply chain to real-time demand-based supply chain. Morris A. Cohen, professor of operations and information management and systems engineering at Wharton University and co-director of the Fishman-Davidson Center for Service and Operations Management, said, "The goal is to match supply with demand at every stage, at every value-added point, so that at the end of the day there is a customer who has a demand and the supply chain figures out how to get the product to that customer at a time and place and a price that they are willing to pay."¹

Thus, by integrating demand creation with supply chain capabilities, manufacturers and retailers gained a sustainable source of competitive advantage. After all, a well-harmonised supply network aimed at maintaining not just profits or growth rate but high operating margins remains the goal of any organisation. Additionally, in the turbulent consumer goods business, with highly fragmented retail markets, speed-to-market is as important as making products that meet consumer needs and expectations.

III. Supply chain management as a source of competitive edge

The core concept of this approach is in shifting from viewing supply chain as a cost centre to the profit centre. In other words, using supply chain as a means not only to measure internal costs and efficiencies but also to focus on external processes with two aspects in mind – (i) customer choice at the shelf and (ii) satisfaction of usage at home.

Students may relate this point to the two moments of truth discussed in the case study. The traditional approach involved focusing only on the second moment of truth – measuring the product quality and performance keeping consumer usage in mind. The customer/demand driven approach, on the other hand, laid emphasis on the first moment of truth without losing focus on the second one. Thus, efficient control

¹ "Avoiding the Cost of Inefficiency: Coordination and Collaboration in Supply Chain Management", <http://wharton.universia.net/index.cfm?fa=viewArticle&id=1251&language=english&specialId>, November 15th 2006

over the supply networks ensures availability and affordability so that a particular manufacturer's products will be the first choice when customers stand and decide at the store shelves.

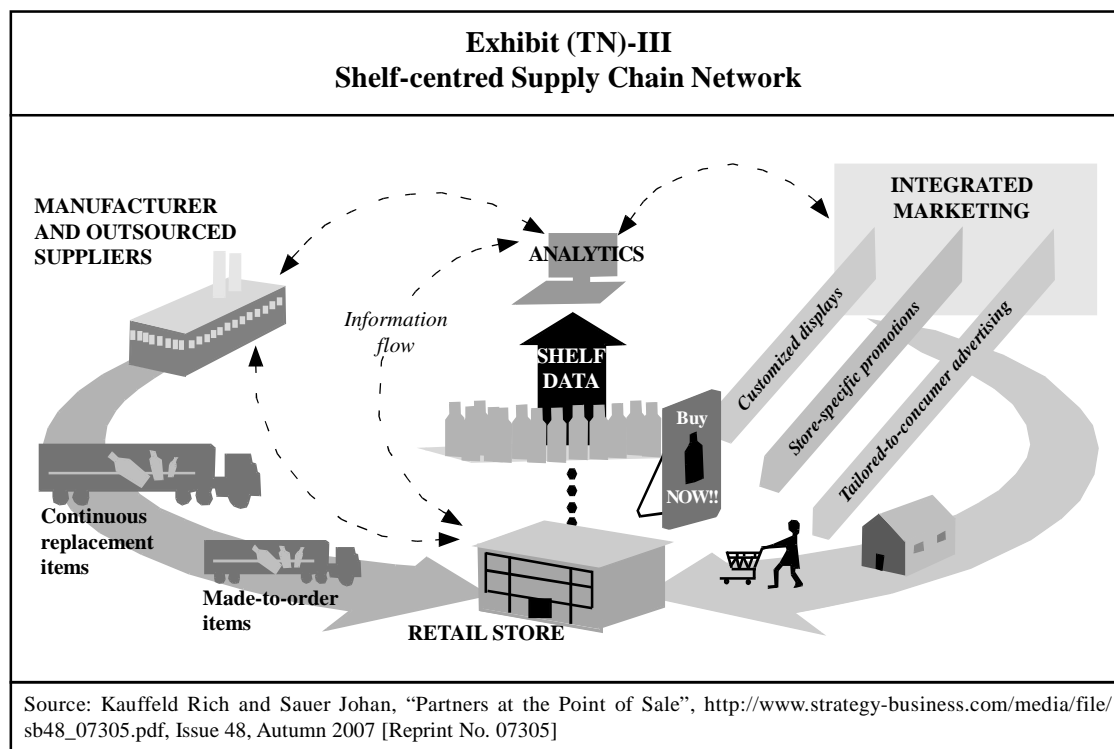
But, how can consumer packaged goods companies focus on these two moments of truth when it cannot track the process flow after the goods are delivered to the retailer? In what ways can the companies access real-time demand?

This can be done through integration of logistics to ensure close coordination between various components across the supply chain that facilitates real time focus on inventory levels, capacity outlooks and new technology drivers.

In other words, keeping in mind the importance of winning the customers at the point of sale, both manufacturers and retailers must initiate what is called as 'Shelf-centred Collaboration' (SCC).

What is SCC?

Integration of selected partners in manufacturing and retail to build a flexible and responsive infrastructure based on point of sale. It enables manufacturers and retailers to work in partnership to create and respond to consumer demand more effectively than they would have done singly [Exhibit (TN)-III].

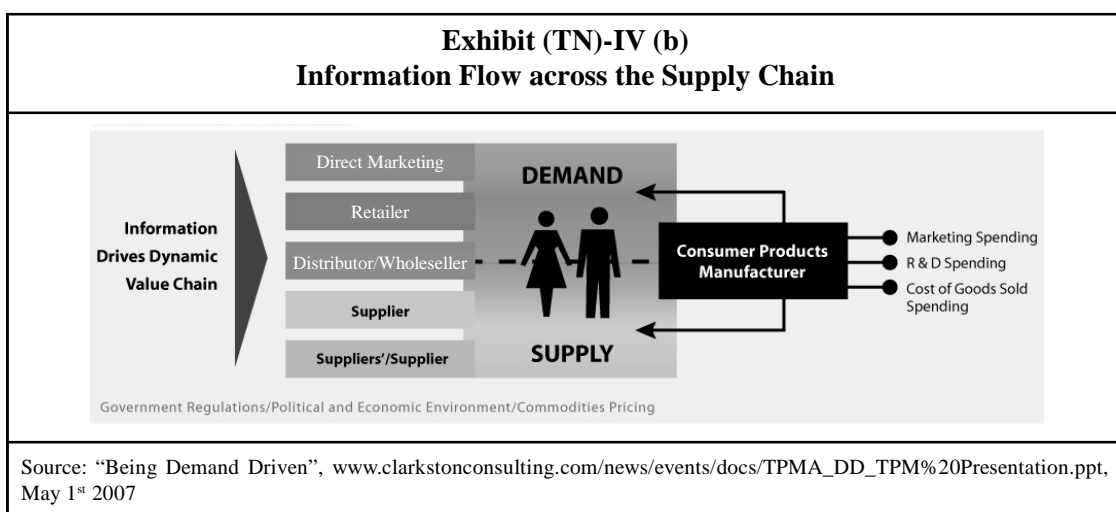
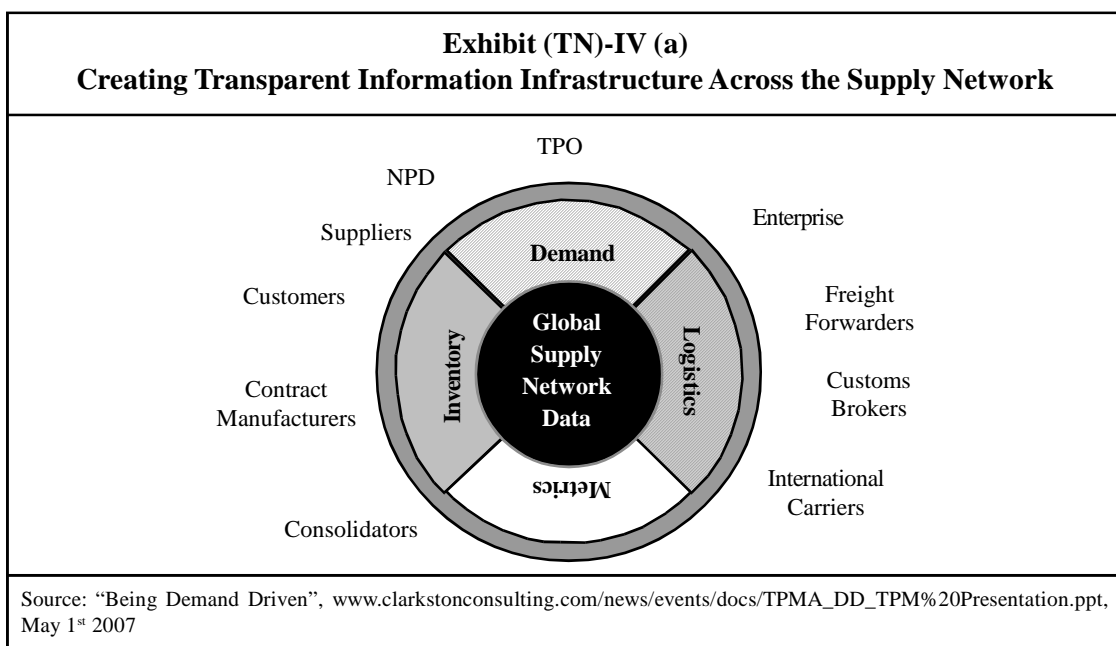


It is a 'shelf-back' approach of being agile to:

- Information about customers' purchasing patterns and factors influencing their buying decisions like availability, affordability, brand appeal, usage, attractive package or the basic value that the product is intended to offer
- Customer demand with real-time changes in stocks on shelves, displays, etc.

This would require

- Identifying information that determines buying decisions
 - Products and prices
 - Information about inventory at each stage of the supply chain
 - Consumers' shopping behaviour, their requirements and expectations, which in turn helps quickly adjust merchandise mix and product pricing
 - Sharing information between retailers and suppliers, drive down costs across the supply chain.
- Combining that information with the process of taking goods to the consumers more effectively – a core competence away from leveraging on merchandise and property [Exhibits (TN)-IV (a) and (TN)-IV (b)].



Obtaining this kind of information requires collaboration and information sharing between manufacturers and retailers.

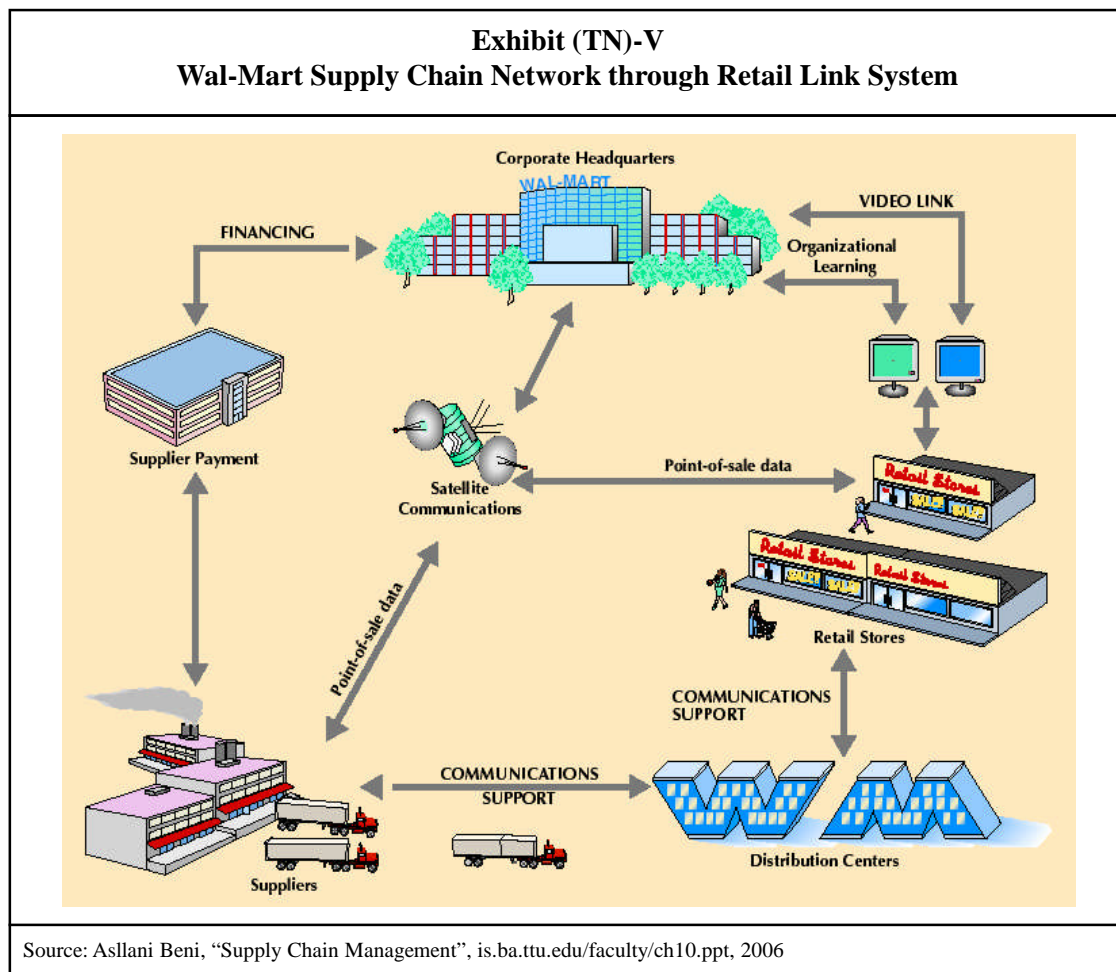
Once again take the case of Wal-Mart. Its non-product operating costs were 18% as against Kraft's 24%. **Where does the difference lie?**

Intelligent student may say that it lies in its exceptional ability to operate sophisticated logistics information systems to give customers what exactly they want and an excellent product flow set up that helps in getting the goods from the manufacturer to the store shelves at the lowest possible costs.

IV. P&G's Supply Chain Integration in Partnership with Wal-Mart

An exemplified example of implementation of information systems for efficient supply chain networks was Wal-Mart's Retail Link system:

- Insisted all its major suppliers to use Retail Link system to trace goods sales at the store level and replenish them as and when needed
- Helps suppliers to retrieve purchase orders, sales performance data (about marked down products and their effects), access sales reports and sales forecasts and also obtain information on inventory levels and invoice status [Exhibit (TN)-V].

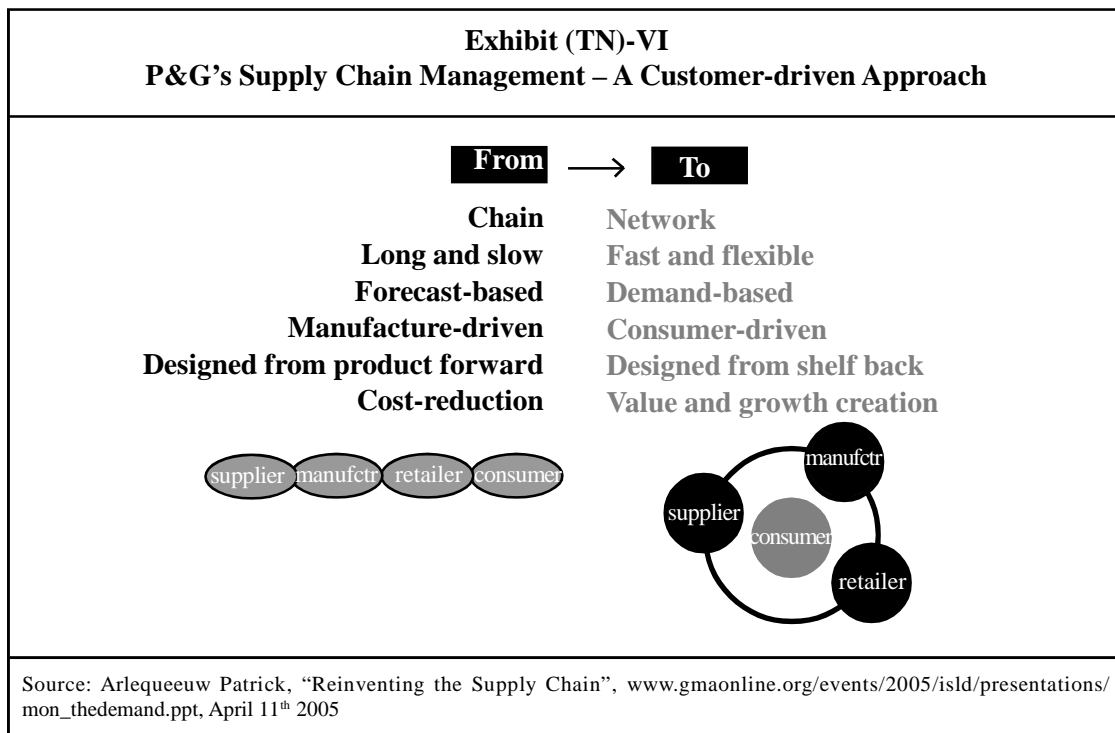


One of the successful consumer packaged goods companies that succeeded in leveraging on such information was Procter & Gamble (P&G).

Here, I ask my students to elaborate on Wal-Mart–P&G partnership and its benefits for each:

- Initial deal dates back to 1980s, when they entered into partnership just to improve business relationships
- Highly fragmented P&G business divisions without any interconnectivity increased complexities
- Each tried to exert control over the other with their respective market prowess
- Reexamined the relationship and developed a collective vision and initiated multifunctional resources, joint scorecards and EDI to track movement of P&G products in Wal-Mart stores
- As and when inventory of P&G goods comes down, the stocks are immediately replenished to the Wal-Mart distribution centers and from there directly to Wal-Mart stores without any necessity for storage.

Thus, even P&G reinvented its supply chain management with a greater emphasis on starting from the shelf and working way backwards in the supply chain [Exhibit (TN)-VI].



What about the benefits?

- Continuous replenishment process (CRP) – Instead of waiting for the retailers to place orders, such information would help manufacturers plan the frequency, quantity and timing of the shipments in tune with the demand
- Speed up the order to delivery time by nearly 10 days
- Efficient category management

- Improved process coordination
 - Right Place: the Shelf space
 - Right Product: Product quality
 - Right Price: Low cost of the process from order to delivery transferred to customers in the form of low prices
 - Right Time: As and when the stocks come down – a balance between excess inventory and stock outs
 - Right Value: In the form of sales or margins or cash.
- Centralised information flow
- Visibility of resources and processes
- Automated forecasting, planning and scheduling
- Streamlined inventories
- Cost reductions
- Improved forecast accuracy along with resource and distribution planning
- Reduced supplier base
- Reduced out of stocks for retailers and thereby preventing lost sales
- Efficient delivery of products in tune with demand; thereby reducing the costs of holding inventory
- Speedy and continuous replenishment process with no storage
- Elimination of poor selling products and promotion of successful brands.

But how do you measure these supply chain efficiencies?

Various metrics can be used to measure the performance of supply chain management – both at operational as well as strategic level [**Exhibit (TN)-VII**].

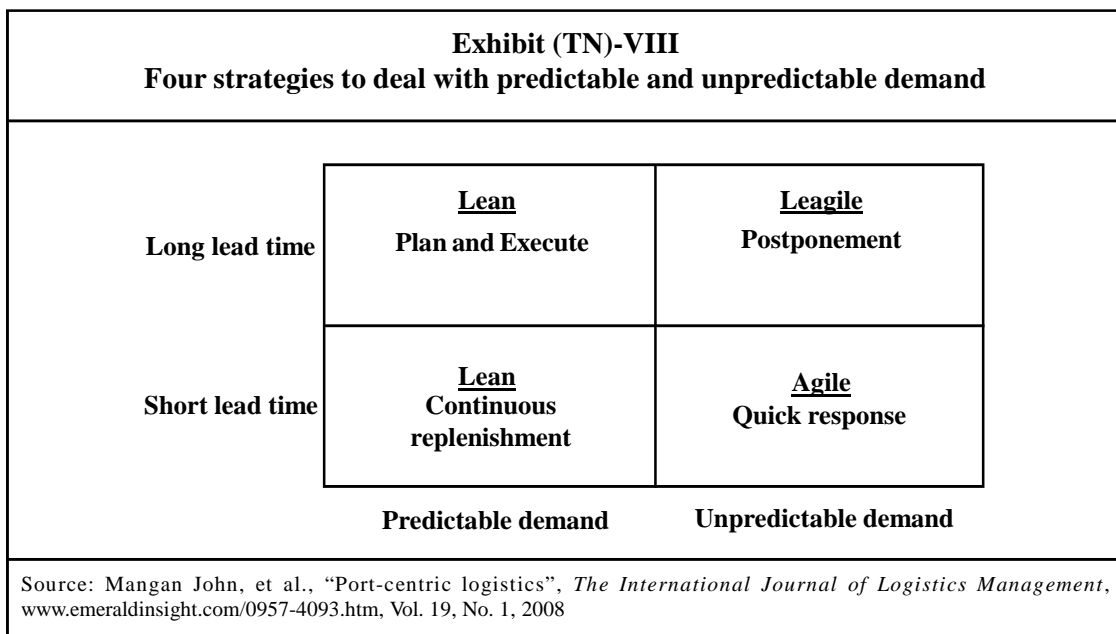
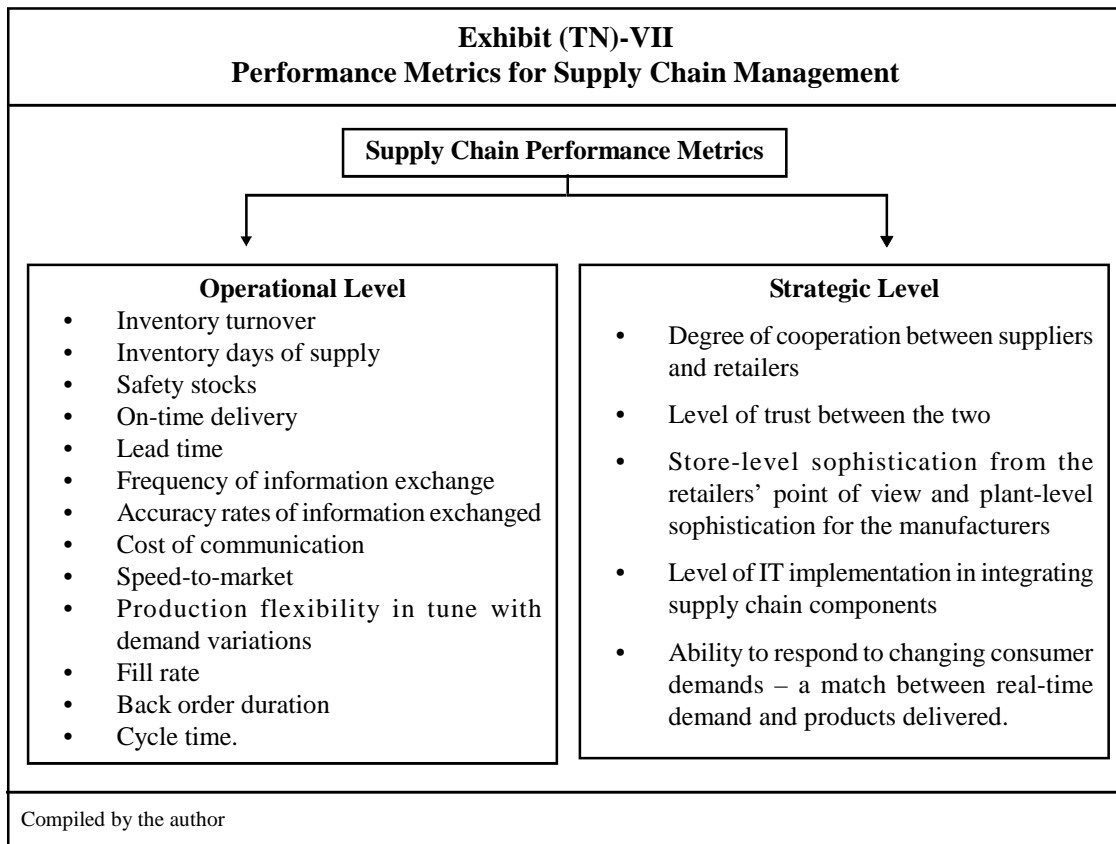
Therefore, companies with efficient logistics use their expertise not only to survive but also to sustain real competitive advantage. Such a system would require efficient information systems, good transport, distribution centre and store-handling capabilities. The ultimate goal is to ensure quality, productivity, delivery and customer satisfaction.

However, manufacturers and retailers may face certain hurdles in achieving supply chain efficiencies. For instance, demand for certain goods is predictable, whereas unpredictable for some others. Under such circumstances, how would retailers measure the demand?

Demand for 'order-to-delivery' products like electronic goods and automobiles can be easily known. But, take the example of a simple consumer good like tooth paste. Can the demand for toothpaste, especially for a particular brand, be found accurately, since customers in general are not loyal to any single brand?

I therefore, suggest that companies and retailers respond to both predictable and unpredictable demand with the help of the grid given in **Exhibit (TN)-VIII**.

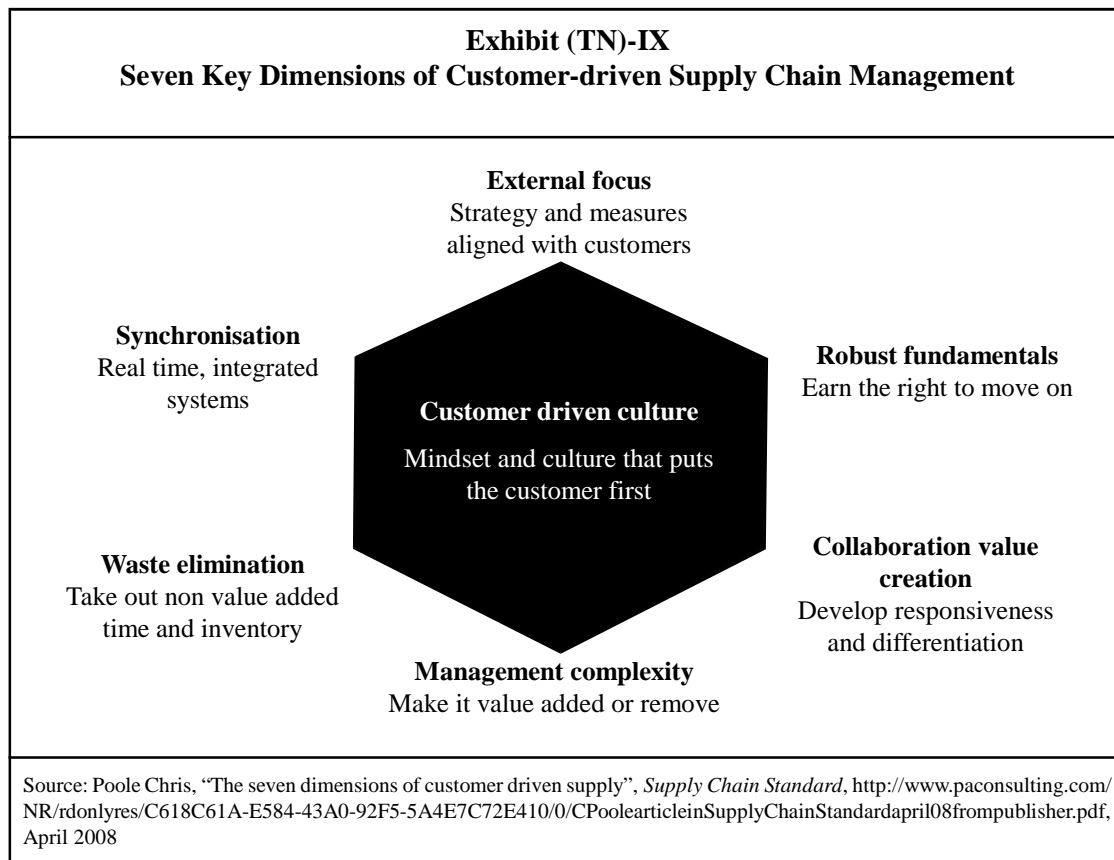
But can Wal-Mart and P&G succeed in replicating the same model with other suppliers/retailers and across other developed and developing economies? Can Wal-Mart and P&G import sophisticated IT of the developed markets to the developing economies, where markets are predominantly ruled by small, local players (Refer to Section I analysis of the teaching note). How far these small players would readily accept Wal-Mart's Retail Link system, with additional costs of implementation? How P&G can integrate its supply chain with retailers in countries like India?



Final Thoughts

I conclude the session saying that no one approach suits all markets or all companies. Therefore, before entering into partnerships with retailers elsewhere, a CPG company must develop a thorough understanding of the markets it intends to operate in. Slowly, even the latest technological initiatives through investment partnerships can be implemented.

However, whether it is a developed or a developing market, focus must be on the ultimate consumer and winning his/her choice at the store shelf. Thus, the seven dimensions of customer-driven or demand-driven supply chain management are [Exhibit (TN)-IX]:



I also ask my students to summarise the customer-driven model by differentiating it with the traditional approach [Exhibit (TN)-X].

Exhibit (TN)-X		
Customer-driven Approach vs Traditional Approach in Supply Chain Management		
Criteria	Traditional Approach	Customer-driven Approach
Product design	Complex; primarily line extensions regardless of customer needs and demands	Simple; primarily based on customer needs and expectations
Procurement	Batch-oriented	Orders based on real-time demand
Production	Stable; product/service oriented mass production; trying to match production with customer demand	Flexible enough to respond to supply chain changes in tune with demand
Distribution	Mass approach – delivering entire production to the distribution centres irrespective of requirements	Customised delivery; shipments tailored at the factory for each store and are then sent to the distribution centers with increased speed and reliability
Dealing with uncertainty	Keeping large stocks of inventory	Agile to changing demand patterns through sophisticated technology and information sharing
Sales	Push strategy – selling from quantity produced or inventory stored	Pull strategy – Manufacture according to orders placed or real-time demand obtained from observing the purchase patterns of the customers
Relationship with retailers	Passive	Active; co-creation of value for each other
Relationship with customers	Only retailers have consumer reach	Both manufacturers and retailers share conducive relationship with customers
Compiled by the author		

**Annexure (TN)-I
Teaching Plan**

P&G's Logistics Revolution: Co-creating Value		
Case Study Structure	Teaching Note Structure	What I Want to Analyse?
<p>I. Introduction</p> <p>II. Trends in the Packaged Consumer Goods Companies</p> <ul style="list-style-type: none"> Trends in manufacturing packaged consumer goods Changing consumer tastes and preferences; their varied needs Shifting clout from manufacturers to retailers Competition in the industry with major players like P&G and Unilever vying for greater market share <p>All this from the perspective of developed as well as developing countries</p> <ul style="list-style-type: none"> The challenges like – demand planning and forecasting, product introductions, rising commodity prices and the resultant supply chain complexities. <p>The II section ends saying that successful players like P&G came up with various advanced techniques to overcome such challenges.</p> <p>III. P&G's Supply Chain Evolution and its Strategic Sourcing</p> <ul style="list-style-type: none"> A brief on P&G's growth over the years, its success strategies, product profile and performance & profitability Supply chain and sourcing initiatives <ul style="list-style-type: none"> Traditional methods Using web-based applications like – electronic data integration, automation of business practices, etc. 	<p>Prerequisite Conceptual Understanding:</p> <ul style="list-style-type: none"> To understand the need for collaboration for supply chain efficiencies – Green Michael, "Supply-Chain Integration through Information Sharing: Channel Partnership between Wal-Mart and Procter & Gamble", http://ctebm.business.uic.edu/IT_cases/Graen-Shaw-PG.pdf To understand the intricacies of demand-based supply network – "The seven dimensions of customer driven supply", <i>Supply Chain Standard</i>, April 2008 To understand Supply chain principles –Anderson L. David, et al. "The Seven Principles of Supply Chain Management" http://www.scmr.com/article/CA6432096.html, January 4th 2007 <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>The Big Picture</p> <ul style="list-style-type: none"> By co-creating value, companies can boost their top-line growth. But, how to go about co-creating value? Does P&G's logistics revolution offer an example? </div> <p>Teaching Plan Flow</p> <p>I begin the case discussion asking my students a few general questions:</p> <ul style="list-style-type: none"> Name a few brands in packaged consumer goods categories like baby and family care, fabric and home care, beauty and grooming – personal care, health care, snacks and food products, pet care, etc. From the list given, I also ask them about their most preferred brands and the reasons for their affiliations? Where do they buy these products from – mom-and- 	<p>Critical success factors of packaged consumer goods companies</p> <ul style="list-style-type: none"> Need to understand and adapt to the changing consumer tastes and preferences Shift of power from manufacturers to retailers The need to build significant business relationships with suppliers as well as customers Value chain analysis Category management Factors leading to growing competition in the industry Intricacies of supply chain management (SCM) The role of SCM in giving substantial cost efficiencies Analysis of P&G's customer-driven approach to SCM Difference between general SCM and customer-driven approach The role/importance of customer-driven approach in attaining a sustainable competitive edge, particularly in developing countries like India Other strategies that help P&G win over competition. <p>Pedagogical Objectives</p> <ul style="list-style-type: none"> To discuss the trends and changing competitive dynamics of the global packaged consumer goods industry – developed vs developing markets To understand the role and importance of supply chain management in a packaged consumer goods company like P&G

Contd...

<p>IV. P&G's Logistics Revolution</p> <ul style="list-style-type: none"> - Co-creating value through information-sharing and continuous replenishment - Partnership with Wal-Mart - Tactics to leverage on its scale - Customer-focused approach leading to customer-driven logistics management. <p>The case study ends with an assessment of the sustainability and extendibility of 'P&G-Wal-Mart' experiment in developing countries like India.</p> <p>Course: Supply chain and logistics management Concept: Supply chain management as a competitive advantage Industry: Packaged Consumer Goods Key Focus: Need to integrate demand creation with supply chain capabilities.</p>	<p>pop stores or supermarkets, departmental stores or big retail marts?</p> <p>Such questions would lead to insights on various issues such as:</p> <ul style="list-style-type: none"> • Proliferation of brands in the packaged consumer goods industry • Diverse consumer tastes and preferences • Growing retail clout • Increasing competition and various tactics to win, etc. <p>Then I ask – how can supply chain efficiencies create value by overcoming the complexities?</p> <p style="text-align: center;">Teaching Note Flow</p> <ol style="list-style-type: none"> I. Packaged consumer goods industry and its competitive dynamics II. Role and importance of supply chain management in packaged consumer goods industry III. Supply chain management as a source of competitive advantage IV. Sustainability and extendibility of 'P&G-Wal-Mart' experiment. 	<ul style="list-style-type: none"> • To debate on the possibilities of supply chain management becoming a competitive advantage and contributing to top-line growth as well as bottom-line performance • To debate on the sustainability and extendibility of 'P&G-Wal-Mart' experiment.
<p>Contd...</p>		

Sl. No.	Pedagogical Objectives	Deliverables
1. traffic	<ul style="list-style-type: none"> To discuss the trends and changing competitive dynamics of the global packaged consumer goods industry – developed vs developing markets 	<ul style="list-style-type: none"> Factors driving packaged consumer goods companies' growth Need for constant innovation and respond to changing consumer tastes and preferences. Need to constantly court existing and new customers Growing power of retailers – increasing store and making the store shelf space a valuable commodity Intensifying competition and its impact.
2.	<ul style="list-style-type: none"> To understand the role and importance of supply chain management for a packaged consumer goods company like P&G 	<ul style="list-style-type: none"> As retailers grew powerful by driving the various channels across the value chain, manufacturers' supply chain network required an increased use of technology, effective distribution and better use of information To deal with complexities of fragmented retail markets Demanding customers and their growing needs necessitate efficient supply chain management
3.	<ul style="list-style-type: none"> To debate on the possibilities of supply chain management becoming a competitive advantage and contributing to top-line growth as well as bottom-line performance 	<ul style="list-style-type: none"> Dimensions of customer-driven logistics – integrating the whole supply network by working back from customer to raw material suppliers Intricacies of P&G's customer-driven logistics under the global product supply officer – Keith Harrison Comparison of general SCM with the customer-driven approach Cost efficiencies through attaining balance between stock-outs and excess inventory – that are at a cost disadvantage to other rivals Key driver for improving financial performance Integrating demand creation with supply chain capabilities Co-creating value through collaboration with partners across the value chain – all focusing on the end user
4.	<ul style="list-style-type: none"> To debate on the sustainability and extendibility of 'P&G–Wal-Mart' experiment 	<ul style="list-style-type: none"> Highlighting the vast differences in retail markets of developed and developing countries, I analyse the possibility of exporting the 'P&G–Wal-Mart' experiment to markets/countries where technology, systems and supply chain networks are not very sophisticated.
Prepared by the author		