The global e-commerce market is set for unprecedented growth, with an estimated value of USD5.8 trillion by 2022 (McKee, 2018). This e-commerce push is further accelerated by high levels of mobile adoption and internet access. With internet retailing set to continue to grow, and with more consumers using digital platforms due to its convenience and speed in delivery, there are large opportunities for companies to jump onto the e-commerce bandwagon. Inevitably, the shift towards e-commerce will have a great impact on the supply chain. In the instance of packaging, internet retailing tends to offer a larger choice of smaller pack size products, such as travel sizes and samples, in comparison to physical stores. Additionally, the convenience of home delivery also translates to larger family pack sizes (Euromonitor International, 2018). Furthermore, fear of counterfeit product remains as a challenge for the company to execute sales via E-commerce. These trends indicate a need for changes in the supply chain to be made to accommodate such new offerings.

While the megatrend shows a strong growth momentum in the global market, it needs a much higher diversification than before of its manufacturing network to ensure rapid speed-to-market of its new products, as well as high quality control and traceability. For over-the-counter (OTC) consumer health products worldwide, internet retailing is the fastest growing distribution channel.
That being said, e-commerce represents only 2% of the total OTC sales, with a market value of USD2.5 billion in 2017, as compared to the global value of USD107.4 billion (Euromonitor International, 2018). This can be partially alluded to the fact that manufacturers have been slow to adjust how they market and sell OTC products online probably for two main reasons. Firstly, consumers are used to buying OTCs at bricks and mortar outlets and changing long standing habits takes time. Secondly, regulations for OTC or pharmaceuticals products are very stringent and between countries are also sometimes not in-sync. Faced with such challenges, many pharmaceutical companies have been exploring how they can adapt their supply chain capabilities in order to successfully ride on the e-commerce trend. Tremendous effort may have been made among various companies to evaluate their digital and commercial capabilities with a goal to increase their presence in the e-commerce space. But lesser companies invested their focus and energy to the changes required for supply chain. Supply chain is playing a very critical role to ensure product’s on-time delivery (agility) at consumer’s doorstep with right quality and right cost. The companies need to ensure some key requirements being met in order to increase agility, lower cost and fasten response.

As such, one leading pharmaceutical company has created a tool to ensure that the end-to-end supply chain is ripe and ready to handle global e-commerce demands, and concisely reconciles the company’s e-commerce supply chain guidelines. This tool provides comprehensive guidance on the Must Haves and the Good to Haves in each Supply Chain node with End-to-End Supply Chain scale. The intent is for the company to improve and overcome any foreseeable challenges in the supply chain management process and thereby, establish a robust system that drives high volumes of e-commerce sales for the company. From this catalogue, the desired objective is to achieve an e-commerce ready supply chain that is: (1) Agile, (2) Cost Competitive, and (3) Customer Centric. The tool is organized according to the various stages within a supply chain, starting from when the product is first conceptualized in its innovation phase, till when the final product reaches the consumers. Each stage will span across six components, namely, (1) Supply Chain Capability, (2) Process Considerations, (3) Cross Border Commerce, (4) Anti-Counterfeiting, (5) Packaging and (6) Human Capability. Under each component, numerous goals to work towards while embarking on the e-commerce journey have been determined. At the end of the assessment, a total score will be populated for each supply chain node, which provides a further gauge and understanding of
where the users currently stand in terms of e-commerce supply chain readiness. The questions will also support the trigger of potential action plans, which helps to improve the visibility and coordination of the entire supply chain. Links were also built between Supply Chain nodes to facilitate End-to-End view and discussions.

To illustrate the importance of such a checklist, we review various stages along the supply chain, for example: Logistics & Transportation node - In this stage, it is important to find the best team and strategy to manage the cross-border custom as it significantly affects the transportation lead time. Fast delivery is key to the success of e-commerce, 3PL must ensure to meet the KPIs set for the transportation service. The activities are linked closely with distributor, quality assurance and warehousing. Therefore, in any relevant points, linkage was built to prompt user to cross check the activity in other functions. This will trigger a discussion point of the potential risk or issue identified and how it will affect another function. It urges the team to think of End to End Supply Chain and wider functions. Another critical example is on Innovation node: the ideal scenario for innovation would be for the innovation team, which generates creative new ideas for products to include “E-commerce ready” packaging as well as some anti-counterfeiting features embedded in the new products. This tool will urge the team to think of the next stream of activities as well. On top of details assessment, overall assessment is also included in the tool to ensure easy checkpoint by commercial leaders to quickly understand the readiness status of their supply chain.

The checklist helps the players in the entire supply chain as well as Commercial Partner to better visualize its e-commerce readiness and where they stand in the whole supply chain as to improve the efficiency. Hence, this gradually evolved into an objective tool – a checklist based on collaborative feedback from all the supply chain partners in the business.

In collaboration with National University of Singapore for developing this system, stakeholders in various stages along the supply chain were interviewed to ensure the comprehensiveness of the questions asked in the tool.

It is essential to have the consideration on e-commerce right at the start of the process within Supply Chain as it renders a smooth landing into various electronic channels. If the product already exists, it may still be necessary to have a calibration through a checklist or any structured approach to ensure the nodes in supply chain are geared up for e-commerce when the demand finally increases.