

The “Last Yard”: Bringing Consumption into the Supply Chain using Service Ecosystems

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Introduction

This presentation will feature some elements of my PhD research into healthcare-related service, specifically patient medicine adherence and supply chains in “bottom of the pyramid” environments in sub-Saharan Africa.

Service-Dominant Logic (Lusch & Vargo, 2014; Vargo & Lusch, 2004, 2008) focuses on consumption. Patients (consumers) create value for themselves through their consumption practices, and therefore a deep understanding of these practices must be the basis for developing truly patient-centric offerings that will provide patient-perceived value propositions and satisfaction (Grönroos, 2008).

Many recent papers (for example Bustinza, Parry, & Vendrell-Herrero, 2013; Hilletofth, 2011; Jüttner, Christopher, & Baker, 2007; Jüttner, Christopher, & Godsell, 2010; Stank, Esper, Crook, & Autry, 2012) highlight the need to understand customer needs and then to make them known to supply chains. However, general supply chain research and practice has focused on the creation and delivery of the value proposition and not on its consumption. This means that understanding of, and information about, consumers’ exploitation of the value proposition has not been used to improve the value proposition. This is a gap in research and in practice.

To address this, my work brings consumption within the ambit of supply chains by considering it to be the “last yard” of the supply chain. It recognises that patients are within the overall supply chain service ecosystem while at the same time they exist within multiple others including personal, family, religion, neighbourhood, work, and society ecosystems. This enables and legitimises research to understand patient needs and consumption contexts in order to improve supply chains’ value propositions. This research will potentially provide significant benefits to patients.

Presentation outline

I will provide a brief overview of research I performed for the Gates Foundation into patient-centric supply chains in sub-Saharan Africa in which I concluded that there are three steps required in order to move towards greater patient-centricity and therefore enhance patient outcomes: “first to gain a deeper understanding of patient needs, second to communicate these to supply chain partners, and third to determine how and where in the supply chain to make changes to improve value propositions” (Ward & Sarley, 2014). I will follow this with some results of my field research into medicine consumption in context in sub-Saharan Africa aimed at addressing the first step of gaining a deeper understanding.

I will then move on to look at how to provide these findings to supply chains. The approach I will discuss is to consider consumption as being the “last yard” of the supply chain. This term is aligned with the common supply chain lexicon that includes “last mile” and “last 50 yards” (Anonymous, 2013; Cooke, 2012). This approach is aligned with the recommendation of Jüttner et al. (2007) that it is necessary for the supply chain to “begin with the customer”.

My work uses the lens of Service-Dominant Logic and its understanding of value-in-context as something co-created by the consumer using the value proposition in context of the relevant service ecosystem(s). This provides the means to understand patient context at the point of consumption and therefore to gain a deeper understanding of factors which help and hinder adherence. I will also include ideas that build on existing thinking on motivation (de Brabander & Martens, 2014) to incorporate context and contextual variety.

This approach will show that a drug’s value is dependent on the context, the customer’s skills and the customer’s ability to take action just as much as on the value proposition embodied in the offering. This leads to the conclusion that supply chains must understand these when developing their value propositions. Further, although the customer’s contexts, skills and constraints are variables outside the control of the supply chain, it should be possible for supply chains to augment their offerings’ value propositions to reduce their variability and so enable patients to co-create greater value within their ecosystem(s).

Abstract as submitted (700 words max, 4000 characters max)

This presentation will feature some elements of my PhD research into healthcare-related service, specifically patient medicine adherence and supply chains in “bottom of the pyramid” environments in sub-Saharan Africa.

Service-Dominant Logic (Lusch & Vargo, 2014; Vargo & Lusch, 2004, 2008) focuses on consumption. Through its lens, patients (consumers) are seen to create value for themselves through their consumption practices, and therefore a deep understanding of these practices must be the basis for developing truly patient-centric offerings that provide patient-perceived value propositions and satisfaction (Grönroos, 2008). This is aligned with the recommendation of Jüttner et al. (2007) that it is necessary for the supply chain to “begin with the customer”, and is supported by many recent papers (for example Bustinza, Parry, & Vendrell-Herrero, 2013; Hilletofth, 2011; Jüttner, Christopher, & Baker, 2007; Jüttner, Christopher, & Godsell, 2010; Stank, Esper, Crook, & Autry, 2012) that highlight the need to understand customer needs and then to make them known to supply chains. However, general supply chain research and practice has focused on the creation and delivery of the value proposition and not on its consumption. This means that understanding of, and information about, consumers’ exploitation of the value proposition has not been used to improve the value proposition. This is a gap in research and in practice.

My presentation will start with a brief overview of research I performed for the Gates Foundation into patient-centric supply chains in sub-Saharan Africa in which I concluded that there are three steps required in order to move towards greater patient-centricity and therefore enhance patient outcomes: “first to gain a deeper understanding of patient needs, second to communicate these to supply chain partners, and third to determine how and where in the supply chain to make changes to improve value propositions” (Ward & Sarley, 2014). I will follow this by sharing some results of my field research into medicine consumption in context in sub-Saharan Africa that has been aimed at addressing the first step of gaining a deeper understanding.

I will then move on to look at how to position these results with supply chains. I will discuss how to close the gap between supply chains and consumption by considering consumption to be the “last yard” of the supply chain. This term is aligned with the common supply chain lexicon that includes “last mile” and “last 50 yards” (Anonymous, 2013; Cooke, 2012). I will use it to place patients within the supply chain service ecosystem while at the same time they exist within multiple other ecosystems including personal, family, religion, neighbourhood, work, and society. This enables and legitimises research to understand patient needs and consumption contexts in order to improve supply chains’ value propositions.

I will show that service ecosystems enable us to understand the multiple overlapping patient contexts at the point of generation of value-in-context (consumption) and therefore to gain a deeper understanding of factors which help and hinder adherence. I will also include ideas that build on the latest thinking on motivation (de Brabander & Martens, 2014). Finally, although the customer’s contexts are outside the control of the supply chain, I will discuss ways in which supply chains could augment their offerings’ value propositions to reduce contextual variability and so enable all patients – not just those at the bottom of the pyramid – to co-create greater value within their ecosystems.

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