

The ECR movement was launched in Asia in 1999. It faces huge challenges – and equally huge opportunities

50/50 vision – ECR in Asia

REPORT

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The fourth ECR Asia Conference held in Bangkok, Thailand, in October, underlined just how fast the ECR movement is spreading across Asia.

Around 650 delegates gathered at the Queen Sirikit National Convention Center, representing the 11 economic regions covered by ECR Asia – Australasia, China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand. The theme of the conference was 50/50 – 50 per cent less out-of-stock, 50 per cent less inventory.

As David Colwill, Chairman of ECR Asia, told delegates, the size of the prize for improved on-shelf availability was impressive. Between US\$3 and 9 billion – plus a one-time cash gain for reduced manufacturer inventory of US\$2 to 3 billion. And for reduced retailer inventory, in the region of US\$4 billion 6 billion.

The ECR movement was launched in Asia in 1999 to promote the use of ECR techniques, to remove unnecessary costs from the supply chain, and to make the sector as a whole more responsive to consumer demand. It faces some huge challenges.

Compared with the US and Europe, Asia is a vast, fragmented market. Religions include Islam, Buddhism, Hinduism and Christianity. Temperatures range from the cold north to the tropical equator to the

cold south. As a result, “the Asian consumer” is distinguished by a host of cultures and characteristics.

Overall, consumer spending power is much lower than in the US and Europe, and retailing is less developed. To many consumers, finding the product on the shelf is already a source of consumer enthusiasm.

But things are changing fast. In local rural areas, traditional provisions still dominate. But in the bigger cities, modern stores – hypermarkets, supermarkets, department and convenience stores – are flourishing.

According to Victor Fung, Chairman of Li & Fung Distribution Group and formerly Professor at Harvard Business School, ECR Asia is currently making three main contributions. First, by introducing the Global ECR Scorecard it is helping to create Asian standardisation, which is important for future developments in the region.

Second, its “ECR 50/50” initiative will produce major benefits for manufacturers, retailers and consumers alike.

The third key contribution of ECR Asia is less specific but just as important – sharing Asian experiences via ECR platforms to help practitioners speed up learning, develop, spread and apply best practice.