

## **Supply-chain Management & Logistic Forum 3**

### **Digital Supply Chains for F&B Logistics: Increasing Competitive Edge for E-commerce Highway**

**Moderator: Heidi Ho** – Principal Consultant GS1 Hong Kong

**Panel Speakers:**

**Michael Tse** – Co-Founder, Organic Taste Company Limited

**Michael Tung** – Senior Executive Manager, Centre of Excellence, Supply Chain Management DKSH Hong Kong Limited

**John Parkes** – Executive Director, Head of Hong Kong & Head of Global Business Development LF Logistics

**Benny Chan** — CEO, XDynamics Limited

**Terry Chan** — Chairman, Hong Kong eCommerce Supply Chain Association (HKeCSC)

Traditional, linear supply chains are no longer sufficient to cope with today's fragmented supply and demand networks. In a session on digital supply chains for food and beverage logistics at the Asian Logistics and Maritime Conference, panel members shared their experiences of digital supply chain strategies.

Heidi Ho, Principal Consultant at GS1 in Hong Kong, related some of the history of GS1, the global standards organization which traces its roots back to 1973 when industry leaders selected a single standard for product identification. That barcode standard, known as the GS1 barcode, is still used today. GS1 standards "have established the foundations for today's digital supply chain," she said.

Ho introduced the panel speakers, starting with Michael Tse, co-founder of the Organic Taste Company. Organic Taste is a Hong Kong-based online platform selling high-quality certified organic food products to busy, health-conscious consumers who may not have time to shop at a physical store. Organic Taste started out selling mainly snacks and drinks, but has expanded to cover more than 30 product categories.

"Ecommerce has been around for 10 years, so customers expect more from us," said Tse, listing not only product variety, quality and pricing, but also efficient and effective services such as last-mile delivery as areas in which any on-line food business must excel, areas in which Organic Taste tries to build a competitive advantage.

To gain that edge, the Organic Taste site carries both popular products and more unusual ones, directly sourced from manufacturers internationally.

Business relationships must be fostered with both overseas suppliers and local ones, and inventory management is another key area. The company does not carry large stocks, but tries to remain lean and flexible, monitoring sales closely and using big data to analyse sales performance and customer preferences. "Data is mainly from the real-time inventory management system and also the retail orders we take

online,” said Tse, explaining that turnover is closely monitored to help forecast demand and withdraw less saleable products.

Tse said good communications and transparency are important. “Once an order is placed, our system will automatically send a notification to customers,” he explained. “We immediately feed the shipping order to our third-party logistics providers so they can deliver as quickly as possible.”

Michael Tung, Senior Executive Manager, Supply Chain Management at DKSH Hong Kong, described how DKSH, founded in Switzerland in the 1860s, has undergone a transformation in the past 10 years, diversifying from straightforward logistics with a focus on consumer and healthcare products into a service provider assisting clients with supply chain, market research and analysis, sourcing, and expansion into new markets.

Tung believes big data analytics allow his clients to take their products to market at the best price and enable them to make better-informed decisions. “Big data is everything,” he said. “We need powerful data analytics tools to enable us to transform customer and client information into more useful, smarter marketing decisions and advise us where to spend our marketing money... This is perhaps the most important element in our transformation.”

John Parkes, Executive Director, Global Business Development & Head of Hong Kong at LF Logistics, offered a different perspective on the digital transformation of the supply chain industry: “We recently sent two opinion leaders from Shanghai to Macy’s in New York and we actually did a live stream. Despite the time difference – it was the middle of the night in New York – customers in China were able to interact with the New York event, to the extent of asking to see the zip on a particular yellow bag. “The sales were phenomenal and we will see more and more of this live streaming in future.”

He sees customer relationship management via social media as both a social marketing tool and a customer engagement tool. LF is working closely with WeChat to develop various aspects of e-commerce, and is also investing in technologies such as virtual reality: a customer or potential customer overseas has a 360-degree view of what is happening in a distribution centre, RFID in both stores and warehouses, and augmented reality, working with Google Glass, in its picking and packing operations.

Finally, Terry Chan, Chairman of the Hong Kong eCommerce Supply Chain Association, offered his views on megatrends shaping the industry. The HKeCSC exists to build a platform for its members to share knowledge and experience, to organise industry-specific activities, and to advise the Hong Kong Special Administrative Region and local and regional professional organizations.