

ABANDONED OPPORTUNITIES

How demand latency hurts Bangladeshi brands



ILLUSTRATION: ZARIF FAIAZ

Where there is demand, there is supply. Where there is supply, there is a market. Where there is a market, there are consumers and where there are consumers, businesses need to establish growth metrics to reach their consumers on time.

NOMROTA SARKER

In the eternally repeating cycle of a traditional demand-supply world, the post-covid, data-driven supply chain strategies have transformed how global retail giants and manufacturers are recovering with hope for the future.

However, 'demand latency' still haunts companies that are struggling to grasp the concept of it. Understanding the impact of demand latency for the youth may secure the future of businesses across industries in the coming years, particularly in Bangladesh.

WHAT IS DEMAND LATENCY?

Demand latency is the time between when a consumer's demand changes and when a company notices and acts on it in their supply chain. Many Bangladeshi consumer brands are facing this challenge without being able to identify the damage it causes them every fiscal year. This phenomenon refers to the time it takes for a brand to identify and respond to a surge in customer demand for a particular product. High demand latency can have significant negative consequences, impacting everything from brand loyalty to sales figures.

UNDERSTANDING THE BANGLADESHI CONTEXT

As of July 2022, Bangladesh has about 2,500 e-commerce companies and more than 35 e-commerce websites. These companies are gaining more popularity through social media and other digital platforms and most of their consumers are the rising middle class with disposable incomes—a growing force for consumer brands.

However, most of these businesses struggle endlessly with their service, for example, speed of execution as a digital brand. Most of the small to medium scale e-commerce and f-commerce brands have very little inventory capacity due to dealing in small volumes. Things get worse when that little capacity turns inefficient due to a supply-centric approach in the market.

THE TALES OF A CONSUMER BRAND

Fariha Jannat owns a small homemade pickle company and she has a facebook page with over a hundred thousand followers. She relies on Facebook to be her primary sales channel and communicates with her customers for good customer service with her products. One day, she received an order of 500 pickle bottles that needed to be delivered to the customer within a week during the winter wedding season.

As much as she was elated that her customers wanted her product in that volume, she was devastated to learn that she didn't have inventory and sourcing 500 jars including packaging would also be difficult within 7 days due to supplier shortage. The suppliers she found were quoting much higher prices as well, resulting in Fariha having to decline that order and abandoning a sales opportunity for herself.

Many like Fariha suffer the same issue and more for day-to-day order fulfilment in the fast-paced e-commerce boom. But why does this problem happen in the first place and what is a new, plausible way to approach it?

MOST BRANDS ARE STILL "MARKETING-DRIVEN", AND NOT "MARKET-DRIVEN"

Many young entrepreneurs like Fariha have very limited resources and knowledge when it comes to knowing how to scale their business, detecting opportunities in the market. Most businesses do the traditional historical forecasting and are barely market/demand driven, where they plan inventory first and then go for sales marketing to generate demand for their product. This is inefficient, however, a plausible option in a supply-centric market. However, the right way to approach this problem would be to design supply chain processes from the market back.

Companies that are forecasting their sales are not forecasting the demand for their product or reviewing their demand processes; losing out on valuable insights from the market. Their entire operation process only acts on after a customer places an order, but customer orders are a poor representation of demand.

WHAT IS A MARKET-DRIVEN DEMAND

MANAGEMENT PROCESS?

While conventional supply processes are more mature than demand, it is a good idea for businesses to start thinking about the process from bottom up now; that is, thinking demand first.

If Fariha, for example, had forecasted the demand of her products beforehand for the winter wedding season by sensing the demand spike that could happen around seasons or occasions in her industry, she could also plan her sales marketing strategies to sequentially support her demand sensing process. She would then plan supply ahead and plan inventory better in controlled operational costs; eventually serving similar customers with more volume.

A naive forecasting, such as, interpreting historical sales data of the prior years/months of the business does not paint a good demand forecast picture for them. Instead, Forecast-Value-Add (FVA) is a methodology for continuous improvement of the demand plan where steps of the plan are evaluated by only asking: "How is this forecasting better than a naive forecasting?"

AN ACCEPTABLE APPROACH TO SENSING DEMAND

Every approach is an acceptable approach if you are designing a process from bottom up. Whatever it may be, as long as the order of the approach is fine: sensing and planning demand before planning or acting on supply-chain.

Here are some factors that may be helpful to think of when starting with demand sensing analysis:

The product: Learn about the ins and outs of the product that you are selling and interact with aspects of it by knowing the best use case of it. Starting from branding, packaging and to the core product itself, treat every factor as a product that has viable value in the market and is preferred by consumers over something else in the market.

The industry/sector: If your product falls on the list of FMCG brands, you will need to consider the ever-changing consumer preferences relying on faster delivery of goods. On top of that, analysing industry trends and consumer behaviour trends in the specific industry, being educated about the future industry trends will also help you improve the quality of your forecasting plan. In Fariha's case, she needs to be vigilant about the industries at play that make up her product, i.e. prices of oil, and other primary raw materials that could affect her margins in sale prices in the coming days.

The market: Knowing the market you are serving is a big factor to consider if you are operating on a small to medium scale of business. If you are offering innovative or new products to the market who are probably still adapting to the product, knowing how you can shape their demand through sales marketing strategies such as limited time offers, sales incentives and demand tactic pricing etc. Keeping notes on how they respond to it will also reveal insightful consumer preference data for a better demand forecast of your product in the specific market.

Nomrota Sarker is an entrepreneur and independent business consultant. You can reach her at reachnomrota@gmail.com.

JOBS SPOTLIGHT

BRAC Business School

Faculty, multiple positions

Deadline: June 10

Eligibility:

Relevant and significant industry experience in leading local/foreign organisations

Minimum experience: N/A



RYANS

Ryans Computers Limited

SEO Content Writer

Deadline: June 18

Eligibility:

Bachelor of Arts (BA) in English.

Minimum experience: 3 years

Apex Footwear Limited

Executive, International Business

Deadline: June 10

Eligibility:

The applicants should have experience in the following business area(s):

Manufacturing (FMCG), Tannery/Footwear, Direct Selling/Marketing Service Company, E-commerce.

Minimum experience: 2 years



act:onaid

Actionaid

Deputy Manager, Communication

Deadline: June 3

Eligibility:

4-5 years progressive experience in content development, development communications, media, or related fields.

Minimum experience: 4-5 years

FOR MORE DETAILS AND THE APPLICATION LINKS, SCAN THE QR CODE BELOW.



QUOTE OF THE DAY

"We may encounter many defeats, but we must not be defeated."

MAYA ANGELOU

How to conduct a customer behaviour analysis the right way



ILLUSTRATION: ZARIF FAIAZ

Understanding customer behaviour is crucial for improving products, marketing strategies, and overall satisfaction.

Conducting a customer behaviour analysis involves several key steps.

Define your business goals

Begin by defining your goals and desired outcomes. Determine what

you want to understand about your customers and set key performance indicators (KPIs) to measure success, such as improving the customer journey or increasing conversion rates.

Segment your audience

Segmenting your audience involves categorising customers based on shared characteristics like demographics, psychographics, and behaviour patterns. Identifying your most valuable customer segments helps tailor your marketing

strategies to meet their specific needs.

Collect quantitative and qualitative data

Gather both quantitative data (e.g., purchase history, website visits) and qualitative data (e.g., customer surveys, interviews). This combination provides a comprehensive view of customer behaviour, explaining both how often customers buy a product and why they prefer it.

Analyse customer journeys

Map out customer journeys to identify stages from initial awareness to purchase and post-purchase interactions. This analysis highlights key touchpoints and areas for improvement.

Identify behavioural patterns and trends

Examine behavioural patterns and trends over time to spot consistent behaviours among different customer segments. Understanding these patterns helps inform decisions about inventory management, marketing initiatives, and product development.

Apply findings to improve customer experience

Use insights to make data-driven decisions, such as personalising marketing campaigns and optimising product features. Regularly update and refine your analysis to stay attuned to evolving customer needs and preferences.

Smart ways to grow Online Business

- Drive the Traffic**
You need to pay attention to the account traffic. Regularly check it.
- Engage Audience**
Don't just post. You need to engage your audience as well.
- Build Content**
Offer your audience the unique experiences when they visit your account.
- Build Brand Awareness**
Building awareness is essential as it will lead to gaining more audiences.

ILLUSTRATION: ZARIF FAIAZ