

Are millennials taking over the supply chain?

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The way you get a cup of coffee, cook a meal at home and even purchase clothing is changing.

What once was a \$3 cup of [coffee](#) is now \$15 with Starbucks Reserve. Meals are planned ahead of time with pre-packaged ingredients that are

shipped to your doorstep by Blue Apron or Hello Fresh. Customized shirts and outfits are created with you in mind and delivered seasonally by MTailor or Stitch Fix.

Each consumer wants something completely unique, which has disrupted the entire supply chain and created the "experiential supply chain," says Michigan State University research published in *Supply Chain Review*.

"Millennials have replaced baby boomers as the major consumer segment, so we are seeing a change in what is being demanded. Millennials want more than price and availability; they want speed, convenience and they want to be involved in the co-creation of the product," said Steve Melnyk, lead author and [supply chain management](#) professor. "This experiential supply chain, where customers are controlling more than they ever have before, involves much more than what they're buying. It's about the experience they get with it."

This experience might mean having exclusive tastings for the latest Starbucks coffees (and learning firsthand how coffee cherries are converted into roasted coffee beans), hand-picking ingredients for a meal or even sharing your exact measurements with a stylist to have a custom-made shirt hanging in your closet in a week.

"The experiential supply chain illustrates the new demands now being placed on the supply chain - demands for greater social responsibility, greater visibility and greater customization. It also helps to understand the difference between shopping, which is very experiential, and simply buying, which is not," Melnyk said.

At the heart of the experiential supply chain, there is a compelling value proposition for companies to meet the needs of the "market of one." That is, when a customer feels special and believes a [company](#) met his or her specific needs. Since experiences are specific to individuals, supply

chains have to deliver somewhat customized offerings.

This capability is a recent development, Melnyk explained, and began when technology could anticipate consumer demands.

"Companies like Amazon are finding the value of the market of one. When this occurs, these companies become the supplier that customers instinctively go to when they have a need to fill," he said. "We could not realize the promise of the market of one in the past because technology wasn't ready."

This is now changing and goes far beyond Amazon. To stay competitive, or even afloat, companies have to adjust their strategies to meet these needs.

"With the experiential supply chain, we see the walls disappearing between the customer and the supply chain. It is the shape of things to come," Melnyk said.

Provided by Michigan State University

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